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PROCEEDINGS AND DEBATES OF THE 76th CONGRESS, FIRST SESSION

SENATE

FRIDAY, JULY 14, 1939

(Legislative day of Monday, July 10, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Thou who abidest beyond all change, who art always better than our highest hopes and greater than our noblest thoughts, show us, we beseech Thee, how we may better serve Thee who hast made us in Thine image; and, in all our strivings for the Nation's weal, may we be conscious of our ability to meet the high demands of public service because of Thine indwelling.

Bless every citizen of our beloved country; make us all worthy of our freedom and faithful to our trust; and give us a wide and vivid sympathy for others, lest we forget the long suffering of Thy love toward us. Bestow upon us all the unmeasured gift of peace; keep us pure in thought, in word, and in deed, and grant that we may be a power for righteousness among our fellow men as the lesser things of time and sense fade before the vision of the perfect Man, Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. MINTON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, July 13, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate, by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the joint resolution (S. J. Res. 118) to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the following concurrent resolutions of the Senate:

Senate Concurrent Resolution 24

Resolved by the Senate (the House of Representatives concurring), That there be printed 12,000 additional copies of Senate Report No. 610, a report of a subcommittee of the Committee on Finance submitted pursuant to Senate Resolution 215 (75th Cong.), entitled "Survey of Experiences in Profit Sharing and Possibilities of Incentive Taxation," of which 1,000 copies shall be for the use of the Senate document room, 10,000 copies for the use of the Senate Committee on Finance, and 1,000 copies for the House document room.

Senate Concurrent Resolution 25

Resolved by the Senate (the House of Representativec concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, authorized and empowered to have printed for its use 10,000 additional copies of the hearings held before a subcommittee of said committee during the Seventy-fifth Congress pursuant to the resolution (S. Res. 215) providing for an investigation of existing profit-sharing systems between employers and employees in the United States.

Senate Concurrent Resolution 26

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Interstate Commerce of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the bill (S. 2009) entitled "Transportation Act of 1939."

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 29), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed with illustrations and bound, in such form and style as may be directed by the Joint Committee on Printing, the proceedings in Congress at the unveiling in the rotunda, together with such other matter as the joint committee may deem pertinent thereto, upon the occasion of the acceptance of the statue of Will Rogers, presented by the State of Oklahoma, 5,200 copies, of which 1,000 copies shall be for the use of the Senate and 2,700 copies for the use of the House of Representatives, and the remaining 1,500 copies shall be for the use of and distribution by the Senators and Representatives in Congress from the State of Oklahoma.

SEC. 2. The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer, who shall provide suitable illustrations to be bound with these proceedings.

The message returned to the Senate, in compliance with its request, the joint resolution (S. J. Res. 155) consenting to an interstate oil compact to conserve oil and gas.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Burke	Frazier	Hatch
Andrews	Byrd	George	Hayden
Ashurst	Capper	Gerry	Herring
Austin	Chavez	Gibson	Hill
Barbour	Clark, Idaho	Gillette	Holman
Barkley	Clark, Mo.	Glass	Holt
Bilbo	Danaher	Green	Hughes
Bone	Davis	Guffey	Johnson, Calif.
Borah	Donahey	Gurney	Johnson, Colo.
Bridges	Downey	Hale	King
Bulow	Ellender	Harrison	La Follette

Lee	Neely	Schwellenbach	Truman
Lodge	Norris	Sheppard	Tydings
Lucas	Nye	Shipstead	Vandenberg
Lundeen	O'Mahoney	Slattery	Van Nuys
McKellar	Overton	Smith	Wagner
McNary	Pittman	Stewart	Walsh
Maloney	Radcliffe	Taft	Wheeler
Mead	Reed	Thomas, Okla.	White
Miller	Reynolds	Thomas, Utah	Wiley
Minton	Russell	Tobey	
Murray	Schwartz	Townsend	

Mr. MINTON. I announce that the Senator from New Jersey [Mr. SMATHERS] is detained from the Senate because of illness in his family.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from South Carolina [Mr. BYRNES], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Texas [Mr. CONNALLY], the Senator from Kentucky [Mr. LOGAN], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Florida [Mr. PEPPER], are absent on important public business.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

AMENDMENT TO ARMY RETIREMENT ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 839) to amend the Retirement Act of April 23, 1904.

Mr. SHEPPARD. Mr. President, I move that the bill and amendment be referred to the Senate Committee on Military Affairs.

The motion was agreed to.

PROBATIONARY APPOINTMENT OF REGULAR ARMY OFFICERS

The VICE PRESIDENT laid before the Senate the bill (S. 1155) to provide for probationary appointment of officers in the Regular Army.

Mr. SHEPPARD. I move that the bill and the amendment of the House be referred to the Committee on Military Affairs.

The motion was agreed to.

LANDS IN ALASKA FOR PARK AND OTHER PURPOSES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to sell or lease for park or recreational purposes, and to sell for cemetery purposes, certain public lands in Alaska, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Washington (D. C.) Youth Council, protesting against the lengthening of W. P. A. hours of labor, and favoring the prompt reestablishment of the Federal Theater under the W. P. A., and also that the 25-percent local sponsorship of Federal art projects be withdrawn, and so forth, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Council of the City of Garfield Heights, Cuyahoga County, Ohio, favoring the enactment of legislation to liberalize the provisions of the recently enacted relief and work relief joint resolution, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from the Federation of Citizens' Associations of the District of Columbia, signed by its president, L. A. Carruthers, protesting against the enactment of legislation to reorganize the government of the District of Columbia without a reasonable opportunity to study the proposed legislation and to hold hearings thereon, which was referred to the Committee on the District of Columbia.

Mr. WALSH presented a resolution of the City Council of Fall River, Mass., favoring the adoption of a policy that all American flags bought, sold, and displayed be made in America, which was referred to the Committee on the Judiciary.

REGULATION OF CONDUCT OF FEDERAL JUDGES—PETITION

Mr. MEAD. Mr. President, I ask unanimous consent to have printed in the RECORD, and appropriately referred, a petition directed to Congress and to all State and local bar associations of the United States, the petition being signed by the special judiciary committee of the Federal Bar Association of New York, New Jersey, and Connecticut. It has to do with the opposition of this bar association to the enactment of the so-called Chandler bill, House bill 4038, to amend the criminal law to make certain necessary lawful official acts of Federal judges high misdemeanors.

There being no objection, the petition was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Pursuant to resolutions adopted at a regular business meeting of the Federal Bar Association of New York, New Jersey, and Connecticut, held on May 2, 1939, in the Federal courthouse, Foley Square, New York City, at which the association unanimously condemned the Chandler bill, H. R. 4038, the president of the association, Henry Ward Beer, was directed to forward a copy of the resolutions to all members of the Judiciary Committees of the United States Senate and House of Representatives and to appoint a committee of nine members of the association to draft a petition to Congress on behalf of the association and to invite all State and local bar associations of the United States and other parties interested, to take immediate and active steps to prevent the enactment of the Chandler bill, H. R. 4038.

The petition drafted by said committee is herewith submitted to the Congress. Copies thereof are being sent to all State and local bar associations throughout the United States and to others whom it may concern, urging them to adopt and send to Congress like resolutions and actively to oppose the Chandler bill and all similar bills for the reasons set forth in said petition.

Respectfully submitted.

HENRY WARD BEER,
President, Federal Bar Association of New York, New Jersey, and Connecticut, 29 Broadway, New York, N. Y.

NEW YORK CITY, *May 18, 1399.*

In the Congress of the United States of America

PETITION OF THE FEDERAL BAR ASSOCIATION OF NEW YORK, NEW JERSEY, AND CONNECTICUT

To the Congress of the United States of America.
To all State and local bar associations of the United States.
To all others whom it may concern:

Against the enactment of the Chandler bill (H. R. 4038) to amend the criminal law to make certain necessary lawful official acts of Federal judges high misdemeanors

(By the special judiciary committee of the association)

On behalf of the Federal Bar Association of New York, New Jersey, and Connecticut, and because the judges of the Federal court, whose integrity is impliedly attacked in the Chandler bill, to amend the criminal law, are unfortunately not in a position to defend themselves against the attacks implied in the bill, we are voluntarily writing this protest.

We have carefully read the Chandler bill now pending before the House Judiciary Committee as to the amendment of the law concerning the Federal judiciary. The recent exposures concerning a very few of the many members of that body of splendid men have doubtlessly inspired the presentation of what we regard as about as harmful a piece of legislation as we have known in a long time.

The Federal judiciary, taken as a whole, are the finest body of men to be found in any country. They are able, faithful, industrious and public spirited. This bill we regard as wholly unnecessary, and its passage would be a wanton reflection upon the integrity of the Federal judiciary, against which we feel it our duty to enter our vigorous protest.

The Federal judiciary have not, in our judgment, fallen so low in the estimation of our fellow countrymen as to warrant the serious consideration of this insulting assault. It is an attempt to indict and intimidate the Nation's judiciary. There are ample laws to control and punish a Federal judge who befouls the administration of justice in our Federal courts.

The provisions of the bill that make it a crime for a judge to accept bribes, directly or indirectly, or to practice law while holding judicial office, or to encourage or promote inexcusable delays in the administration of justice, are all eminently well cared for by our present laws.

As illustrating the recklessness and unwisdom of the proposed law—it would make a Federal judge guilty of a high misdemeanor if he were to talk to a lawyer regarding ex parte matters in the absence of the representative of the opposing party. There is no occasion for such an insinuation against the courts as is involved in this provision.

The opportunities afforded by this section for an unsuccessful party to blackmail our judges can readily be imagined.

Another provision of the proposed law makes it a criminal offense for any Federal judge so to administer his judicial duties as to result in his being promoted to a higher court. That is about as loose and

foolish a provision as could possibly be imagined. Under the construction apparently placed upon it by the architect of this remarkable piece of proposed legislation, if a judge by honesty of purpose, industry, and understanding of his judicial obligations so exercises his judicial talents as to become, as many are, outstanding and deserving of promotion, he will have violated section 12 of the proposed bill, which provides against administering the office in any respect for the purpose of advancing the personal ambition of the judge or to increase his popularity. If he strikes a popular response from his countrymen by discharging his duty in declaring an act of Congress either constitutional or unconstitutional, as the case may be, thereby meeting with public approval, he stands every chance of being charged with being a criminal.

The whole framework of the bill and its purpose reflect upon the entire judiciary. It is for that reason, and because these gentlemen are so situated that they are unable to protect themselves, that we have ventured to address Congress.

This same section 12 makes it a crime for a judge to take any interest in politics, which is an incident of citizenship and one that should be encouraged. In all the years of the existence of the Federal judiciary, we do not know of a single case where, in the exercise of their rights of citizenship, the participation of judges in politics has been abused. There are many instances in which eminent Federal judges have exercised that right to the benefit of the community and in which their efforts have been rewarded with recognition. As will be remembered, President Taft was a Federal circuit judge who later became President. And the present Chief Justice Hughes was a distinguished member of the United States Supreme Court and of his party before he became Chief Justice, but we never heard of any criticism of either of these gentlemen on that score. There could be none.

All in all the bill is an undeserved rebuke to as fine and courageous a body of men as are anywhere in the world to be found.

In no country have the people's faith in all their judges been so gloriously justified, and in no country are they more highly respected than with us. For a century and a half the United States has grown and developed under a system of jurisprudence unequaled in the world. That peace and order are the keynote of our society is due to the all-abiding faith in our judges and our courts which have guided the destinies of this Republic throughout our history.

We have inherited, and up to this date have enjoyed, an incorruptible judiciary. Those who are sponsoring this bill must be actuated by the fear that our Federal judiciary have suddenly become corrupt, which is untrue. Among the hundreds of Federal judges who have occupied the bench there are only a rare few against whom criticism is aimed. From time immemorial in our glorious history, whenever commotion, distress, and lawlessness shake the country, there is, and there always has been, one safe and quiet haven for our citizens: It is our Federal courts of justice as administered by our Federal judiciary. Nothing has yet happened or will happen in the future to disturb our love, pride, and affection for the men who wear the Federal robes.

To advocate that the Chandler bill become a law is to unjustifiably inflame public feeling, not only against the Federal judges but against the Government.

Accordingly, upon the direction of the Federal Bar Association of New York, New Jersey, and Connecticut, we herewith respectfully petition you to condemn and reject the Chandler bill as a measure that was projected without proper understanding of the patriotic pride of our Federal judges in their daily task. There is not, in our judgment, any basis for such passionate, exaggerated fears that manifest themselves in the proposed bill. To enact such a law would be to gravely reflect, without cause, upon our whole judicial system. The consequences of this implied challenge against the integrity of our Federal courts will, on the whole, be unwholesome, even though Congressman CHANDLER'S motives be of the highest. We, on the contrary, should continue to unite the country by a common affection and good feeling for our judiciary, who, by the way, are not any too well paid for the services they render. The post is considered one of great honor and dignity and will, we hope, continue to be so regarded notwithstanding implied insults of this sort upon the character of our judiciary.

Trusting that further consideration of the bill will lead to its rejection on the ground that it implies an affront to the entire judicial system and that our laws are ample to protect our citizens against every possible breach of faith or duty on the part of our judiciary, we are,

Respectfully,

Samuel Untermyer, chairman; Merritt Lane, vice chairman; Morgan J. O'Brien, William S. Bennet, George W. Grimm, Jr., Arthur B. Weiss, Maxwell H. Goldstein, Harold St. L. O'Dougherty, George A. Arkwright, H. Harvey Harwood, special judiciary committee of the Federal Bar Association of New York, New Jersey, and Connecticut.

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (S. 2723) to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy, reported it without amendment and submitted a report (No. 791) thereon.

Mr. JOHNSON of Colorado, from the Committee on Military Affairs, to which was referred the bill (H. R. 6070) to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.), reported it without amendment and submitted a report (No. 792) thereon.

Mr. WHITE, from the Committee on Patents, to which was referred the bill (H. R. 153) to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights, reported it with amendments and submitted a report (No. 793) thereon.

Mr. AUSTIN, from the Committee on Immigration, to which was referred the bill (S. 21) relating to the citizenship of Harry Ray Smith, reported it with amendments and submitted a report (No. 794) thereon.

Mr. WHEELER, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2410) relating to the development of farm units on public lands under Federal reclamation projects with funds furnished by the Farm Security Administration, reported it without amendment and submitted a report (No. 795) thereon.

Mr. KING (for Mr. MCCARRAN), from the Committee on the District of Columbia, to which was referred the bill (H. R. 1982) to amend the act entitled "An act to classify officers and members of the Fire Department of the District of Columbia, and for other purposes," reported it without amendment and submitted a report (No. 796) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (S. 2788) to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended, reported it without amendment and submitted a report (No. 797) thereon.

SURPLUS PRODUCTS OF THE FISHING INDUSTRY—HOUSE BILL PLACED ON THE CALENDAR

Mr. CLARK of Missouri. Mr. President, the bill (H. R. 5681) to authorize the Federal Surplus Commodities Corporation to purchase and distribute surplus products of the fishing industry, recently passed the House and was referred to the Committee on Commerce of the Senate. It transpires that a similar Senate bill has heretofore been considered by the Committee on Agriculture and Forestry, that it has been reported, and is now on the calendar. I ask unanimous consent that the Committee on Commerce be discharged from the further consideration of House bill 5681 and that it be placed on the calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri? The Chair hears none, and it is so ordered.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SCHWELLENBACH:

S. 2800. A bill for the relief of Edward J. Ross; to the Committee on Claims.

By Mr. NEELY:

S. 2801. A bill to make Younghill Kang eligible for naturalization; to the Committee on Immigration.

By Mr. SHEPPARD:

S. 2802. A bill to amend the act entitled "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes," approved June 20, 1936; to the Committee on Education and Labor.

S. 2803. A bill for the relief of C. E. Hendrickson and the Stephenville Hospital, Stephenville, Tex.; to the Committee on Claims.

By Mr. MILLER:

S. 2804. A bill for the relief of the Arkansas State Penitentiary; to the Committee on Claims.

By Mr. RADCLIFFE:

S. 2805. A bill to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair; to the Committee on Naval Affairs.

By Mr. BONE:

S. 2806. A bill authorizing the Secretary of the Interior to make a survey of the possible means and feasibility of supplementing the water supply for irrigation of the Ahtanum Creek Valley in the State of Washington; to the Committee on Indian Affairs.

By Mr. RUSSELL:

S. 2807. A bill to extend to July 1, 1940, the time for filing claims for refunds of amounts paid as taxes under the Bankhead Cotton Act of 1934, the Kerr Tobacco Act, and the Potato Act of 1935; to the Committee on Appropriations.

By Mr. ANDREWS:

S. 2808. A bill to provide for the incorporation of the National Institute of Metals; to the Committee on the Judiciary.

By Mr. LUNDEEN:

S. J. Res. 170. Joint resolution to provide for negotiations by the President with a view to acquiring certain islands owned by the Republic of Mexico;

S. J. Res. 171. Joint resolution to provide for negotiations by the President with a view to acquiring certain islands owned by the Republic of Ecuador;

S. J. Res. 172. Joint resolution to provide for negotiations by the President with a view to acquiring Malpelo Island and Gorgona from the Republic of Colombia;

S. J. Res. 173. Joint resolution to provide for negotiations by the President with a view to acquiring certain islands owned by the Republic of Panama; and

S. J. Res. 174. Joint resolution to provide for negotiations by the President with a view to acquiring Cocos Island, Cano Island, and Isla San Lucas (Golfo de Nicoya) from the Republic of Costa Rica; to the Committee on Foreign Relations.

ESTABLISHMENT OF SELF-LIQUIDATING PROJECTS—AMENDMENTS

Mr. CLARK of Idaho (for himself and Mr. O'MAHONEY) submitted two amendments intended to be proposed by them to the bill (S. 2759) to provide for the construction and financing of self-liquidating projects, and for other purposes, which were referred to the Committee on Banking and Currency and ordered to be printed.

IRRIGATION OF AHTANUM CREEK VALLEY, WASH.

Mr. BONE submitted the following resolution (S. Res. 165), which was referred to the Committee on Indian Affairs:

Resolved, That the Attorney General is requested to stay proceedings for adjudication of the rights to the waters available for the irrigation of the Ahtanum Creek Valley in the State of Washington until such time as the Secretary of the Interior transmits to Congress a report upon a survey to be made by him with respect to the possible means and feasibility of supplementing the supply of water for irrigation of the irrigable lands in such valley.

A POLITICAL PREVIEW OF 1940—ADDRESS BY SENATOR GUFFEY

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD a radio address delivered by Senator GUFFEY on July 13, 1939, entitled "A Political Preview of 1940," which appears in the Appendix.]

LIFE INSURANCE; THE AMERICAN WAY—ADDRESS BY SENATOR TAFT

[Mr. HOLMAN asked and obtained leave to have printed in the RECORD an address delivered by Senator TAFT before Philadelphia's golden birthday party for the National Association of Life Underwriters, sponsored by the Philadelphia Association of Life Underwriters, Philadelphia, April 28, 1939, which appears in the Appendix.]

FAILURE—ADDRESS BY FRANK GANNETT

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD a radio address entitled "Failure," delivered by Frank Gannett on Friday, June 30, 1939, which appears in the Appendix.]

THE CONSTITUTION—ADDRESSES BY LAURENCE H. REILLY AND JOHN H. BERMINGHAM

[Mr. MEAD asked and obtained leave to have printed in the RECORD Memorial Day addresses on the subject of the Constitution by Laurence H. Reilly and John H. Bermingham, which appear in the Appendix.]

MEMORIAL DAY ADDRESS BY ELMER L. FRAKER

[Mr. LEE asked and obtained leave to have printed in the RECORD an address entitled "Keep America Out of War," delivered on Memorial Day in Oklahoma Cemetery, Cherokee, Okla., by Elmer L. Fraker, which appears in the Appendix.]

TRIBUTE TO THE LATE JUSTICE CHARLES H. ROBB

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an editorial from the Bellows Falls (Vt.) Times of July 13, paying tribute to the memory of the late Justice Charles H. Robb, of the United States Court of Appeals for the District of Columbia, which appears in the Appendix.]

ADMISSION OF REFUGEE CHILDREN

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article published in the Cincinnati Post of June 1, 1939, entitled "Jury of Opinion Against Admitting Refugee Children," which appears in the Appendix.]

RADIO AND ITS RELATION TO GOVERNMENT—ADDRESS BY HON. STEPHEN EARLY

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address delivered before the convention of the National Association of Broadcasters at Atlantic City, N. J., on July 11, 1939, by Hon. Stephen Early, secretary to the President, on the subject Radio and Its Relation to Government, which appears in the Appendix.]

ORDER OF BUSINESS

Mr. NEELY obtained the floor.

Several Senators addressed the Chair.

Mr. NEELY. I will yield to Senators for the purpose of transacting routine business, provided no debate will thereby be occasioned, as I am anxious to proceed with the unfinished business, which is the so-called anti-block-booking and blind-selling bill.

CONVEYANCE OF CERTAIN EASEMENTS TO NEW YORK CITY

Mr. WALSH. Mr. President, on yesterday, during the legislative session of the day, and while the Social Security Act was under consideration, the senior Senator from New York [Mr. WAGNER] asked unanimous consent to have Senate bill 2662, Calendar No. 825, considered. The bill was taken up for consideration and passed. The Senator from Vermont [Mr. AUSTIN] made some inquiries as to whether or not the measure had been heard by a committee, and a short discussion—not on the merits of the bill, but as to procedure—took place and is printed in the RECORD.

Mr. President, before the Senator from Texas [Mr. CONNALLY], who is chairman of the Committee on Public Buildings and Grounds, left the city day before yesterday he handed me this bill to report; and, being a member of the committee, I reported it, and found that it was a bill which had been approved by polling the committee. Yesterday morning I received some letters from apparently public-spirited and reputable citizens of New York protesting against the bill. The Senator from Maine [Mr. HALE] and other Senators called my attention to similar letters which they had received, and indicated that the bill ought not to be passed without a hearing by the committee.

I thereupon talked with the Senator from New York [Mr. WAGNER] and showed him some of the letters. He said that they were a small group that were dissatisfied with the location of the bridge but that the authorities were all in favor of it. I asked him, accordingly, to write me a letter which I could show to the Senator from Maine and other members of the committee who had received these letters from New York and let me have the other side of the matter in answer to these protests.

Sometime after that the bill was taken up when I was absent and passed by unanimous consent upon motion of the Senator from New York [Mr. WAGNER], who, of course, acted in absolute good faith. Because I had assured the Senator from Maine that the bill probably would not be taken up until the calendar was reached anyway for consideration, and that I would give him a copy of the letter which the Senator from New York was to write me before action was taken, I feel in honor bound to the Senator from Maine and to the others to serve notice that I now enter a motion to reconsider the vote by which the bill was passed. I do not want to prejudice the bill. I do not want my action to indicate what my personal position is; but I feel that, as the Senator re-

porting the bill, I should be betraying a trust and a responsibility I owe to my colleagues here not to take this action, so that they may have ample time to study the bill and consider it and decide whether or not it shoud go back to the committee for a hearing.

The VICE PRESIDENT. The motion will be entered.

Mr. WALSH. Mr. President, the Parliamentarian informs me that, in addition to entering the motion which I entered for a reconsideration of the vote by which Senate bill 2662 was agreed to, I should make a motion that the House return the papers. I now make that motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Massachusetts.

The motion was agreed to.

NOMINATION AND CONFIRMATION OF ELMER D. DAVIES

Mr. BARBOUR. Mr. President, in further connection with the message from the President of the United States addressed to the Senate and submitted yesterday, in which the President stated that he was unable to accede to the request to return to the Senate the resolution advising and consenting to the appointment of Elmer D. Davies to be United States district judge for the middle district of Tennessee, I would like unanimous consent to have incorporated in the RECORD in further support of the opposition to this nomination an affidavit sworn to by W. S. Noble, a practicing attorney at the Nashville, Tenn., bar for over 30 years, dated April 1, 1939, and witnessed by Mr. Joe L. Jenkins, notary public, attesting to the fact that Mr. Noble became a member of the Ku Klux Klan soon after its organization, and that he was present with Mr. Davies in the Ku Klux Klan Lodge at Nashville during Klan meetings and on a number of occasions. I wish also to have incorporated in the RECORD a similar affidavit signed by C. D. Johns, of the county of Davidson, State of Tennessee, formerly sheriff of Davidson County, and affidavits to the same effect signed by E. B. Wilson, of 1404 Ashwood Avenue, Nashville, Tenn., and an additional affidavit signed by Mr. Noble again, attesting to the Ku Klux Klan membership of Mr. Davies. I wish to have included also in the RECORD resolutions opposing the confirmation of Mr. Davies' appointment passed by the following organizations: Brotherhood of Blacksmiths, Forgers, and Helpers; Lodge 154, International Association of Machinists; Nashville Trades and Labor Council; Tennessee State Federation of Labor; and four lodges of the Brotherhood of Locomotive Firemen and Enginemen; also, a telegram from Walter White, secretary of the National Association for the Advancement of Colored People.

There being no objection, the affidavits, resolutions, and telegram were ordered to be printed in the RECORD, as follows:

STATE OF TENNESSEE,
County of Davidson, ss:

I, W. S. Noble, being first duly sworn, make oath as follows:

That I have been a practicing attorney at the Nashville bar over 30 years and have known Mr. Elmer D. Davies ever since he began practicing law in Nashville.

I became a member of the Ku Klux Klan soon after its organization in Nashville and continued to be a member thereof from that time until it was disbanded in Nashville, Tenn., during the time that it was in active existence in Nashville, and if he ever resigned or severed his connection with it I never knew of it. I have been present with him in the lodge hall during Klan meetings on a number of occasions.

W. S. NOBLE.

Sworn to and subscribed before me this 1st day of April 1939.

JOE L. JENKINS, *Notary Public.*

STATE OF TENNESSEE,
County of Davidson, ss:

I, C. D. Johns, being first duly sworn, make oath as follows:

I have been a citizen of Nashville for 50 years and have known Mr. Elmer Davies only after he began the practice of law in Nashville.

I became a member of the Ku Klux Klan soon after its organization in Nashville, and was actively interested in its work for several years as an organizer.

I know that Mr. Elmer Davies was a member of the Ku Klux Klan, and have seen him in the meeting a number of times. I have no ill will toward Mr. Davies. I was formerly sheriff of Davidson County, Tenn.

C. D. JOHNS.

Sworn to and subscribed before me this 24th day of April 1939.

_____,
Justice of Peace of Davidson County.

STATE OF TENNESSEE,
County of Davidson, ss:

I, E. B. Wilson, being first duly sworn, make oath as follows:

That I have lived in Nashville for many years, and at present reside at 1404 Ashwood Avenue, and that I have personally known Mr. Elmer Davies since he began practicing law in Nashville.

I became a member of the Ku Klux Klan soon after its organization in Nashville and continued to be a member thereof from that time until it was disbanded in Nashville, Tenn., several years ago. I know that Elmer G. Davies was an active member of the Ku Klux Klan in Nashville, Tenn., during the time that it was in active existence in Nashville, and if he ever resigned or severed his connection with it I never knew of it. I have been present with him in the lodge hall during Klan meetings on a number of occasions. I have no ill feeling toward Mr. Davies.

E. B. WILSON.

Sworn to and subscribed before me this ___ day of April 1939.

_____,
Notary Public.

AFFIDAVIT

In re: Nomination of Elmer Davies for judge, middle district of Tennessee

William S. Noble, first having been duly sworn, states the following facts:

That he is and has been for more than 35 years a practicing attorney at the Nashville bar. That heretofore he made a sworn statement of fact in affidavit form relative to his personal knowledge of the membership and affiliation of Elmer Davies in and with the Ku Klux Klan in Nashville, Tenn.

That subsequently he gave to a representative of the Federal Bureau of Investigation a more detailed statement of fact relative to the same matter. That he is informed both said statements were intended to be filed and were in fact filed with the Department of Justice in Washington, D. C., and are today a part of the records of that Department relative to said nomination and judgeship.

That on June 29, 1939, he received a telegraphic notice and invitation from the Honorable TOM CONNALLY, chairman of United States Senate subcommittee to appear before the committee at its hearing July 6, 1939, 10:30 a. m., relative to the nomination of Elmer Davies for said judgeship. That he regrets his inability to be present at the hearing because of his physical condition, and that if present he would be unable to add one statement of fact to those embodied in the instruments of record hereinbefore referred to. That he reaffirms each and all statements of fact set forth in said instruments and refers to, adopts, and makes both of said instruments a part of this affidavit as fully and completely as if said facts were embodied herein by exact word and figure, and respectfully requests that this statement, together with the statements of record hereinbefore referred to be heard and considered by the committee as and for his oral statement if present.

That he has requested the Honorable W. F. Seigenthaler, a citizen and labor representative at Nashville, Tenn., in attendance before the committee, to present these matters to the committee in his behalf.

W. S. NOBLE.

Sworn to and subscribed before me this 5th day of July 1939.

JOE L. JENKINS, *Notary Public.*

APRIL 11, 1939.

Hon. FRANKLIN D. ROOSEVELT,
The White House, Washington, D. C.:

Our Nashville branch has telegraphed us requesting we protest nomination of Elmer Davies as judge of middle Tennessee district since there is definite evidence that he recently was member of Ku Klux Klan. We have wired for evidence of such membership. If you are contemplating nomination may we respectfully ask you hold it up until we have opportunity to examine evidence and, if it is found convincing, have opportunity to file formal protest with you based on facts?

WALTER WHITE, *Secretary,*
National Association for Advancement of Colored People.

RESOLUTIONS OPPOSING THE CONFIRMATION OF THE APPOINTMENT OF ELMER DAVIES

Whereas it is common knowledge that the United States Senators from this State have recommended for district judge from the middle district of Tennessee, Mr. Elmer C. Davies, of Nashville, Tenn., a man whose record—legislative and legal—is one of consistent opposition to everything in the interest of labor, and

Whereas on January 29, 1935, as a member of the State senate, said Davies characterized the T. V. A. planning bills (including housing measures) as "the most pernicious, socialistic, and paternalistic bills ever introduced in this legislature," thereafter broadening his remarks into a bitter general indictment of New Deal

legislation that was designed to reduce unemployment and otherwise better the condition of the workingman, and

Whereas Mr. Davies, as the senate proceedings clearly indicate, not only spoke against the T. V. A. planning bills, but exhausted without success every parliamentary means to bring about their defeat, declaring, at the same time, that the Roosevelt administration—by bribing the States with Federal funds—had done more than the Civil War itself to destroy States' rights, and

Whereas Mr. Davies, as chairman of the senate rules committee which strangled the child labor amendment without letting it come to a vote, is more than anyone else responsible for the failure of its ratification by the Tennessee Legislature, and

Whereas Mr. Davies has, in speaking of the President of the United States, the Honorable Franklin D. Roosevelt, used vile and uncouth language as descriptive adjectives in describing him,

Whereas Local Union, No. —, International Brotherhood of Blacksmiths, Dropforgers, and Helpers is impressed with the importance of having Federal judges who are at least open-minded in regard to liberal measures and who are sympathetic with all classes of people—qualifications in which Mr. Davies is entirely lacking: Now, therefore, be it

Resolved, That we most strongly protest the appointment of Mr. Elmer D. Davies as district judge of the Middle District of Tennessee, and

Be it further resolved, That a copy of these resolutions be sent to each of the following: To President Franklin Delano Roosevelt, to United States Attorney General Frank Murphy, and to Senators K. D. MCKELLAR and A. TOM STEWART.

Whereas it is common knowledge that the United States Senators from this State have recommended for district judge from the middle district of Tennessee, Mr. Elmer D. Davies, of this city, a man whose record—legislative and legal—is one of consistent opposition to everything in the interest of labor; and

Whereas on January 29, 1935, as a member of the State senate, said Davies characterized the T. V. A. planning bills (including housing measures) as "the most pernicious, socialistic, and paternalistic bills ever introduced in this legislature," thereafter broadening his remarks into a bitter general indictment of New Deal legislation that was designed to reduce unemployment and otherwise better the condition of the working man; and

Whereas Mr. Davies, as the senate proceedings clearly indicate, not only spoke against the T. V. A. planning bills, but exhausted without success every parliamentary means to bring about their defeat, declaring, at the same time, that the Roosevelt administration—by bribing the States with Federal funds—had done more than the Civil War itself to destroy States' rights; and

Whereas Mr. Davies, as chairman of the senate rules committee which strangled the child labor amendment without letting it come to a vote, is more than anyone else responsible for the failure of its ratification by the Tennessee Legislature; and

Whereas Rock City Lodge 154, International Association of Machinists, is impressed with the importance of having Federal judges who are at least open-minded in regard to liberal measures and who are sympathetic with all classes of people—qualification in which Mr. Davies is entirely lacking: Now, therefore, be it

Resolved, That we most strongly protest the appointment of Mr. Elmer D. Davies as district judge of the middle district of Tennessee; and be it further

Resolved, That a copy of these resolutions be sent to each of the following: To President Franklin Delano Roosevelt; to United States Attorney General Frank Murphy; to Senators K. D. MCKELLAR and A. TOM STEWART.

Whereas notice has been carried in the press that the United States Senators from this State have recommended for district judge for the middle district of Tennessee, Mr. Elmer D. Davies, of this city, one of the bitterest critics of the liberal policies that have distinguished the present national democratic administration; and

Whereas on January 29, 1935, when Mr. Davies was serving as State senator and the senate had under consideration certain planning bills endorsed by the T. V. A. and concerning which the chairman of the Tennessee Valley Authority had advised the senate, "that the Tennessee Valley Authority felt the planning bills would make possible a State program which would materially assist the T. V. A. in certain of its activities," Mr. Davies said, "In my opinion these are the most pernicious, socialistic, and paternalistic bills that ever were introduced in this legislature. I, for one, don't want the record to show in the future that I sponsored any of these, if unfortunately they should pass"; and

Whereas Mr. Davies further stated, "The only reason a State N. R. A. was not included was that it was so unpopular that they didn't have the nerve to present that"; and

Whereas Davies said further: "Ah, gentlemen, 'twas a sad day indeed when the several States bartered their birthright for Federal aid. You know and I know that the federalists within the past 2 years have done more by the aid of their money to eliminate all States' rights than the Civil War ever accomplished"; and

Whereas the Nashville Trades and Labor Council realizes the seriousness of placing on the Federal bench here at the heart of the T. V. A. development a man who is one of the most consistent opponents of the enlightened social philosophy which has characterized the present national democratic administration: Now, therefore, be it

Resolved, That we urgently protest the appointment of Mr. Elmer D. Davies as district judge for the middle district of Tennessee; and be it further

Resolved, That a copy of these resolutions be sent to each of the following: To President Franklin Delano Roosevelt; to United States Attorney General Frank Murphy; to Senators K. D. MCKELLAR and A. TOM STEWART.

Whereas it is reported that the United States Senators from this State, disregarding the most urgent representations from organized labor, are continuing their advocacy of the appointment of Mr. Elmer D. Davies, of Nashville, as district judge for middle Tennessee; and

Whereas Mr. Davies is rather to be regarded as a lobbyist and contact man for special interests (as shown by his pernicious activities during the recent legislature) than as a lawyer; and

Whereas his social philosophy was well illustrated when on January 29, 1935, as State senator, he characterized the T. V. A. planning bills (including housing measures) as "the most pernicious, socialistic, and paternalistic bills ever introduced in this legislature," thereafter bitterly indicting New Deal legislation that was designed to reduce unemployment and otherwise better the condition of the workingman; and

Whereas said Davies, while bitterly opposing the T. V. A. planning bills, declared on the floor of the State senate that the present Democratic administration had—by bribing the States with Federal funds—done more than the Civil War to destroy State rights and to pervert the historic form of our American government; and

Whereas it was Mr. Davies, as chairman of the senate rules committee, who was primarily responsible for the strangling of the child labor amendment without allowing it to come to a vote; and

Whereas he has not hesitated to characterize the President of the United States, Franklin Delano Roosevelt, in language too vile and uncouth for repetition; and

Whereas organized labor bitterly resents this persistent attempt to elevate to the Federal bench, where he could do incalculable harm, a reactionary lobbyist whose whole carreer (public and private) has demonstrated his total lack of sympathy with labor's objectives: Now, therefore, be it

Resolved, That we, the Tennessee State Federation of Labor, protest with all the vigor at our command the proposed appointment of Mr. Elmer D. Davies as district judge of the middle district of Tennessee; and be it further

Resolved, That a copy of these resolutions be sent to each of the following: To President Franklin Delano Roosevelt; to United States Attorney General Frank Murphy; to Senators K. D. McKellar and A. Tom Stewart.

Whereas it is reported that the United States Senators from this State, disregarding the most urgent representations from organized labor, are continuing their advocacy of the appointment of Mr. Elmer D. Davies, of Nashville, as district judge for middle Tennessee; and

Whereas Mr. Davies is rather to be regarded as a lobbyist and contact man for special interests (as shown by his pernicious activities during the recent legislature) than as a lawyer; and

Whereas his social philosophy was well illustrated when, on January 29, 1935, as State senator he characterized the T. V. A. planning bills (including housing measures) as "the most pernicious, socialistic, and paternalistic bills ever introduced in this legislature," thereafter bitterly indicting New Deal legislation that was designed to reduce unemployment and otherwise better the condition of the workingman; and

Whereas said Davies, while bitterly opposing the T. V. A. planning bills, declared on the floor of the State senate that the present Democratic administration had, by bribing the States with Federal funds, done more than the Civil War to destroy State rights and to pervert the historic form of our American government; and

Whereas it was Mr. Davies, as chairman of the senate rules committee, who was primarily responsible for the strangling of the child labor amendment without allowing it to come to a vote; and

Whereas he has not hesitated to characterize the President of the United States, Franklin Delano Roosevelt, in language too vile and uncouth for repetition; and

Whereas organized labor bitterly resents this persistent attempt to elevate to the Federal bench, where he could do incalculable harm, a reactionary lobbyist whose whole career (public and private) has demonstrated his total lack of sympathy with labor's objectives: And therefore be it

Resolved, That we, the Brotherhood of Locomotive Firemen and Enginemen, Old Hickory Lodge, No. 833, Nashville, Tenn., protest with all the vigor at our command the proposed appointment of Mr. Elmer D. Davies as district judge of the middle district of Tennessee and request that all lodges of the Brotherhood of Locomotive Firemen and Enginemen in Tennessee concur in this resolution; and be it further

Resolved, That a copy of this resolution be sent to Mr. H. V. Reid, chairman, Tennessee State Legislative Board, Brotherhood of Locomotive Firemen and Enginemen, and Mr. Reid to protest this appointment with all the power vested to his good office and be it further

Resolved, That a copy of these resolutions be sent to each of the following: To Mr. D. B. Robertson, president, Brotherhood of Locomotive Firemen and Enginemen; to President Franklin Delano Roosevelt; to United States Attorney General Frank Murphy; to

Senators K. D. McKellar and A. Tom Stewart; to National Legislative Representative Author Lovell; to all Brotherhood of Locomotive Firemen and Enginemen lodges in Tennessee.

E. F. ROBERTSON,
Recording Secretary, Old Hickory Lodge, No. 833, Brotherhood of Locomotive Firemen and Enginemen.

Mr. McKELLAR subsequently said:

Mr. President, I have read the statement which was put into the RECORD this morning by the distinguished Senator from New Jersey [Mr. BARBOUR], together with several affidavits and resolutions coming from Tennessee, concerning the nomination of Hon. Elmer D. Davies as judge of the District Court for the Middle District of Tennessee. Mr. Davies was confirmed the day before yesterday.

I wish to say at the outset that all of these affidavits and resolutions and telegrams, except the one from Walter White dated April 11, 1939, were before the subcommittee and the full committee when they acted upon the nomination of Mr. Davies.

The statements made in these affidavits, resolutions, and letters were absolutely contradicted by the overwhelming testimony taken by the subcommittee. Mr. Noble did not appear before the subcommittee or the full committee at all, although he knew of the proceeding. Only two witnesses protesting the nomination appeared to testify against Mr. Davies.

Inasmuch as the Senator from New Jersey has put in the RECORD a portion of the testimony which came before the committee, I, at this point, ask unanimous consent that all of the testimony be printed in the RECORD. It is not very long, and it is absolutely necessary that it should be printed so that the Senate can be absolutely sure that the Judiciary Committee made no mistake whatsoever in reporting favorably the nomination of Mr. Davies. Mr. President, I have spoken to the Senator from New Jersey, and he says he has no objection to my putting in all the testimony as it appears in that case, so that the Senate may see exactly what occurred and on what ground the committee acted.

I ask unanimous consent to have printed in the RECORD immediately after the matter placed in the RECORD by the Senator from New Jersey the record of the hearings before the committee.

I may say, Mr. President, after this testimony was taken, the subcommittee and the full committee reported the nomination which was placed on the calendar. I heard of no opposition to it, and before I brought it up on the floor by a unanimous-consent request, I went to the Senator from Vermont [Mr. AUSTIN], the then acting leader of the minority, and told him that both my colleague [Mr. STEWART] and I were called out of the city by reason of the unfortunate death of Representative Sam D. McReynolds, and if he had no objection I would like to ask unanimous consent out of order to take up the nomination of Mr. Davies and get it disposed of before I went to Tennessee. He very readily and courteously agreed to my request.

Just a short time before I left the Chamber I asked the Senator from Oklahoma [Mr. LEE] to yield to me while I preferred the request.

I made the request. There was no objection, and the nomination was confirmed; and, inasmch as we have been without a judge in the middle district of Tennesse for 5 or 6 months, I asked unanimous consent that the President might be notified.

I had made many inquiries concerning the nomination of Senators on both sides of the aisle, and I did not have the slightest reason to believe that anyone objected to the confirmation. I did not speak to the Senator from New Jersey about the matter, as he was not on the committee, and I did not know that he had the slightest objection. The case had been pending a long time and I was very anxious to dispose of it before I left for Tennessee.

I hope that the Senators who have any doubt about the matter at all will read the testimony that was adduced before the subcommittee, and I call especial attention to the testimony of the two honorable witnesses who appeared in protest, and who really admitted, in a large part, that they had been misled as to the facts concerning Mr. Davies. If the Senators will look over this testimony just as it appeared before the committee, I am sure that all will agree that Mr. Davies should have been confirmed just as he was confirmed, and that he ought to have been confirmed.

To those who were interested in the matter because of allegations about the Klan, I call their especial attention to the letter of the secretary and treasurer of the Klan at Nashville, Tenn., who declared that there was no record that Mr. Davies was ever a member of the Klan.

I also call attention to Mr. Davies' testimony on the same subject.

Mr. President, I also ask that certain telegrams in relation to the nomination of Mr. Davies be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. HATCH in the chair). The Senator from Tennessee requests unanimous consent to have printed in the RECORD certain telegrams and the entire hearings before the Senate Judiciary Committee in relation to the nomination of Mr. Davies.

Mr. McKELLAR. All except that which is contained in the statement presented by the Senator from New Jersey.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The telegrams and hearings are as follows:

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Please make possible appointment of Davies for Tennessee judge.

ALPHA PHI ALPHA FRATERNITY,
WILLIAM HAFFORD.

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Members of our organization 100 percent for Elmer Davies.

NEGRO HISTORY STUDY CLUB,
MERLE R. EPPSE, *Advisor.*

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Your support of Elmer Davies for judge unconditionally solicited.

BETTER HOMES OF AMERICA,
E. T. BURT.

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Heartily endorse Elmer Davies for Federal judgeship. Your cooperation appreciated.

TENNESSEE NEGRO EDUCATION ASSOCIATION,
GEORGE W. GORE, Jr., *Executive Secretary.*

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Members of our organization strongly pulling for Elmer Davies.

DELTA PHI DELTA JOURNALISTIC FRATERNITY.

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Sincerely anxious for appointment of Elmer Davies as Federal judge.

SUMMER SCHOOL STUDENTS, A. & I. STATE COLLEGE.

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Davies affiliations have never affected his very fine attitude toward Negroes in Tennessee. We highly endorse him for judge.

ALPHA KAPPA ALPHA SORORITY,
G. L. JENKINS.

NASHVILLE, TENN., *July 11, 1939.*

Senator TOM CONNALLY:
Negroes in Tennessee believe they have friend in Davies who will stand for justice and fair play for all.

R. E. CLAY,
Secretary, Tennessee Interracial League.

NOMINATION OF ELMER D. DAVIES

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE JUDICIARY,
Washington, D. C., July 6, 1939.

The subcommittee met, pursuant to notice, in the committee room of the Committee on the District of Columbia, Capitol, at 10:30 a. m., Senator TOM CONNALLY (chairman) presiding.

Present: Senators CONNALLY (chairman) and NEELY.

Present also: Senators MCKELLAR and STEWART, of Tennessee.

Senator CONNALLY. This is a hearing on the confirmation of Mr. Elmer D. Davies as United States district judge for the middle district of Tennessee.

We will hear the opposition first. You may proceed.

STATEMENT OF T. O. DENHAM, NASHVILLE, TENN., LEGISLATIVE CHAIRMAN, TENNESSEE FEDERATION OF LABOR

Mr. DENHAM. Mr. Chairman, I appear in behalf of the Tennessee Federation of Labor, as legislative chairman and member of the executive board of the Nonpartisan Committee, representing the A. F. of L. organizations in the State.

I first present you with a resolution that was carried in the State Federation of Labor convention held on June 5, 6, and 7.

Senator CONNALLY. That may be incorporated in the record.

I think perhaps I should read it, so that we may know just what the issues are:

"Resolution

"Whereas it is reported that the United States Senators from this State—disregarding the most urgent representations from organized labor—are continuing their advocacy of the appointment of Mr. Elmer D. Davies, of Nashville, as district judge for middle Tennessee; and

"Whereas Mr. Davies is rather to be regarded as a lobbyist and contact man for special interests (as shown by his pernicious activities during the recent legislature) than as a lawyer; and

"Whereas his social philosophy was well illustrated when, on January 29, 1935, as State senator, he characterized the T. V. A. planning bills (including housing measures) as "the most pernicious, socialistic, and paternalistic bills ever introduced in this legislature," thereafter bitterly indicting New Deal legislation that was designed to reduce unemployment and otherwise better the condition of the workingman; and

"Whereas said Davies, while bitterly opposing the T. V. A. planning bills, declared on the floor of the State senate that the present democratic administration had—by bribing the States with Federal funds—done more than the Civil War to destroy State's rights and to pervert the historic form of our American Government; and

"Whereas it was Mr. Davies, as chairman of the senate rules committee, who was primarily responsible for the strangling of the child-labor amendment without allowing it to come to a vote; and

"Whereas he has not hesitated to characterize the President of the United States, Franklin Delano Roosevelt, in language too vile and uncouth for repetition; and

"Whereas organized labor bitterly resents this persistent attempt to elevate to the Federal bench, where he could do incalculable harm, a reactionary lobbyist whose whole career (public and private) has demonstrated his total lack of sympathy with labor objectives: And therefore be it

"*Resolved*, That we, the Brotherhood of Locomotive Firemen and Enginemen, Caney Fork Lodge, No. 837, Nashville, Tenn., protest with all the vigor at our command the proposed appointment of Mr. Elmer D. Davies as district judge for the middle district of Tennessee, and request that all lodges of the Brotherhood of Locomotive Firemen and Enginemen in Tennessee concur in this resolution; and be it further

"*Resolved*, That a copy of this resolution be sent to Mr. H. V. Reid, chairman, Tennessee State Legislative Board, Brotherhood of Locomotive Firemen and Enginemen, and Mr. Reid, to protest this appointment with all the power vested in his good office; and be it further

"*Resolved*, That a copy of these resolutions be sent to each of the following:

"To Mr. D. B. Robertson, president, Brotherhood of Locomotive Firemen and Enginemen.

"To President Franklin Delano Roosevelt.

"To United States Attorney General Frank Murphy.

"To Senators K. D. McKELLAR and A. TOM STEWART.

"To National Legislative Representative Arthur Lovell.

"To all Brotherhood of Locomotive Firemen and Enginemen lodges in Tennessee.

"J. E. MOYERS,

"Recording Secretary, Caney Fork Lodge, No. 837, Brotherhood of Locomotive Firemen and Enginemen."

Senator CONNALLY. Is Mr. Davies here?

Senator McKELLAR. Yes.

Senator CONNALLY. You may proceed, Mr. Denham.

Mr. DENHAM. I would like next to read a letter from the chairman of the legislative committee of 1937:

TENNESSEE FEDERATION OF LABOR,
Nashville, Tenn., July 1, 1939.

STATEMENT

To whom it may concern:

I, W. C. Clark, who was legislative chairman of the Tennessee Federation of Labor during the legislative term of the year 1937, when Elmer D. Davies was representing Davidson County as a senator, make the following statement of facts relative to my experience in said session with Senator Davies. I concur in the photostatic copy that will be presented to you by our representative and also your reference to the senate journal of the above session on the matter of the senator trying to amend and rerefer all Tennessee Valley Authority bills that came before the senate during this session.

I served in the above capacity along with legislative chairmen representing Order of Railway Conductors, Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen, and the Brotherhood of Railway Trainmen, and they, along with me, were unable to have the senator to help us out with his vote in favor of the Federal child-labor amendment.

I am afraid that if Mr. Davies is confirmed by your committee that labor in middle Tennessee will get little consideration.

Very respectfully,

W. C. CLARK.

I would like to have that in the record.

Senator CONNALLY. That will be in the record.

Mr. DENHAM. I also wish to read a telegram from the president of the Central Labor Union of Nashville. I believe they call it the Trades and Labor Council.

NASHVILLE, TENN., *July 5, 1939.*

T. O. DENHAM,
Lee Hotel, Washington, D. C.:

Nashville Trade and Labor Council protest the appointment of Elmer Davies as Federal judge for middle Tennessee.

J. L. BEYRNE,
President, Nashville Trade and Labor Council.

Also a telegram from the president of the Nashville Building Trades Council.

NASHVILLE, TENN., *July 5, 1939.*

T. O. DENHAM,
Lee Hotel, Washington, D. C.:

We wish to protest the appointment of Elmer Davies as Federal judge for middle Tennessee.

C. N. VESTER,
President, Nashville Building Trade Council.

Senator CONNALLY. This is somewhat irregular, inasmuch as these documents are not subject to cross-examination; but unless there is objection they may go in the record.

Mr. DENHAM. This is a telegram from the secretary of Local 386:

NASHVILLE, TENN., *July 6, 1939.*

T. O. DENHAM,
Lee House, Washington, D. C.:

Use your influence against Elmer Davies appointment.

R. F. BATEY,
Secretary, Local 386.

Senator CONNALLY. These telegrams are addressed to you?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. Did you contact these people? Did you ask them to send you these wires?

Mr. DENHAM. They were to send me some stuff, and I told them where to wire me.

Senator CONNALLY. Before you left, you arranged to get these wires?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. You had already contacted them?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. Go ahead.

Mr. DENHAM. This is a record from the Nashville Banner of January 29, 1935, when the T. V. A. bill came up that the resolution makes reference to.

Senator CONNALLY. We cannot print all this material in the record.

Mr. DENHAM. There are certain parts that ought to go in.

Senator CONNALLY. You may file this as an exhibit, but not for the record.

Do you have any charges against Davies' character or ability as a lawyer?

Mr. DENHAM. None.

Senator CONNALLY. It is just in his political views?

Mr. DENHAM. In regard to labor.

Senator CONNALLY. That is political. You are not attacking his character or his ability as a lawyer?

Mr. DENHAM. Not at all.

Senator CONNALLY. All right. Go ahead. We will admit the typewritten sheets, but not the newspaper articles in full.

Mr. DENHAM. I will read that part of it.

Senator CONNALLY. All right.

Mr. DENHAM. "Elmer Davies on T. V. A. housing and planning bill:

"Consideration was begun after a vigorous attack by Senator Davies on the companion planning and housing bills.

"'In my opinion,' Davies said, 'these are the most pernicious, socialistic, and paternalistic bills that ever were introduced in this legislature. I, for one, don't want the record to show in the future that I sponsored any of these if, unfortunately, they should pass.' * * *

"Senator Sam R. Howell (Washington) said he was surprised at the apparent hostility of a great many members to these bills.

"Davies * * * declared that shortly before the legislature met 'coordinated Federal agencies' met in Nashville to consider legislation, and said at that time an agreement was reached on the companion bills. He said the agencies sought to 'put them through on the popularity of the T. V. A.' The only reason a State N. R. A. bill was not included, he continued, was that 'it was so unpopular that they didn't have the nerve to present that.'"

"(Report of State senate proceedings in the Nashville Banner of January 29, 1935.)

"Note: Senate journal, page 194, of this date, 1935."

Here is another I would like to submit, of January 30, 1935.

Senator CONNALLY. We will admit the typewritten statement, but not the article.

Mr. DENHAM. "Elmer Davies on the T. V. A. planning bills.

"* * * However, Elmer Davies, of Nashville, who had assumed the leading role in opposition to the measures along with Senator Atchley, of Knoxville, changed his vote to move reconsideration of the bill, and under the rules will have custody of the measure for reconsideration for 3 legislative days.

"* * * Senator Davies started the fight on the housing-planning measure early in the morning with the request that his name be stricken from the series of bills not strictly T. V. A. power bills, and launching against the others a bitter denunciation of 'socialism, radicalism,' and such. He charged that the planning-housing measures were entirely unrelated to the T. V. A. which he favored, and were attached to the T. V. A. series in order to ride them through on the popularity of the T. V. A. * * *"

"(Report of State senate proceedings in the Nashville Tennesseean of January 30, 1936.)"

Here is another of January 30:

"ELMER DAVIES ON T. V. A. BILLS

"* * * Before the bills were taken up Senator George H. Cate (Davidson) took the floor to endorse all the proposals, some of which had been opposed by his colleague, Senator Elmer D. Davies.

"* * * Davies said: 'Ah, gentlemen, 'twas a sad day indeed when the several States bartered their birthright for Federal aid. You know and I know that the Federalists within the past 2 years have done more by the aid of their money to eliminate all States' rights than the Civil War ever accomplished.'

"(Report of State senate proceedings in the Nashville Banner of January 30, 1935.)"

I will file these photostatic copies with the committee.

Senator CONNALLY. All right.

Mr. DENHAM. Here is the senate journal of the 1935 session, when the T. V. A. and housing bills were being voted on, which labor was sponsoring 100 percent. The vote was shown on January 29, on pages 194, 195, 196, 197, 198, 199, 201, 202, and 235.

Senator CONNALLY. That refers to acts supposed to have been enacted by the legislature?

Mr. DENHAM. Yes, sir; the resolution refers to it.

This is the record of the Tennessee Federation of Labor on resolution 26, on page 65.

Senator CONNALLY. What is that about?

Mr. DENHAM. That is the procedings of the Tennessee Federation of Labor.

Senator CONNALLY. In regard to these bills?

Mr. DENHAM. In regard to these bills and this resolution. I would like to read this resolution.

Senator CONNALLY. Proceed.

Mr. DENHAM (reading): "Resolution No. 26.

"Referred to the executive council.

"Whereas it is reported that the United States Senators from this State, disregarding the most urgent representations from organized labor, are continuing their advocacy of the appointment of Mr. Elmer D. Davies, of Nashville, as district judge for middle Tennessee; and

"Whereas Mr. Davies is rather to be regarded as a lobbyist and contact man for special interests (as shown by his pernicious activities during the recent legislature) than as a lawyer; and

"Whereas his social philosophy was well illustrated when, on January 29, 1936, as State senator he characterized the T. V. A. planning bills (including housing measures) as the 'most pernicious, socialistic, and paternalistic bills ever introduced in this legislature,' thereafter bitterly indicting New Deal legislation that was designed to reduce unemployment and otherwise better the condition of the workingman; and

"Whereas said Davies, while bitterly opposing the T. V. A. planning bills, declared on the floor of the State senate that the present Democratic administration had, by bribing the States with Federal funds, done more than the Civil War to destroy States' rights and to pervert the historic form of our American Government; and

"Whereas it was Mr. Davies, as chairman of the senate rules committee, who was primarily responsible for the strangling of the child-labor amendment without allowing it to come to a vote; and

"Whereas he has not hesitated to characterize the President of the United States, Franklin Delano Roosevelt, in language too vile and uncouth for repetition; and

"Whereas organized labor bitterly resents this persistent attempt to elevate to the Federal bench, where he could do incalculable harm, a reactionary lobbyist whose whole career (public and private) has demonstrated his total lack of sympathy with labor's objectives: Now, therefore, be it

"*Resolved*, That we, the Tennessee State Federation of Labor, protest with all the vigor at our command the proposed appointment of Mr. Elmer D. Davies as district judge of the middle district of Tennessee; and be it further

"*Resolved*, That a copy of these resolutions be sent to each of the following:

"To President Franklin Delano Roosevelt; to United States Attorney General Frank Murphy; to Senators K. D. MCKELLAR and TOM STEWART."

Senator CONNALLY. That resolution indicates that the Federation supported these bills.

Mr. DENHAM. That is right.

Senator CONNALLY. And Mr. Davies did not, and therefore you are against him.

Mr. DENHAM. That is right.

Senator CONNALLY. All right. Go ahead.

Mr. DENHAM. In the senate journal that I just referred to, on page 1934, it says:

"Mr. Davies moved that his name be stricken from senate bills Nos. 114, 115, 116, 117, 118, 119, 120, 121, 123, and 124, which motion prevailed.

"Mr. Davies moved that senate bills Nos. 113 to 124, inclusive, be re-referred to the judiciary committee.

"Mr. Todd moved that the motion be amended so as to except senate bills Nos. 113, 121, and 122, and that these bills be taken up at this time, which amendment was accepted by Mr. Davies."

That motion went to the table. Mr. Davies voted "no" on the motion to go to the table.

Then they went ahead with a lot of amendments that were made to senate bill No. 113.

On page 198 of the senate journal it says:

"Mr. Davies moved to amend as follows: To amend by striking out the last sentence in the first paragraph of section 7, reading as follows: 'Such bonds shall not be subject to taxation.'"

Mr. Davies voted for that amendment, but it did not carry.

Then on page 201 of the senate journal, it shows the vote on the passage of senate bill 124, to definite the authority of the utilities commission. Mr. Davies voted "no" on that bill.

Then on page 203 of the senate journal it says:

"Mr. Davies moved that senate bills Nos. 114, 115, 116, 117, 118, 119, 120, and 123 be re-referred to the judiciary committee."

That motion to re-refer went to the table, too. It shows the vote on the bill on page 204, where Mr. Davies voted "no."

Then on page 235 of the senate journal, it shows senate bill No. 116, to establish housing authorities. Mr. Davies voted "no" on that bill.

I believe that is all at this time.

Senator CONNALLY. Do you know Mr. Davies?

Mr. DENHAM. Yes.

Senator CONNALLY. How long have you known him?

Mr. DENHAM. I have been knowing him as an attorney for 15 or 20 years. I have been seeing Mr. Davies in the legislative halls a number of times, especially at the last session of the legislature.

Senator CONNALLY. During the last 15 or 20 years what has been his reputation as a lawyer?

Mr. DENHAM. Mostly corporation.

Senator CONNALLY. Is he a good lawyer or a bad lawyer?

Mr. DENHAM. He must have been good, or the corporations would not have employed him.

Senator CONNALLY. Do you mean that a man who works for a corporation is a bad man?

Mr. DENHAM. No, sir.

Senator CONNALLY. Most of labor works for corporations?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. Just because a man works for a corporation he is not necessarily a bad man?

Mr. DENHAM. He has never favored legislation that labor wanted that I ever heard anything about.

Senator CONNALLY. Do you want to ask any questions?

Senator MCKELLAR. Yes.

Senator CONNALLY. All right; proceed.

Senator MCKELLAR. Do you know Mr. Lev Loring, of Memphis?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. He is a labor man, is he not?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. What position does he hold?

Mr. DENHAM. President of the Central Labor Union.

Senator MCKELLAR. He is a man of high character and standing, is he not?

Mr. DENHAM. As I know him. I have always known him that way.

Senator MCKELLAR. You presented a resolution that you say was passed by your organization.

I have a letter here, Mr. Chairman, that I want to introduce into the record at this time, and read, from Mr. Loring. It is addressed to me at the Senate Building, Washington, D. C., dated June 9, 1939:

"Hon. Senator K. D. MCKELLAR,

"Senate Building, Washington, D. C.

"DEAR SIR: I suppose by this time you have heard of the action taken by the executive council of the Tennessee Federation of Labor on the resolution condemning the appointment of Mr. Elmer Davies as Federal judge of middle Tennessee, introduced in the forty-second annual convention of the Tennessee Federation of Labor.

"I wish, as the chairman of the resolution committee, to state the true facts concerning the resolution, the action taken by the resolution committee, and the action taken by the executive council.

"There was a resolution introduced of condemnation of Mr. Davies' appointment to the Federal judgeship of middle Tennessee. This resolution was very strong in its condemnation of Mr. Davies' appointment and record. As the chairman of the resolution committee, I insisted that we hold a hearing and have those who presented the resolution appear before this committee and state their objections. There were only two who appeared before the committee who signed the resolution. A Mr. Hugh Bonham, a railroad man, appeared."

Do you know him?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. A Mr. W. F. Seigenthaler, who failed to give a business connection and stated that Mr. Millweed sent word to him regarding a resolution. As far as I know Mr. Millweed is

not a member of a labor union. A Mr. George H. Cates, who is an attorney and was a commissioner of institutions in the administration of ex-Governor Browning; Mr. G. Q. Millweed, an attorney of Nashville, Tenn., came to testify at the request of someone; Mr. Stanley O'Connor, one of the signers of the resolution, a member of the Machinists' Union and also city elevator inspector of Nashville and a part of Mayor Cumming's administration; Mr. W. C. Clark, a member of the Painters' Union of Nashville, one of the signers of the resolution, appeared before the committee.

"In my opinion, the people who appeared before this committee on resolutions were members of a political faction and opposed his appointment on political reasons rather than for the interest of organized labor. You will find enclosed a copy of the resolution submitted to the Tennessee Federation of Labor. Also a copy of a report from a member of the nonpartisan committee."

The nonpartisan league, immediately after the adjournment of the Tennessee Federation of Labor, met and passed on this resolution without seeing the transcript of the evidence that was given before the committee.

"Summing all of this up, I do not think that Mr. Davies had a fair opportunity to defend himself, and when the record is completed I will forward same to the nonpartisan league and also a copy to you."

That is signed by Lev G. Loring, president.

Senator CONNALLY. President of what?

Senator MCKELLAR. President of the Memphis Trades and Labor Council. He is a man very highly respected and esteemed and admired by all labor people generally in that city, is he not?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. I want to read to you this letter.

Senator CONNALLY. You are still examining this witness.

Senator MCKELLAR. I know, but it refers to his statement.

Senator CONNALLY. All right.

Senator MCKELLAR. It is dated June 9, 1939, and reads as follows:

"I was a member of the nonpartisan committee of the Tennessee Federation of Labor in Nashville, Tenn. At this meeting a resolution was presented against the appointment of Mr. Elmer Davies, who has been nominated for Federal judge of middle Tennessee.

"On this particular resolution a hearing was held by the resolution committee. This committee recommended that the resolution be turned over to the nonpartisan committee along with the evidence gathered at the hearing said resolutions committee held."

I pause long enough here to ask you, Mr. Denham, if it is not true that the Federation of Labor meeting did not pass this resolution at all, but simply referred the matter to the nonpartisan committee?

Mr. DENHAM. That is right.

Senator MCKELLAR. And the nonpartisan committee simply passed the resolution. This nonpartisan committee was a State organization, was it not? It was not a Federal organization?

Mr. DENHAM. It was a State organization, composed of the entire State Federation of Labor.

Senator MCKELLAR. Who is the president of the federation?

Mr. DENHAM. Gerald Foley is president.

Senator MCKELLAR. Where is he?

Mr. DENHAM. He is not able to be here.

Senator MCKELLAR. I read on:

"At this meeting of the nonpartisan committee I requested a copy of the record of the resolutions committee. I was informed that the record of this hearing was not complete and in my opinion the stenographer did not have time to complete the record in time for the meeting of the executive board, which was held immediately after the adjournment of the Tennessee Federation of Labor.

"I see by the morning press Mr. Carl Vester, vice chairman of the committee, declared Loring's statement was simply an effort to obstruct the will of all other organized labor in the State. I was in constant association with Lev Loring throughout the forty-second annual convention of the Tennessee Federation of Labor, and it did not appear to me at any time he was trying to obstruct the wishes of labor. If, in my opinion, he was doing so, I would have exposed and opposed his actions. I think he merely requested this matter be held in accordance with the direction of the body of the Tennessee State Federation of Labor."

That is signed by C. E. Miller. Do you know Mr. Miller?

Mr. DENHAM. Yes.

Senator MCKELLAR. He is an excellent man?

Mr. DENHAM. Yes.

Senator MCKELLAR. A man of high standing in organized labor, is he not?

Mr. DENHAM. Yes.

Senator MCKELLAR. I notice in the copy of the resolution which has been read here that a copy was also sent to Mr. Hollis Reid, chairman of the Tennessee State Legislative Board of the Brotherhood of Locomotive Firemen and Enginemen.

Mr. DENHAM. Yes.

Senator MCKELLAR. He is a man of high standing, is he not?

Mr. DENHAM. Yes.

Senator MCKELLAR. Where is Mr. Reid?

Mr. DENHAM. I could not tell you. I didn't know anything about him being a witness.

Senator MCKELLAR. A copy was sent to him, and a copy was sent to Senator STEWART and myself and the President of the United States and Attorney General Murphy. Do you know whether Mr. Reid had anything to do with making this protest?

Mr. DENHAM. No, sir; I don't.

Senator MCKELLAR. Do you know Mr. Brazzell, a labor man?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. Mr. H. V. Reid is the head of the organization to which you belong, is he not?

Mr. DENHAM. No, sir.

Senator MCKELLAR. What position does he hold with it?

Mr. DENHAM. He holds some kind of chairmanship with the Railroad Firemen, but not in the Tennessee Federation of Labor.

Senator MCKELLAR. He is a member of organized labor, is he not?

Mr. DENHAM. Oh, yes.

Senator NEELY. What is his standing in the organization? Is it good or bad?

Mr. DENHAM. Good, so far as I know; but he is not affiliated with the Tennessee Federation of Labor.

Senator CONNALLY. But he belongs to one of the brotherhoods?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. He is a man of standing?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. And character?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. Has he not been the chairman of this Nonpartisan League, composed of the brotherhoods of organized labor—the brotherhoods and the State Federation of Labor?

Mr. DENHAM. He was prior to this convention in June, when the nonpartisan committee was dissolved.

Senator MCKELLAR. It was dissolved after it passed this resolution?

Mr. DENHAM. No; before.

Senator MCKELLAR. Before it passed the resolution?

Mr. DENHAM. Yes, sir. We had a large nonpartisan committee composed of members of the American Federation of Labor.

Senator MCKELLAR. You just pulled away from the brotherhoods.

Mr. DENHAM. No, sir; they pulled away from us. There was too much C. I. O. to suit us.

Senator MCKELLAR. I will ask you about the C. I. O.

Do you know Mr. R. H. Brazzell, a member of the C. I. O., and an attorney in Nashville?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. He is a man of good character, is he not?

Mr. DENHAM. Yes, sir; personally, I think he is.

Senator MCKELLAR. You do not agree with him, but you think that personally he is a fine man?

Mr. DENHAM. That is correct.

Senator MCKELLAR. At this time, Mr. Chairman, in view of what has been said here in connection with this resolution, I desire to read a letter from Mr. Brazzell.

Senator CONNALLY. It will constitute a question.

Senator MCKELLAR. That is within senatorial bounds, I know.

It is dated June 9, 1939, and is addressed to Mr. Hugh Bonham, 1106 Gale Avenue, Nashville, Tenn., and reads as follows:

"In reply to certain questions that you asked me yesterday, I am pleased to give you the following information:

"During the 1935 sessions of the Tennessee General Assembly, although I was employed as chief clerk of factory inspection, I also represented the Order of Railroad Telegraphers, as their legislative representative, and was directly responsible for the introduction of certain bills which we felt would strengthen the enforcement of labor laws in Tennessee.

"Senate bill 302 was passed as chapter 73 of the act of 1935, and contained a new provision which required employers to notify employees the amount they were to receive for their labor, making same collectible in a civil action and providing a penalty for the violation thereof.

"Senate bill 303 was to amend section 6717 of the 1932 code to prohibit the words 'and hours' after the word 'wages' in the third line of the section. This gave the department of labor power to ascertain hours worked by men as well as women, authority which the department did not possess before.

"Senate bill 305 amended section 11361 of the code by adding the following: 'no employee shall be required, as a condition of employment, to trade at a store specified by the employer.'

"Senate bill 306 amended code section 6714 by substituting the word 'five' for the word 'twenty' in the third line of this section. This amendment brought the provisions of the pay-day law to apply to all employers who worked as many as 5 people instead of 20, and further clarified the section to conform to the number set out in the Workmen's Compensation Act.

"All of the above-mentioned bills passed the senate, and all with the exception of senate bill 303 passed the house. Senator Elmer D. Davies, who was a member of the 1935 senate, voted for all of these bills."

There is a question I want to ask before reading any further. It is this: Is Mr. Brazzell telling the truth when he says that Mr. Davies voted for all these labor bills?

Mr. DENHAM. I suppose so, if he copied those numbers.

Senator MCKELLAR. He must be telling the truth, then?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. I continue to read:

"At the first extraordinary session of 1935 labor representatives sought to amend the general appropriation bill by increasing the amount of the appropriation to a point where the department of labor could operate on an efficient basis. This was amendment No. 18, senate bill 53, which was passed by the house, but the nonconcurrence of the senate caused the amendment to be referred to a conference committee for adjustment.

"Mr. Davies was a member of this conference committee, supported this amendment, and joined the other members of said committee

in recommending that the senate concur therein. As a result of this recommendation by the conference committee the increased request for the department of labor was granted, and this placed the department upon a sound basis, permitting it to render much better service to the working people of Tennessee."

Is it true, as Mr. Brazzell states, that Mr. Davies, in the conference and in the senate, voted for this appropriation bill in the interests of labor?

Mr. DENHAM. If he quoted that correctly, he is undoubtedly telling the truth.

Senator MCKELLAR. He is a man of intelligence, a man of good standing, even though he is a member of an organization you do not agree with. Is that not true?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. But as a labor man you know that he is an excellent man. Is that not true?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. I have read the letter. It will not be necessary to put it in the record.

Senator CONNALLY. It will have to be placed in the record. You have read it.

Senator MCKELLAR. All right. It will go in the record, then. That is all right.

Now, we were talking about Mr. Reid. Mr. Reid has taken one of the most prominent stands as a labor man in and around the legislature for a number of years, has he not?

Mr. DENHAM. He has been up there quite a while.

Senator MCKELLAR. He is one of the most vigorous and active labor men in Nashville and in Tennessee. Is that not true?

Mr. DENHAM. He doesn't stay around Nashville all the time and I am not at Memphis.

Senator MCKELLAR. He is around Nashville a good deal, and you know that he has been very active in every legislature for a number of years, do you not?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. At this point, Mr. Chairman, I would like to read a telegram I received this morning from Mr. Reid. It is addressed to me, and reads as follows:

"MEMPHIS, TENN., *July 6, 1939.*

"Senator K. D. MCKELLAR,

"Senate Building:

"Information received within last few hours indicates that I may have been too severe in condemnation of Elmer Davies on labor record. Statements from sources I regard as reliable indicate that he assisted in passage of brotherhood safety bill and musicians' bill last session."

Is it true that Mr. Davies helped with those bills?

Mr. DENHAM. I couldn't say. If he did, it was not brought to my attention.

Senator MCKELLAR. You cannot say as to that?

Mr. DENHAM. No, sir.

Senator CONNALLY. Do not the labor organizations keep a record of legislation and the attitude of senators and representatives thereon? Did you not have that available?

Mr. DENHAM. No, sir; the secretary has it.

Senator CONNALLY. You know that he has it, and you could have brought it with you? It would show every senator's record on every bill in which you were interested.

Mr. DENHAM. The bill which the Senator read about was enacted in 1939. Mr. Davies was not a member of the State senate at that time. He was there as a lobbyist on various things.

Senator MCKELLAR. What was he lobbying for? You do not recall his lobbying for these particular bills, do you?

Mr. DENHAM. Nobody told me.

Senator MCKELLAR. You were there. You represented the organization before the legislature. It was your duty to know about these things, was it not?

Mr. DENHAM. On that musicians' bill you just spoke of, the president of the National Musicians' Union wanted to withdraw it after they amended it and tore it all to pieces. I told them I wouldn't do that if I was him; that he would have something to work on at the next session.

Senator MCKELLAR. It was passed, but you do not know whether Mr. Davies was for or against it?

Mr. DENHAM. That is correct.

Senator NEELY. Have you any reason to question the truth of the telegram just read by Senator MCKELLAR?

Mr. DENHAM. No, sir; I am not questioning the telegram.

Senator MCKELLAR. You differ from what Mr. Brazzell said and what Mr. Reid said, and what Mr. Loring said, and what Mr. Miller said, that Mr. Davies supported a good deal of labor legislation?

Mr. DENHAM. The only thing that I can say about Mr. Miller is that he was a member of the nonpartisan committee of the State Federation of Labor. He was president after the adjournment of the federation.

Senator MCKELLAR. At the time the resolution was passed by the nonpartisan committee, how many people were present?

Mr. DENHAM. There were nine on the committee, and nine present.

Senator MCKELLAR. And the committee had other functions, I suppose.

Mr. DENHAM. Yes, sir. That was in our own convention. We had nothing to do with outside people.

Senator MCKELLAR. But it was that committee that had been dissolved? Mr. Reid had been discontinued with the committee?

Mr. DENHAM. The former committee, because it went into the C. I. O.

Senator MCKELLAR. The information I want is this: This purports to have been a resolution of the Tennessee Federation of Labor, but, as a matter of fact, it is a resolution of the nine men on the Nonpartisan League.

Mr. DENHAM. After the convention referred it to the committee.

Senator MCKELLAR. After the convention referred it to the committee?

Mr. DENHAM. That is correct.

Senator MCKELLAR. Did the convention adopt that as a resolution of the convention, or take any action on it at all?

Mr. DENHAM. You will find it in the laws.

Senator MCKELLAR. But the federation, as a federation, has not adopted it?

Mr. DENHAM. Absolutely, through the committee.

Senator MCKELLAR. Through its committee?

Mr. DENHAM. The authority granted to the committee.

Senator MCKELLAR. But the convention did not adopt it. I believe that is all on that.

Do you know Mr. Perry Daly?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. He has been in organized labor a long time, has he not?

Mr. DENHAM. Yes, sir.

Senator MCKELLAR. He is a man of high standing, integrity, and honesty?

Mr. DENHAM. To my knowledge; yes, sir.

Senator CONNALLY. Speak out. The reporter cannot make a record of your answers when you nod your head.

Senator MCKELLAR. Do you know Mr. Hugh Bonham, of Nashville?

Mr. DENHAM. Not very well.

Senator MCKELLAR. Do you know his reputation as a man of truth and honor and intelligence?

Mr. DENHAM. The short time I have known him; yes, sir.

Senator MCKELLAR. You never heard anything against him?

Mr. DENHAM. No, sir.

Senator MCKELLAR. He is a man of high standing?

Mr. DENHAM. As far as I know, he is.

Senator MCKELLAR. Do you know Mr. Badgett of Knoxville?

Mr. DENHAM. I only know him through the last session of the legislature.

Senator MCKELLAR. You ought to know him. He was friendly to your organization, was he not?

Mr. DENHAM. That is right.

Senator MCKELLAR. You know him as a member of the legislature, as a lawyer, and as a man of good character and standing?

Mr. DENHAM. That is right.

Senator MCKELLAR. Did he not support your labor bills?

Mr. DENHAM. As far as we were able to get him; yes, sir.

Senator MCKELLAR. That is all you could ask for. He supported all your bills?

Mr. DENHAM. Yes, sir. A good many of them were lost in the committee.

Senator MCKELLAR. Mr. Badgett did not have anything to do with that, did he?

Mr. DENHAM. No, sir.

Senator MCKELLAR. I believe that is all.

Senator CONNALLY. Have you any further statement you wish to make?

Mr. DENHAM. I would like to read something from the report of the legislative committee that Mr. Loring was chairman of.

Senator CONNALLY. What committee is that?

Mr. DENHAM. The resolutions committee. They sent out all those laws.

Senator CONNALLY. The report to the convention?

Mr. DENHAM. Yes, sir.

Senator CONNALLY. And the convention acted on the resolutions?

Mr. DENHAM. That is right.

Senator MCKELLAR. The convention did not act on this resolution.

Mr. DENHAM. It accepted the report of the committee.

Senator MCKELLAR. It was not discussed or voted on in the convention.

Senator CONNALLY. Whatever the record shows. Read it.

Mr. DENHAM:

"Report of resolutions committee

"NASHVILLE, TENN., *June 7, 1939.*

"To the officers and members of the Tennessee State Federation of Labor:

"This committee on resolutions has endeavored to pass on the resolutions in a fair and impartial manner and always keeping in mind the best interests of the labor movement as a whole.

"I, as chairman of this committee, wish to thank each and every one of the members of this committee for their honesty and sincerity, and each and every member has done his best. This committee recommends to the Tennessee Federation of Labor that in its conventions in the future that all resolutions shall be presented to the secretary of the federation not later than 4 o'clock of the opening day of the federation."

That is on page 51 of these laws adopted by the convention.

Senator CONNALLY. Is there anything further you want to say?

Mr. DENHAM. That is all.

Senator NEELY. Mr. Witness, you made some reference to some alleged lobbying by Mr. Davies. Do you personally know the nature of the legislation that he was supporting or that he was opposing at the time he was going about this lobbying?

Mr. DENHAM. No, sir. I didn't think it was good policy to try to find out everything about a man lobbying.

Senator NEELY. How do you know he was lobbying at all?

Mr. DENHAM. He was always in one of the legislative chambers every day.

Senator CONNALLY. You were there, too, when you saw him, were you not?

Senator NEELY. Were you lobbying?

Mr. DENHAM. Probably he talked to the same men I did. I didn't ask any other man what he was talking about.

Senator NEELY. Were you lobbying?

Mr. DENHAM. I was a bona fide representative of the State Federation of Labor.

Senator NEELY. Do you know whom Mr. Davies represented?

Mr. DENHAM. No, sir.

Senator NEELY. And you have no personal knowledge concerning the nature of the duty he performed or the efforts he made either to expedite or obstruct the passage of legislation through the legislature.

Mr. DENHAM. That is right.

Senator NEELY. Do you think it is quite fair to say Mr. Davies was lobbying, and I suppose with the implication he was lobbying for some measure that was inimical to labor, unless you have some definite evidence you can present on that point?

Mr. DENHAM. That is why I said that I didn't ask those people what he was talking about.

Senator NEELY. You do not believe that this committee should be influenced or prejudiced against Mr. Davies' confirmation, by reason of any statement you have made about his lobbying activities, do you?

Mr. DENHAM. Oh, no.

Senator CONNALLY. If he had been lobbying against legislation sponsored by labor, and you found it out, you would have no doubt that he was a lobbyist?

Mr. DENHAM. That is true.

Senator CONNALLY. But you did not find that out?

Mr. DENHAM. No, sir; I didn't check it that close. I didn't know I would be called upon.

Senator CONNALLY. It is not a question of your being called upon here. You never heard anything specific about his lobbying against labor bills?

Mr. DENHAM. No, sir.

Senator NEELY. Can you tell the committee of a single specific hostile act of which Mr. Davies has ever been guilty toward organized labor?

Senator MCKELLAR. Of your own knowledge.

Senator NEELY. Yes.

Mr. DENHAM. The only things I know are those votes in the Senate Journal of 1935, where labor was 100 percent behind all the T. V. A. bills, which was around 15 or 16. The record is there and speaks for itself.

Senator NEELY. I did not reach the room until after you had discussed that matter.

Mr. DENHAM. Yes, sir. I gave the pages to put in the record.

Senator NEELY. Those were not known as labor bills, but were bills of a general character in which labor had an interest?

Mr. DENHAM. That is correct. They involved around $100,000,000 we were going to get for that territory.

Senator CONNALLY. Have you anything further you wish to say?

Mr. DENHAM. I believe not.

Senator CONNALLY. We will hear the other gentleman now?

STATEMENT OF W. F. SEIGENTHALER, VICE CHAIRMAN, TENNESSEE STATE LEGISLATIVE COMMITTEE, BROTHERHOOD OF LOCOMOTIVE FIREMEN AND ENGINEMEN

Mr. SEIGENTHALER. I want to beg the indulgence of the committee.

Senator CONNALLY. First give your name and whom you represent and your business.

Mr. SEIGENTHALER. W. F. Seigenthaler, vice chairman of the Tennessee State legislative committee of the Brotherhood of Locomotive Enginemen and Firemen.

Senator CONNALLY. All right. Proceed.

Mr. SEIGENTHALER. There were some charges made by Mr. Loring, of Memphis, that this is a political move. I want to read a letter addressed to Senator MCKELLAR, under date of January 20, 1937, which states the position of my organization on the bill to reform the Supreme and Federal Courts.

Senator CONNALLY. What does that have to do with this?

Mr. SEIGENTHALER. Just to show the position taken by the organization prior to the nomination of Mr. Davies.

Senator CONNALLY. I do not see the materiality of that. How long is the letter?

Senator MCKELLAR. I have the letter.

Senator CONNALLY. How long is it?

Mr. SEIGENTHALER. Just a couple of pages.

Senator CONNALLY. Read it. Who is it from?

Mr. SEIGENTHALER. From myself.

Senator CONNALLY. Just an individual letter representing your views?

Mr. SEIGENTHALER. Not my own views, but acting as chairman of the legislative board and writing to the Senators and Congressmen to urge them to support the bill.

Senator CONNALLY. Was this something that was acted on by the legislature?

Mr. SEIGENTHALER. No, sir.

Senator MCKELLAR. The chairman of the board is Mr. Reid.

Mr. SEIGENTHALER. This is a letter I addressed to you.

Senator MCKELLAR. Mr. Reid is a member of your board. He is chairman and you are vice chairman.

Mr. SEIGENTHALER. Yes, sir.

Senator MCKELLAR. Do you speak for the board when the chairman is against you?

Mr. SEIGENTHALER. I don't know why he isn't here.

Senator MCKELLAR. Who else is on the board?

Mr. SEIGENTHALER. There are 13 members.

Senator MCKELLAR. Are any of them here?

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. Did the board ever meet and pass on this matter?

Mr. SEIGENTHALER. We have had meetings since then.

Senator CONNALLY. I mean before then.

Mr. SEIGENTHALER. No, sir; when the President came out with that proposition.

Senator CONNALLY. To reform or deform?

Mr. SEIGENTHALER. We did it time and time again—write to our Senators and Representatives and request them to support legislation. We did that in this case—wrote to our Senators and Representatives in Congress and requested them to support the President in his proposition to reform the judiciary.

Senator CONNALLY. And you and the chairman did that? You had no meeting of the board?

Mr. SEIGENTHALER. We didn't have to. It was when the board was not in session.

Senator MCKELLAR. The board was not in session, and you were vice chairman and he was chairman.

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. I do not see the need of cluttering up the record with this sort of stuff.

Senator MCKELLAR. I have no doubt that the letter came to me, and I voted for the measure.

Senator CONNALLY. And you voted wrong when you did it. [Laughter.]

Senator MCKELLAR. I think I voted right, and I have no apology to make for it in differing from the distinguished gentleman at the end of the table.

Mr. SEIGENTHALER. There have been charges made that this is a political move. What I want to get in the record is the fact that we were recorded on that proposition before any Federal judgeship was involved. I don't think it is necessary to read it.

Senator CONNALLY. You wrote to Senator MCKELLAR advocating the President's Supreme Court bill?

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. What does that have to do with this matter?

Mr. SEIGENTHALER. Loring stated that it was a political move.

Senator CONNALLY. You say that it is not?

Mr. SEIGENTHALER. I say it is not.

Senator CONNALLY. Go ahead. What else did you do?

Mr. SEIGENTHALER. I wrote to Senator CONNALLY on January 29.

Senator MCKELLAR. You did not write him about the Supreme Court bill.

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. It would not have done any good if he had. I am not as easily influenced as the Senator from Tennessee. [Laughter.]

Mr. SEIGENTHALER. We will prove that Mr. Davies was an active member of the Ku Klux Klan.

Senator CONNALLY. How do you know. Are you a member?

Mr. SEIGENTHALER. No, sir; I am not a member.

Senator CONNALLY. Were you ever a member?

Mr. SEIGENTHALER. No, sir. This is a letter addressed to me that I received by air mail this morning.

Senator CONNALLY. Did you endorse the appointment of Mr. Justice Black to the Supreme Court?

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. He was a member of the Ku Klux Klan.

Mr. SEIGENTHALER. So they charged.

Senator CONNALLY. He admitted it. Are you in favor of impeaching him and taking him off the Supreme Court?

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. It is all right when a man is on the Supreme Court, and all wrong for a district judge.

Mr. SEIGENTHALER. May I read this?

Senator CONNALLY. Yes; go ahead.

Mr. SEIGENTHALER (reading):

IN THE SENATE, U. S. A.,
Washington, D. C.

In re: Nomination of Elmer Davies for judge, middle district of Tennessee:

Affidavit

William S. Noble, first having been duly sworn states the following facts:

That he is and has been for more than 35 years a practicing attorney at the Nashville bar. That heretofore he made a sworn statement of fact in affidavit form relative to his personal knowledge of the membership and affiliation of Elmer Davies in and with the Ku Klux Klan in Nashville, Tenn.;

That subsequently he gave to a representative of the Federal Bureau of Investigation a more detailed statement of fact relative to the same matter. That he is informed both said statements were intended to be filed and were in fact filed with the Department of Justice in Washington, D. C., and are today a part of the records of that Department relative to said nomination and judgeship.

That on June 29, 1939, he received a telegraphic notice and invitation from the Honorable TOM CONNALLY, chairman, United States Senate subcommittee, to appear before the committee at its hearing July 6, 1939, 10:30 a. m., relative to the nomination of Elmer Davies for said judgeship. That he regrets his inability to be present at the hearing because of his physical condition, and that if present he would be unable to add one statement of fact to those embodied in the instruments of record hereinbefore referred to. That he reaffirms each and all statements of fact set forth in said instruments and refers to, adopts, and makes both of said instruments a part of this affidavit as fully and completely as if said facts were embodied herein by exact word and figure, and respectfully requests that this statement, together with the statements of record hereinbefore referred to, be heard and considered by the committee as and for his oral statement if present.

That he has requested the Honorable W. F. Seigenthaler, a citizen and labor representative at Nashville, Tenn., in attendance before the committee, to present these matters to the committee in his behalf.

WILLIAM S. NOBLE.

Subscribed and sworn to before me this 5th day of July 1939.

LEO L. JENKINS, *Notary Public.*

My commission expires June 24, 1943.

And here is another one from Mr. Johns.

Senator CONNALLY. All right.

Senator MCKELLAR. Mr. Johns is dead, is he not?

Mr. SEIGENTHALER. Not that I know of. If you doubt this, you can check it.

Senator MCKELLAR. Oh, I am not doubting it. I want to ask you some questions about it.

Mr. SEIGENTHALER:

STATE OF TENNESSEE,
County of Davidson:

I, C. D. Johns, being first duly sworn, make oath as follows:

I have been a citizen of Nashville for 50 years and have known Mr. Elmer Davies only after he began the practice of law in Nashville.

I became a member of the Ku Klux Klan soon after its organization in Nashville and was actively interested in its work for several years, as an organizer.

I know that Mr. Elmer Davies was a member of the Ku Klux Klan and have seen him in the meetings a number of times. I have no ill will toward Mr. Davies. I was formerly Sheriff of Davidson County, Tenn.

C. D. JOHNS.

Sworn and subscribed before me this 24th day of April 1939.

H. L. JENKINS,
Justice of Peace of Davidson County.

My commission expires 1942.

Senator CONNALLY. Who is Mr. W. S. Noble? Is he here?

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. He was invited to be here.

Mr. SEIGENTHALER. He says in there that he regrets to ask to be excused due to ill health.

Senator CONNALLY. He made an affidavit. He said he is a member of the Ku Klux Klan himself.

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. What were you doing getting an affidavit from him to impeach somebody else for being a member of the Ku Klux Klan? It is all right for one man to be a member of the Ku Klux Klan, according to your idea, and all wrong for another. But go ahead. I think we had better have all this copied in the record.

Senator MCKELLAR. Do you know R. S. Patterson, of Nashville?

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. I would like to say that I never was a member of the Ku Klux Klan. I was elected to the Senate on an anti-Ku Klux Klan platform. I make that statement because, in view of some of the things that have been said, someone might think I was affiliated with it.

Senator MCKELLAR. I want to introduce a letter I would like to have both members of the committee listen to.

Senator CONNALLY. Let us see if he has finished about the Ku Klux Klan.

Mr. SEIGENTHALER. That is all I have, so far as the Klan is concerned.

Senator MCKELLAR. That is what I understood.

Senator CONNALLY. All right.

Senator MCKELLAR. This has a headline "Soveren Klan of the World, Columbian Union, Columbian Union Building, Sixth Avenue North, Nashville, Tenn." In the upper right-hand corner is a black star in a red triangle, and in the upper left-hand corner is a man dressed in white on a white horse. It is dated April 20, 1939, and addressed to me, and reads as follows:

"I just noticed in the Nashville Banner a Washington article that two (2) affidavits had been filed with you stating that Mr. Elmer Davies had been a member of the Klan."

That is the same affidavit—or the same two affidavits—you just submitted.

"I was a charter member, secretary and treasurer (also official photographer) of the Soveren Klan of the World from its organization, and can state that his name was not on any of the lists.

"The Klan was patterned after the original one and like it, was strictly a war measure. After the war, it was disbanded, as its work was over.

"I take issue with you as to his voting for Al Smith; as I not only voted, but contributed and worked for his election; however, as the lesser of two evils, as Cordell Hull was my choice and you no doubt remember how the nomination was secured."

I do not know Mr. Patterson. This came to me in a voluntary way. He says that he is secretary and treasurer and official photographer of the Klan.

Senator CONNALLY. That is not the real Klan, is it?

Senator MCKELLAR. Yes.

Senator CONNALLY. He says in the letter it is like the other Klan.

Senator MCKELLAR. He means that it is patterned after the one that followed the Civil War. I offer that at this time in connection with the statement just made.

Senator CONNALLY. Go ahead, Mr. Seigenthaler.

Mr. SEIGENTHALER. I want to read something from the legislative report of the Tennessee Federation of Labor, under the old nonpartisan committee. Senator McKellar calls that the nonpartisan league, but it is the nonpartisan committee.

Senator CONNALLY. What is the date of it?

Mr. SEIGENTHALER. The 1937 session of the seventh general assembly.

Senator CONNALLY. All right. What does the report say?

Mr. SEIGENTHALER. I want to bring this out by reading from the report.

Senator CONNALLY. All right.

Mr. SEIGENTHALER. House bill 1360, chapter 227, acts 1937. Authorize a Government-use system for penal institutions, preventing competition resulting from convict labor. That was in relation to the products of the State penitentiary.

Senator CONNALLY. Speak out louder.

Mr. SEIGENTHALER. It authorized the Government-use system in penal institutions. The vote on that bill was 20 ayes and 1 no. Mr. Davies voted "no."

Senator NEELY. Was that a convict labor bill?

Mr. SEIGENTHALER. Yes, sir; that was a convict labor bill.

Senator CONNALLY. Permitting State use or preventing State use?

Mr. SEIGENTHALER. To take the products of the penitentiary and use them for State institutions and take them out of competition with free labor.

Senator CONNALLY. And he voted against that?

Mr. SEIGENTHALER. He voted against that.

Senator MCKELLAR. Before you leave the Ku Klux matter, was there not a judgeship fight in which Mr. Noble was a candidate, and in which you took an active part?

Mr. SEIGENTHALER. Which one are you speaking of?

Senator MCKELLAR. Judge Gilbert and Mr. Noble.

Mr. SEIGENTHALER. No, sir; I didn't take any part in that fight.

Senator MCKELLAR. Mr. Noble was a candidate against Judge Gilbert, and Mr. Davies supported Gilbert?

Mr. SEIGENTHALER. I have no recollection about that.

Senator MCKELLAR. That is what is the matter with Mr. Noble. All right.

Mr. SEIGENTHALER. Here is what the report of the legislative committee says on this other matter:

"After many years of effort on the part of the officers of organized labor, the convict labor question has been settled, and the State-use system adopted. It will take about a year, however, before the law passed will go into effect. The fight that organized labor has made to eliminate the convict from competing with free labor and free manufacturers is not that we wanted convicts kept in idleness, because we think that they should be kept employed, but our principal argument has been that the evil of convict labor has permitted political favorites to build up enormous fortunes at the expense of unfortunate human beings, which brought about a shameful condition that prevented any true rehabilitation of the criminal."

That has been our attitude on that question for years and years and years. I want that to go into the record.

Senator CONNALLY. All right.

Mr. SEIGENTHALER. Now, may I say——

Senator NEELY. Have you a copy of the bill to which that report refers?

Mr. SEIGENTHALER. No, sir. I copied this from the Senate Journal. It is hard to get a copy of it.

Then there was Senate bill No. 99, at the special session in 1935, to authorize the University of Tennessee to cooperate with Federal agencies. That meant the T. V. A. and A. A. A. and all those other agencies. On that bill the vote was 24 ayes and 4 noes. Those who voted "no" were Davies, Morgan, Sprouse, and Wright.

During the 1937 session they had up Senate bill 1011, to establish a national-employment system. The vote on that was 22 ayes and 7 noes. Davies voted "no." I don't have a list of the others.

That is all the records we have of Mr. Davies while he was a member in those two sessions.

Senator MCKELLAR. Have you finished with that particular subject? I mean in relation to the bills on which he voted "no."

Mr. SEIGENTHALER. Yes, sir.

Senator MCKELLAR. Let me ask you if it is not a fact that all of those bills you referred to as T. V. A. bills were not T. V. A. bills, but some of them were bills that were presented by the State planning commission?

Mr. SEIGENTHALER. Senator, to the best of my recollection I will tell you exactly what happened. When those bills were introduced in the State legislature, they ran from No. 112 to 126. No. 113

was the main T. V. A. bill. The question was raised by Mr. Davies whether the T. V. A. authority was behind these bills. Governor McAllister wired Chairman Morgan, of the T. V. A., and he wired back that they were not behind it. All this information is in that photostatic copy that Mr. Denham furnished. All I know is that I was in and out from time to time when these bills were up.

Senator CONNALLY. Let us talk about bill No. 113. What was that bill?

Mr. SEIGENTHALER. I haven't got that in mind.

Senator CONNALLY. You supported it. Do you not know what was in it?

Mr. SEIGENTHALER. It was the main bill of the T. V. A.

Senator CONNALLY. Can you not give us something besides that in the way of a description of the bill?

Mr. SEIGENTHALER. It was called the main T. V. A. bill.

Senator MCKELLAR. Mr. Davies voted for it.

Mr. SEIGENTHALER. The record doesn't show that.

Senator MCKELLAR. The record shows that he voted for the T. V. A. bills. Why are you complaining of him if he voted for the T. V. A. bills?

Mr. SEIGENTHALER. What happened was this: Mr. George Cate was in the senate at the same time.

Senator MCKELLAR. Let me ask you about Mr. George Cate. He is a bitter personal and political enemy of Mr. Davies, is he not, and came up here and raised a roughhouse about his appointment?

Mr. SEIGENTHALER. I don't know about that.

Senator MCKELLAR. Do you not know that the papers in Nashville contained the statement that Mr. Cate was here seeking to block the appointment of Mr. Davies?

Mr. SEIGENTHALER. Senator, I don't know.

Senator MCKELLAR. Is not that true?

Mr. SEIGENTHALER. I am not in Nashville all the time.

Senator MCKELLAR. You do not remember anything about that?

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. Tell us what Mr. Cate did.

Mr. SEIGENTHALER. Mr. Cate introduced bills from 114 to 124. They were known as T. V. A. planning bills.

Senator CONNALLY. Did he know what was in them? Was it just because they were T. V. A. planning bills?

Mr. SEIGENTHALER. I will give you a general outline of what they covered. The main T. V. A. bill was one giving power to municipal corporations to deal with the State R. E. A. They were taking authority away from the public utilities commission and giving it to the T. V. A. I am honest when I say that I don't know what those bills were. That was 4 years ago. Very few men can pick out now just what they were.

When Mr. Davies came back to Nashville he took the roof off about his name being on these bills. That is shown on page 194 of the senate journal, where it says: "Mr. Davies moved that his name be stricken from senate bills Nos. 114, 115, 116, 117, 118, 119, 120, 121, 123, and 124, which motion prevailed."

Then it says:

"Mr. Davies moved that Senate bills 113 to 124, inclusive, be re-referred to the Judiciary Committee."

Senator MCKELLAR. That does not say that they were T. V. A. bills.

Mr. SEIGENTHALER. They were known as T. V. A. planning bills.

Senator CONNALLY. Who sponsored that group of bills?

Mr. SEIGENTHALER. The Railway Brotherhood did.

Senator CONNALLY. Who introduced them?

Mr. SEIGENTHALER. I couldn't tell you. That has been 4 years ago.

Senator MCKELLAR. Mr. Hollis Reid was head of the Railway Brotherhoods in the State at that time.

Mr. SEIGENTHALER. Yes, sir.

Senator MCKELLAR. You heard Mr. Reid's telegram that I read.

Mr. SEIGENTHALER. Yes, sir. On page 198 of the senate journal, Mr. Davies submitted an amendment to the main bill to read as follows: "To strike out 'such bonds shall not be subject to taxation.'" When that came to a vote one of the three Senators that voted for it was Davies.

Senator CONNALLY. What is the significance of that?

Mr. SEIGENTHALER. That would have destroyed the whole thing.

Senator CONNALLY. All the T. V. A. bonds are tax-free. Why should not the others be?

Mr. SEIGENTHALER. He made a move to subject the bonds to taxation.

Senator CONNALLY. I thought you said he moved to exempt them from taxation.

Mr. SEIGENTHALER. No, sir. Here was the idea of it. The amendment was to strike out the last sentence reading as follows: "Such bonds shall be subject to taxation." His amendment was to strike that out. Is that clear?

Senator CONNALLY. Yes.

Mr. SEIGENTHALER. I want to read something from page 201.

Senator CONNALLY. I think I can save some time. These are already in the record. You say he was against all of them?

Mr. SEIGENTHALER. I should say that he consistently fought these bills.

Senator CONNALLY. From 114 to 126?

Mr. SEIGENTHALER. He said he was for 113, and then tried to hamstring it.

Senator CONNALLY. What was that?

Mr. SEIGENTHALER. What I just read.

Senator CONNALLY. He voted to strike that out?

Mr. SEIGENTHALER. He voted to strike it out.

Senator CONNALLY. He offered an amendment to strike out a certain clause, and it failed to carry. Did he still vote for the bill?

Mr. SEIGENTHALER. No, sir.

Senator MCKELLAR. Do you not know that Mr. Davies voted for the bills? Do you not know that there were three principal T. V. A. bills, and that the Tennessee Planning Board undertook to graft onto them these other bills in which the planning board was interested, but in which the T. V. A. was not interested? Do you not know that Mr. Davies voted for all the T. V. A. bills and only voted against the bills of the State planning board?

Mr. SEIGENTHALER. I beg to differ with you. On page 204 of this appears——

Senator CONNALLY. What appears? Go ahead.

Mr. SEIGENTHALER. No; it is on page 203. Mr. Davies moved a rereference of all these bills, and you know what that means.

Senator MCKELLAR. You think because of that he was opposed to them? You would not tell the committee that Mr. Davies voted against the three T. V. A. bills in which the T. V. A. was interested, would you?

Mr. SEIGENTHALER. I can answer that in this way.

Senator MCKELLAR. Would you make that statement?

Senator CONNALLY. Let him answer to the best of his ability.

Mr. SEIGENTHALER. Let me answer in my own way.

I can say, in a broad sense, that in my study of this record I have been unable to find where he supported the T. V. A., but he fought it.

Senator CONNALLY. Did you not put in the record the numbers of the bills you claim he voted against? And those he voted for?

Mr. SEIGENTHALER. No, sir. It would take some time to do that.

Senator CONNALLY. I know it would. You say, on the whole, he voted against all of them, and Senator MCKELLAR says he voted for three of them.

Mr. SEIGENTHALER. Those bills were numbered from 113 to 124.

Senator CONNALLY. Which ones did he vote for?

Mr. SEIGENTHALER. I couldn't say.

Senator CONNALLY. Which ones did he vote against?

Mr. SEIGENTHALER. The only record is on page 194 of the senate journal of 1935, and on pages 198, 201, 203, and 205.

Senator CONNALLY. You contend that, because he made an amendment to modify certain language, that indicates that he was against the bill? Make your statement more accurately. We cannot go by those general statements.

Mr. SEIGENTHALER. I don't know how I could phrase it to give it any better than I have. I know we were for the bills.

Senator CONNALLY. You were for all of them?

Mr. SEIGENTHALER. We were for all of them, and we know there was opposition that developed and an attempt was made to hamstring them. Coming to the final point, he made a move to rerefer these bills, and they would have died in the committee. I am honest about this. I don't believe in making statements about something I don't know anything about.

Senator CONNALLY. All right. Go ahead.

Senator MCKELLAR. To keep the record straight, is it not a fact that there were three T. V. A. bills, and the rest of them were State planning bills which they tried to hitch onto the T. V. A. bills; and that the motion to which you refer was a motion by Mr. Davies to rerefer these bills that were not T. V. A. bills; that he voted for all the T. V. A. bills, but did not vote for some of these planning bills that were purely State matters?

Mr. SEIGENTHALER. May I beg leave to make this statement?

Senator MCKELLAR. All right.

Mr. SEIGENTHALER. The way we looked at it, these State bills were absolutely necessary for the T. V. A. to function in Tennessee.

Senator MCKELLAR. Every one of them was passed by the legislature, and not one of them has functioned as yet.

Mr. SEIGENTHALER. I will agree with you.

Senator MCKELLAR. Go ahead.

Mr. SEIGENTHALER. This hasn't been read out. Senator MCKELLAR asked some questions about it. This appeared in the Nashville Banner of January 29, 1935. This is Mr. Davies' statement in the press, and it hasn't been denied.

Senator MCKELLAR. Go ahead and read it.

Mr. SEIGENTHALER. "In my opinion," Davies said, "these are the most pernicious, socialistic, and paternalistic bills that ever were introduced in this legislature."

Senator CONNALLY. To what was he referring?

Mr. SEIGENTHALER. The T. V. A. and companion measures.

Senator CONNALLY. Let the statement speak for itself.

Senator MCKELLAR. You do not mean to say he was making a statement against the three T. V. A. bills he voted for and to which his name was attached, do you?

Mr. SEIGENTHALER. Senator, I am confused on what bills you have in mind.

Senator MCKELLAR. I think you are.

Senator CONNALLY. Go ahead and read the statement. Read what the paper said he said.

Mr. SEIGENTHALER. "In my opinion," Davies said, "these bills are the most pernicious, socialistic, and paternalistic bills that ever were introduced in this legislature. I, for one, don't want the record to show in the future that I sponsored any of these, if unfortunately they should pass."

Senator CONNALLY. Is that all of his statement?

Mr. SEIGENTHALER. "He moved that all but the bills authorizing cities and counties to operate their distribution system and fixing the venue for appeals from the railroad and public utilities commissions' orders be referred to the judiciary committee."

That I pointed out a few minutes ago.

Senator CONNALLY. Is that all of his statement?

Mr. SEIGENTHALER. I am not very familiar with this record, Senator.

Senator CONNALLY. If you are going to introduce the statement, read all of it.

Mr. SEIGENTHALER. Senator MCKELLAR brought up the question.

Senator CONNALLY. Read the statement.

Mr. SEIGENTHALER. "Davies wanted to know 'if these 12 bills had been so much a part of the T. V. A. program, why it was necessary for the Governor of Tennessee to wire Dr. Morgan to find out whether they were or not.

"'Why did he have to send a wire to find out whether these bills were a part of the T. V. A. program?' Davies asked. 'He could not find out by reading them, and I couldn't find out by reading them. I don't believe yet that a great number of these bills are a part of the T. V. A. program.'"

Senator CONNALLY. Is that all of the statement?

Mr. SEIGENTHALER. That is all.

Senator MCKELLAR. The Governor was McAllister?

Mr. SEIGENTHALER. Yes, sir.

Senator MCKELLAR. And he was referring to Governor McAllister wiring Dr. Morgan?

Mr. SEIGENTHALER. Yes, sir.

Senator MCKELLAR. And Dr. Morgan's reply to the Governor?

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. Is there any other statement you want to make?

Mr. SEIGENTHALER. There is one other statement, but I haven't been able to find it yet.

Senator CONNALLY. Can you find it?

Mr. SEIGENTHALER. I probably can by looking for it.

Senator CONNALLY. Have you anything further to submit?

Mr. SEIGENTHALER. I want to put that in the record.

Senator NEELY. Mr. Chairman, I am obliged to leave to keep another appointment. I should like to ask the witness a few questions.

Senator CONNALLY. You may proceed.

Senator NEELY. How long have you been acquainted with Senator MCKELLAR?

Mr. SEIGENTHALER. Speaking of me?

Senator NEELY. Yes.

Mr. SEIGENTHALER. For years.

Senator NEELY. You personally know, do you not, that Senator MCKELLAR has been one of the two or three most active members in the United States Senate in behalf of everything that pertains to the success of the T. V. A. project?

Mr. SEIGENTHALER. Yes, sir.

Senator NEELY. Do you not know that ever since he came to the House, away back 30 years ago, he has been an active supporter of almost every prominent labor measure before Congress?

Mr. SEIGENTHALER. I do.

Senator NEELY. Do you believe, from your knowledge of Senator MCKELLAR and your long intimate acquaintance with him that he would for a moment recommend or support the appointment of anyone as a judge, or any other high place in the Federal service, who, in his opinion, was either hostile to organized labor or in the slightest degree to the T. V. A. project?

Mr. SEIGENTHALER. He has been our consistent friend all these years, and the only quarrel we have ever had was over this appointment. Does that answer your question?

Senator NEELY. You have been and still are a loyal supporter of the President?

Mr. SEIGENTHALER. Yes, sir.

Senator NEELY. Just as Senator MCKELLAR and I have been, and still are?

Mr. SEIGENTHALER. Yes, sir.

Senator NEELY. And Senator MCKELLAR and I were both, of course, rather enthusiastic supporters of what you referred to as the court reform bill, although our distinguished chairman was very much opposed to it. You have no doubt, do you, that the President is friendly to organized labor and the T. V. A.?

Mr. SEIGENTHALER. No, sir; I have not.

Senator NEELY. Do you believe Mr. Roosevelt would appoint Mr. Davies, or nominate him, as he has nominated him, for judge of a Federal court if he thought he was unfriendly to labor or to the success of the T. V. A. project?

Mr. SEIGENTHALER. I don't think he would if he knew the facts.

Senator MCKELLAR. Do you not know that he had a most careful examination of the facts made through the Office of the Attorney General?

Mr. SEIGENTHALER. Senator, I am a little confused as to what happens in Washington.

Senator MCKELLAR. I think you are.

Mr. SEIGENTHALER. I have always tried to be fair and impartial. I have nothing against Mr. Davies personally. I know him as a perfect gentleman. The only conflict we have ever had was about political views and what I would call New Deal legislation.

Senator NEELY. Mr. Seigenthaler, I do not know what the remainder of this testimony will disclose; but as one who has consistently voted for labor measures for many, many years, and whom the railroad brotherhoods have, through their paper known as Labor, which I consider one of the best weekly papers in the world, given me a rating of 100 percent, because of my loyalty to labor legislation, I would not think of voting for a man who had the slightest prejudice against members of organized labor or any laboring men. I am an enthusiastic friend of what is known as labor organizations and their high objectives. I am also a warm supporter, and have been for years, of legislation in regard to the development of the T. V. A. and Muscle Shoals.

I should like to be with labor in this matter but candor compels me to tell you that it does not seem to me that you have so far made out a case of hostility to labor against Mr. Davies. You and I discussed this matter a week or two ago, and I felt at the time that you had not stated any specific acts on the part of Mr. Davies that constituted any sort of disloyalty or even remote hostility to labor. I even took it upon myself to discuss by telephone with prominent officers of one of the railroad unions, and also with officers of the American Federation of Labor, the matters you have discussed concerning Mr. Davies' record.

It does seem to me that unless you can point out to this committee—and I am saying this as your friend and one who knows nothing about Mr. Davies, never saw him until this morning—unless you can show this subcommittee that in some specific case Mr. Davies voted against some particular bill that had in it, not something you might say would be favorable to the labor movement, but something that would specifically indicate that it was a labor measure; unless you can tell us where we can find a record that will really show not just the opinion of one person but where some labor organization as a whole has held that Mr. Davies had in a particular case indicated a prejudice against labor, or has taken a position that resulted in some injury to or was calculated to injure it or impede its progress; unless you can point out something definite of that kind, I feel that the members of this subcommittee should not be expected to report adversely upon this nomination.

I have perhaps said more than I should have said, Mr. Chairman, but I want to make my position clear. I am obliged to go to keep another appointment. My mind is open and I shall be governed by the record as a whole, but in the light of our conversation and what I have heard this morning, unless further specific evidence along the lines I have suggested is produced, I feel that I cannot support the opposition to this nomination.

Mr. SEIGENTHALER. I want to answer this way: In telling this story I have told the truth so far as I know it.

Senator NEELY. I do not entertain any doubt about that.

Mr. SEIGENTHALER. I am very sincere. I made two trips to Washington. I have nothing against Mr. Davies, with the exception of his votes in the senate, where he voted "no" on the convict-labor law and the other laws that authorized the University of Tennessee to cooperate with Federal agencies.

Senator NEELY. I think you have been very courteous and truthful, so much so that you have almost talked yourself out of a case. I feel that you have been consistent with your belief, which I feel is inconsistent, in the light of the few facts brought forth this morning.

Mr. SEIGENTHALER. Senator McKellar has questioned Mr. Denham as to Mr. Davies' lobbying. I have heard quite a bit about his lobbying.

Senator MCKELLAR. I do not think that is relevant.

Senator CONNALLY. If you know anything about it, you may tell it.

Mr. SEIGENTHALER. I am not accustomed to accepting gossip. So far as my personal knowledge goes, I know nothing where I could connect him directly with lobbying in the Legislature of the State of Tennessee, but I want to add further that I have been suspicious of him.

Senator CONNALLY. You have been around the capitol in Tennessee yourself a good deal, have you not?

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. And you have been doing some lobbying yourself?

Mr. SEIGENTHALER. If you want to call it lobbying.

Senator CONNALLY. You were lobbying for what you thought was right.

Mr. SEIGENTHALER. In a true sense.

Senator CONNALLY. Any kind of sense. You have been lobbying for labor legislation.

Mr. SEIGENTHALER. Labor legislation looks toward what we are all interested in, and what is in the interest of humanity.

Senator CONNALLY. You were lobbying for labor legislation because you believe it is in the interest of humanity. That is all right. If you know anything about Mr. Davies' lobbying, you may tell it. The labor people lobby just as well as anybody else. They are around the lobby room all the time. I do not think there is any harm in lobbying.

Mr. SEIGENTHALER. These people I speak of are paid lobbyists.

Senator CONNALLY. Do you not get a regular salary?

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. You are not working for nothing.

Mr. SEIGENTHALER. That is true.

Senator CONNALLY. You get paid for lobbying?

Mr. SEIGENTHALER. Yes, sir.

Senator CONNALLY. Is there any more harm for these other people to be paid than for you to be paid?

Mr. SEIGENTHALER. I do not agree with you. It is the motive that causes them to lobby.

Senator CONNALLY. Your motive is honest, and that of somebody else is dishonest?

Mr. SEIGENTHALER. No; I do not say that. I am talking about working for corporations and people who are seeking special privileges. We are not seeking special privileges.

Senator MCKELLAR. Mr. Seigenthaler and I have been together a long time. I want to make a suggestion in the form of a letter

I just received. It is on the letterhead of the Memphis Trades and Labor Council, dated July 5, 1939, and addressed to me, as follows:

"DEAR SENATOR: Enclosed please find copy of telegram sent to President William Green of the American Federation of Labor.

"Our mutual friends, who are also desirous of seeing the confirmation of Mr. Elmer Davies as Federal judge of the middle district of Tennessee, and some who were in the Tennessee Legislature with Senator Davies have vouched for his labor record and say that he was friendly to labor legislation.

"In the last legislature he worked hard to override the Governor's veto of the local musicians' bill, and worked hard to assist in passing railroad safety-appliance bill.

"We are still for Mr. Davies, and if we may be of any assistance to you or Mr. Davies please do not hestitate to advise.

"With kindest regards, I am,

"Sincerely yours,

"LEV G. LORING, *President.*"

Senator CONNALLY. President of what?

Senator MCKELLAR. Of the Memphis Trades and Labor Council.

One or the other of you gentlemen wrote Mr. Green, and Mr. Green very courteously sent the letter down to the committee, and the committee held these hearings, one of the reasons being that Mr. Green asked it. This is the telegram from Mr. Loring to Mr. Green:

565 BEALE AVE.,
Memphis, Tenn., July 5, 1939.

President WILLIAM GREEN,
American Federation of Labor Building,
Washington, D. C.:

As local president Memphis Trades and Labor Council, wish to advise that interview with various friends of labor who know the facts establish that Elmer Davies has been friend of labor legislation. He worked to override Governor's veto of local musicians' bill. Also worked hard to assist in passing railroad safety-appliance bill. Complaints against Davies come from purely political sources. Labor will make a mistake in opposing his confirmation.

LEV G. LORING,
President, Memphis Trades and Labor Council.

I want that in the record.

Senator CONNALLY. It may go in.

Senator MCKELLAR. Of all those who made complaints against Mr. Davies, only you two gentlemen have come here. Is Mr. Denham an attorney?

Mr. DENHAM. I am not an attorney.

Senator MCKELLAR. Of all the complaints that have been made, you two are the only gentlemen who have appeared to testify. You have been fair in furnishing the information, which I wish to commend; but do you not feel that, under the circumstances, you gentlemen have been misled about the facts as to Mr. Davies being hostile to you? The labor organizations of Tennessee have the approval of the people generally, and of the courts. I would not recommend any man who, in my judgment, was opposed to any organization of labor. Do you not think it is your duty to withdraw this protest to this nomination and let this committee report favorably on the nomination of Mr. Davies? I address that question to both of you.

Mr. SEIGENTHALER. Senator McKellar, I have talked to Horris Reid over long-distance about this, time without number. At the last convention he made the statement that you and he went round and round about this appointment, and you asked him to withdraw it.

Senator MCKELLAR. Withdraw what?

Mr. SEIGENTHALER. The objection to Mr. Davies. So long as Mr. Reid's objection stands, and the copy of the telegram to our international president that was not withdrawn——

Senator CONNALLY (interposing). Where is Mr. Reid? Why has he not come here to testify?

Senator MCKELLAR. Here is his telegram to me, saying he has been misled about it. You heard that telegram read, did you not, Mr. Seigenthaler?

Mr. SEIGENTHALER. Yes, sir.

Senator MCKELLAR. I read it. He says he has been misled about it. You have both testified to the high character and standing and ability of Mr. Davies. Senator Neely, who is your friend, just as I am, feels that way. Do you not think that you gentlemen have not sufficient facts on which to base this protest? I am a friend to labor, and I have no apologies for it. I have been your friend, and I am your friend in this instance, although you may not think so. There are a good many people in labor who do not agree with you two gentlemen.

Mr. SEIGENTHALER. May I answer that?

Senator CONNALLY. Yes.

Mr. SEIGENTHALER. When you ask that you put me on a limb. I would like the best in the world to do that, but here is what I am confronted with: I have a copy of a resolution from my local lodge and from three other local lodges in Nashville. I haven't got the authority to do that. I want the Senator to understand that.

Senator CONNALLY. All right.

Mr. SEIGENTHALER. Here is the position I am in, with the resolution by my lodge and two other local lodges.

Senator MCKELLAR. I have no doubt, if they had heard your testimony, they would be in favor of withdrawing it. That is my judgment.

Mr. SEIGENTHALER. So long as they did that——

Senator MCKELLAR. You have no authority to withdraw it.

Mr. SEIGENTHALER. That is right.

Senator MCKELLAR. It seems to me it ought to be withdrawn.

Mr. SEIGENTHALER. When I drew that I had to notify the lodges.

Senator MCKELLAR. It seems to me, in the interest of good government and every other interest, you should withdraw the protest. Would you do it if you could?

Mr. SEIGENTHALER. I wouldn't like to say, Senator.

Senator MCKELLAR. All right. I will not press it any further.

Mr. SEIGENTHALER. I haven't made up my mind on that.

Senator CONNALLY. Is there anything further?

Mr. SEIGENTHALER. I would like to leave a copy of the resolutions from the local lodges.

Senator CONNALLY. Who prepared them? Do you know who prepared them?

Mr. SEIGENTHALER. No, sir. There have been quite a number of changes around there. I will be truthful and say that resolution did not originate in my lodge. I had nothing to do with it, or with any of the others that came up.

Senator CONNALLY. All right. Go ahead.

Mr. SEIGENTHALER. The first one is the resolution that was adopted by the Tennessee Federation of Labor.

The next one is from the local lodge of the International Association of Machinists:

"Resolution

"Whereas it is common knowledge that the United States Senators from this State have recommended for district judge from the middle district of Tennessee Mr. Elmer D. Davies, of this city, a man whose record—legislative and legal—is one of consistent opposition to everything in the interest of labor; and

"Whereas on January 29, 1939, as a member of the State senate, said Davies characterized the T. V. A. planning bills (including housing measures) as 'the most pernicious, socialistic, and paternalistic bills ever introduced in this legislature,' thereafter broadening his remarks into a bitter general indictment of New Deal legislation that was designed to reduce unemployment and otherwise better the condition of the workingman; and

"Whereas Mr. Davies, as the senate proceedings clearly indicate, not only spoke against the T. V. A. planning bills, but exhausted without success every parliamentary means to bring about their defeat, declaring at the same time that the Roosevelt administration—bribing the States with Federal funds—had done more than the Civil War itself to destroy States' rights; and

"Whereas Mr. Davies, as chairman of the senate rules committee, which strangled the child-labor amendment without letting it come to a vote, is more than anyone else responsible for the failure of its ratification by the Tennessee Legislature; and

"Whereas Rock City Lodge 154, International Association of Machinists, is impressed with the importance of having Federal judges who are at least open-minded in regard to liberal measures and who are sympathetic with all classes of people—qualifications in which Mr. Davies is entirely lacking: Now, therefore be it

"*Resolved,* That we most strongly protest the appointment of Mr. Elmer D. Davies as district judge of the middle district of Tennessee; and be it further

"*Resolved,* That a copy of these resolutions be sent to each of the following: To President Franklin Delano Roosevelt; to United States Attorney General Frank Murphy; to Senators K. D. MCKELLAR and A. TOM STEWART."

Senator MCKELLAR. Were they not drawn up by Mr. Cate, who came up here in a tremendous ffurry by airplane to tell the President he could not do that and could not do this?

Senator CONNALLY. If you know, answer the question.

Senator MCKELLAR. Were not these resolutions drawn up in Mr. Cate's office?

Mr. SEIGENTHALER. No, sir; I don't think so.

Senator MCKELLAR. You do not know whether they were or not?

Mr. SEIGENTHALER. I am most sure they were not.

Senator MCKELLAR. You did not draw them?

Mr. SEIGENTHALER. No, sir.

Senator MCKELLAR. Who did draw them?

Mr. SEIGENTHALER. They were sent out by the recording secretaries of the lodges.

Senator MCKELLAR. Somebody originally drew them up. I may be mistaken, but my recollection is that Mr. Cate had resolutions from some of you gentlemen.

Mr. SEIGENTHALER. Senator, I think you have been misinformed.

Senator MCKELLAR. Maybe I have been.

Mr. SEIGENTHALER. I don't think that Mr. Cate had anything to do with those resolutions. I think they originated in the local lodges.

Senator CONNALLY. Attached to these resolutions is a slip handed "Robert E. Lee dining room, Washington, D. C.," and this pencil notation: "Thirteen lodges requested to concur; three in Nashville." You asked 13 and got 3.

Mr. SEIGENTHALER. There are four now.

Senator CONNALLY. Somebody sent them out. This memorandum indicates that somebody did prepare them and sent them to the lodges. Who was it?

Mr. SEIGENTHALER. The recording secretary.

Senator CONNALLY. Who is he?

Mr. SEIGENTHALER. J. E. Moyers.

Senator CONNALLY. Did he draw these three resolutions?

Mr. SEIGENTHALER. I don't know who drew them. The original resolutions were drawn up by lodges on the Tennessee Central Railroad. The secretary drew them up and sent them to the other lodges, asking them to concur.

Senator CONNALLY. Did you ever see these resolutions before they went to the lodges?

Mr. SEIGENTHALER. No, sir.

Senator CONNALLY. You did not see them in the office of the secretary?

Mr. SEIGENTHALER. No, sir. The only thing I have knowledge of, the secretary of my lodge called me up and told me about this resolution and Mr. Davies, and asked me if it was all right for the lodge to act on it, and I told him to go ahead. Is that clear?

Senator CONNALLY. Yes. Is there anything else?

Mr. SEIGENTHALER. I have one other thing. I don't know whether that would be of any use or not.

Senator CONNALLY. What is it?

Mr. SEIGENTHALER. An item that appeared in the press, where Reid called me over the long-distance phone and asked me for information as to Mr. Davies' political record.

Senator CONNALLY. Who did that?

Mr. SEIGENTHALER. Mr. Reid, our chairman.

Senator CONNALLY. I do not think that is material. Is there anything else?

Mr. SEIGENTHALER. That appeared in the press in Nashville.

Senator CONNALLY. That was a request that Mr. Reid made of you?

Mr. SEIGENTHALER. Yes, sir; that is what he asked me.

Senator MCKELLAR. What did he say to you?

Mr. SEIGENTHALER. He wanted to know what evidence we had of Mr. Davies' public record. That came out in the Tennesseean, I think. I don't have the date.

Senator MCKELLAR. Did you give it to the Tennesseean?

Mr. SEIGENTHALER. Yes, sir; I gave it to the Tennesseean.

Senator MCKELLAR. You have already testified to that.

Mr. SEIGENTHALER. I don't know about that.

Senator CONNALLY. No; I do not think so. Is there anything further?

Mr. SEIGENTHALER. Not that I know of.

Senator CONNALLY. Is there anybody else here opposed to this nomination?

FURTHER STATEMENT OF T. O. DENHAM, LEGISLATIVE CHAIRMAN, TENNESSEE FEDERATION OF LABOR

Mr. DENHAM. He asked about withdrawing the complaint.

Senator CONNALLY. All right.

Mr. DENHAM. In reply to that, I want to call attention to the report of the legislative committee of 1937, of which Mr. Reid was chairman and Mr. Daly was a member of the committee. I want to read that record.

Senator CONNALLY. Is that already in the record?

Mr. DENHAM. Not that point. This is the committee's own report, and Mr. Reid was chairman and Mr. Daly was a member of the committee.

Senator CONNALLY. All right. You may read it.

Mr. DENHAM. "Your committee desires to call attention to the following members of the general assembly who stood ready at all times to promote our legislation:

"Senators Thomas L. Cummings, of Davidson; Claude C. Toler, of Paris; Wesley Harville, of Shelby; Bland Maxwell, of Shelby; Gerald Stratton, of Shelby; A. J. Graves, of Knox; one lady member, Mrs. Ruth O'Dell, of Cocke County, incidated a responsive spirit."

Then there is a list of members of the house, but this only has to do with the senate.

Senator CONNALLY. That does not say anything about Senator Davies.

Mr. DENHAM. No, sir. He was not worthy of mention.

Senator MCKELLAR. There were 132 members of the senate. How many are there on your honor roll?

Mr. DENHAM. Seven. That was signed by Chairman Reid, Chrisman of the Engineers, Daly of the Railroad Trainmen, Clark of the Tennessee Federation of Labor, and Archer of the Railway Conductors.

Senator MCKELLAR. There were 132 members of the legislature, and you do not mention all of them. Were those the most prominent members?

Mr. DENHAM. That was in the senate. There was another group in the house that I didn't read.

Senator MCKELLAR. At any rate, they did not condemn Mr. Davies.

Mr. DENHAM. They didn't give him any place.

Senator CONNALLY. Answer the question.

Mr. DENHAM. No, sir.

I want to say that the first time I voted I voted for you, and I am not too old to vote for you yet.

Senator MCKELLAR. I thank you very much. I thank you on my own behalf and on behalf of Mr. Davies.

Mr. DENHAM. But I cannot withdraw the protest. I don't have the authority.

Mr. SEIGENTHALER. Senator, you and I understand each other?

Senator MCKELLAR. Oh, yes.

Senator CONNALLY. Have you any witnesses, Senator MCKELLAR?

Senator MCKELLAR. Yes; I have several.

Senator CONNALLY. Do you want Mr. Davies to make a statement?

Senator MCKELLAR. I do.

Senator CONNALLY. You may proceed with your witnesses.

STATEMENT OF PERRY DALY, ESQ., KNOXVILLE, TENN.

Senator MCKELLAR. Your name is Perry Daly?

Mr. DALY. Yes, sir.

Senator MCKELLAR. Where do you live?

Mr. DALY. Knoxville.

Senator MCKELLAR. How long have you lived there?

Mr. DALY. Fifty years.

Senator MCKELLAR. Are you connected with organized labor?

Mr. DALY. Yes, sir.

Senator MCKELLAR. In what capacity?

Mr. DALY. State legislative representative of the Brotherhood of Railroad Trainmen.

Senator MCKELLAR. How long have you held that position?

Mr. DALY. Since 1925.

Senator MCKELLAR. Do you take an active interest in that work?

Mr. DALY. Yes, sir.

Senator MCKELLAR. Do you know Mr. Elmer Davies?

Mr. DALY. Yes, sir.

Senator MCKELLAR. Do you recall when he was a member of the State senate in 1935; also, I believe, in 1937?

Mr. DALY. Yes, sir. I was there during the whole time he was in the senate.

Senator MCKELLAR. Was he opposed to labor measures?

Mr. DALY. I tried to find out and searched my recollection, and I can't find anything that would indicate that he was opposed to our legislation.

Senator MCKELLAR. As a labor man, you would endorse him?

Mr. DALY. Yes, sir.

Senator MCKELLAR. Do you know him as a man?

Mr. DALY. My acquaintance with him is very casual, Senator.

Senator MCKELLAR. You do not know him intimately?

Mr. DALY. No, sir.

Senator MCKELLAR. What is his reputation as a lawyer?

Mr. DALY. Excellent.

Senator MCKELLAR. And as a man?

Mr. DALY. Good; of the best.

Senator MCKELLAR. He has the reputation of being an honest, upright man?

Mr. DALY. Yes, sir.

Senator MCKELLAR. Will you state to the committee what you know about organized labor, in connection with this matter?

Mr. DALY. So far as I know, I don't have any acquaintance with it, except as it has been brought out here this morning by the State federation of labor. We have in Tennessee a State federation of labor, and we also have the four railroad brotherhoods. I represent the biggest of the four in Tennessee and in the United States. Mr. Reid represents the firemen and enginemen, Mr. Jacobs the conductors, and Mr. Chrisman the engineers. So far as I know, the local lodges around Nashville are the only ones that raised any objection. There was something said about Mr. Reid, but I think his position has been explained.

Senator MCKELLAR. So far as you know, there is no other opposition?

Mr. DALY. Not that I know of.

Senator MCKELLAR. And you believe that Mr. Davies is in every way worthy of this position?

Mr. DALY. I certainly do, or you would not have recommended him.

Senator CONNALLY. Do your duties require you to be around the capitol during sessions of the legislature?

Mr. DALY. I am paid by my organization to be there.

Senator CONNALLY. While you are not a member of the American Federation of Labor, is there not a community interest in labor measures?

Mr. DALY. Up until the last primary election we had what we call the nonpartisan committee in Tennessee, composed of the four transportation brotherhoods and three members of the State federation of labor. We made certain endorsements, and the State federation of labor later tried to repudiate them, and we kind of pulled apart.

Senator CONNALLY. I mean around the legislature, when so-called labor bills are up, the brotherhoods as well as the federation would support them, or oppose them if they contained antilabor legislation?

Mr. DALY. Our brotherhood would cooperate with the federation.

Senator CONNALLY. And being around the legislature, is it not likely that you would have ascertained the attitude of Mr. Davies, if he had been opposing labor legislation?

Mr. DALY. He was not so regarded. I regarded him as rather inclined to be friendly.

Senator MCKELLAR. Thank you, Mr. Daly.

STATEMENT OF HUGH BONHAM, ESQ., NASHVILLE, TENN.

Senator MCKELLAR. Please state your name to the committee.

Mr. BONHAM. Hugh Bonham.

Senator MCKELLAR. You live in Nashville, Tenn.?

Mr. BONHAM. Yes, sir.

Senator MCKELLAR. To what labor organization do you belong?

Mr. BONHAM. Brotherhood of Locomotive Engineers.

Senator MCKELLAR. How long have you been a member of that organization?

Mr. BONHAM. Thirty-five years.

Senator MCKELLAR. Were you present at the recent convention of the State federation of labor in Nashville?

Mr. BONHAM. Yes, sir.

Senator MCKELLAR. Do you know Mr. Elmer Davies?

Mr. BONHAM. Mighty well.

Senator MCKELLAR. Does he live in Nashville?

Mr. BONHAM. Yes, sir.

Senator MCKELLAR. Have you known him for a good many years?

Mr. BONHAM. Yes, sir.

Senator MCKELLAR. Do you know his reputation as a lawyer and as a man in that community?

Mr. BONHAM. As an excellent and very fine gentleman.

Senator MCKELLAR. Do you believe that he would make an excellent judge?

Mr. BONHAM. I believe so.

Senator MCKELLAR. Do you think that he would be unfair to organized labor?

Mr. BONHAM. No, sir. He has always been for the under dog, as the fellow says, in every kind of a case that I ever knew anything about. They talk about him lobbying. He was trying to get a law repealed about the water rights, but it was killed in the house. He has always been friendly to labor.

Senator MCKELLAR. His ability as a lawyer is excellent, I believe you stated.

Mr. BONHAM. That is his reputation.

Senator MCKELLAR. And his character is fine?

Mr. BONHAM. Very good.

Senator MCKELLAR. Mr. Chairman, have you any questions?

Senator CONNALLY. No.

Senator MCKELLAR. That will be all, Mr. Bonham. Thank you.

STATEMENT OF A. B. NEIL, ESQ., PRESIDING JUDGE OF THE CIRCUIT COURT OF NASHVILLE, TENN.

Senator MCKELLAR. Your name is A. B. Neil?

Judge NEIL. Yes, sir.

Senator MCKELLAR. Judge Neil, of what court are you the judge in Nashville?

Judge NEIL. I am presiding judge of all three of the circuit courts.

Senator MCKELLAR. How long have you been on the bench at Nashville?

Judge NEIL. Twenty-nine years.

Senator MCKELLAR. That is longer than any of the rest of them, is it not?

Judge NEIL. Yes; too long.

Senator MCKELLAR. Oh, no, Judge; oh, no. Judge Neil, are you acquainted with Mr. Elmer Davies?

Judge NEIL. Very well.

Senator MCKELLAR. How long have you known him?

Judge NEIL. Since he was first admitted to the practice.

Senator MCKELLAR. Does he practice in your court?

Judge NEIL. He does.

Senator MCKELLAR. Is he considered an excellent lawyer?

Judge NEIL. He is so regarded by all the courts.

Senator MCKELLAR. And you so regard him, yourself?

Judge NEIL. I do.

Senator MCKELLAR. He has been nominated by the President for the position of district judge in the Middle District of Tennessee, as you know. What do you have to say in reference to that nomination and appointment?

Judge NEIL. I think he will make an excellent judge, based upon his character as a man and his reputation as a lawyer. I think it is a good appointment, a splendid appointment.

Senator MCKELLAR. You think it is a splendid appointment?

Judge NEIL. Yes.

Senator MCKELLAR. Does he have any bias or prejudice of any kind against labor?

Judge NEIL. No. I never heard of any prejudice he ever had against organized labor. I do not feel that organized labor should feel the slightest uneasiness about appearing in his court.

Senator CONNALLY. You have testified that he is a very fine lawyer and a very fine man. What do you have to say as to his judicial temperament? Is he a man you would consider to be fair and impartial on the bench, rather than to follow the prejudices which sometimes affect men in the practice?

Judge NEIL. I think he is a man of poise and dignity. I do not think he has any prejudices of any kind. I do not think he would be influenced by any past connections or clients he may have had.

Senator CONNALLY. These gentlemen who have appeared here for the labor movement seem to have some doubt about it. In your view, if Mr. Davies were on the bench, and a matter came before him affecting labor, do you think he would act in a fair and impartial manner?

Judge NEIL. I am sure he would.

Senator MCKELLAR. Thank you very much. We appreciate your coming here.

STATEMENT OF R. B. C. HOWELL, ESQ., JUDGE OF CHANCERY COURT, NASHVILLE, TENN.

Senator MCKELLAR. Your name is R. B. C. Howell?

Judge HOWELL. Yes.

Senator MCKELLAR. And what position do you hold?

Judge HOWELL. I am judge of part 1 of the chancery court at Nashville.

Senator MCKELLAR. How long have you held that position?

Judge HOWELL. Eleven years last spring.

Senator MCKELLAR. Have you known, during that time and before, Mr. Elmer Davies?

Judge HOWELL. I have known him since he was admitted to the bar, and while he has practiced at the Nashville bar. Since I came on the bench he has had a good deal of business in my court. I know him well.

Senator MCKELLAR. How do you regard him as a lawyer and as a prospective judge?

Judge HOWELL. Elmer Davies is an honorable gentleman, a fine lawyer, is well educated, and in my opinion he would make a splendid judge.

Senator MCKELLAR. You heard the questions asked of the chairman of Judge Neil as to judicial poise and temperament. What would you say as to that?

Judge HOWELL. I agree fully with Judge Neil. I do not think that it would be possible for him to let anything that has happened in connection with this matter influence him in the least.

Senator MCKELLAR. Judge, I am a little tender on the subject of age.

Judge HOWELL. I think I know what is in your mind.

Senator MCKELLAR. I do not know whether to ask you this question or not.

Judge HOWELL. Senator, let me take care of that.

Senator MCKELLAR. I will let you explain it.

Judge HOWELL. I am sure that what you have in mind is that I was an applicant for the appointment, and had the endorsement of all these gentlemen; but a few months ago I became 60 years old. I found that old age had crept up on me. I had to bow to old age. I think the Senators from Tennessee have rendered splendid service in the recommendation of Elmer Davies.

Senator MCKELLAR. Thank you very much, Judge Howell.

STATEMENT OF S. L. FELTS, ESQ., ASSOCIATE JUSTICE, COURT OF APPEALS OF TENNESSEE

Senator MCKELLAR. Your name is S. L. Felts?

Judge FELTS. Yes, sir.

Senator MCKELLAR. What position do you hold?

Judge FELTS. Associate justice of the Court of Appeals of Tennessee.

Senator MCKELLAR. How long have you held that position?

Judge FELTS. A little over 2 years.

Senator MCKELLAR. Are you acquainted with Mr. Elmer Davies?

Judge FELTS. Very well.

Senator MCKELLAR. How long have you known him?

Judge FELTS. Ever since he got out of law school and started practicing law in Nashville.

Senator MCKELLAR. About 20 years ago?

Judge FELTS. As I recall it.

Senator MCKELLAR. What is his standing and reputation at the bar as a lawyer and an honest, upright, and conscientious man?

Judge FELTS. He enjoys the very best reputation as a lawyer and as an honest man.

Senator MCKELLAR. Do you think he has judicial poise and character to make a good district judge?

Judge FELTS. I think he has the character as a man, the learning as a lawyer, and the judicial temperament to make a splendid judge.

Senator MCKELLAR. You have heard the questions that were raised by two of our leading labor representatives concerning Mr. Davies. Do you think he would be prejudiced against organized labor in any way if he were selected as judge?

Judge FELTS. No; I am satisfied he would not.

Senator MCKELLAR. Thank you very much.

STATEMENT OF CHARLES GILBERT, ESQ., JUDGE OF THE CIRCUIT COURT, NASHVILLE, TENN.

Senator MCKELLAR. Please state your name to the committee.

Judge GILBERT. Charles Gilbert.

Senator MCKELLAR. You are one of the circuit judges at Nashville?

Judge GILBERT. One of the circuit court judges.

Senator MCKELLAR. That is the State court in Nashville?

Judge GILBERT. Yes.

Senator MCKELLAR. What other places have you held in Nashville?

Judge GILBERT. I was formerly an assistant prosecutor, and also assistant city attorney.

Senator MCKELLAR. You have heard some question raised this morning about Mr. Davies being connected in some way with the Ku Klux Klan. Do you happen to know anything about that? Let me explain just what I have in mind. You are a Jew, are you not?

Judge GILBERT. Yes, sir.

Senator MCKELLAR. And the Ku Klux Klan was supposed to be opposed to Jews.

Judge GILBERT. That is correct.

Senator MCKELLAR. Can you say whether or not Mr. Davies supported you as a candidate for judge?

Judge GILBERT. He did.

Senator MCKELLAR. And against whom did he support you?

Judge GILBERT. He supported me every time I ran. In one particular instance Mr. Noble, whose name has been mentioned here, ran against me. He was a Klansman, and Mr. Davies was active for me.

Senator MCKELLAR. Mr. Noble was a Klansman?

Judge GILBERT. He was.

Senator MCKELLAR. And was running against you?

Judge GILBERT. That is correct.

Senator MCKELLAR. And you are a Jew, and Mr. Davies supported you actively?

Judge GILBERT. Openly; yes, sir.

Senator MCKELLAR. May I read into the record a letter which you wrote to Attorney General Murphy some time ago concerning this matter?

Judge GILBERT. Yes, sir.

Senator McKELLAR. This is on the letterhead of Charles Gilbert, judge of division 2 of the criminal court, dated at Nashville, Tenn., June 10, 1939, and addressed to Hon. Frank Murphy, Attorney General of the United States, reading as follows:

"HONORABLE SIR: Some several months ago, Senators McKELLAR and STEWART, of this State, recommended Hon. Elmer D. Davies for appointment as judge of the United States District Court for the Middle Division of Tennessee. I understand their selection is now before you for your consideration.

"According to reports in the local press, an accusation has been made by Mr. W. S. Noble, an attorney of the Nashville bar, that Mr. Davies was a member of the Ku Klux Klan.

"I am a Jew and was born and reared in Nashville, Tenn., within a stone's throw of this courthouse. I am 50 years of age, was formerly an assistant prosecutor of this county, and also an assistant city attorney of Nashville. I was elected judge of division 2 of the Criminal Court in 1930, to fill out the unexpired term of the late Hon. Frank Garard, and reelected in 1934 for the constitutional term of 8 years. Insofar as I can ascertain, I am the only Jew ever elected to the judiciary south of the Ohio River. I might add that I was one of the original Roosevelt Democrats in Tennessee, as the correspondence in Mr. Farley's office will show.

"I am a member of the Vine Street Temple, have been for a number of years, have never renounced my religion, and never intend to; and every person in this community knows that I am a Jew.

"Back in 1925, when I first ran for the judgeship, the Klan was at its height, and at that time, and every time since then, Mr. Davies supported me. He knew I was a Jew then, and he knows that I am still a Jew. In 1934, in the Democratic primary, my opponent was Mr. W. S. Noble; and in all of his advertisements and in all of his public utterances, his motto was: "Put none but Americans on guard." Mr. Noble was a Klansman then and, insofar as I am informed, is still one, and a most active one. I do not know whether Mr. Davies ever belonged to the Klan, but I do know that he is free from religious prejudices of any kind. I have visited in his home time and time again, and he has visited in my home; and I cannot conceive of this man being imbued with any prejudices or disqualifications of any other nature that would render him unfit for the position of judge.

"His support of me was not a secret one, but he was actively engaged during the campaign and at the polls. If he believed in the principles of the Ku Klux Klan, certainly he would not have taken such active part openly here in the South.

"I would not have you believe for 1 minute that I am asking favorable action at your hands in the selection of Mr. Davies because he supported me; but I want you to understand distinctly the spirit in which this letter is written, that is, in fairness to an honorable, upright, Christian gentleman whose character and reputation are above reproach.

"Further than this, I would have you know that I bear no bitterness of any kind toward Mr. Noble. In fact, we are on friendly terms, and I believe him to be an honest man; but I can not subscribe to tactics which are being resorted to in an effort to defeat this appointment.

"This letter is being written by me without the knowledge of Mr. Davies."

Senator McKELLAR. In your opinion, what kind of a judge of the United States district court at Nashville would Mr. Davies make?

Judge GILBERT. He would make an excellent judge.

Senator McKELLAR. You have heard some question raised here concerning labor organizations. Would he be prejudiced against labor organizations?

Judge GILBERT. I would say no. I think he is very honorable and fair. He would be as fair to labor as he could.

Senator McKELLAR. He would be as fair as any man could be that was selected as judge?

Judge GILBERT. I think so.

Senator McKELLAR. What about his judicial poise and temperament?

Judge GILBERT. He possesses those qualities.

Senator McKELLAR. In a marked degree? Or how?

Judge GILBERT. To a marked degree.

Senator McKELLAR. Is there anything else you would like to say?

Judge GILBERT. He is an excellent lawyer and a fine gentleman. I think every member of the Nashville Bar will say the same thing about him.

Senator McKELLAR. How was his proposed nomination generally received at Nashville, if you know?

Judge GILBERT. It was generally acceptable.

Senator McKELLAR. Did you know that he was an applicant at the time he was appointed or nominated?

Judge GILBERT. It came as a surprise to me. I knew Judge Howell was an applicant. Most of the lawyers were for Judge Howell, as I understand it. He was precluded because of his age. I was surprised when Mr. Davies' name was mentioned. I saw it in the papers, the first I knew of it.

Senator McKELLAR. Thank you very much.

STATEMENT OF ROY O. BEELER, ESQ., ATTORNEY GENERAL OF THE STATE OF TENNESSEE

Senator McKELLAR. State your name to the committee.

Attorney General BEELER. Roy Beeler.

Senator McKELLAR. You live in Knoxville?

Attorney General BEELER. That is my home. I have been in Nashville for 13 years.

Senator McKELLAR. You are attorney general of the State of Tennessee?

Attorney General BEELER. I am.

Senator McKELLAR. How long have you held that position?

Attorney General BEELER. Since 1932.

Senator McKELLAR. Do you know Elmer Davies?

Attorney General BEELER. I do.

Senator McKELLAR. How long have you known Mr. Davies?

Attorney General BEELER. Approximately 15 years.

Senator McKELLAR. What is your estimate of him as a man, as a lawyer, and as a prospective judge of the United States District Court at Nashville?

Attorney General BEELER. He is a man of splendid integrity, fine legal attainments, excellent judicial poise; and I think he would make a splendid judge of the United States district court.

Senator McKELLAR. You heard the objections raised here by two members of organized labor. What would you say as to those objections?

Attorney General BEELER. I think when Judge Davies is sworn in he will be absolutely fair to every litigant that comes before him and will fairly and impartially discharge his duties as a judge.

Senator McKELLAR. What is his standing generally at the bar of Nashville?

Attorney General BEELER. He is one of the leading members of that bar, especially for his age.

Senator McKELLAR. You have know him virtually since he came to the bar?

Attorney General BEELER. Practically ever since then.

Senator McKELLAR. Thank you very much, General Beeler.

STATEMENT OF HON. HILL M'ALLISTER, FORMER GOVERNOR OF THE STATE OF TENNESSEE

Senator McKELLAR. Your name is Hill McAllister?

Mr. McALLISTER. That is correct.

Senator McKELLAR. And you were formerly Governor of the State of Tennessee?

Mr. McALLISTER. Yes.

Senator McKELLAR. When were you Governor of Tennessee?

Mr. McALLISTER. From January 1933 to January 1937.

Senator McKELLAR. Governor McAllister, do you remember what were known as the T. V. A. bills, which were spoken of here this morning by two of our excellent labor men in Nashville?

Mr. McALLISTER. Very well.

Senator McKELLAR. Were all those bills T. V. A. bills?

Mr. McALLISTER. No. Only three, or possibly four, were known as T. V. A. bills. The rest of them were bills in which the State planning board was interested. They were primarily bills to enable divisions of the State to get advantage of certain public funds from Washington. The question arose as to whether all those bills were T. V. A. bills. I communicated with Dr. Arthur E. Morgan, who was Chairman of the T. V. A. at that time. He told me that the T. V. A had no interest, except those three or possibly four; that they had possibly approved the others, but they were not their bills.

Senator McKELLAR. They were all passed, were they not?

Mr. McALLISTER. The T. V. A. bills?

Senator McKELLAR. The T. V. A. bills.

Mr. McALLISTER. Oh, yes.

Senator McKELLAR. And the others?

Mr. McALLISTER. Two were not introduced, because, if I recall correctly, Attorney General Beeler advised me there was some constitutional defect. They were not even presented to the legislature. The others were.

Senator McKELLAR. The others were passed?

Mr. McALLISTER. They were.

Senator McKELLAR. But have they ever been utilized?

Mr. McALLISTER. Some of them, which had a time limitation on them. They expired January 1, 1936.

Senator McKELLAR. It was temporary legislation?

Mr. McALLISTER. It was temporary legislation.

Senator McKELLAR. Do you know Elmer Davies?

Mr. McALLISTER. Very well.

Senator McKELLAR. How long have you known him?

Mr. McALLISTER. Since he has been a member of the Nashville bar, where I live, some 15 or 18 years.

Senator McKELLAR. What is his reputation as a member of the bar and as a man?

Mr. McALLISTER. The very best.

Senator McKELLAR. Do you recall what the letters following his name are in Martindale's Directory, the letters that indicate the standing of a man?

Mr. McALLISTER. I do not recall, but they could not be anything but the very best.

Senator McKELLAR. They are AB, and that means the best.

In your judgment, does he have judicial poise and temperament?

Mr. McALLISTER. Yes.

Senator McKELLAR. In your judgment, would he be unfair to labor or to any other organization or group of people?

Mr. McALLISTER. I do not think so, in any sense.

Senator McKELLAR. You believe he is very well qualified for this position?

Mr. McALLISTER. I feel certain of it.

Senator McKELLAR. What was the attitude of Mr. Davies in the two legislatures in which he served while you were Governor, in respect to labor, as to whether he cooperated or opposed?

Mr. McALLISTER. He was cooperative and friendly.

Senator McKELLAR. What about the national program, the T. V. A. program?

Mr. McALLISTER. He was known as an advocate of that. We were all elected in the fall of 1934; you, Senator Bachmann, myself, and Mr. Davies, and the national T. V. A. program was discussed in that campaign.

Senator McKELLAR. And all of us were speaking in favor of the T. V. A.?

Mr. McALLISTER. That is true. In my opinion, the same cooperation was given by Mr. Davies after the legislature convened.

Senator McKELLAR. And he was for these T. V. A. bills?

Mr. McALLISTER. Undoubtedly.

Senator McKELLAR. His name was signed to them, was it not?

Mr. McALLISTER. I would not be certain about that.

Senator McKELLAR. Is there anything else you would like to say?

Mr. McALLISTER. Nothing else.

Senator McKELLAR. Thank you very much.

STATEMENT OF F. M. BASS, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is F. M. Bass?

Mr. BASS. Yes, sir.

Senator McKELLAR. Where do you live?

Mr. BASS. Nashville, Tenn.

Senator McKELLAR. You served in the late war, did you not?

Mr. BASS. To a limited extent.

Senator McKELLAR. You were a major in that war?

Mr. BASS. I was.

Senator McKELLAR. Would it be embarrassing to you to tell how long you have practiced law at Nashville?

Mr. BASS. Not in the presence of our gray-haired friends here. I have practiced law in Nashville for 42 years.

Senator McKELLAR. How long have you known Elmer Davies?

Mr. BASS. Since he was a school boy at Vanderbilt University.

Senator McKELLAR. In your judgment, if confirmed as United States District Judge, to which position he has been nominated by the President, would he make an excellent and fair and able judge?

Mr. BASS. I am quite of the opinion that he would.

Senator McKELLAR. Does he have judicial poise and temperament, in your judgment?

Mr. BASS. He has, to much more than the average extent.

Senator McKELLAR. Do you know whether he has ever had any clients in the past in the way of corporations or others, that would tend to prejudice him in any way in the performance of his duty as United States district judge?

Mr. BASS. I don't think so. Mr. Davies has had a general practice. He has not been a corporation lawyer, in the sense usually referred to. He is a young man, widely known among the middle class, more especially, by the man in the street. His practice has been more largely with individuals rather than with corporations. His high sense of justice, his inherent honesty, and his pride in his character and reputation as a lawyer would combine to make him a fair and impartial judge, free from bias or prejudice.

Senator McKELLAR. Thank you every much.

STATEMENT OF SETH WALKER, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is Seth Walker?

Mr. WALKER. Yes, sir.

Senator McKELLAR. What is your business?

Mr. WALKER. Attorney at law, Nashville.

Senator McKELLAR. How long have you been practicing law in Nashville?

Mr. WALKER. Twenty-six years.

Senator McKELLAR. Have you known Mr. Elmer Davies during that time?

Mr. WALKER. I have known Mr. Davies since 1919, when he was in Vanderbilt University.

Senator McKELLAR. He was educated at that institution?

Mr. WALKER. He was.

Senator McKELLAR. He has been nominated by the President for the position of United States distict judge for the Middle District of Tennessee, and his confirmation is now pending before the Senate. In your judgment, if confirmed and made a United States district judge, would he make a fair and impartial judge?

Mr. WALKER. In my opinion, he would make an excellent district judge.

Senator McKELLAR. What about his judicial poise and temperament?

Mr. WALKER. My reasons for the statement just made that he would make an excellent district judge are several. In the first place, I think that Mr. Davies has a fine knowledge of men. I think that he is a good judge of human nature. I think he is eminently fair. I think he is a strong man, strong in his convictions. He has principle and courage. He is a good student. I think he possesses all the essentials to make a splendid judge.

Senator McKELLAR. Do you think he would be prejudiced against organized labor or any other body of our people?

Mr. WALKER. I think not.

Senator McKELLAR. How was his appointment received in Nashville? Was it generally approved or not?

Mr. WALKER. Of course, his appointment or recommendation by the Senators from Tennessee was quite a surprise, for the reason that Mr. Davies was not an applicant. However, when the news was flashed that he had been recommended, I can truthfully say that I never heard anything other than the finest things said about him and about the appointment. Everyone commended it.

Senator McKELLAR. Something has been said here about the Ku Klux Klan. Do you know Rabbi Julius Mark, of Nashville?

Mr. WALKER. Yes. He is an able man.

Senator McKELLAR. I will read a telegram from him, addressed to Senator STEWART and myself.

JULY 6, 1939.

Hon. K. D. McKELLAR and Hon. A. T. STEWART,
United States Senate:

Earnestly hope you will vote for confirmation of Hon. Elmer D. Davies, who, in my opinion, is eminently qualified by training and experience and temperament for Federal judgeship.

JULIUS MARK.

He is rabbi of the Vine Street Temple of Nashville, is he not?

Mr. WALKER. Yes, sir. He stands high and has the confidence and respect of all those who know him.

Senator CONNALLY. Have you ever observed anything in the character of Mr. Davies that would indicate intolerance or any danger of his becoming a tyrant on the bench?

Mr. WALKER. No, sir. On the other hand, I think his elevation to the bench would not take away from him what he has today.

Senator CONNALLY. There is a feeling over the country that some Federal judges, who have lifetime jobs of which they cannot be deprived, become more or less tyrannical and arbitrary.

Mr. WALKER. Yes. Mr. Davies is a kind-hearted man and has no evidence of bigotry about him.

Senator CONNALLY. Thank you, Mr. Walker.

STATEMENT OF W. D. MOSS, ESQ., JACKSON, TENN.

Senator McKELLAR. Please state your name to the committee.

Mr. MOSS. W. T. Moss.

Senator McKELLAR. You are a lawyer?

Mr. MOSS. Yes.

Senator McKELLAR. Of Jackson, Tenn.?

Mr. MOSS. That is right.

Senator McKELLAR. Were you ever in the State senate?

Mr. MOSS. Yes; I was in the Tennessee Senate in 1933 and again in 1935.

Senator McKELLAR. Were you speaker at either of these sessions?

Mr. MOSS. I was speaker in 1935.

Senator McKELLAR. Was Mr. Elmer Davies a member of that body?

Mr. MOSS. He was.

Senator McKELLAR. Did you know him intimately?

Mr. MOSS. I knew him very well. He and I went to college together at Vanderbilt University.

Senator McKELLAR. And you have been friends ever since?

Mr. MOSS. Yes, sir.

Senator McKELLAR. During all that time?

Mr. MOSS. That is right.

Senator McKELLAR. Did you have occasion to witness the conduct of Mr. Davies in the State senate in 1935?

Mr. MOSS. I did.

Senator McKELLAR. You have heard the testimony that has been adduced here concerning his opposition to labor. Did you have that understanding?

Mr. MOSS. If he was ever opposed to any measure recommended by organized labor, I did not know it.

Senator McKELLAR. Did he support the T. V. A. bills?

Mr. MOSS. He did. He talked to me about them. I remember he consulted me about them, because he said part of his platform pledge was that he would support the T. V. A. The bills that Governor McAllister referred to were understood by everybody to be T. V. A. bills, but later we learned most of them were not. I told Mr. Davies I thought he could feel free to oppose about 11 of them. There were three or four that were T. V. A. bills, and he voted for every one of them.

Senator McKELLAR. But he opposed those proposed by the planning commission?

Mr. MOSS. He and a good many other members of the senate.

Senator McKELLAR. Do you believe he will make an impartial and honest and faithful judge?

Mr. MOSS. I think undoubtedly he will.

Senator McKELLAR. Does he have judicial poise and temperament?

Mr. MOSS. Yes; he has a good deal of poise. Knowing him as I do, if he is confirmed and takes the oath as judge, he will have the ability and industry to learn what the law is and the integrity and the courage to enforce it.

Senator McKELLAR. Thank you.

STATEMENT OF J. D. MOSBY, ESQ., SOMERVILLE, TENN.

Senator McKELLAR. Please state your name to the committee.

Mr. MOSBY. J. D. Mosby.

Senator McKELLAR. You live in Somerville, Tenn.?

Mr. MOSBY. I do.

Senator McKELLAR. You are engaged in the practice of law and have been for many years?

Mr. MOSBY. Yes, sir.

Senator McKELLAR. Did you ever serve in the legislature?

Mr. MOSBY. Yes, sir.

Senator McKELLAR. What branch?

Mr. MOSBY. In the Tennessee Senate in 1935 and 1939.

Senator McKELLAR. Did you know Mr. Elmer Davies, who served in that same body?

Mr. MOSBY. I knew him very intimately.

Senator McKELLAR. Some question has been raised as to his support of the T. V. A. bills. Is that your recollection?

Mr. MOSBY. Senator and Mr. Chairman, he supported all of the so-called T. V. A. bills. He did oppose certain bills which were

first designated as T. V. A. bills, but which later developed to be planning bills. He opposed the planning bills. The gentleman said this morning those bills were designed to bring $100,000 to Tennessee.

Senator McKELLAR. One hundred million dollars.

Mr. MOSBY. Yes. When you get up that high, I don't know much difference. The bills they had in mind were the so-called T. V. A. bills which were passed at the extra session in 1935, and Senator Davies supported every one of them. I know because I assisted in piloting them through the legislature.

Senator McKELLAR. Do you mean the bills by which the counties and the cities took advantage of the 45 percent of the Federal appropriation?

Mr. MOSBY. Yes. I know he supported those bills. He was partly responsible for getting them through the senate. I consulted with him.

Senator McKELLAR. You were speaker at that time?

Mr. MOSBY. Not in 1935. I was in 1939.

Senator McKELLAR. But you worked and consulted with him about those bills.

Mr. MOSBY. Yes, sir.

Senator McKELLAR. Do you think he would make a good judge?

Mr. MOSBY. I think he would make an excellent judge. I think I told you when I was here shortly after his name was suggested that you could not have made a better appointment. At that time you said he was not an applicant, and I said it made no difference, but I would still stick to what I said first.

Senator McKELLAR. Thank you very much.

STATEMENT OF H. FRANK TAYLOR, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Please state your name to the committee.

Mr. TAYLOR. H. Frank Taylor.

Senator McKELLAR. You are a lawyer?

Mr. TAYLOR. Yes, sir.

Senator McKELLAR. In Nashville, Tenn.?

Mr. TAYLOR. Yes, sir.

Senator McKELLAR. How long have you practiced law?

Mr. TAYLOR. I have lived there for 39 years, and have practiced law for 12 years.

Senator McKELLAR. You have lived there all your life?

Mr. TAYLOR. I have lived there all my life.

Senator McKELLAR. You were born there?

Mr. TAYLOR. Yes, sir.

Senator McKELLAR. What position do you hold now?

Mr. TAYLOR. I am now assistant district attorney for the tenth judicial district of Tennessee—prosecuting attorney.

Senator McKELLAR. At Nashville, Tenn.?

Mr. TAYLOR. Yes, sir.

Senator CONNALLY. Federal or State?

Mr. TAYLOR. State.

Senator CONNALLY. How long have you held that position?

Mr. TAYLOR. Approximately 18 months.

Senator McKELLAR. Do you hold any position in the Knights of Columbus?

Mr. TAYLOR. Not at present. Well, I do. I am a member of the board of directors of the local Knights of Columbus. I was formerly grand master in 1935 and 1937, and I was formerly district deputy for the middle district of Tennessee, district State deputy.

Senator McKELLAR. Do you know Mr. Elmer Davies?

Mr. TAYLOR. Mighty well.

Senator McKELLAR. How long have you known him?

Mr. TAYLOR. I have known him practically ever since he came to the Nashville bar.

Senator McKELLAR. He has been nominated for United States district judge for the middle district of Tennessee, and his nomination is now pending before the Senate Judiciary Committee and before the Senate. In your judgment, would he make an excellent district judge?

Mr. TAYLOR. He most certainly would.

Senator McKELLAR. Do you regard him as having judicial poise and temperament?

Mr. TAYLOR. I certainly do.

Senator McKELLAR. What about his character as a lawyer and as a man?

Mr. TAYLOR. He stands as one of the highest in the city of Nashville as a lawyer and as a man.

Senator McKELLAR. Something has been said about the Ku Klux Klan. Do you recall the election in 1928?

Mr. TAYLOR. Yes, sir. I was in close association with Mr. Davies in that election, and I personally know that he stumped the State for Governor Smith. I might further say that before I came here I discussed Mr. Davies with the church authorities at Nashville. The bishop was not in the city, and I talked to Rev. George Flanigen, who is the superintendent of the Cathdlic schools. He is also editor of the Register, the Catholic paper in Nashville. He stated to me that someone had called his attention to the fact that Mr. Davies was not a proper man to be Federal judge, so far as Catholicism was concerned, and might be a member of the Ku Klux Klan. He said he took it up with the church authorities and it was referred to him and he personally made an investigation and found those rumors to be untrue, and told me he was going to wire you to that effect.

Senator McKELLAR. He did. This is a telegram from him addressed to Senator STEWART and myself:

JULY 5, 1939.

Senators K. D. McKELLAR and A. T. STEWART:

After careful investigation we find no objection to Davies' qualifications and fitness for Federal judgeship.

GEO. J. FLANIGEN,
Superintendent of Catholic Schools.

That is the same Father Flanigen to whom you refer?

Mr. TAYLOR. Yes.

Senator McKELLAR. I believe you said you thought Mr. Davies had proper fitness for that place.

Mr. TAYLOR. I certainly do.

Senator McKELLAR. Thank you very much.

STATEMENT OF WILLIAM HUME, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Please state your name to the committee.

Mr. HUME. William Hume.

Senator McKELLAR. You are a practicing lawyer at Nashville?

Mr. HUME. Yes, sir.

Senator McKELLAR. How long have you been practicing law there?

Mr. HUME. Since 1910.

Senator McKELLAR. What is your firm name?

Mr. HUME. Trabue, Hume & Armistead.

Senator McKELLAR. Do you know Elmer Davies?

Mr. HUME. I do.

Senator McKELLAR. How long have you known him?

Mr. HUME. From the time he became a member of the Nashville bar.

Senator McKELLAR. About 20 years?

Mr. HUME. I don't think quite that long.

Senator McKELLAR. About 18 years?

Mr. HUME. I think so.

Senator McKELLAR. He has been nominated for United States district judge of the middle district of Tennessee, and his nomination is now pending before the Senate. In your judgment, is he well qualified and a fit man for that place?

Mr. HUME. I would say so, without qualification. I have had a good deal of business with him, never on the same side of a question, I think. I regard him as a man of unusual moral courage and fine intellectual honesty.

Senator McKELLAR. Does he have judicial poise and temperament?

Mr. HUME. Yes, sir. I think he has the honesty and intelligence and the poise to be a fair and impartial judge.

Senator McKELLAR. Some question was raised about his prejudice against labor organizations. Would you say, from your knowledge of Mr. Davies, that he has any such prejudice against labor or any other organization?

Mr. HUME. I would say not. I would say any litigant would get a fair and impartial hearing before him.

Senator McKELLAR. Thank you very much.

STATEMENT OF W. R. MANIER, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is W. R. Manier?

Mr. MANIER. Yes, sir.

Senator McKELLAR. And you live at Nashville, Tenn.?

Mr. MANIER. Yes, sir.

Senator McKELLAR. You are a lawyer?

Mr. MANIER. I am a lawyer.

Senator McKELLAR. You are interested in the Rotary Club, I believe?

Mr. MANIER. Yes, sir. About 2 years ago I was more of a Rotarian than a lawyer, but I have returned to the practice.

Senator McKELLAR. Do you know Mr. Elmer Davies?

Mr. MANIER. Yes, sir.

Senator McKELLAR. How long have you known him?

Mr. MANIER. I have known him almost ever since he came to the bar at Nashville. I don't think I knew him before.

Senator McKELLAR. What is your judgment of him as a lawyer and as a man?

Mr. MANIER. I think he is an excellent lawyer, studious, industrious, and an excellent man.

Senator McKELLAR. Do you know of any reason why he would not make a fair and impartial judge?

Mr. MANIER. None whatever.

Senator McKELLAR. Do you think he has judicial poise and temperament?

Mr. MANIER. He has all the necessary qualities.

Senator McKELLAR. He stands high at your bar?

Mr. MANIER. Yes, sir.

Senator McKELLAR. Were you at one time international president of the Rotary clubs?

Mr. MANIER. Yes, sir.

Senator McKELLAR. That is the highest office they can give anyone, is it not?

Mr. MANIER. Yes, sir.

Senator McKELLAR. It is a very large organization?

Mr. MANIER. Yes, sir.

Senator McKELLAR. Thank you very much.

STATEMENT OF CECIL SIMS, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Please state your name to the committee.

Mr. SIMS. Cecil Sims.

Senator McKELLAR. Where do you live?

Mr. SIMS. Nashville.

Senator McKELLAR. How long have you lived there?

Mr. SIMS. Since 1914.

Senator McKELLAR. What is your business?
Mr. SIMS. I am a lawyer.
Senator McKELLAR. How long have you been practicing law?
Mr. SIMS. Since 1914.
Senator McKELLAR. Have you known Elmer Davies during that time?
Mr. SIMS. Yes, sir; I have known him ever since he has been practicing law.
Senator McKELLAR. He came to Nashville about 1920?
Mr. SIMS. Approximately.
Senator McKELLAR. He is a Vanderbilt man?
Mr. SIMS. Yes, sir.
Senator McKELLAR. Was educated there?
Mr. SIMS. Yes, sir.
Senator McKELLAR. And you have known him ever since?
Mr. SIMS. Yes, sir.
Senator McKELLAR. In your judgment, would he make a good United States district judge?
Mr. SIMS. I think he would make an excellent United States district judge.
Senator McKELLAR. What are your reasons for saying that?
Mr. SIMS. They are based on my intimate personal knowledge of his ability, integrity, industry, and general character as a man.
Senator McKELLAR. Do you believe he would be prejudiced against any class of people in the world?
Mr. SIMS. I don't think so. I am quite sure he would not.
Senator McKELLAR. Thank you very much.

STATEMENT OF JOHN HOOKER, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is John Hooker?
Mr. HOOKER. Yes, sir.
Senator McKELLAR. And you are a lawyer at Nashville?
Mr. HOOKER. Yes, sir.
Senator McKELLAR. You are a practicing lawyer there, and your firm is what?
Mr. HOOKER. Walker & Hooker.
Senator McKELLAR. Mr. Walker has already testified?
Mr. HOOKER. Yes, sir.
Senator McKELLAR. And you have been practicing there how long?
Mr. HOOKER. Fifteen years; before I was of age.
Senator McKELLAR. I remember when you came. Mr. Hooker, do you know Elmer Davies?
Mr. HOOKER. Very well.
Senator McKELLAR. In your judgment, would he make a good Federal district judge?
Mr. HOOKER. An excellent one.
Senator McKELLAR. What is your estimate of him?
Mr. HOOKER. He is a man of the highest character, courage, ability; splendid gentleman in every respect.
Senator McKELLAR. Has he any bias that would prejudice him against any class or organization of people?
Mr. HOOKER. None whatever that I know of.
Senator McKELLAR. Thank you very much.

STATEMENT OF THOMAS TEMPLETON, ESQ., WINCHESTER, TENN.

Senator McKELLAR. State your name to the committee.
Mr. TEMPLETON. Thomas Templeton.
Senator McKELLAR. Where do you live?
Mr. TEMPLETON. Winchester.
Senator McKELLAR. How long have you lived there?
Mr. TEMPLETON. All my life.
Senator McKELLAR. You are a practicing lawyer there?
Mr. TEMPLETON. Yes, sir.
Senator McKELLAR. How long have you been practicing law there?
Mr. TEMPLETON. For 42 years.
Senator McKELLAR. Do you know Elmer Davies?
Mr. TEMPLETON. Yes, sir.
Senator McKELLAR. In your judgment, would he make a good United States district judge?
Mr. TEMPLETON. I think so.
Senator McKELLAR. Would he be fair and impartial as a judge, in his conduct, or would he be partial?
Mr. TEMPLETON. I don't think he would be partial. I observed him some years ago in court. I didn't know him at that time, and I later made inquiry about him, because he had so impressed me in his manner of handling the lawsuit and the conduct of it that I thought very favorably of him. He impressed me as a young man of great ability, and I wanted to know more about him. Later on he was a member of the senate, and I was up there a number of times and observed his conduct there, and he impressed me very favorably.
Senator McKELLAR. And you believe that he would make a fine United States district judge?
Mr. TEMPLETON. I think he would.
Senator McKELLAR. Thank you, Mr. Templeton.

STATEMENT OF JACK NORMAN, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is Jack Norman?
Mr. NORMAN. It is.
Senator McKELLAR. You are a practicing lawyer at Nashville?
Mr. NORMAN. Yes, sir.
Senator McKELLAR. Do you know Mr. Davies?
Mr. NORMAN. Yes, sir.
Senator McKELLAR. How long have you known him?
Mr. NORMAN. Ever since I have been at the bar; 13 years.
Senator McKELLAR. Tell the committee what sort of a United States district judge he would make.
Mr. NORMAN. I think he would make an excellent judge. I know him to be an excellent gentleman. I know something of his home life—and that goes a long way with me, and I know that is excellent. As a lawyer, we young lawyers have always regarded him as one of the leaders and have looked up to him in that way. There is no question in my mind, and I think I voice the opinion of all of our lawyers, particularly the younger group, that he would make an excellent judge. He possesses all the qualifications.
Senator McKELLAR. Thanks, Mr. Norman.

STATEMENT OF W. E. BADGETT, ESQ., KNOXVILLE, TENN.

Senator McKELLAR. State your name to the committee.
Mr. BADGETT. W. E. Badgett.
Senator McKELLAR. You live in Knoxville?
Mr. BADGETT. Yes, sir.
Senator McKELLAR. You are a practicing lawyer there?
Mr. BADGETT. Yes, sir.
Senator McKELLAR. Were you a member of the last legislature?
Mr. BADGETT. Yes, sir.
Senator McKELLAR. Were you a member when Mr. Davies was a member?
Mr. BADGETT. No, sir. Last term was my first term.
Senator McKELLAR. Do you know Mr. Davies?
Mr. BADGETT. I do.
Senator McKELLAR. Are you interested in labor?
Mr. BADGETT. I am, very much.
Senator McKELLAR. Are you a member of an organization?
Mr. BADGETT. No, sir.
Senator McKELLAR. But you are interested in labor?
Mr. BADGETT. Yes, sir. I know the musicians' bill mentioned this morning was backed by labor, and I worked for all the labor organizations. I know Mr. Davies was active in getting that bill passed over the Governor's veto.
Senator McKELLAR. It was passed over the Governor's veto?
Mr. BADGETT. Yes, sir.
Senator McKELLAR. And Mr. Davies was active in getting it passed over the veto?
Mr. BADGETT. Yes, sir.
Senator McKELLAR. Do you believe he would make a good, fair United States district judge?
Mr. BADGETT. I think he will make an excellent judge. I don't believe you could have made a better choice.
Senator McKELLAR. Thank you very much.

STATEMENT OF SYDNEY KEEBLE, ESQ.

Senator McKELLAR. State your name to the committee.
Mr. KEEBLE. Sydney Keeble.
Senator CONNALLY. Do you know Mr. Davies?
Mr. KEEBLE. Yes, sir.
Senator CONNALLY. How long have you known him?
Mr. KEEBLE. About 15 years.
Senator McKELLAR. In your judgment, would he make a good Federal judge?
Mr. KEEBLE. I think he would. I think he is a splendid lawyer, has a splendid character, and possesses the judicial temperament to make a good judge.
Senator McKELLAR. I want to ask you a question or two on my own hook. I am always interested in history and biography. You are a great grandson of John Bell, of Tennessee, are you not?
Mr. KEEBLE. Yes, sir. He was my father's grandfather.
Senator McKELLAR. And your father's name is John Bell Keeble?
Mr. KEEBLE. Yes, sir.
Senator McKELLAR. And you have a brother bearing the same name?
Mr. KEEBLE. Yes, sir.
Senator McKELLAR. I am asking that question for two reasons, Mr. Chairman.
Senator CONNALLY. One of which is to show your knowledge of Tennessee history. [Laughter.]
(Discussion off the record.)
Senator McKELLAR. Do you think Mr. Davies would make an excellent Federal district judge?
Mr. KEEBLE. I do.
Senator McKELLAR. Thank you very much.

STATEMENT OF B. B. GULLETT, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is B. B. Gullett?
Mr. GULLETT. Yes, sir.
Senator McKELLAR. You live in Nashville?
Mr. GULLETT. Yes, sir.
Senator McKELLAR. What is your occupation?
Mr. GULLETT. I am an attorney and clerk of the State senate.
Senator McKELLAR. Were you clerk of the State senate when Mr. Davies was a member?
Mr. GULLET. I was assistant clerk in 1935, when Mr. Davies was in the senate.
Senator McKELLAR. Do you know him very well?
Mr. GULLETT. Very well.
Senator McKELLAR. Do you think, from your knowledge of him, that he would make a good Federal judge?
Mr. GULLETT. I think that he would make a fine Federal judge.
Senator McKELLAR. Something has been said about his record against the T. V. A. bills when he was in the Senate. Do you know anything about that?
Mr. GULLETT. I prepared the Journal the gentleman quoted from here this morning, and I know that he very actively sup-

ported the bills that were the T. V. A. bills. He opposed some of the State planning bills, but I know he supported and was very active in behalf of the T. V. A. bills. These other bills were at the special session, by which they were to get the $100,000,000 that has been discussed, and he very actively supported them.

Senator McKELLAR. Has he ever been against organized labor?

Mr. GULLETT. I never heard of it.

Senator McKELLAR. Was he ever against Catholics or Jews?

Mr. GULLETT. He is one of the fairest and most impartial men I ever knew, and has never indicated any bias toward anyone.

Senator McKELLAR. And you think that he would make an excellent judge?

Mr. GULLETT. I certainly do. When the report came out, I felt that his appointment was fine and would be 99.44-percent satisfactory, and I still feel the same way about it.

Senator McKELLAR. Thank you, Mr. Gullett.

STATEMENT OF JOHN S. GLENN, ESQ., MADISON, TENN.

Senator McKELLAR. Your name is John S. Glenn?

Mr. GLENN. Yes, sir.

Senator McKELLAR. Where do you live?

Mr. GLENN. At Madison, 7 miles from Nashville.

Senator McKELLAR. How did you happen to come up here?

Mr. GLENN. On my own account.

Senator McKELLAR. You were not asked to come?

Mr. GLENN. No, sir.

Senator McKELLAR. Why did you come?

Mr. GLENN. I read about some opposition against Mr. Davies, whom I have known for several years.

Senator McKELLAR. What do you know about him?

Mr. GLENN. I have had occasion to be connected and associated with Mr. Davies in several matters, and knew his appointment was up, and knew his character and family, and thought it my duty to come up here.

Senator McKELLAR. Do you think he would make an excellent judge?

Mr. GLENN. I do.

Senator McKELLAR. To what church do you belong? The reason I ask that is because some question has been raised in regard to Mr. Davies being a member of the Ku Klux Klan.

Mr. GLENN. In the name of Al Smith, I belong to the Irish Catholic Church. Some call it "Roman." I represent the Irish.

Senator McKELLAR. You were for Al Smith in 1928, as I was, and as Mr. Davies was?

Mr. GLENN. Yes, sir.

Senator McKELLAR. You take no stock in the rumor that he was a Klansman?

Mr. GLENN. I wrote you a letter in regard to that.

Senator McKELLAR. I will take the liberty of reading that letter into the record.

Senator CONNALLY. If it is agreeable to you.

Mr. GLENN. Yes, sir; I want it there.

Senator McKELLAR. This is dated April 20, 1939, addressed to Senator STEWART and myself, and reads as follows:

"DEAR SENATORS: Upon your recommendation of Mr. Elmer Davies for the Federal judgeship of the Middle District of Tennessee, I wired you as follows:

" 'Congratulations to you and Senator STEWART for your selection of Elmer Davies for United States district judge. Comment on the streets is that the selection gives entire satisfaction to one and all.'

"My attention is directed to a news article in which Mr. Noble, admittedly a member of the Klu Klux Klan and possibly a violator of his own oath to that organization, has filed an affidavit against Mr. Davies.

"As an Irishman and a Catholic I feel it is my duty to state that I have known Mr. Davies for many years. I met him under adverse circumstances. He was defending a Catholic (and his client stated to me his financial circumstances and further stated Mr. Davies defended him without compensation) while I was acting under court orders to show certain facts from records against his Catholic client, and for a period of more than 30 days straight running Mr. Davies fought like a tiger in defending his Catholic client and was successful in his undertaking, even though I am of the same opinion I was then that his client, who was a Catholic, was guilty.

"From that time on I admired Mr. Davies and became a very close personal friend of his, and have had the honor of being a guest on an extended trip by automobile with Mr. Davies, his wife and children through Louisiana.

"Many years ago Mr. Davies, knowing that I was a Catholic and knowing his client was a Catholic, stated to me in sum and substance that when he was a kid, I believe in Arcadia, La., they got him to join the Klan. Later he came to Vanderbilt University, and while a student there at Vanderbilt at Nashville, Tenn., he visited the Klan one time and he saw enough of it to satisfy himself, and, as he termed it, he was like many a good citizen whose name had been appended to the roster of the K. K. K., and when they found out about the organization they took out, or, in the famous language of Al Smith, 'They walked out or took a walk,' and never considered the organization enough to even tender a resignation.

"When Al Smith was a candidate for the Presidency, I think it is a matter of record that only one Congressman from the State of Tennessee, namely, our deceased personal friend, Joseph W. Byrns, made a speech for Al Smith, and Mr. Elmer Davies was one of the very few lawyers in Tennessee who made a speech for the candidacy of Al Smith. Mr. Elmer Davies was also very active in the election of Judge Gilbert, a Jewish citizen, to the criminal bench in Davidson County, Tenn. If he were a Klansman, as some would have you believe, how could he have stood up gallantly for 30 consecutive days without compensation and defended a Catholic client, and how could he have openly taken the stump for Al Smith, a Catholic candidate for the Presidency of the United States, and how could he have taken the stump and worked diligently to elect Judge Gilbert, a Jew, to the judgeship?

"Certainly those who are now filing affidavits against him showing his purported Klan activities knew of these matters years ago. It would be interesting if some of the lawyers of the Nashville Bar Association would advise you correctly if there were at any time any suits filed against these same people who are so anxious to attach their names to affidavits and what was the basis of such suits. I am sure it would be interesting reading matter.

"Personally, I hope that any insinuations or reflections on Mr. Davies' character will be entirely removed, and that his appointment will be made and confirmed immediately, which I am sure will meet with the entire satisfaction of all good citizens except those living in glass houses.

"Sincerely,

"JOHN S. GLENN."

STATEMENT OF H. R. YOUNG, ESQ., NASHVILLE, TENN.

Senator McKELLAR. Your name is H. R. Young?

Mr. YOUNG. Yes, sir.

Senator McKELLAR. You are a practicing lawyer at Nashville?

Mr. YOUNG. Yes, sir.

Senator McKELLAR. How long have you been practicing law there?

Mr. YOUNG. Six or seven years.

Senator McKELLAR. Do you know Mr. Davies?

Mr. YOUNG. Very well.

Senator McKELLAR. In your judgment, what kind of a United States district judge would he make?

Mr. YOUNG. I think he would make an excellent judge.

Senator McKELLAR. You think he has the judicial temperament and poise and ability?

Mr. YOUNG. I think he has all the qualifications necessary, and has the courage of his convictions.

Senator McKELLAR. Thank you very much.

STATEMENT OF SAM R. HOWELL, ESQ., JOHNSON CITY, TENN.

Senator McKELLAR. State your name to the committee.

Mr. HOWELL. Sam R. Howell.

Senator McKELLAR. Where do you live?

Mr. HOWELL. Johnson City, Tenn.

Senator McKELLAR. How long have you lived there?

Mr. HOWELL. All my life.

Senator McKELLAR. Have you ever served in the Tennessee Senate?

Mr. HOWELL. In 1935.

Senator McKELLAR. When Mr. Davies was a member?

Mr. HOWELL. Yes, sir.

Senator McKELLAR. Did you ever know Mr. Davies to be prejudiced against labor organizations?

Mr. HOWELL. I never did, but quite the contrary. He is a very fair man, free from antagonism of any kind. I remember that Senator Davies asked me to vote for the T. V. A. bills. I said, "I don't want to support all of these, because some are not T. V. A. bills."

Senator McKELLAR. You are referring now to the State planning bills?

Mr. HOWELL. Yes, sir.

Senator McKELLAR. In your judgment, what kind of a United States district judge would he make?

Mr. HOWELL. Excellent. He is an excellent gentleman, well informed. In my opinion, he would make a splendid judge.

Senator McKELLAR. You were not asked to come here, were you?

Mr. HOWELL. No, sir. I was not asked to come. I was in the city, and heard about this, and thought I would come up.

Senator McKELLAR. Thank you very much.

Mr. Chairman, every Member of the House of Representatives from the State of Tennessee, except Representative McReynolds, who is ill, is here, irrespective of politics, in order to testify in approval of this nomination. I want to name those gentlemen: Hon. Walter Chandler, Hon. Herron Pearson, Hon. Jere Cooper, Hon. Clarence W. Turner, Hon. Joseph W. Byrnes, Jr., Hon. Albert Gore, Hon. J. Will Taylor, Hon. B. Carroll Reece. They are all here except Representative McReynolds, who could not come, on account of illness. They are all here and ready to testify, if desired.

Now, Mr. Chairman, I want to read to you a few of the telegrams and letters which have been received. The first is from the Governor of the State of Tennessee, dated at Nashville, July 5, 1939, addressed to me, reading as follows:

NASHVILLE, TENN., *July 5, 1939.*

Hon. KENNETH MCKELLAR,

United States Senator, Washington, D. C.:

Will appreciate your doing all in your power to secure confirmation of Elmer Davies' appointment as United States district judge tomorrow.

PRENTICE COOPER.

The next one is from two justices of the Tennessee Court of Appeals, of which court Judge Phelps is a member. This telegram

is dated at Nashville, July 5, 1939, addressed to me, and reads as follows:

"We desire to commend Elmer Davies as well qualified for district judge in character, legal ability, and temperament, and you may use this endorsement wherever you may desire.

"W. W. FAW,
"ARTHUR CROWNOVER,
"Tennessee Court of Appeals."

The next one is from Hugh C. Anderson, an associate judge of the Tennessee Court of Appeals, dated at Jackson, Tenn., July 6, 1939, addressed to Senator STEWART and myself, and reads as follows:

"I heartily endorse the appointment of Hon. Elmer Davies as United States district judge and urge his confirmation.

"HUGH C. ANDERSON,
"Associate Judge, Court of Appeals of Tennessee."

We have five members of the supreme court of our State. Here is a letter from three of them, including the chief justice. It is dated at Nashville, July 3, 1939, addressed to the Senate Judiciary Committee, and reads as follows:

"This is to say that we have known Mr. Elmer Davies of the Nashville bar for a number of years and cordially testify as to his high character and fine professional ability. He has ably represented his clients in the cases in which he has appeared in our court. He is a gentleman of poise and fine manner and we are satisfied he would adorn the Federal bench."

This is signed by Hon. Grafton Green, chief justice of the Supreme Court of Tennessee; Hon. Colin P. McKinney, associate justice of the Supreme Court of Tennessee; and Hon. William L. Cook, associate justice of the Supreme Court of the State of Tennessee.

Then we have two additional telegrams from the other members of the court. The first one is from Hon. Alexander W. Chambliss, dated at Chattanooga, July 6, 1939, addressed to me, as follows:

"I join my court associates in endorsing heartily Hon. Elmer Davies.

"ALEXANDER W. CHAMBLISS."

And here is another from Hon. D. W. Dehaven, an associate justice of the Supreme Court of Tennessee, dated at Memphis, July 5, 1939, addressed to me, as follows:

"Heartily endorse Elmer Davies for United States judge middle Tennessee."

Protests were received including the resolution that was inserted in the record by Messrs. Denham and Seigenthaler, who appeared at the hearing, and from the following men and women: D. O. Skaggs, Memphis; Thomas J. Leech, Memphis; James Johnson, Nashville; M. L. Halmontaller, Nashville; Miss Griselda Kuhlman, Nashville; C. Vernon Hines, Nashville; Curry Drake, Nashville; John Garner, Nashville; J. E. Moyers, Nashville; Carl V. Vester, Nashville; Leonard P. Skeggs, Nashville; T. R. Cuthbert, Chattanooga; F. T. Carter, Chattanooga; G. F. Barnett, Nashville; W. L. Maraman, Nashville; and R. M. Walker, Nashville.

To all of these protestants I sent a copy of a letter similar to the letter to W. L. Maraman, which is as follows:

MAY 20, 1939.

Mr. W. L. MARAMAN,
Legislative representative, Brotherhood of Locomotive Firemen and Engineers, Nashville, Tenn.

MY DEAR MR. MARAMAN: Your letter of May 16 has been received. It requires a frank answer.

Senator STEWART and I had many applicants who desired our recommendation for the vacant middle Tennessee judgeship. We considered them all, and after the most careful examination we asked the Department, in accordance with the usual custom, to investigate several applicants whom we were thinking of recommending.

The applicant whom you recommend and my friend was one of these, and both Senator STEWART and I had the very definite idea in our minds that if the Department reports, after investigation, were favorable to him that we would recommend him. However, when the reports came in, the Department advised us that it would not consider him whether we recommended him or not.

We followed the usual course in such cases. Judges are always investigated by the Department before the names of the applicants are cleared and sent in to the President. The Department refusing to clear the application of the ge[illegible]emen you recommended, it became necessary for us to recommend someone else. After again very carefully considering the matter, we had the Department investigate Mr. Elmer Davies and some others. The Department investigators found Mr. Davies to be all right, and we recommended him to the Attorney General and to the President.

Mr. Davies was not an applicant for the place and did not know that he had been recommended until after Senator STEWART and I had recommended him.

I quote from your letter:

"May we remind you by repeating we are determined to keep a continued and jealous watch as to the type of the individual, his views and background, when he seeks office or aspires to the Federal bench."

In turn, I wish to remind you that you cannot be more watchful or more jealous in the interest of the Government and the people in the matter of appointments to the Federal judiciary than I am.

I supported very heartily the President's proposal to reform the judiciary. I have supported the President very heartily in practically all of his proposals. In recommending Mr. Davies, I did not act in any way in conflict with a previous position concerning the President's proposal to reform the judiciary. I believed at the time we recommended Mr. Davies, and still believe, that his appointment would conform in every way to the President's views concerning Federal judicial appointments, and that Mr. Davies' appointment would be timely and proper and in every way satisfactory to all fair-minded and honest men. The charges against him have been investigated and have not been found true.

Incidentally, at this point, I wish to say that the investigators reported, after making an examination of Mr. Davies, that he was in every way worthy and satisfactory to the Department, and the Department so assured us.

Mr. Davies is not opposed to the principles you lay claim to, or to the principles which I lay claim to. You will find that he will be an honest, upright, straightforward, and liberal-minded judge if he is appointed and confirmed, and I believe he will be. He has all the elements which make a good judge, and I believe he should be appointed and confirmed. I cannot imagine why you or your organization should be opposed to Mr. Davies, unless somebody has misled you as to his character and views.

You say that Mr. Davies has declared himself against President Roosevelt. I cannot but wonder where you got your information. As you know, I am a devoted friend of President Roosevelt's, was one of his first openly announced supporters, my announcement having been made at a great gathering of Democrats in east Tennessee on September 28, 1931. Very few in our State were outspoken for him then. I am still his devoted friend. I was present at our Democratic headquarters in Nashville a great deal of the time in 1932 and 1936. Mr. Davies made speeches for Mr. Roosevelt in both campaigns. He was around the headquarters almost daily when he was not out speaking and was tremendously enthusiastic. There were the two occasions when support was effective, and Mr. Davies was present and active then. I do not speak from hearsay, but from what I saw and heard myself. For this additional reason, I am quite sure you gentlemen from the Brotherhood of Locomotive Firemen and Enginemen, for whom I have the highest respect and esteem, are misled as to Mr. Davies.

Of course, you know that I have uniformly stood with labor during my public life. I have done so because I honestly and conscientiously believe in the organization of labor for the purpose of protecting its rights. I am still of the same mind. If I had any idea that Mr. Davies was opposed to labor as an organization, you ought to know from my past record that I would not be for him. I am absolutely sure that you have been misinformed as to Mr. Davies' real attitude on matters of this kind.

You speak of having aided in defeating the Browning regime, and you did. My interest in defeating the Browning regime, among other things, was to aid the cause of labor, which I believe he violently opposed. In defeating Mr. Browning, I believe you were acting in your own best interest. Indeed, I know you were. It never occurred to me that it was a trading proposition of any kind, nature, or description. I certainly gave you and your organization credit for being conscientiously and honestly opposed to the policies and actions of Mr. Browning, just as I was.

Regretting that you and your organization have seen fit to take the attitude that you have, I am,

Very sincerely, your friend,

_____.

Mr. Chairman, I wish also to read into the record a letter I wrote to Mr. R. M. Walker, of Nashville, which is as follows:

JULY 5, 1939.

Mr. R. M. WALKER,
Mission Ridge Lodge No. 444, Brotherhood of Locomotive Firemen and Enginemen, Nashville, Tenn.

DEAR MR. WALKER: I have received the resolution adopted by your national organization.

I doubt if you could find the record of any Senator who has more regularly and actively supported organized labor than I have. I have done it because I have felt that labor was not being treated fairly, and I honestly believe all American citizens should be treated fairly. I have a natural sympathy that way and it has shown in practically all the votes I have cast on the subject of labor. I would not recommend a man for appointment as judge who I thought would be unfair to labor. I am absolutely certain that Mr. Davies has not been unfair to labor and is not now. I am not criticizing those who take a different view because I believe you are honestly misled concerning Mr. Davies. I have known him a long time, and I believe he has the same views I have and that every fair-minded man has toward labor. I believe he will make a splendid judge. There are a great many laboring people who feel just as I do about this.

The record shows that Mr. Davies voted for all true T. V. A. bills, but he did vote against bills brought forward by the State planning commission. One of these, I am informed, was abandoned by the planning commission itself. I am informed also that when the T. V. A. wanted legislation passed the planning commission seemed to think that was a good time to get their special legislation through. I understand that all but one of the planning-commission bills passed but few of them have been actually used.

A careful investigation of Mr. Davies' record has been made by the Department of Justice; a careful investigation was made by me before I recommended him, and I had a special investigation made as to his views on labor before I recommended him. You can, therefore, see that I did not act carelessly or thoughtlessly.

Of course, Mr. Davies was not responsible for the strangling of the child-labor amendment. I am sure you cannot believe that because you were in Nashville and know it was voted on first in the house, where it was defeated. It was not even introduced in the senate. In the next place, you also know that Governor Browning came out very vigorously against it. He had at that time much power with the legislature and it was almost entirely his influence which defeated the measure in the house.

As you know, the child-labor amendment has been my hobby since I first came to the House of Representatives in 1911. I voted for it every time it came up, and it came up many times. President Taft vetoed it, as I recall, and I voted to pass it over his veto but we did not have enough votes. I voted for it again when Mr. Wilson was President—it was passed, and President Wilson vetoed it. Although I am a strong Democrat, as you know, I voted to pass the bill over President Wilson's veto. In season and out of season I have been for this legislation, and it was the source of the greatest disappointment to me that the legislature did not ratify the bill. I hope it will yet do so.

You speak of Mr. Davies having denounced Mr. Roosevelt. Mr. Davies says he never did such a thing in his life. In addition, to this, to my certain knowledge, Mr. Davies supported Mr. Roosevelt vigorously and actively, both in 1932 and 1936. He was at our headquarters in Nashville almost every day, except when he was out speaking for the ticket.

Your statement about Mr. Davies being a lobbyist is wholly incorrect. You have not gone into the matter carefully. As a matter of fact, some public-service corporations offered him a very substantial fee to aid them in some measures they had before the legislature, and he turned the offer down. He declined to represent them. I am afraid someone having a selfish interest in the matter has misled some of you gentlemen in the labor organization, and I say this in friendship and not in criticism.

I am quite sure Mr. Davies will be confirmed by the Senate, that he will make a splendid judge, and will be entirely fair to labor. I write as the friend of labor and my record in both the House and the Senate shows my uniform friendship for labor.

Very sincerely yours,

Mr. Chairman, you will no doubt remember a letter I read into the record a while ago from R. H. Brazzell to Mr. Hugh Bonham, setting out a number of senate bills and stating Mr. Davies' attitude on them. This is a letter from Mr. Bonham, addressed to me under date of June 15, 1939, stating how that letter came to be written, and elaborating somewhat upon the testimony he has given before the committee:

NASHVILLE, TENN., *June 15, 1939.*

Hon. K. D. MCKELLAR,
United States Senator, Washington, D. C.

MY DEAR SENATOR: As you know, I was for many years a locomotive engineer and was employed as such by numerous railroads. I later quit running engines and accepted employment in another line of work, in which I received an accidental injury that has incapacitated me from any active work.

During the years that I was a locomotive engineer I was a member of the Brotherhood of Locomotive Engineers and am still a member of that organization. I have always been interested in labor matters and always will be.

I have known Elmer Davies since he began the practice of law at Nashville; that is, throughout his professional life. When you and Senator STEWART united in recommending him for the Federal district judgeship for middle Tennessee I was very much gratified, and I promptly so advised you. I have never known of any suggested appointment to any Federal office that has been more universally acclaimed as a fine appointment by our citizens of all classes, and I was mighty glad to learn that hundreds of lawyers and citizens throughout the middle district of Tennessee had written to both you and Senator STEWART warmly commending your recommendation of Mr. Davies for the vacant district judgeship.

I was surprised and felt outraged when I learned that there were a few persons whose selfish interests I had no trouble in understanding were protesting Mr. Davies' appointment and were even charging when he served in our State senate in the 1935 and 1937 legislatures that he had not been friendly to labor, and were even charging that he had been opposed to T. V. A. and the humane and enlightened policies of President Roosevelt. Of course, you and Senator STEWART know, as I know, that there is no higher type man or Democrat in Tennessee than Mr. Davies, nor anyone who has been any more a warm or consistent supporter of President Roosevelt in the past.

I read in one of our local Nashville newspapers that the charge was being made that Mr. Davies, as a State senator in the 1935 legislature, had been opposed to labor legislation; and knowing that Mr. R. H. Brazzell at that time held a position as clerk in the Labor Department of Tennessee, and also knowing that he was the active legislative representative, at that time, of the Order of Railroad Telegraphers, I sought a talk with Mr. Brazzell, and found out from him that Senator Davies, as a member of that State senate, had supported and voted for the program of organized labor, as I felt sure would be the case. After my talk with Mr. Brazzell I requested that he write me a letter, over his signature, telling me these facts, so as to "nail" the false charge that had been made against Mr. Davies. Mr. Brazzell complied with my request, and I am herewith enclosing you the original letter that he wrote me under date of June 9:

"From the beginning I have been a warm supporter and admirer of President Roosevelt, just as you have been; and I am proud of the honor that I have a personal acquaintance with President Roosevelt, and have visited with him at both Warm Springs and at the White House; and, of course, I was familiar with the fact that you have always felt the same way about the President and were among the first, if not the first, public man in Tennessee who spoke out and advocated his election as President for his first term, and all Democrats in Tennessee know that this is your history; and the fact that you and Senator Stewart would agree on recommending Mr. Davies for this judicial appointment is sufficient, I think, in itself to answer all the false charges that have been made against that fine man."

With my very best wishes, I am,

Sincerely your friend,

HUGH BONHAM.

Senator MCKELLAR. I will not read all of these telegrams and letters. I do not think it is necessary; but I want to put them in the record. There are telegrams and letters from nearly all the lawyers in the various districts in middle Tennessee; not all but most of them. Some of them are from the opposition. I want to be fair to them, and ask that their letters and telegrams be placed in the record.

Senator CONNALLY. They will be admitted to the record.

(The various telegrams and letters referred to by Senator MCKELLAR are here printed in full, as follows:)

NASHVILLE, TENN., *July 6, 1939.*

Senator K. D. MCKELLAR,
United States Senate, Washington, D. C.:

We unqualifiedly endorse Hon. Elmer Davies for Federal judge for vacancy in Tennessee. No question as to his character and ability.

JAMES B. NEWMAN.
E. F. LANGFORD.
RICHARD P. DEWS.
LITTON HICKMAN.
GEORGE H. ARMISTEAD, Jr.

CLARKSVILLE, TENN., *July 6, 1939.*

Hon. K. D. MCKELLAR,
United States Senate, Washington, D. C.:

Urge you to recommend Hon. Elmer Davies, of Nashville, for Federal judge for the middle district of Tennessee. He is a man of integrity, fairly qualified, his character unquestionable. The people throughout my entire section of the State want him.

N. A. LINK.

LEWISBURG, TENN., *July 6, 1939.*

Senators K. D. MCKELLAR AND TOM STEWART,
Washington, D. C.:

Heartily, unequivocally, without any reservations, endorse Elmer D. Davies for judgeship. Anyone desiring a man of superior judicial ability will not be disappointed in him. He is a man of fine family, high moral character. He will be found worthy of our Chief Executive's confidence. Respectfully urge your every effort in obtaining confirmation.

S. E. WASSON.

ASHLAND CITY, TENN., *July 6, 1939.*

Hon. K. D. MCKELLAR AND TOM STEWART,
Senators, Washington, D. C.:

We strongly approve appointment of Elmer Davies as Federal judge for the middle district of Tennessee. He has excellent character and standing among the lawyers of the Nashville bar for ability and integrity. His character as a citizen is good in all respects.

S. A. MARABLE.
P. H. DUKE.
L. J. PARDUE.

CHARLOTTEVILLE, TENN., *July 5, 1939.*

Senator K. D. MCKELLAR,
United States Senate, Washington, D. C.:

We and all the Dickson County bar urge immediate confirmation of appointment of Elmer Davies, Federal judge. He is of high character and outstanding ability. His integrity and judicial ability cannot be questioned without prejudicial motives.

W. M. LEECH,
RAY STUART,
CLARK LEECH,
J. B. WHITE,
E. A. BROWN,
ROBERT S. CLEMENT,
EDWARD SUGG,
Attorneys.

FAYETTEVILLE, TENN., *July 5, 1939.*

Senator K. D. MCKELLAR,
Washington, D. C.:

We heartily approve Mr. Elmer Davies for appointment to the Federal judiciary. We think he is eminently qualified to fill the position in every respect.

W. B. Lamb, Jr.; B. E. Holman; Lawson H. Myers; E. A. Simms, county judge; W. T. McCown, Jr.; Robert W. Stevens; E. C. Templeton; J. B. Parks; H. T. Holman; J. W. Hollman; Robert Fulton, clerk; and Master Ira Stemens.

COOKEVILLE, TENN., *July 6, 1939.*

Senator K. D. MCKELLAR,
Washington, D. C.:

We the undersigned members of the Cookeville bar heartily endorse Hon. Elmer Davies both as to character and ability.

Worth Bryant, John D. Holladay, L. M. Bullington, H. H. Clark, Keith Bohannon, A. B. McKay, J. O. Paris, W. P. Flatt, E. H. Boyd, Hardin Boyd, and W. L. Swallows.

MCMINNVILLE, TENN., *July 5, 1939.*

Senator K. D. MCKELLAR:

McMinnville bar requests immediate appointment of Davies, whom we know to be able and of excellent character.

C. E. HASTON.
R. W. SMARTT.
ROBERT S. BRADY.

ERIN, TENN., *July 5, 1939.*

Senators K. D. MCKELLAR AND TOM STEWART:

We hereby endorse Hon. Elmer D. Davies for district Federal judge because he is an able lawyer and of good moral character and well fitted for the position.

SPENCER & SPENCER.
J. M. SPENCER.

SHELBYVILLE, TENN.

Senator KENNETH D. MCKELLAR,
Washington, D. C.:

Urgently solicit your efforts toward confirmation of Davies' nomination for district judge. Ability and character eminently qualify him.

BEN KINGREE, Jr.
W. P. COOPER, Sr.

MURFREESBORO, TENN.

Hon. K. D. MCKELLAR,
United States Senator, Washington, D. C.:

Murfreesboro bar believing in integrity and ability of Judge Davies in special session adopted resolution unanimously urging his confirmation. Please so advise Senator STEWART.

JAMES D. RICHARDSON.

CLARKSVILLE, TENN.

Senator KENNETH MCKELLAR,
Washington, D. C.:

Elmer Davies is outstandingly qualified for district court judge. He is intelligent, honest, well-trained, and patriotic.

ROBERT L. MCREYNOLDS.

CHARLOTTE, TENN., *July 6, 1939.*

Senator K. D. MCKELLAR,
United States Senator, Washington, D. C.:

We and all the Dickson County bar urge immediate confirmation of appointment of Elmer Davies Federal judge. He is of high character and outstanding ability. His integrity and judicial ability cannot be questioned without prejudicial motives.

W. M. LEACH.
RAY STUART.

MEMPHIS, TENN., *July 5, 1939.*

Hon. K. D. MCKELLAR,
Senator from Tennessee,
United States Senate Office Building:

I recommend and urge the confirmation of the Honorable Elmer Davies, of Davidson County, Tenn., as United States district judge from the middle division of Tennessee. His extensive experience and his ability and unquestioned integrity more than qualify him for the above position for which he has been recommended. I respectfully request that you use all your efforts to obtain his approval and confirmation.

JNO. T. SHEA.

MEMPHIS, TENN., *July 5, 1939.*

Hon. K. D. MCKELLAR,
United States Senate Office Building:

I was a member of the State senate with Hon. Elmer Davies. I found him to be capable, honest, intelligent, and a hard worker. He was not unfair to labor or any other group. I hope the Senate will vote to confirm him as judge for the middle district.

Regards,

MARION S. BOYD.

MEMPHIS, TENN., *July 5, 1939.*

Hon. K. D. MCKELLAR,
Senate Office Building:

Elmer Davies is an able lawyer and honorable gentlemen and will make a splendid Federal judge. There can be no legitimate objection to his confirmation. As city attorney of Memphis I know he has been friendly to important labor legislation. John Shea, president of Tennessee Bar Association, and Marion Boyd, president Memphis and Shelby County Bar Association, wiring you today advocating confirmation. He should be confirmed.

WILLIAM GERBER, *City Attorney.*

SPRINGFIELD, TENN., *July 5, 1939.*

Senator KENNETH MCKELLAR,
Senate Office Building:

Davies eminently qualified for Federal judge; has fine judicial temperament, excellent legal ability, and character unquestionable.

JOHN D. SPROUSE.

SPARTA, TENN., *July 5, 1939.*

Senator K. D. MCKELLAR,
Senate Office Building:

We sincerely vouch for the character and ability of Elmer Davies, and consider him eminently qualified for Federal judgeship.

MALCOLM HILL.
J. W. CAMP.

MEMPHIS, TENN., *July 5, 1939.*

Hon. K. D. MCKELLAR,
Senate Office Building:

Served in 1935 and 1937 State senate with Elmer Davies, and know him to be qualified from every standpoint for appointment as Federal judge. He is honest, loyal, and an outstanding lawyer. During my association with him in the senate found him to be favorable to labor legislation. He assisted me in the passage of many labor bills. As speaker of the senate in 1939 I know that Davies unofficially assisted on labor legislation. He should be confirmed without question.

BLAN MAXWELL.

COLUMBIA, TENN.

Senator K. D. MCKELLAR,
Senate Office Building, Washington, D. C.:

We, the undersigned members of the Columbia bar, strongly endorse Hon. Elmer Davies for the appointment of United States district judge for the middle division of Tennessee. This endorsement is based upon his outstanding ability and qualifications and integrity. If necessary a delegation from this bar will gladly appear before the Senate committee and testify in behalf of Mr. Davies.

Hugh T. Shelton, R. S. Hopkins, C. D. Hopkins, L. Z. Turpin, Pride Tomlinson, R. L. Harris, Jr., J. Shelby Coffey, Sr., J. Shelby Coffey, Jr., J. M. Ingram, R. D. Greenlaw, Horace Frierson, Jr., Thomas H. Peebles, Sr., Thomas H. Peebles, Jr., David E. Trice, J. C. Jackson, Harry T. Cook, T. B. Forgey, Sam Holding, M. E. Queener, C. A. Kennedy, W. M. Hart, J. C. Voorhies, Hugh Lee Webster, Norfleet Figuers, Sherrill Figuers.

COLUMBIA, TENN., *July 6, 1939.*

Hon. K. D. MCKELLAR,
United States Senator,
Senate Office Building, Washington, D. C.:

We, the undersigned attorneys, city officials, county officials, and citizens of Columbia, hereby wholeheartedly endorse the confirmation of Mr. Elmer Davies for Federal district judge, and urge your splendid efforts in his behalf. We consider Mr. Davies a man of the highest integrity and ability and he will be a distinct credit to the Federal judiciary.

Joe M. Dedman, Sherell Figuers, O. B. Nicks, Norfleet Figuers, Jr., W. J. Harbison, John C. Fleming, Jr., Munford Smith, Jr., J. D. Cathey, W. M. Fox, Franklin Fulton, Arthur P. Nexbit, Mora B. Farris, Walter Griffin, J. G. Lowman, W. J. White, J. T. Walker, Figuers Voss, M. S. King.

PULASKI, TENN., *July 5, 1939.*

Hon. KENNETH D. MCKELLAR,
Hon. TOM STEWART,
Senate Office Building, Washington, D. C.:

We earnestly recommend and heartily endorse Elmer Davies, of Nashville, for Federal judgeship of middle Tennessee. We know Mr. Davies to be an outstanding lawyer. He is of unquestionable character and is blessed with marked ability to fill this judgeship. Committee will satisfy people here by recommending Senate approval of his appointment.

J. L. JONES.
R. E. LEE.
LAVID RHEA.

COOKEVILLE, TENN., *April 5, 1939.*

Hon. K. D. MCKELLAR,
United States Senator,
Washington, D. C.:

We, the undersigned members of the Cookeville Bar Association, congratulate you on your recommendation of Hon. Elmer Davies as Federal district judge for middle district of Tennessee. We feel that his appointment will be a credit to you and that he will acquit himself with credit and distinction to the judiciary of the Nation.

John D. Holladay, H. H. Clark, W. P. Flatt, John E. Bryan, Keith Bohanon, W. L. Swallows, L. M. Bullington, Worth Bryant.

Hon. K. D. MCKELLAR, COOKEVILLE, TENN., *April 3, 1939.*
Hon. TOM STEWART,
United States Senators,
Washington, D. C.:

Congratulations on your recommendation of the Honorable Elmer Davies for appointment as Federal judge for the middle district of

Tennessee. We, the undersigned citizens of Putnam County, feel that you have acted wisely and that Mr. Davies will acquit himself with honor and distinction to the judiciary of this Government.

Robert L. Bilbrey, representative; H. M. Judd, manager; Tom Bilbrey, John Pointer, Keith Bohanon, W. L. Murphy, Zeb Warren, J. H. Milligan, G. H. Lowe, John A. Moore, Sam E. Burton, Ernest Webster, W. V. Stamps, W. M. Warren, W. L. Bilbrey, Marsh Byers, F. M. Byers, W. T. Ray, J. H. Carlen, John W. Gill, V. D. Nunally, J. L. McDowell, W. D. McDowell, Homer C. Reeves, Mrs. Ann McDowell, Rex Vaughn, J. W. Moore, Callie Y. Jarcd, W. M. Bush, J. H. Roberson, W. C. Wade, Algood Moore, Sam McCulley, D. W. Cornwell, J. Don Nevill, C. M. Stone, W. E. Leftwick, Worth Bryant, Ernest Huddleston, L. E. Chaffin, J. H. Robinson, L. H. Clark, Will T. Sewell, W. A. Jared, I. D. Brown, A. C. Jared, W. L. Swallows, attorney; Burch Swalls, J. R. Denny, J. H. Jared, J. M. McCormick, B. E. Stockton, Donald Ferrell, J. M. Lee, R. C. Little, J. C. Thompson, J. M. Lamb, D. A. Mitchell, Hop Bohanon, Johnnie Bohanon, Charlie B. Whitaker, H. D. Whitson, Bob Breeding, E. A. Fox, W. D. Johnson, R. G. Milbros, Jarvis Matheny, H. L. Proffitt, Herman Mott, H. L. Quarles, R. N. Bryant, J. R. Mitchell, J. R. Adams, A. L. Waldron, B. C. Williams, P. Matheny, judge; Ridley Gaw, Matt Shipley, Henry Cumby, Isaac West, Howard Adkins, Thurman Bilbrey, Floyd Murphy, F. D. Brown, Arnold Benson, Ford Williams, Norman Pointer, Gaskell Gragg, Perry Wilmoth, Howard Holloway, Brown Minor, J. Mitchell, L. A. Allen, J. H. Milligan, George West, Denny Williams, Milton L. Acuff, Herbert West, Wheeler Harp.

SENATE CHAMBER, STATE OF TENNESSEE,
Nashville, April 6, 1939.

Hon. K. D. MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Having heretofore wired you relative to my personal reaction concerning your recommendation of Elmer Davies for Federal judge, I now desire to advise you of the general reaction concerning this appointment. Since this announcement was made public I have seen in Nashville many of the political leaders throughout middle Tennessee, who have been here seeking jobs for their various friends, and I have not heard one single dissenting vote in this matter. I have seen prominent lawyers from practically every county seat in middle Tennessee, and they are unanimous in their praise of you for naming Mr. Davies to the judgeship. The average man's reaction to the appointment is that you have named an able lawyer, who has been thoroughly honest in his dealings, both public and private, and in addition that he is a "regular guy."

Truly I do not believe that there is a single individual in middle Tennessee who could have been named to this high position who would have brought more favorable reaction and caused more people to sing the praise of Senator MCKELLAR.

I was never so pleased about a political appointment in all of my life, and thousands of others feel the same as I about it. Again, may I congratulate you on this selection.

With kindest personal regards, I am,

Yours very truly,

B. B. GULLETT, *Chief Clerk.*

COLUMBIA, TENN., *April 5, 1939.*

Senators K. D. MCKELLAR and TOM STEWART,
Washington, D. C.

MY DEAR SENATORS: It has come to our attention that some protest has been filed by George Cate, a member of the Nashville bar, as to the appointment of Elmer Davies to the Federal bench for the middle district of Tennessee.

Although this bar had two applicants for this appointment and we were somewhat disappointed that neither were selected, we do wish to be put on record as now endorsing Mr. Davies and condemning the objections filed by Mr. Cate. Of course, I am not attempting to speak for the entire bar of Columbia, but I have discussed this with quite a few members of the bar, and I am expressing the sentiments of these with whom I have discussed the matter.

I have known Mr. Davies for a number of years and think he is of the highest type citizen, as well as lawyer, and I think I owe it to one of his type and standing to condemn an unwarranted protest filed against him.

Yours very truly,

HUGH T. SHELTON.

SPARTA, TENN., *April 6, 1939.*

Senator KENNETH MCKELLAR,
Washington, D. C.

DEAR SENATOR: Since you were not in position to recommend the appointment of Judge Pat Officer, you could not have pleased us better than the selection of Elmer Davies for the Federal judgeship. He is a "man after my own heart". I am personally very fond of Elmer. He is able, capable, and courageous, and I feel sure will measure up to the responsibilities of the office and that you will find no reason to regret your action.

With kindest personal regards, I am,

Sincerely your friend,

MALCOLM C. HILL.

THE NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY,
NASHVILLE, TENN., *April 5, 1939.*

Hon. K. D. MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR MCKELLAR: I have been out of the city and this is my first opportunity to write you, expressing my commendation of the designation by you and Senator STEWART of Judge Darr and Mr. Davies for Federal judgeships in Tennessee.

I know both of these gentlemen well and feel sure that you have done the public a service in recommending them.

Yours sincerely,

WM. H. SWIGGART.

CUMMINGS & MELTON,
WOODBURY, TENN., *April 5, 1939.*

Senator K. D. MCKELLAR,
Washington, D. C.

DEAR SENATOR: I wish to say to you that I am very much pleased and our people generally are satisfied with the recommendations which you and Senator STEWART have made for the filling of the two vacancies in Federal judgeships in Tennessee.

Senator Davies and I served together in the Tennessee General Assembly both in 1935 and 1937, and I have practiced in the court of Judge Darr. Both are lawyers of outstanding ability and men of the very finest type.

We of this county wanted Judge Officer to succeed Judge Gore, but appreciated the fact that you and Senator STEWART had many things to consider in the matter.

I see in the papers that some protest has been made against Senator Davies on account of his Tennessee legislative record relative to New Deal legislation. As you know, I was a Roosevelt man and voted for his nomination at Chicago. There is nothing in the record of Senator Davies even remotely justifying a challenge of his devotion to duty, integrity, or ability. His open fighting and ability made him a leader in his own right. Should these protests against his nomination and appointment be taken seriously I should welcome the opportunity to speak whereof I know in his behalf as a lawyer and as a man, and particularly as a legislator, recommending him for the duties and responsibilities of this high judicial office.

Yours very truly,

JAMES H. CUMMINGS.

FARMER, DENNEY & LEFTWICH,
Nashville, Tenn., April 5, 1939.

Senator K. D. MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR MCKELLAR: My friend, Mr. A. L. Dorsey, of Springfield has sent me a copy of a resolution unanimously adopted by the quarterly court of Robertson County on Monday, April 13, 1939, approving the recommendation of Elmer D. Davies for United States district judge for the middle district of Tennessee, and I am enclosing a copy of this resolution herewith.

With kindest regards, I am,

Yours very truly,

FYKE FARMER.

QUARTERLY COUNTY COURT,
Robertson County, Tenn., April 3, 1939.

Resolution regarding Hon. Elmer D. Davies

Be it Resolved by the County Court of Robertson County, Tenn., in quarterly session assembled at Springfield on the first Monday in April 1939, That we approve the selection of the Honorable Elmer D. Davies for the position of judge of the District Court of the United States for the Middle District of Tennessee, and most respectfully petition that he be appointed by the President and approved by the Senate.

Mr. Davies is an outstanding citizen and lawyer who has a wide range of experience in the affairs of the public, including his work as a legislator in the General Assembly of Tennessee, and his integrity is unimpeachable.

Passed:

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County Court Clerk.

Approved:

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Judge.

NASHVILLE, TENN., *April 1, 1939.*

Hon. K. D. MCKELLAR,
Washington, D. C.

MY DEAR SENATOR: It is with a great deal of pleasure I notice you have recommended Mr. Elmer Davies for appointment as Federal judge for the middle district of Tennessee. I think you are to be congratulated upon this selection, and I earnestly hope the appointment will be approved by the Senate.

Very sincerely yours,

C. F. STITH.

LEVINE & LEVINE, ATTORNEYS AT LAW,
Nashville, Tenn., April 1, 1939.

In re appointment of Elmer Davies.

Hon. K. D. MCKELLAR,
Senator from Tennessee, Washington, D. C.

MY DEAR SENATOR: I have read in the papers that a protest has been made against the confirmation of the Honorable Elmer Davies for the Federal judgeship in Nashville, and that the same has been presented to you.

Unsolicited by and unknown to Mr. Davies, I am writing this letter.

I did not support Mr. Davies in his candidacy (if such could be termed any activities prior to his recommendation). In fact, I affirmatively endorsed another applicant. On the other hand, the appointment of Mr. Davies reacted upon myself, and upon other members of the bar to whom I have spoken, as being a splendid choice, and I do not think any protest should be made, or could be made with any reason, in regard to his capacity, his ability, and his absolute fitness.

Elmer Davies is one of the finest gentlemen I have ever known and one of the most capable lawyers—he will grace the bench with dignity and poise. There is no reason for any objection from a judicial standpoint and I see no reason why this man should not be confirmed. I sincerely trust that he will not be embarrassed by any proceedings, however futile, attempting to keep him from assuming his position on the bench, where he is needed and where the bar of Nashville, regardless of whether they were for him or not for him, will be happy to have their affairs in this court presided over by such a capable gentleman.

Respectfully yours,

ALFRED T. LEVINE.

JACOBS H. DOYLE, ATTORNEY AT LAW,
306 Exchange Building, Nashville, Tenn., June 14, 1939.

Senator K. D. MCKELLAR,
United States Senate, Washington, D. C.

DEAR SIR: Enclosed you will find a copy of a letter that I have today written to the Honorable Frank Murphy, urging the appointment of Mr. Elmer Davies of the Nashville bar.

You and Senator STEWART could make no better appointment than that of Senator Elmer D. Davies. I certainly hope that you will be able to see that appointment through. Mr. Davies, when appointed and confirmed by the Senate, will never be a discredit and will stand out as a living example of the kind and caliber of men that you recommend to fill such important offices.

With every good wish, I remain,

Yours truly,

JACOBS H. DOYLE.

JUNE 14, 1939.

Hon. FRANK MURPHY,
Attorney General of the United States,
Washington, D. C.

SIR: The two distinguished Senators of Tennessee, MCKELLAR and STEWART, nominated Mr. Elmer D. Davies, of the Nashville bar, for Federal judge to fill the vacancy which now exists in the middle district of Tennessee as a result of the death of Judge John J. Gore.

I have heard a rumor to the effect that the hitch in Mr. Davies' appointment going through is that he is believed to be a member of the Ku Klux Klan. In order that you might know my stand on the Ku Klux Klan, may I inform you that I am a member of the Roman Catholic Church and attend the parish of the Cathedral of the Incarnation at Nashville, a member of the Altar Society of that parish, a member of the Knights of Columbus, Council No. 544 at Nashville, and a former officer of the Nashville Council. I have known Mr. Davies for many years and I know that he is anything but a member of the Ku Klux Klan. In 1928, when the Democrats had as their standard bearer Mr. Alfred Smith as President and when the anti-Catholics were very bitter against Alfred Smith, Mr. Davies stumped this territory for Mr. Smith and his speeches were on tolerance. He and I served on several committees of the local and State Democratic committee for the election of a Democratic President. He was also on the finance committee and he, personally, raised $1,200 for that campaign fund. Mr. Davies and I were delegates, along with others, to the State convention to select delegates to the national convention to choose a Democratic President. Mr. Davies, at that time, was a supporter of Mr. Alfred Smith. He tried to get the State convention to go on record as pledging its unanimous support to Mr. Smith. However, the convention pledged its delegation to support the Honorable Cordell Hull and, in the alternative, to support Mr. Smith which was the result of the efforts of Mr. Davies in the convention along with that of others.

I know these facts because I was a member of that convention. Mr. Davies and I also attended the conventions for the selection of Democratic nominees in 1932 and 1936 in which we supported the Honorable Franklin D. Roosevelt for President of the United States.

I have been informed that several persons, whose names have been referred to me, have been sending letters or affidavits to the effect that Mr. Davies is a member of the Ku Klux Klan and I know that these informants whose names I have are members of that order themselves, or at least that their beliefs lean in that direction and, if they regard Mr. Davies as a bad Ku Klux, in my opinion, that recommends him as a good citizen, because the Ku Klux doesn't want him.

I have been informed that, when Mr. Davies was going to high school in a rural district, a crowd of boys suggested joining the Ku Klux Klan and that he, like the rest of the boys, followed the leader and joined and attended several meetings, and dropped out. At about the same age, I joined the Knights of Columbus. I have retained my membership in the Knights of Columbus, but Mr. Davies repudiated his membership in the Ku Klux Klan after he had attended maybe a couple of meetings which indicates his disapproval of that order. The manner in which he has conducted himself since the time he began practicing law until now proves conclusively to me that he is anything but a Ku Klux.

Mr. Davies does not know that I am writing this letter, but I am writing to inform you of my opinion of Mr. Davies because I know he would make a good judge. He is a reputable citizen and he is anything but a Ku Klux and I would certainly hate to see that alleged obstacle stand in his way and have the appointment go to some other person who would be friendly to the Ku Klux Klan.

Respectfully,

JACOBS H. DOYLE.

WORKS PROGRESS ADMINISTRATION,
OFFICE OF THE STATE ADMINISTRATOR,
Nashville, Tenn., June 19, 1939.

Senator K. D. MCKELLAR,
Washington, D. C.

DEAR SENATOR MCKELLAR: I want to congratulate you on putting over Elmer Davies. It was a splendid selection and he will make a fine judge.

A most unjust fight was made upon him, and a fight that was cleverly managed, but I felt confident all along that the administration would have to go along with you in the matter.

Sincerely your friend,

HARRY S. BERRY,
State Administrator.

TENNESSEE TREASURY DEPARTMENT,
Nashville, June 19, 1939.

Hon. K. D. MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I want to offer my congratulations upon the wonderful and untiring work you have done in the fight for Hon. Elmer Davies here in Tennessee. I have watched you very closely from the day that you suggested his name, and I have said all along that we will have to stick to the guns and have him nominated regardless of time and cost.

This is a great victory for you and our party here in Tennessee. I feel now like we are more on our way to victory in 1940.

Again congratulating you, I am,

Your friend,

JOHN W. HARTON.

LOAN AGENCY
OF THE RECONSTRUCTION FINANCE CORPORATION,
Nashville, Tenn., June 20, 1939.

Hon. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR SENATOR: As one of your friends I am much gratified that the President has followed your recommendation and sent to the Senate the name of Hon. Elmer Davies for the position of United States district judge.

You are to be commended for your steadfast and persistent effort in this matter, and it reveals your loyal, energetic nature in every matter you undertake. I read your estimate of Mr. Davies, published in the Nashville paper, and I think it is quite appropriate. I have no doubt that Mr. Davies will fill the position with honor and credit, and that he will be known as a just judge, giving justice to all alike without regard to race, creed, religion, class, or group, and that he will interpret the Constitution in a spirit of true liberalism.

With kind regards, I am,

Sincerely your friend,

J. M. GARDENHIRE.

P. S.: I have not had any intimation as to what shake-up there may be under the reorganization bill. Presumably, Mr. Jesse Jones will be the head of the lending agency. Naturally, I am hoping that your friends will not be disturbed, and I am sure that you are on the watchtower.

J. M. G.

EWING AND EWING,
ATTORNEYS AT LAW,
Nashville, Tenn., June 20, 1939.

Hon. KENNETH D. MCKELLAR,
Washington, D. C.

DEAR SENATOR MCKELLAR: The announcement that the President had presented Elmer Davies' name to the Senate for confirmation as district judge has been the cause of much gratification to the lawyers and citizens of our section of the State.

Your firm attitude in this matter has resulted in much favorable commendation.

Yours very truly,

ALBERT G. EWING, III.

EWING AND EWING,
ATTORNEYS AT LAW,
Nashville, Tenn., June 21, 1939.

Senator KENNETH D. MCKELLAR,
Washington, D. C.

DEAR SENATOR: Personally I want to let you know that I appreciate the fine firmness, courage, and loyalty that you have displayed in the matter of sustaining your recommendation of Mr. Elmer Davies for judge of the Federal district court at Nashville. Your conduct was fine. Your courage was splendid and your manly, firm attitude under unpleasant circumstances has certainly deepened the appreciation of your friends in this section of the State.

With best regards, I beg to remain

Yours very truly,

A. G. EWING.

NASHVILLE, TENN., *June 29, 1939.*

Hon. EWING THOMASON,
Member of Congress, Washington, D. C.

DEAR MR. THOMASON: You will doubtless remember me as district manager of the Texas Co. at El Paso, Tex. when you ran for mayor of that city. Your law partners, Tom Lee and Gene Edwards, were very close personal friends of mine, and, as you doubtless remember, I heartily supported you in this race against Charlie Davis.

My object in writing you this letter is in the interest of my longtime personal friend, Elmer D. Davies, who has been nominated by Senators MCKELLAR and STEWART for Federal district judge of the middle district of Tennessee. I have known Mr. Davies many years. He is a straightforward, honest gentleman; is a lifelong Democrat, having supported Gov. Al Smith in 1928, and was very active in the campaigns for President Roosevelt in 1932 and 1936.

On June 7 the Tennessee Federation of Labor met here in Nashville and some of the members, through the instigation of former State Senator George H. Cate, introduced a resolution in the Tennessee Federation of Labor condemning Mr. Davies' record while he was a member of the Tennessee Senate with George H. Cate on his labor record. This resolution was turned over to the resolutions committee, and I personally appeared before the resolutions committee and, as a result of our discussion, the resolutions committee recommended to the federation meeting that this matter be turned over to the nonpartisan committee of the labor organizations, which included the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Brotherhood of Railway Trainmen, Order of Railway Telegraphers, and the Order of Railway Conductors. After the convention was over the nonpartisan committee of the Tennessee Federation of Labor had their meeting and did not call in a single one of the committeemen of the railroad brotherhoods, and the resolution which was sent to the Senate Judiciary Committee does not represent, by any manner of means, the labor vote in this State.

Former Senator George H. Cate served in the senate with Senator Davies in 1935 and was afterward commissioner of institutions in this State under former Governor Browning, who engineered a county-unit bill through the house and senate, which Senator Davies did not support and which former Senator Cate did support, with the result that in last year's election Governor Browning and his entire cabinet, including former Senator Cate, were repudiated at the polls and the county-unit bill was declared unconstitutional by the supreme court of this State. This is the first time in history that a Democratic Governor only served one 2-year term as Governor of this State. This whole controversy is being fostered by former Senator Cate against Mr. Davies through personal and political jealousy.

I myself raised the question in the resolutions committee as to whether the committee had the authority to endorse or condemn a candidate for any office without the approval of the entire nonpartisan committee, and I was backed up by the resolutions committee.

Mr. Cate has never been a friend of Senator MCKELLAR or of President Roosevelt, and is only speaking for a small faction, including a small minority of the labor group in this State that is trying to condemn Mr. Davies.

My object in writing you is that I would appreciate it very much if you will speak to Senator TOM CONNALLY, of Texas, and Senator SHEPPARD, if he is on the Judiciary Committee, regarding this matter, and I feel that I am not taking any liberty in writing you, as I first went to Long View, Tex., in August 1907 as a locomotive engineer on the Texas & Pacific Railroad, between Long View and Fort Worth and between Long View and Texarkana, and, while I have not railroaded since May 1, 1918, I am still a member in good standing of Division No. 473, Brotherhood of Locomotive Engineers, and I certainly do not like to see a good, honest, true Democrat crucified on a cross of lies.

I would indeed appreciate it very much if you will show this letter to Senators CONNALLY and SHEPPARD and explain to them that my purpose in writing is to see that an honest and true Democrat is not mistreated.

With my very kindest personal regards, I am,

Sincerely yours,

HUGH BONHAM,
1106 Gale Lane, Nashville, Tenn.

JUNE 20, 1939.

Senator K. D. MCKELLAR,
Washington, D. C.

DEAR SENATOR: I just want to tell you that, in my opinion, you have appointed one of the best men available for the local Federal judgeship when you appointed Elmer Davies.

I have known Elmer since 1922, and I know that he is intelligent, capable, and honest, and I want to congratulate you on your firmness in appointing a man that I consider really an excellent man.

Yours very truly,

DAVID L. MCQUIDDY.

P. S.—No reply to this letter is necessary.—D. L. M.

JUNE 8, 1939.

Hon. FRANK MURPHY,
United States Attorney General,
Washington, D. C.

MY DEAR SIR: As a member of the Roman Catholic Church, I am taking the liberty of voicing my protest of the recent attempt from certain sources to reflect upon the character of Mr. Elmer Davies, of this city, who is now being considered for the appointment of Federal judge in this district.

I might say that anyone that knows me knows that I am rather prominent in the affairs of my local church and that I am a Roman Catholic. Mr. Davies has been my personal friend for many years, and has favored me with all his personal business, and extended me other favors, and the question of my religious beliefs has never entered into our relations. I know Mr. Davies so well that I consider it a rank injustice that an attempt has been made to injure his chance of confirmation by charging that he was at any time a member of the Ku Klux Klan. Mr. Davies has very frankly, at my request, explained his connection with the Ku Klux Klan, and he is so straightforward and honest in his statements on this issue as he is on all matters that his explanation of his connection with this society as a youth would not be doubted by anyone with any sense of fairness. Those who brought these charges against him know the full facts yet were willing to stoop so low as to turn it into a political weapon against him.

One of the first comments that I had to make upon learning of the nomination of Mr. Davies for this judgeship was my expression of confidence in his ability and broad sense of justice. I fully agree with the leading members of the bar in this community that he is a man who will lend dignity to this office; and to one who is not a politician and who has no ax to grind, there can be no question in my mind as to his toleration and eminent fairness and justice to all that might come before him.

This letter is entirely voluntary upon my part, was not even suggested by Mr. Davies, and without his knowledge.

Very respectfully yours,

HAYES H. HARTNETT.

NASHVILLE, TENN., *June 13, 1939.*

Hon. FRANK MURPHY,
United States Attorney General,
Washington, D. C.

DEAR SIR: I am a member of the Davidson County Democratic Executive Committee and for a number of years served as secretary of this committee. I was secretary of the committee during the Al Smith campaign.

I do not know of anyone in Davidson County who was a more loyal supporter of Al Smith than Elmer D. Davies. He not only took the stump in favor of Al Smith but worked many days at the headquarters and did everything within his power to help elect Governor Smith to the Presidency.

In a county election involving a criminal judgeship that was a contest between Charles Gilbert, who is a Jew, and W. S. Noble, who was an active klansman, Elmer D. Davies actively supported Judge Gilbert and materially assisted in his election.

I know few men who are freer from religious or racial prejudice than Elmer D. Davies. In addition thereto, he is a man of character and ability and has a fine legal training and experience.

I know he actively supported President Roosevelt and actively participated in the campaign for his election and reelection. During the last campaign I was candidate for Presidential elector and his work for President Roosevelt came under my observation.

Very respectfully,

ELKIN GARFINKLE.

NASHVILLE, TENN., *May 17, 1939.*

Hon. K. D. MCKELLAR,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR: We notice the President has recommended Leslie Darr for the Federal bench in Tennessee. We think that in justice he should also have recommended Elmer Davies for the middle district of Tennessee.

There is no man who has been suggested thus far for this position who approximates its qualifications so nearly as the gentleman recommended by the Senators from Tennessee.

We trust that you will reexamine his qualifications and insist upon his appointment to this post. We make this recommendation in the public interest. We believe that there is no name backed by as much popular approval and public good will as the name of Elmer Davies.

Sincerely yours,

WHITWORTH STOKES,
JAMES C. R. MCCALL, Jr.

NASHVILLE, TENN., *May 17, 1939.*

Hon. FRANK MURPHY,
Attorney General,
Washington, D. C.

DEAR SIR: We notice there is some delay in the appointment of Elmer Davies to the bench for the middle district of Tennessee. It is difficult to understand this attitude because we know of no valid objection to Mr. Davies.

The recommendation of Mr. Davies for this position caused nearly universal approval in middle Tennessee among the people generally and members of the bar particularly. The situation in middle Tennessee demands the service of a judge as soon as possible. It also calls for a youthful judge because of the necessity of traveling.

No person has been mentioned for this position who is as well qualified for it as Mr. Davies. So, in the interest of Tennessee, we urge a speedy and favorable report by your Department to the President.

Sincerely yours,

JAMES C. R. MCCALL, JR.

THIRD NATIONAL BANK,
Nashville, Tenn., April 14, 1939.

Hon. K. D. MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR MCKELLAR: Several weeks ago I wrote you in the interest of Hon. Lee Douglas, who is an aspirant for appointment to the Federal judgeship of middle Tennessee district. Since then it has been announced through the papers, and has been considerably discussed locally, that you, together with Senator STEWART, had recommended Hon. Elmer D. Davies for the position of Federal judge, to succeed the late Judge Gore.

Following your and Senator STEWART'S decision to recommend Davies, there has been a handful of small people who are conducting somewhat of a whispering campaign against Mr. Davies, and I am writing this letter to urge upon you not to change your recommendation, but to stand firmly upon it, because I sincerely believe—as do many others in this section—that his appointment to the bench would give more general satisfaction among all factions than any appointment which has thus far been suggested.

You unquestionably know that Davies has been an ardent Democratic supporter throughout his residence in Tennessee. He is impartial, charitable, and tolerant, and possesses great ability. He also possesses poise and dignity, and I am confident that he would so conduct the affairs of the Federal court that great respect would be maintained therefor.

With kindest regards, I am

Very truly yours,

F. M. FARRIS.

APRIL 22, 1939.

Senator KENNETH MCKELLAR,
Washington, D. C.

DEAR SIR: There seems to be considerable discussion in our local papers relative to exceptions which have been made to your recommendation of Elmer Davies for United States district judge here.

I wanted to say to you that I have discussed this matter with quite a number of attorneys here, and am frank to say to you that a survey of the bar here will disclose that the bar generally is well pleased with your choice.

I have no personal interest in this matter; nor do I have any "crows to pick" nor "nest to feather."

Yours very truly,

ALFRED W. TAYLOR.

STATE OF TENNESSEE,
OFFICE OF THE ATTORNEY GENERAL,
July 1, 1939.

Senator TOM CONNALLY,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I desire to impart to you a statement made by Judge W. L. Cook, of the Supreme Court of Tennessee, several months ago, at the time Senator KENNETH D. MCKELLAR recommended the Honorable Elmer Davies for appointment as United States district judge for the middle district of Tennessee.

Judge Cook was in conversation with several gentlemen while attending court at Jackson, Tenn., and he stated, in substance, that he thought Senator MCKELLAR had made a very wise endorsement, and he considered Mr. Davies a splendid lawyer, thoroughly qualified, energetic, and a man of the very highest integrity.

Inasmuch as there has been a protest filed before your committee against Mr. Davies, I wanted to impart this statement of Judge Cook, who I consider one of the outstanding jurists in the United States. He has for many years occupied the place of associate justice of our supreme court. Before his appointment he was an outstanding circuit judge, and before that a successful practitioner at the bar of Tennessee.

I have only been connected with the attorney general's office of Tennessee for the past 3 months. Before that time I was an assistant United States attorney for the eastern district of Tennessee. I do not know Mr. Davies personally. I have met him and have a great many friends who are interested in his appointment to the Federal judiciary. Mr. Davies knows nothing of this letter and it is entirely unsolicited by any of his friends.

Very sincerely yours,

ERNEST F. SMITH.

JUNE 1939.

Hon. FRANK MURPHY,
Attorney General,
Washington, D. C.

SIR: I have known Hon. Elmer D. Davies, who has been suggested to the President by our two Senators for Federal judge of the middle district of Tennessee, for many years, and I consider him an able lawyer and a high-class gentleman. However, I am taking the liberty of writing you this letter because of one particular objection to his selection that I understood had been made by a few persons, viz, that he is narrow and illiberal in his religious views and is in sympathy with the Ku Klux Klan, etc.

I am a member of the Catholic Church; was grand knight of the Nashville Council of Knights of Columbus for 2 years, 1935 to 1937, was district deputy for the middle district of Tennessee for 1 year, 1938, and was quite active in the 1928 Presidential campaign, when the flames of religious prejudice were aroused in Tennessee and elsewhere, with great effect, as you know. The result was that many of those in this vicinity in political life or having political ambitions were either silent or in instances evidently quietly and unobtrusively opposed to Governor Smith because he was a Catholic. Mr. Davies was one of the few here who took the stump for Governor Smith, both in this and adjoining counties. He has always evidenced a liberal attitude and has given no indications of any prejudice against Catholics or others because of their religion. Indeed, I know that some Methodist preachers were so active in their opposition to Governor Smith in 1928, wholly or partially on account of his religion, that Mr. Davies, although a Methodist, was so outraged that for some time he refrained from attending his church.

He may or may not many years ago, when a youth in school or college, have joined the Ku Klux Klan, just as many young men join other organizations without thinking. But I am sure that since he became active as a lawyer in Nashville, which must have been some 18 years ago, at least, not only has there been no participation on his part in such activities and views, but quite the reverse.

Feeling that the few persons who have raised this objection to the selection of Mr. Davies as judge were, to say the least, misinformed, and feeling that I know the facts I thought in justice to Mr. Davies, the people of this district and Catholics in general I should write this letter. Indeed, I feel that I know the Catholics in Nashville as well as anyone else and can safely state that the great majority of them in this city who take any interest at all in such matters would be delighted in having Mr. Davies appointed and have the utmost confidence and faith in him. I further come in contact with the public generally in different ways and particularly in the practice of law and as an assistant State attorney general for the tenth judicial district, and what I have said above, I believe also meets the views, ideas, and feelings of the preponderant majority of the people here.

Respectfully yours,

H. FRANK TAYLOR.

JUNE 10, 1939.

Hon. FRANK MURPHY,
Attorney General,
Washington, D. C.

DEAR SIR: Under date of April 20, 1939, a letter was addressed to Senators MCKELLAR and STEWART relative to Mr. Elmer Davies for the Federal judgeship for the middle district of Tennessee, the letter being signed by John S. Glenn, of Nashville, Tenn., a copy of which is attached hereto. In this letter he refers to Mr. Elmer Davies defending a Catholic without compensation and that for a period of more than 30 days Mr. Davies fought like a tiger in defending his client without compensation and was successful in his undertaking.

I am the Catholic client referred to in that letter. I wish to state it was considerably more than 30 days that Mr. Davies defended me without compensation and at the time he was defending me he knew I was a Catholic, that Mr. Glenn, who was working under court instructions, was a Catholic, and was bitterly opposing me to almost persecution and if it had not been for the loyal and legal talent of Mr. Elmer Davies, who is a non-Catholic and who was defending me without compensation and was successful in his efforts, I may have found myself in a bad fix.

I read an article in the papers recently making mention of Mr. Elmer Davies being a member of the Ku Klux Klan. Whether he was at one time when he was a kid or a Vanderbilt student I am not advised, but I hardly think he would have stood up and defended me without compensation knowing I was a Catholic if he was a Klansman, as some would have you believe.

I agree with Mr. Glenn's letter with the exception of the statement on the first page in which Mr. Glenn states "even though he was of the same opinion that I (the Catholic client) was still guilty," I heartily endorse and hope and pray that the appointment of Mr. Elmer Davies will be made.

Further, I wish to state that I personally know Mr. Davies made speeches for Al Smith for President of the United States as I, a Catholic, went on many occasions with Mr. Davies while he was making speeches. Mr. Davies was one of the few lawyers in Nashville who made speeches for Al Smith, a Catholic.

This letter is being forwarded to you without the knowledge or consent of Mr. Davies.

Sincerely yours,

C. E. WEIS,
128 Eighth Avenue N., Nashville, Tenn.

Affidavit of B. B. Gullett

STATE OF TENNESSEE,
County of Davidson, ss:

Personally appeared before me, Rachel Ogilvie, a notary public in and for said State and county, duly commissioned and acting, B. B. Gullett, who makes oath as follows:

I have just read an item in the Nashville Tennessean, published on June 12, 1939, purporting to be a letter written by the nonpartisan committee of the Tennessee State Federation of Labor, protesting against the appointment of Elmer D. Davies to the United States district judgeship for the middle district of Tennessee, wherein it is stated that as a member of the State senate, Mr. Davies opposed ratification of the child-labor amendment, and as chairman of the senate rules committee was largely instrumental in preventing a vote on the amendment.

I am also advised that the resolution adopted by said nonpartisan committee, forwarded with said protest, also states that it was Mr. Davies, as chairman of the senate rules committee, who primarily was responsible for the strangling of the child-labor amendment without allowing it to come to a vote.

I held the office of assistant clerk of the senate of the Tennessee State Legislature in 1935, at which session Mr. Davies was chairman of the senate rules committee; he was not chairman of this senate committee in the Tennessee Legislature for 1937, although he was a member of that body.

I have made a personal search of the official journal of the State Senate for the years 1935 and 1937, and any statement to the effect that Mr. Davies as chairman of the senate rules committee was primarily responsible for the strangling of the child-labor amendment without allowing it to come to a vote, or that as chairman of said committee he was largely instrumental in preventing a vote on the amendment is absolutely false and without any foundation in fact.

In the 1935 session of the Tennessee Legislature, the resolution proposing ratification of the child-labor amendment originated in the house of representatives, as house joint resolution No. 10; the adoption of this resolution was defeated in the house of representatives on January 30, 1935, by a vote of 24 for adoption and 72 against adoption, and thereupon, on proper motion the resolution was rejected; the proceedings in this respect will be found on pages 274 and 275, official published house journal of 1935. The resolution having been defeated in the house was never transmitted to the senate and the senate journal for the year 1935 shows that said resolution was never introduced or voted on in the senate, and consequently was never referred to the rules committee of which Mr. Davies was chairman.

I have also made a search of the committee references on bills and resolutions and find that during the session of 1935, when Mr. Davies acted as chairman of the rules committee, there were no resolutions or bills referred to said committee.

In the session of 1937, the resolution proposing ratification of the child-labor amendment, originated in the house, as house joint resolution No. 21, and on May 7, 1937, a vote was taken on the adoption of the resolution with 34 votes for adoption, and 58 against adoption, and subsequently upon proper motion, the resolution was rejected by the same vote, and having been rejected by the house, was never transmitted to the senate.

Proceedings relative to the rejection of said resolution by the house may be found on pages 1160 and 1161 of the official published house journal for 1937.

I have also examined the senate journal for the year 1937, and I find that there was no resolution introduced in the Senate that year for the adoption of the child-labor amendment and none was ever voted on by the senate in 1937.

_____ _____.

Sworn to and subscribed before me this — day of June 1939.

_____ _____, *Notary Public.*

My commission expires —.

LIST OF BILLS PERTAINING TO COOPERATION ON THE PART OF THE STATE OF TENNESSEE WITH FEDERAL AGENCIES IN SUPPORT OF THE PRESIDENT'S PROGRAM COMING BEFORE THE TENNESSEE STATE SENATE AT THE FIRST EXTRAORDINARY SESSION FOR THE YEAR 1935, WHICH WERE SUPPORTED BY ELMER D. DAVIES AS A MEMBER OF THE STATE SENATE AND FOR THE PASSAGE OF WHICH HE AFFIRMATIVELY VOTED

The references to pages of the senate journal show the passage of the bills on third and final reading, together with a list of the senators voting for and against same, as shown by the official published senate journal for the first extraordinary session, 1935.

Senate bill No. 5 (Elkins et al.), to authorize municipalities to maintain public works (p. 200, senate journal).

Senate bill No. 9 (Elkins et al.), to validate obligations to the United States Government (p. 203, senate journal).

Senate bill No. 18 (Fowler et al.), to authorize issuance of bonds for public work (p. 203, senate journal).

Senate bill No. 19 (Fowler et al.), to provide exemptions for Federal savings and loan associations (p. 96, senate journal).

Senate bill No. 23 (Fowler et al.), to authorize building and loan associations to merge into Federal loan associations (p. 365, senate journal).

Senate bill No. 81 (Shelby delegation), to create housing authorities (p. 328, senate journal).

Senate bill No. 82 (Shelby delegation), to authorize housing authorities to exercise powers of eminent domain (p. 371, senate journal).

Senate bill No. 83 (Shelby delegation), to authorize municipalities to cooperate with housing authorities (p. 371, senate journal).

Extraordinary session, 1936

House bill No. 1 (Haynes et al.), to provide a system of unemployment compensation benefits (p. 19, senate journal, 1936).

(The above bill was the only bill considered at this session, it being called for that express purpose.)

LIST OF BILLS PERTAINING TO COOPERATION ON THE PART OF THE STATE OF TENNESSEE WITH FEDERAL AGENCIES IN SUPPORT OF THE PRESIDENT'S PROGRAM, COMING BEFORE THE TENNESSEE STATE SENATE AT THE REGULAR SESSION FOR THE YEAR 1937, WHICH WERE SUPPORTED BY ELMER D. DAVIES AS MEMBER OF THE STATE SENATE, FOR THE PASSAGE OF WHICH HE AFFIRMATIVELY VOTED

The references to pages of the senate journal show the passage of the bills on third and final reading, together with a list of the senators voting for and against same, as shown by the official published senate journal for the year 1937.

Senate bill 237 (Mr. Speaker Pope), to provide for soil conservation, Agricultural Conservation Act (p. 315, senate journal).

Senate bill 238 (Mr. Speaker Pope), to provide welfare of dependent children (p. 339, senate journal).

Senate bill 344 (Mr. Speaker Pope), to promote welfare of aged persons (p. 344, senate journal).

Senate bill 240 (Mr. Speaker Pope), to promote welfare of needy blind (p. 346, senate journal).

Senate bill 289 (Moore and Gordon), to authorize Federal Government to acquire certain lands as refuges for migratory waterfowl (p. 346, senate journal).

Senate bill 503 (Pope and Sprouse), to authorize refinancing of revenue-producing public works (p. 812, senate journal).

Senate bill 504 (Pope and Sprouse), to exempt property and bonds of housing authorities from taxation (p. 750, senate journal).

Senate bill 505 (Pope and Sprouse), to regulate cooperation between cities, towns, and housing authorities (p. 813, senate journal).

Senate bill 509 (Pope and Sprouse), to validate bonds sold to Federal Government (p. 1312, senate journal).

Senate bill 107 (Cummings), to authorize guardians and trustees to invest trust funds in F. H. A. bonds (p. 398, senate journal).

Senate bill 109 (Cummings), to authorize building and loan associations to invest in F. H. A. bonds (p. 399, senate journal).

Senate bill 108 (Cummings), to authorize domestic life insurance companies to invest in F. H. A. bonds (p. 398, senate journal).

House bill 246 (Oehman), to make F. H. A. bonds eligible to secure deposits (p. 554, senate journal).

Senate bill 821 (Cummings and Davies), to refund certain taxes to Federal land bank (p. 869, senate journal).

Senate bill 1029 (Sprouse), to authorize further cooperation with Federal copyright laws (p. 989, senate journal).

Senate bill 1209 (Loveless), to authorize city of Columbia to issue electric plant bonds (p. 1129, senate journal).

House bill 1238 (Haynes), to permit United States Government or any department or agency thereof to take chattel mortgages on loans (p. 1278, senate journal).

Senate bill 502 (Mr. Speaker Pope), to authorize housing authorities to condemn private property (p. 790, senate journal).

House bill 698 (Shelby delegation), to provide for the acquisition, betterment, and maintenance, etc., of revenue-producing public works (p. 1311, senate journal).

House bill 699 (Shelby delegation), to provide for the formation of electric membership corporations (p. 1164, senate journal).

House bill 720 (Haynes), to amend an act authorizing counties of this State to construct public works and issue bonds (p. 1312, senate journal).

House bill 727 (Haynes), to amend an act authorizing incorporated cities and towns to construct public works and issue bonds (p. 1313, senate journal).

TENNESSEE FEDERATION OF LABOR,
CHATTANOOGA, TENN., *July 3, 1939.*

To whom it may concern:

This is to certify that Mr. T. O. Denham, of Nashville, Tenn., legislative representative of the Tennessee Federation of Labor, is hereby authorized to represent the Tennessee Federation of Labor in all hearings pertaining to the appointment of Mr. Elmer Davies to the Federal judgeship for middle Tennessee.

GERALD FOLEY,
President, Tennessee Federation of Labor.

BROTHERHOOD LOCOMOTIVE FIREMEN AND ENGINEMEN,
CANEY FORK LODGE, No. 837, TENNESSEE CENTRAL RAILWAY,
Nashville, Tenn.

Hon. KENNETH D. MCKELLAR,
United States Senator,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: We, the legislative representatives of the two Railroad Brotherhoods, wish to register protest to the appointment of Elmer Davies to succeed Judge Gore to the middle Tennessee district Federal judgeship. We are of the opinion he would be totally unfit to occupy a seat on the Federal bench. We base this opinion upon his public record. This record and other data has been placed in your hands for consideration. To state it as a simple proposition we know that he is a person who is reactionary in his views, rabid anti-New Deal; acting as a paid lobbyist for corporations during the last session of legislature and on numerous occasions has expressed himself publicly in rather forceable language against reform legislation and referring to the President in an uncouth and profane manner. May we remind you by repeating, "we are determined to keep a continual and zealous watch as to the type of individual, his views and backgrounds when he seeks office or aspires to Federal bench." In the past very little attention has been paid to the remote consequence of bias and unfair judges. We have seen the results of unjust decisions of such judges wherein our boasted declaration of freedom was rejected utterly and without precedent or parallel insofar as the law is concerned.

We are very much disturbed over this appointment for it is in direct conflict with a previous position stated in your letter in reference to the President's proposal to reform the judiciary, you stated, "You would support the President because you believed it to be timely, constitutional, and most necessary." We wish to direct your attention to the fact that in the past we have supported you and were largely instrumental in the removal of Senator BERRY from the picture, helped to defeat the Browning regime, and put TOM STEWART in the United States Senate. In turn, we are requesting we be paid in like coin and urge that you select a person who is not opposed to the principles which we both lay claims to. We wish to reaffirm our endorsement and support which we gave to our first choice, Mr. Jay G. Stephenson. We are not retreating from this position.

We would like to know why it is that he did not get the appointment? We would also like to know if he is out of the picture. These two questions are not unfair and we believe you will agree they are worthy of an answer.

If conditions be such that Mr. Stephenson cannot be appointed, the only avenue of redress left open to us would be to submit other persons. The following gentlemen would be acceptable—Mr. Edward Walsh, Mr. J. G. Lackey, Mr. Houston Roberts, Mr. Thomas A. Shriver. In submitting these names for your consideration we are prompted solely by a desire to serve and place upon the Federal bench men whom we know will be found unbiased.

Sincerely yours,

W. L. MARAMAN,
Legislative Representative, Brotherhood Locomotive Firemen and Enginemen.

W. W. FIDLER,
Legislative Representative, Brotherhood Local Enginemen.

C. B. ALEXANDER,
Legislative Representative, Brotherhood Locomotive Firemen and Enginemen.

WILEY JOHNSON,
Legislative Representative, Brotherhood Locomotive Enginemen.

W. F. SEIGENTHALER,
Legislative Representative, Brotherhood Locomotive Firemen and Enginemen.

WALTER TURNER,
Legislative Representative, Brotherhood Locomotive Enginemen.

Senator MCKELLAR. Now, Mr. Chairman, if you would like to hear Mr. Davies, he is present.

Senator CONNALLY. Do you want him to appear?

Senator MCKELLAR. I do not care to ask him anything. You may ask him such questions as you wish.

Senator CONNALLY. You have been conducting the examination. You may go ahead with it, if you care to.

Senator MCKELLAR. I believe, as I have been instrumental in securing his nomination by the President, I will let you ask such questions as you desire.

STATEMENT OF HON. ELMER D. DAVIES, THE NOMINEE HEREIN

Senator CONNALLY. State your name, residence, and age.

Mr. DAVIES. Elmer D. Davies, Nashville, Tenn.; 40 years of age.

Senator CONNALLY. How long have you been a member of the bar?

Mr. DAVIES. Since 1921.

Senator CONNALLY. Have you been actively engaged in the practice?

Mr. DAVIES. Yes, sir.

Senator CONNALLY. What character of business?

Mr. DAVIES. I have had a general practice. I have represented some corporations. I have also represented litigants in damage suits. Most of my practice has been in chancery, in reference to estates and questions of that nature.

Senator CONNALLY What other positions have you held than State senator, if any?

Mr. DAVIES. I have been chairman of the Democratic executive committee for the district where I live, and was also secretary-treasurer of the Nashville Bar and Library Association for 5 or 6 years.

Senator MCKELLAR. Have you held a place with the R. F. C.?

Mr. DAVIES. I was agency counsel for the national agency of the Reconstruction Finance Corporation about 4 years.

Senator CONNALLY. You never held any judicial office?

Mr. DAVIES. No.

Senator CONNALLY. Have you practiced in the Federal courts?

Mr. DAVIES. Yes, sir.

Senator CONNALLY. And the State courts as well?

Mr. DAVIES. Yes.

Senator CONNALLY. Chancery and law dockets?

Mr. DAVIES. Yes, sir.

Senator CONNALLY. Have you ever been in the criminal practice?

Mr. DAVIES. Very little. I had one murder case and a few other small cases.

Senator CONNALLY. You know something about criminal law?

Mr. DAVIES. Yes, sir.

Senator CONNALLY. A district judge would have to try a good many criminal cases, I would think.

Mr. DAVIES. That is true.

Senator CONNALLY. You may state anything you desire about your legislative experience.

Mr. DAVIES. I went to the State senate in 1935, which was the first legislative experience I had ever had. At the beginning of the session, before any of us had hardly got our feet on the ground, except some of the older members, while I was away there were some 12 bills introduced in the State senate. You have the record here that you can refer to. They were introduced on January 12, 1935, and were senate bills Nos. 113 to 124, inclusive.

Three of these bills were admittedly T. V. A. bills: No. 113, to authorize cities and counties to operate electric systems; No. 121, to regulate appeals from the Utilities Commission; and No. 112, to authorize municipalities to make certain contracts with Government agencies for the acquisition of electric power systems.

When I got back and looked over these bills I found the claim was being made that they were all T. V. A. bills, or T. V. A. planning and zoning bills. I did not know much about it at that time, but I got hold of the bills as soon as I could. They were introduced on January 12. At that time no permanent committees had been appointed by the speaker. The bills were held without reference. They passed second reading.

Senator CONNALLY. All of them?

Mr. DAVIES. All of them were held and passed second reading on January 22, a short time after they were introduced. On that day they were referred to the committee on public utilities. One day elapsed, and the committee reported back to the senate the following morning that they had carefully considered all those 12 bills and recommended them for passage. They were set for special order at 10:45 a. m. That was about 45 minutes after the session had convened.

When the time for the special order was reached, no one seemed to know anything about the bills. The committee had not held any hearings on them. By general consent, more or less, the matter was postponed over the week end, until the next Tuesday morning at 10 o'clock.

I went over the bills, and I found that one was a bill to enable the Highway Department of the State of Tennessee to purchase ferry landings. At that time in our State we had just finished a comprehensive highway program, and a large number of highway bridges had been built over some of the larger rivers. An attempt had been made by the owners of some of the ferries to have the State take over these ferries, as the bridges were operating in competition with them. Those attempts had been unsuccessful. I could not see how that was a T. V. A. bill. I talked with some of the other senators, and we felt that somebody was trying to put some of these bills through on the popularity of the T. V. A.

I went over all the bills as well as I could in that length of time. Not only that, I talked to Governor McAllister. I wanted to cooperate with the Governor in his program and the T. V. A. program. He said he was not sure that some of these bills were really T. V. A. bills.

In the session of 1933 the legislature had by a joint resolution authorized the Governor to appoint a temporary State planning board. Most of these bills, outside of the T. V. A. bills, had been drawn up by the State planning board, which had become almost a permanent body and made some positions for some people. So many senators made inquiry relative to the source of the bills that Governor McAllister sent the telegram he mentioned in his testimony to Dr. Morgan to ascertain whether or not the T. V. A. was backing these bills. The Governor was anxious to cooperate with the T. V. A., but he wanted us to be satisfied.

The entire Davidson County legislative delegation, which was composed of both the house and senate members, about nine in all, met on Monday afternoon in my office to go over these bills. We had with us the city attorney of Nashville and the county attorney of Davidson County. We made as good an examination as we could in that time, and the county attorney and city attorney advised us that they thought the bills were too comprehensive in their scope and that we should not support them. Furthermore, they pointed out that when we ran for the legislature, our platform provided that we would not make any changes in the governmental affairs of Davidson County and the

city of Nashville, except upon request and by consent and absolute approval of the county court and the county judges and the mayor, as well as the board of public works, and in their opinion these bills violated our pledges, as they did make drastic changes.

So when the senate met on Tuesday morning I made a motion to refer these planning or zoning bills, all except the admittedly T. V. A. bills that I have just described, to the judiciary committee, so we could have time to examine them and study them and see where they would benefit our particular section. These bills were new to our section of the country. They contained legislative ideas that were new. We were not familiar with them. There was no reason for any undue haste. The session was only about 16 days old at that time. I wanted an opportunity to go into them and find out what they were, and so I made that motion to rerefer.

Senator CONNALLY. I think that so much detail is not necessary. You finally supported the T. V. A. bills?

Mr. DAVIES. Yes; I voted for them.

Senator CONNALLY. And some of the others you opposed?

Mr. DAVIES. Yes, sir.

Senator CONNALLY. Have you ever had any prejudice against labor unions as such?

Mr. DAVIES. I have not. At the last session I was in the legislature a good deal. I had some clients I represented in some matters. I knew all the senators and a good many of the house members. Most of them were friends of mine. I liked to be around them.

I remember on one occasion, toward the end of the session, that Bill Gerber, from Memphis, came to see me and said the labor boys had a musicians' bill they were very much interested in, and the Governor had vetoed it. He said he thought the bill was a good bill, would not hurt anybody, and would help the musicians, and asked me to go around and get some votes to override the Governor's veto. I told him I would be glad to.

Senator CONNALLY. While you were in the legislature, were there any bills affecting labor against which you voted?

Mr. DAVIES. No, sir. As shown in the letter to Mr. Bonham that was read here, there were six labor bills before the senate, which were the only labor bills voted on at that session. They came up for a third and final reading, and I voted for every one of them. I served on the conference committee between the house and the senate on the appropriation for the department of labor. The house had put an amendment on the general appropriation raising the appropriation for the department of labor, and the senate refused to concur and appointed a conference committee. The committee brought in a report suggesting that the senate recede and the house amendment be adopted, which was done.

One matter was mentioned a few minutes ago about the Tennessee Employment Commission, I believe it was. There was a bill in the 1935 session to establish that commission. That bill made an appropriation of $25,000 a year to establish the commission and to appropriate the money. This was the amendment that was offered:

"*Be it further enacted*, That the sum of $25,000 annually for the next biennium is hereby appropriated for the purpose of establishing public employment offices under the supervision of the department of labor, and for the purpose of cooperating with the United States Employment Service."

The amendment was adopted, and the bill as amended passed the third and final reading and was adopted. I voted for that bill.

Senator CONNALLY. If you should go on the bench, would you or not entertain any prejudice against labor or any other organization or interest of any kind that would in anywise influence you in your judicial acts?

Mr. DAVIES. I have no prejudice against labor or any other organization.

Senator CONNALLY. This other matter is up to you. You may testify about it or not, as you please.

Mr. DAVIES. The Ku Klux Klan?

Senator CONNALLY. I don't know anything about it. You might or might not want to tell it. Mr. Noble made some reference to it.

Mr. DAVIES. Yes, sir. I am very well satisfied to go into it.

Senator CONNALLY. Go ahead.

Mr. DAVIES. I joined the Ku Klux Klan. I was living in Louisiana at that time. I was approximately 20 years of age, and was preparing to go to school at Vanderbilt University. Some of the boys I knew told me they had a new lodge they wanted me to join. I asked what it was, and they said it was a patriotic organization. I said, "Well, what is it?" They said it was the Ku Klux Klan. I told them I did not know whether I wanted to join it or not. They told me that So-and-so and So-and-so were going to join, and they were all friends of mine, and I said, "Well, all right; I will join it."

They took me down to the hotel, and there was one of these traveling organizers there. Whoever took me down introduced me to him. He swore me in up in the hotel room, and I left within the next 2 or 3 days and came to Nashville to go to school.

Some time after that—I do not recall whether it was the same year or the following year—one of these organizers came over to the fraternity house where I was living. He was soliciting the boys out there to join the Ku Klux Klan. When he came to me, I thought I was a big shot, and I told him I was already a member. He asked me where I had joined, and I told him down in Louisiana. He said, "We have two boys over in one of the other houses from Louisiana. We are going to have a meeting in a night or two. You get together with these boys and come." I said I would be glad to. I never had been to a meeting. I did not know what it was all about. We got together and went down to that meeting, on the top floor of a large building.

Senator CONNALLY. It was not out in a pasture?

Mr. DAVIES. No. I never did go out in the pasture. I could not get in. I did not have the password. They sent and got the organizer, and he vouched for me and got me in. I think we had an initiation there that night. I am not just sure about that. I stayed there and left after the meeting. It did not particularly appeal to me.

That is the entire extent of my connection with the Klu Klux Klan. I never went to another meeting. I never participated in any of their activities whatever.

Senator CONNALLY. You are not now a member in good standing?

Mr. DAVIES. I think I have been dropped for nonpayment of dues. I never did pay any dues. That is my recollection.

Senator CONNALLY. I will ask you whether or not, since that time, you have approved or participated in intolerance and things of that kind that are supposed to be sanctioned by the Ku Klux Klan.

Mr. DAVIES. I have not.

Senator CONNALLY. And whether or not you believe in religious freedom and the right of everybody to choose his own religion.

Mr. DAVIES. I certainly do, and my entire life will testify to that.

Senator CONNALLY. You have not been intolerant to any race or creed of any kind?

Mr. DAVIES. I have not.

Senator CONNALLY. And you would be fair and impartial in discharging your duties as a judge? And you would disregard any conditions of the character I have mentioned?

Mr. DAVIES. I certainly would. My friends, the labor boys, would get a square deal. I have no prejudice against them. They are only doing what they had a right to do, and it is perfectly all right.

Senator CONNALLY. That is a very generous attitude for you to take.

Senator MCKELLAR. Senator STEWART wants to ask some questions.

Senator CONNALLY. You may proceed, Senator STEWART.

Senator STEWART. Are you acquainted with the president of the A. and I. College, the Negro college?

Mr. DAVIES. Yes; very well. That is Dr. Hale of the Agricultural and Industrial College. I have a copy of a telegram that he sent.

Senator STEWART. I have a letter here from him.

Senator MCKELLAR. I suggest you put it in the record.

Senator STEWART. Do you want it in the record?

Mr. DAVIES. Yes, Senator.

Senator STEWART. He is president of the Tennessee Agricultural and Industrial College at Nashville, a colored school there?

Mr. DAVIES. Yes, sir.

Senator STEWART. I want to read into the record this letter from Dr. W. J. Hale, president of this college:

APRIL 13, 1939.

Hon. TOM STEWART,
United States Senate, Washington, D. C.

DEAR SIR: I notice from the press that you have nominated Hon. Elmer Davies for judge of this district. The Agricultural and Industrial State College and many friends join in congratulating you on the excellence of your selection. He has a passion for justice and has displayed it many times in Tennessee. He has the courage of his convictions.

With heartiest congratulations on the wisdom of your choice, I am,

Sincerely yours,

W. J. HALE, *President*.

Mr. DAVIES. The telegram is more comprehensive than the letter.

Senator STEWART. I will also read this telegram from him, addressed to Senator MCKELLAR:

JULY 10, 1939.

Senator KENNETH D. MCKELLAR,
Senate Office Building, Washington, D. C.:

Am informed a protest is being made of appointment of Elmer D. Davies, of Nashville, based upon charges that he is prejudiced against Negro race. Such protest must surely come from persons who do not know and have never had any dealings with him. I have known Mr. Davies for several years, and as president of the A. & I. State College for Negroes, I desire to state that during the two terms that he was a member of the State senate I always found him to be sympathetic, courteous, fair, and willing to do everything he could to help our college. When efforts were being made to cut appropriations Mr. Davies fought and made it possible for us to receive similar appropriations as given white schools. During his entire term of office in legislature on all occasions he willingly and ably fought for the interest of Negro education. According to our knowledge of him and his record he is fair-minded and unprejudiced. When I saw the unfair statement being made about him in the press, I voluntarily wrote you on April 11, congratulated you on your recommendation, and I want you to know that I feel that the attacks on Mr. Davies are not in keeping with his record and are resented by those of us who know him.

W. J. HALE.

Senator MCKELLAR. Dr. Hale is one of the outstanding colored educators of the country, is he not?

Mr. DAVIES. There is no doubt about that.

Senator MCKELLAR. And a very splendid American citizen.

Mr. DAVIES. Yes.

Senator CONNALLY. Are there any other questions?

Senator MCKELLAR. That is all.

Senator STEWART. That is all.

Senator CONNALLY. Is there anything further you want to say?

Mr. DAVIES. There is one thing I want to answer in reference to that resolution. It is stated in the resolution that was adopted that—

"Whereas, Mr. Davies is regarded as a lobbyist"——

Senator CONNALLY (interposing). Is that the resolution that was read into the record?

Mr. DAVIES. Yes.

Senator CONNALLY. All right. Go ahead.

Mr. DAVIES. "Whereas Mr. Davies is rather to be regarded as a lobbyist and contact man for special interests, as shown by his pernicious activities during the recent legislature, than as a lawyer."

I did represent some clients that had been connected with the firm I have been connected with for many years. On one matter I went to the Governor, and he approved it, and a bill was introduced in the legislature. In another matter I worked out a bill with the insurance commissioner, and it was introduced. On another matter I had it up with the commissioner of agriculture about his bill, and he approved what I wanted, and the bill went through the legislature. I did not take any active part in these matters, but was watching them to see that they got through. At the end of the session we got into a jam. The commissioner of insurance asked me to look after some of his bills, which I was glad to do, and helped get them through so that they would not be killed in the last-minute rush.

Then Senator Mosby asked me to look after some matters, and I was glad to do it. It was voluntary on my part. That is the extent of my lobbying.

The resolution also refers to the senate T. V. A. bills, but I think that I have already answered that. It further said:

"Whereas said Davies, while bitterly opposing the T. V. A. planning bill, declared on the floor of the State senate that the present democratic administration had—by bribing the State with Federal funds—done more than the Civil War to destroy States' rights and to pervert the historic form of our American Government."

I did not make any such statement.

The resolution further said:

"Whereas it was Mr. Davies, as chairman of the senate rules committee, who was primarily responsible for the strangling of the child-labor amendment without allowing it to come to a vote."

The facts are that in the 1935 and the 1937 sessions the resolution for the ratification of the child-labor amendment was introduced as a house joint resolution in the house. In each session it was defeated in the house and never came to the senate. Not only that, but no such resolution was ever referred to the rules committee, and no bills or resolutions were referred to that committee. We just made the rules, and that was all that committee did. Further, the resolution said:

"Whereas he has not hesitated to character the President of the United States, Franklin Delano Roosevelt, in language too vile and uncouth for repetition."

I am not in the habit of making such statements about the President, regardless of whether he is a Democrat or a Republican.

That is all.

Senator CONNALLY. Are there any other questions?

Senator MCKELLAR. I believe not.

Senator CONNALLY. I believe I forgot to ask you how old you are.

Mr. DAVIES. I am 40 years of age. I stated that in the beginning.

STATEMENT OF HON. TOM STEWART, A SENATOR IN CONGRESS FROM THE STATE OF TENNESSEE

Senator STEWART. I would like to make a brief statement.

Senator CONNALLY. Go ahead.

Senator STEWART. At the time it was necessary to make a selection of a Federal judge for middle Tennessee, to succeed Judge Gore, who died during the present term of Congress, Senator MCKELLAR and I considered the claims of many applicants and many who were not applicants, many very fine men and lawyers in middle Tennessee, the section to be served by this judgeship. Without going into detail to enumerate some of the difficulties we had to overcome, we finally decided upon Mr. Davies, who was not an applicant in the sense we ordinarily consider. He had given his endorsement to another man. The situation was such that we thought it was necessary to make a selection from among those who were not applicants, and having been personally acquainted with Mr. Davies for a number of years, we chose to recommend him. I am sure he was as much surprised, when the information was made public, as anyone else in the State of Tennessee.

This selection of Mr. Davies was made strictly because we thought he was as well fitted as any man who could be considered. Senator MCKELLAR is well known in Tennessee as a friend of labor. His attitude toward labor, as mine, has been and is one of complete sympathy. It would not be my purpose to recommend any man who would be unfair to labor, organized, or in any other group of people in Tennessee or elsewhere.

I am acquainted with these gentlemen who testified against Mr. Davies, and I have a high regard for them.

I want to call attention to a telegram addressed to me under date of April 1, 1939, immediately after the selection of Mr. Davies:

NASHVILLE, TENN., *April 1, 1939.*

Hon. TOM STEWART,
Senate Office Building:

You are to be commended upon the nomination of Elmer Davies as middle Tennessee district judge. The Nashville labor element will approve this selection.

W. M. TAFT,
Editor, Labor Advocate.

That is all I care to say.

STATEMENT OF HON. KENNETH D. M'KELLAR, A SENATOR IN CONGRESS FROM THE STATE OF TENNESSEE

Senator MCKELLAR. Mr. Chairman, I want to say that, of course, we had a most difficult task. I have no doubt you have had the same experience. We were required to select a judge where there were some 18 or 20 applicants, men of the highest character and standing. To have to choose one from among them was one of the most difficult things that ever confronted me as a Senator.

I will not attempt to go into details as to why Mr. Davies was selected. He was not an applicant. I never communicated with him beforehand, and I do not think Senator STEWART did. He was selected because we thought he would fill the position ably and to the satisfaction of the people of that district. We did not go into this matter carelessly but made a very painstaking investigation. I want to say to my esteemed labor friends that I telephoned to labor friends and asked them whether or not Mr. Davies would be acceptable to labor, and was assured that he would be.

I never was more astonished in my life when I learned that some of my labor friends were opposed to Mr. Davies. I regretted it, and regret it now.

These two gentlemen who testified against the nomination are excellent men and my friends. I regret to differ from them. I think they have been misled by statements of others about the matter. That is all I can say about it. I think Mr. Davies will make as fair and honest and upright a judge as could be found, and that he will not be in the slightest degree prejudiced against any organization of any kind but will deal out justice in a fair and impartial manner. It was for that reason that we recommended him, and for that reason only.

I want to say in conclusion that I am a lawyer and have been all my life, and I believe I know what kind of man a Federal judge should be. I went into the matter conscientiously, and I know that Senator STEWART did the same, because we conferred every day. What we did was done with the sole purpose of getting an honest, intelligent, faithful, and impartial judge who would mete out justice to the people of that district. It was for that reason that Mr. Davies was appointed, and I earnestly hope this committee and the Senate will unanimously confirm his nomination.

Senator CONNALLY. Thank you, Senator MCKELLAR.

Senator STEWART. Mr. Chairman, there are some telegrams and letters here which I will not take the time to read but would like to have in the record.

Senator CONNALLY. Very well. They may go in.

(The said telegrams and letters are here printed in full, as follows:)

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART:

Appointment of Elmer Davies meets widespread approval of all classes of our citizens. Political friends and foes alike express satisfaction. Have spoken to many politically hostile to Davies and they admit his appointment to be a splendid one. I believe it will heal all disappointments. The bar is very well pleased over this appointment.

JACK NORMAN.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART,
Senate Office Building:

Appointment of Davies has given more general satisfaction than I have seen made in years.

REED SHARP.

CARTHAGE, TENN., *March 31, 1939.*

Senator TOM STEWART,
Senate Office Building:

Your appointment of the Honorable Elmer Davies as Federal district judge for the middle division of Tennessee was highly appreciated by the undersigned members of the Carthage Bar, and we heartily congratulate you on his appointment.

Messrs. H. B. McGinness, Dewitt Fisher, Frank Ammonett, L. A. Ligon, J. H. Ligon, W. H. Turner, Hugh Hailey, Solon Fitzpatrick, Clint Beasley, I. D. Beasley.

MEMPHIS, TENN., *March 31, 1939.*

Senator TOM STEWART,
Senate Building:

Congratulations on your recommendation of Elmer Davies to middle Tennessee judgeship. Your selection meets with hearty approval of local legal fraternity.

CANADA & RUSSELL.

MEMPHIS, TENN., *March 31, 1939.*

Senator TOM STEWART,
Senate Building:

Was delighted to learn you had recommended Elmer Davies to middle Tennessee judgeship. He stands high in the legal profession, and your friends here are very much pleased with your recommendation.

SAM COSTEN, COSTEN, TAYLOR & CRABTREE.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART,
Washington, D. C.:

We are very much pleased over selection of Elmer Davies.

CLINT JONES.

NASHVILLE, TENN., *March 31, 1939.*

Hon. TOM STEWART,
United States Senator,
Washington, D. C.:

I heartily endorse your recommendation of Elmer D. Davies for Federal judgeship of middle Tennessee. Have heard hundreds praise and none object to same.

COLLETT MAYFIELD.

NASHVILLE, TENN., *April 1, 1939.*

Hon. TOM STEWART,
Senate Office Building, Washington, D. C.:

As a supporter of Judge R. B. C. Howell candidacy for Federal judge of this district, and inasmuch as you in your wisdom saw fit to recommend Hon. Elmer Davies for this judgeship, I heartily endorse your action as my second choice. I consider him of good character and a lawyer of ability.

D. W. BINNS.

NASHVILLE, TENN., *April 1, 1939.*

Hon. TOM STEWART,
Senate Office Building, Washington, D. C.:

Congratulations on your selection of Elmer Davies for Federal judge, middle Tennessee. He will make a fine judge.

JOHN SLOAN.

NASHVILLE, TENN., *March 31, 1939.*

Senator A. T. STEWART,
Washington, D. C.:

Appointment of Elmer Davies as Federal judge is very satisfactory.

C. M. HAMILTON, M. D.

NASHVILLE, TENN., *March 31, 1939.*

A. T. STEWART,
United States Senator, Washington, D. C.:

In my opinion you couldn't have picked a better man than Elmer Davies as Federal judge for middle Tennessee, and I congratulate you upon your selection.

R. L. VOSS.

NASHVILLE, TENN., *April 1, 1939.*

Hon. TOM STEWART,
United States Senate:

Nothing could have given greater satisfaction to 95 percent of the Nashville bar than the recommendation of Davies for Federal judge. You and Senator MCKELLAR have made many new friends among our Nashville lawyers and have recommended a real man and lawyer who will make a fine judge.

WILLIAM WALLER.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Building:

Congratulations upon your selection of Elmer Davies for Federal judge.

JOHN R. MOTT.

FAYETTEVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART:

Local bar pleased with recommendation for Federal judge.

DAY SUGG.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Building:

Your selection Elmer Davies as Federal judge excellent and meeting with hearty approval of lawyers and laymen. Please accept my congratulations and assurance that in my opinion you will never regret appointment of this honest and able lawyer who has proven his loyalty to you and the Democratic Party by his splendid service.

ROBT. L. ALEXANDER, Jr.

NASHVILLE, TENN., *April 1, 1939.*

United States Senator TOM STEWART,
Carroll Arms:

Your selection of Davies is great. Congratulations. Yours for any service.

PAUL MANASCO.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Office Building:

Congratulations on selecting Elmer Davies for judgeship. His loyalty, ability, and integrity cannot be questioned.

E. E. MURREY.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART:

Congratulations on appointment of Hon. Elmer Davies. Most popular appointment I have ever seen made.

JOHN W. FREY,
House of Representatives, Nashville.

COLUMBIA, TENN., *April 2, 1939.*

Senator TOM STEWART,
Washington, D. C.:

I have talked to many lawyers here and they are all of the opinion that Davies is a splendid selection for judge of this district. They also resent the protest filed by Cate. I think Davies will make a fine judge.

HORACE FRIERSON, Jr.

NASHVILLE, TENN., *April 1, 1939.*

Hon. TOM STEWART,
United States Senate:

Selection of Elmer Davies meeting widespread approval, soretoes notwithstanding.

BEN WEST,
Assistant Attorney General, Nashville, Tenn.

HARTSVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Office Building:

We heartily endorse your selection of Davies and Darr for United States judges.

RUSSELL WRIGHT, *Attorney.*
W. A. BARRY, *Attorney.*
H. N. HARDY.
MANYE HAMMOCK, *Mayor.*

NASHVILLE, TENN., *March 31, 1939.*

A. TOM STEWART,
United States Senator:

Wish to extend my congratulations upon your selection Mr. Elmer Davies for Federal judge. He is fine and able lawyer. People I see are all pleased with the honor you have bestowed upon him. He will distinguish himself and be a credit to this community. You could not have made a better selection. Your brother Paul and I were fine friends for 25 years.

L. P. THWEATT.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART:

I wish to congratulate you and Senator MCKELLAR on your judgment in recommending Hon. Elmer Davies for Federal judgeship, middle district of Tennessee. He has, I am sure, all qualifications his office requires. Your friends throughout the State are much gratified as a result of his selection.

WILLIAM C. TERRY.

NASHVILLE, TENN., *March 31, 1939.*

Hon. TOM STEWART,
United States Senator,
Senate Office Building:

I wish to congratulate you on your selection of the Honorable Elmer Davies as Federal judge for this district.

JOE T. MCCARRY, *Attorney.*

NASHVILLE, TENN., *March 31, 1939.*

Hon. TOM STEWART,
United States Senator:

I want to join with the citizens of Tullahoma on congratulating you upon the appointment of Elmer Davies and Judge Darr. They are 100 percent our friends, as well as most competent and capable to fill these high positions of trust. More power to you. Your friend,

JOHN W. HARTON,
State Treasurer.

NASHVILLE, TENN., *March 31, 1939.*

Hon. TOM STEWART,
United States Senator:
The bar and the people will approve your selection of the judges. In my opinion, both will serve with ability, integrity, and satisfaction to lawyers and litigants. Congratulations.

J. M. GARDENHIRE.

CLARKSVILLE, TENN., *July 6, 1939.*

Hon. TOM STEWART,
United States Senate, Washington, D. C.:
Urge you to endorse Hon. Elmer Davies of Nashville as Federal judge of this district. He is a man of sterling character, fairly qualified, would make an able jurist. He ranks as one of the leaders in the legal profession of this State.

N. A. LINK,
County judge of Stewart County, Tenn.

MEMPHIS, TENN., *March 31, 1939.*

Senator TOM STEWART,
Senate Building, Washington, D. C.:
Allow me to congratulate you upon your recommendation of Elmer Davies for Federal judgeship. He is an outstanding member of the bar and a loyal Democrat. In our opinion he will make a fine judge.

GILLILAND & GILLILAND.

NASHVILLE, TENN., *March 31, 1939.*

Hon. A. T. STEWART,
United States Senator,
Washington, D. C.:
I do not think you could have recommended to the President any gentleman who could more capably perform the duties of Federal judge with integrity, fearlessness, and capacity than Mr. Davies, and congratulate you most heartily.

W. E. NORVELL, Jr.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Building, Washington, D. C.:
Congratulations upon your selection of Elmer Davies for Federal judge.

WILL BYERS, Jr.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Building, Washington, D. C.:
Sorry Judge Howell could not get appointed but think you made a wise selection in Elmer.

ALFRED T. ADAMS.

NASHVILLE, TENN., *March 31, 1939.*

Hon. TOM STEWART,
United States Senator,
Senate Office Building, Washington, D. C.:
Congratulations on recommendation Elmer Davies as Federal judge. Fine selection.

FRANK B. MOORE,
Ex-Fire Chief, City of Nashville.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Chamber, Washington, D. C.:
Nashville bar and public in general highly pleased with yours and Senator MCKELLAR'S selection for district judge. Do not think that you could have made a better selection. Congratulations on your good judgment. Have heretofore signed telegram to the same effect but want you to know my personal observation both of bar and public.

J. M. PEEBLES.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART,
Senate Office Building:
Congratulations on your nomination of Hon. Elmer Davies. This appointment will be pleasing to all your friends here. Kindest regards.

DAVID S. MORSE.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART:
Congratulations on your selection of Elmer Davies as Federal judge of this district. Believe his selection will meet with universal approval throughout the State.

WENTWORTH CALDWELL,
Vice President, H. G. Higl Co.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART:
Your recommendation of Elmer Davies gives State-wide satisfaction. I want to congratulate you on this selection.

DOUG WHITE,
Commander, Nashville Post 5, American Legion.

NASHVILLE, TENN., *March 31, 1939.*

Senator STEWART:
Elmer Davies meets approval of medical profession.

ELKIN L. RIPPEY, M. D.

NASHVILLE, TENN., *March 31, 1939.*

Senator A. TOM STEWART:
Wish to congratulate you upon your selection of Mr. Elmer Davies for Federal judgeship. He is a most able lawyer. Man of highest type of character and integrity. I am highly pleased and everyone I see feels the same way.

J. W. BILLINGTON.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART:
We congratulate you most heartily upon your recommendation of Senator Elmer D. Davies for middle Tennessee Federal judgeship. He is well qualified to fill the judgeship.

PRITCHETT THOMAS CO.

NASHVILLE, TENN., *March 31, 1939.*

Hon. Senator TOM STEWART,
United States Senator,
Senate Building:
I want you to know I feel very happy in your appointment of Elmer D. Davies as judge of Federal court. I never have known of an appointment made that has met such unanimous approval of all the people in the city of Nashville and Davidson County. Congratulate you in your selection. Best wishes.

D. D. CANFIELD.

NASHVILLE, TENN., *March 31, 1939.*

Senator A. TOM STEWART:
Congratulations on your appointment of Elmer Davies for Federal judgeship.

D. E. EDDINS.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART:
Your choice of Elmer Davies more than satisfactory. Regards.

JAMES T. GRANBERY.

NASHVILLE, TENN.

Senator TOM STEWART: Congratulations your appointment Mr. Elmer Davies Federal Judge, had no idea he was being considered, but am sure the appointment will give general satisfaction.

C. H. SMITH,
Criminal Court Clerk.

NASHVILLE, TENN., *March 31, 1939.*

Hon. TOM STEWART,
Senate Office Building:
Having just learned that some small objection to Elmer Davies is proposed by certain parties in Nashville, we hasten to add to the endorsement of his many friends our testimony as to his ability as a lawyer, his high and unimpeachable integrity and his outstanding fitness for the position of judge of the United States District Court. The selection was most excellent and the bar and the public are indebted to you and Senator McKellar.

CHARLES L. CORNELIUS,
W. N. MCKINNEY,
C. C. GILBERT, JR.,
J. H. BALLEW,
CHAS. L. CORNELIUS, JR.

NASHVILLE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Senate Office Building:
Sincerely congratulate you on your selection of Elmer Davies as United States District Judge to succeed Judge Gore. He is a man of splendid character a good lawyer and a highly respected citizen. I have heard many comments and can assure you that his selection is giving almost universal satisfaction. There is no objection or protest from any source based on any grounds worthy of consideration. I do not know Judge Darr personally but from information I am sure you have also made a wise selection in that case.

F. C. STAHLMAN.

JACKSON, TENN., *April 2, 1939.*

Hon. TOM STEWART,
United States Senate, Washington, D. C.:
The undersigned members of the Jackson bar who know Hon. Elmer Davies consider your recommendation of him for Federal judgeship most wise and gratifying. His character and ability will enable him to administer the office with credit. Please accept our hearty congratulations on the wisdom of the nomination. Highest regards.

Keith Short, W. P. Moss, David L. Murray, Roger Murray, Barham & Heiskell, Chas. L. Hancock, John F. Hall, Thomas McCorry, Hughlon Akin, Albert D. McCollum, Karl K. Wilkes, Hearn Spragins, Lamar Spragins, Victor Woerner, R. H. Bond.

LAFAYETTE, TENN., *April 1, 1939.*

Senator TOM STEWART,
Washington, D. C.:

I wish to heartily commend your recommendation of Elmer Davies for Federal judge. I regard him highly as a young man of much ability and merit. While serving with him in the State senate my esteem for him incurred daily. You have made a wise choice. I take this opportunity to assure you that I supported you and the entire coalition ticket last year, and look ahead to again support you in the future.

Kindest personal regards,

MERLIN A. WEST.

NASHVILLE, TENN., *April 1, 1939.*

Hon. TOM STEWART,
Senate Office Building, Washington, D. C.:

The appointment of Elmer Davies is eminently satisfactory. No valid objection can be made.

M. S. Ross, W. K. Cook, Tom Ed Murray, B. H. Hagey, Chas. E. Embry, Wm. M. Martin, Jr., John J. Hooker, E. W. Eggleston, W. F. Carpenter, Henry Goodpasture, John L. Draper, Wm. N. Byers, Jr., William J. Wade, Andrew J. Doyle, Robt. L. Alexander, Paul A. Green, G. Henry Tyne, W. Raymond Denny, Louis Leftwich, Fyke Farmer, Roy D. Cooper, Dodson Batson, Wm. C. Suggs, Dan Garfinkle, John K. Maddin, Percy D. Maddin, J. N. Daniel, Norman Minich, Lawson Davis, Joseph Martin, John Bell Keeble, W. M. Fuqua, Henry F. Todd, J. M. Peebles, Chas. L. Cornelius, J. H. Ballew, W. N. McKinney, Chas. C. Gilbert, Jr., Chas. L. Cornelius, Jr., J. Conley Edwards, John M. Barksdale, Lindsay M. Davis, Trabue Hume & Armistead, Thos. O. H. Smith, Ernest N. Haston, J. C. R. McCall, Jr., Thos. J. Malone, Newton Ellis, Ross J. Cheshire, Owen W. Hughes, Douglas Henry.

STATE OF TENNESSEE,
County of Davidson:

County quarterly court of said county met pursuant to adjournment at the courthouse in Nashville, Monday morning, April 3, 1939. Present and presiding, His Honor Litton Hickman, judge and chairman, and a quorum of the justices of the peace: W. H. Binns, Earl Bruce, W. C. Clark, L. B. Corley, A. G. Ewing, W. B. Hager, E. K. Hardison, Thos. E. Hill, J. W. Jakes, W. T. Jones, Robert T. Lee, H. J. Lovelace, G. Allen Rather, Joe S. Reeves, Leon Taylor, Smith Wall, Felix Z. Wilson, Herman Zander, Ben B. Rice, Lee Maxwell, D. P. Caldwell, J. M. Omohundro, Garner Robinson, Atwell Alston, C. A. Briley, A. J. McMahon, W. H. McMurray, Laurence B. Howard, Ira E. Parker, J. J. Archey, Frank Hutton, Jordan Stokes, Jr., J. D. Peay, W. C. Myers, Jordan Pardue, Jno. S. Glenn, Jr., G. Hume Marshall, H. L. Jenkins, Chas. H. Smith, W. G. Buchanan, E. B. Smith, J. J. Harper, G. Howard Wilkinson, H. F. Nees.

When, among other things, the following proceeding was had:

In re appointment of Elmer D. Davies as judge of the United States District Court for the Middle District of Tennessee

The following resolution in re Elmer D. Davies as judge of the United States District Court for the Middle District of Tennessee, offered by Felix Z. Wilson et al. was read:

"Whereas it has been reported through the press that both Senators from this State, the Honorable K. D. MCKELLAR and Hon. THOMAS STEWART, have concurred in recommending to the Department of Justice that Elmer D. Davies of the Nashville bar be appointed as judge of the United States District Court for the Middle District of Tennessee to fill the vacancy caused by the death of Judge John J. Gore; and

"Whereas Elmer D. Davies has for many years been one of the outstanding members of the Nashville bar and a respected and influential citizen of this State; and by virtue of his splendid legal attainments, his genial personality, his devotion to democratic ideals, and his high character and unimpeachable integrity is eminently qualified to preside over that tribunal: Therefore be it

"*Resolved*, That the Davidson Quarterly County Court heartily commends and endorses the action of Senator MCKELLAR and Senator STEWART in selecting Elmer D. Davies for said judgeship; be it further

"*Resolved*, That a copy of this resolution be furnished the President of the United States, the Attorney General for the United States, and both of the Senators of this State, and further that this resolution be spread upon the minutes of this court and copies be furnished to the press."

B. B. Rice, J. J. Archey, G. Hume Marshall, Chas. H. Smith, Joe S. Reeves, Laurence B. Howard, Earl Bruce, G. Allen Rather, Leon Taylor, Felix Z. Wilson, Thos. E. Hill, J. J. Harper, D. P. Caldwell, Ira E. Parker, W. T. Jones, G. H. Wilkerson, W. H. Binns, J. M. Omohundro, W. C. Myers.

Resolution unanimously adopted by the court.

STATE OF TENNESSEE,
Davidson County:

I, Jno. B. Cobb, clerk of the County Court of Davidson County, State aforesaid, do certify that the foregoing is a full, true, and complete copy of resolution In re: Appointment of Elmer D. Davies, as judge of the United States District Court for the Middle District of Tennessee, adopted at the April term quarterly county court, 1939, which remains of record on file in said office.

Given under my hand and official seal, at office, in Nashville, this 26th day of April, 1939.

[SEAL]

JNO. B. COBB,
Clerk of the County Court.
By LOTTIE M. HATFIELD,
Deputy Clerk.

NASHVILLE, TENN., *March 31, 1939.*

Hon. A. TOM STEWART,
United States Senator,
Washington, D. C.

MY DEAR SENATOR: The appointment of Elmer Davies as United States district judge for middle Tennessee meets with general approval in Nashville. He is known in this section of the State as a splendid lawyer and an honorable gentleman. Had I been naming a judge, he would have been my choice.

I am not unmindful of the great difficulty you and Senator MCKELLAR had in determining your course in the matter.

I want you both to know that my relationship with you gentlemen in the future will be the same as it has been in the past.

If at any time I can serve you here in any way, call on me.

Sincerely yours,

J. CARLTON LOSER,
District Attorney General, Nashville, Tenn.

FARMER, DENNEY & LEFTWICH,
Nashville, Tenn., April 5, 1939.

Senator THOMAS STEWART,
Senate Office Building, Washington, D. C.

DEAR SENATOR STEWART: My friend, Mr. A. L. Dorsey, of Springfield, has sent me a copy of a resolution unanimously adopted by the quarterly court of Robertson County on Monday, April 3, 1939, approving the recommendation of Elmer D. Davies for United States district judge for the middle district of Tennessee, and I am enclosing a copy of this resolution herewith.

Yours very truly,

FYKE FARMER.

QUARTERLY COUNTY COURT,
Robertson County, Tenn., April 3, 1939.

Resolution regarding Hon. Elmer D. Davies

Be it resolved by the County Court of Robertson County, Tenn., in quarterly session assembled at Springfield on the first Monday in April 1939, That we approve the selection of the Honorable Elmer D. Davies for the position of judge of the District Court of the United States for the Middle District of Tennessee and most respectfully petition that he be appointed by the President and approved by the Senate.

Mr. Davies is an outstanding citizen and lawyer who has a wide range of experience in the affairs of the public, including his work as a legislator in the General Assembly of Tennessee, and his integrity is unimpeachable.

Passed.

_____ _____,
County Court Clerk.

Approved.

_____ _____, *Judge.*

TENNESSEE CONGRESS OF PARENTS AND TEACHERS, INC.,
Nashville, Tenn., March 31, 1939.

The Honorable TOM STEWART,
United States Senate, Washington, D. C.

DEAR SENATOR STEWART: May I take this opportunity to commend you and Senator MCKELLAR on the very excellent recommendation you have made in selecting Hon. Elmer D. Davies to succeed the late Judge John J. Gore.

In my humble opinion, Mr. Davies' dignity, poise, courtesy, brilliance as a lawyer, his rare good judgment, absolute honesty and dependability in the smallest matters, as well as his clean personal record, make him the outstanding man for this high office.

With best wishes, I remain,

Faithfully yours,

CLARA S. SMITH
(Mrs. Buford Smith).

NASHVILLE, TENN., *April 1, 1939.*

Re Federal judge, middle district of Tennessee.

Hon. TOM STEWART,
United States Senate, Washington, D. C.

DEAR SENATOR: May I take this opportunity, sir, of commending you for your recommendation of our mutual friend, Elmer D. Davies, to be the Federal judge for the middle district of Tennessee.

I should not be frank were I not to state that for personal reasons I had a preference among the known applicants for the place. However, since you did not see fit to recommend any one of these, but chose instead a comparatively younger member of the bar, it is my honest opinion, taking all elements into consideration, that you could not have made a better choice.

The recommendation came as a surprise to the members of the Nashville bar, and from my point of view it was a most happy and pleasant surprise. Personally, I have heard nothing but the most

favorable comments among the members of the bar and other citizens here with whom I have discussed the matter.

I realize that this has caused you a great deal of concern, and, while I take no active part in politics, I think it only fair that you should be complimented on a recommendation which is most pleasing. I am convinced that Elmer Davies will be a good judge—in the course of time a great judge. He is thoroughly honest and capable and a man of courage, and by temperament I believe that he is particularly fitted for the bench.

Inasmuch as we need a Federal judge to carry on the business of the court, I cannot urge you too strongly to press for the immediate confirmation of Elmer Davies as judge of the United States District Court for the Middle District of Tennessee.

With best wishes, I am,

Sincerely yours,

JOSEPH MARTIN.

NASHVILLE, TENN., *March 31, 1939.*

Senator TOM STEWART,
Washington, D. C.

DEAR SENATOR: I wish to congratulate you for the splendid selection you made in nominating Senator Elmer Davies for the office of United States district judge for the middle district of Tennessee. I have been acquainted with Senator Davies for the past 10 years and know him intimately, both as a lawyer and as a man. In my humble judgment Mr. Davies is possessed with every fundamental qualification to make a great judge and render a service to his people and his Government which will be a credit to his name and to those who are responsible for his appointment.

Senator Davies enjoys the respect and esteem of the bench and bar of middle Tennessee. Neither his integrity nor ability as a lawyer is subject to any question. I have always found him to be honest, able, and courageous, and his friends are numbered by his acquaintances.

His nomination for this exalted position came as a surprise, he not having sought the position himself.

My primary interest in this appointment, as a lawyer, has been and is to see a man appointed who is in every material respect qualified and able to discharge with justice the duties incumbent upon this office, and to preserve and maintain those high standards and the administration of justice for which this office has been so distinguished during the tenure in which it was held by the late Justice Sanford and Judge John J. Gore.

It is my humble judgment and belief that you will not have an occasion to regret the selection which you made, and I personally wish to commend you for the wisdom which you have exercised in making this difficult selection.

Yours very truly,

H. H. CHITWOOD,
Attorney at Law.

STATE OF TENNESSEE,
SUPREME COURT,
Nashville, April 1, 1939.

Hon. A. T. STEWART,
Senate Office Building, Washington, D. C.

DEAR TOM: I understand that certain disappointed and envious people in and around Nashville have been writing and wiring you in regard to Elmer Davies. As I know him as well as anyone else, and better than most, I venture to put my oar in, too.

I have known him since before he was licensed to practice; saw him court his wife, marry, raise his family, and begin the practice of law. There is nothing that can truthfully be said against him in any manner, except that he was fortunate enough to receive the appointment. He has always been a loyal Democrat, working for the party and ably so, and has had the courage of his convictions.

This letter is entirely unsolicited and I feel probably it is unnecessary, but I cannot stand by without defending a friend who deserves it.

With best wishes, I am

Sincerely yours,

DAVID S. LANSDEN.

SMITH & BEASLEY,
Franklin, Tenn., April 1, 1939.

Senator TOM STEWART,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am enclosing you herewith request signed by every member of the Franklin bar, requesting you to use all of your influence in having the nomination of Hon. Elmer Davies confirmed as United States district judge at Nashville.

I think your selection and nomination was a very fine one, and the middle district should be congratulated as well as yourself.

With kindest personal regards, I am

Very truly yours,

W. J. SMITH.

Senator TOM STEWART,
Senate Office Building, Washington, D. C.:

The undersigned, members of the Franklin bar, most earnestly request you to use your influence in having the nomination of Hon. Elmer Davies for the United States district judge at Nashville, confirmed by the Senate.

Tyler Berry, Jr., W. J. Smith, Earl Beasley, R. W. Richardson, Jr., E. W. (Ned) Eggleston, Thos. P. Henderson, R. H. Crockett, J. F. Eggleston, E. Ward Harris, Alvin Quinn, J. H. Campbell.

SEAY, STOCKELL, EDWARDS & BARKSDALE,
Nashville, Tenn., April 1, 1939.

Senator A. T. STEWART,
Senate Office Building, Washington, D. C.

DEAR TOM: I wish to commend your recommendation of Elmer Davies for appointment as district judge at Nashville. In my opinion, this is a most excellent appointment.

Elmer is level-headed, a good lawyer, and is young enough to develop while on the bench, which in my opinion, is a most important consideration.

Yours very truly,

A. W. STOCKELL.

UNITED STATES POST OFFICE,
Nashville, Tenn., March 31, 1939.

The Honorable TOM STEWART,
United States Senator,
Washington, D. C.

MY DEAR SENATOR: I realize you had a difficult task in selecting an individual for your recommendation in filling the Federal judgeship for middle Tennessee, and you are to be congratulated on your choice. Have heard many favorable comments.

I take the position there is no harm in the asking as we sometimes miss something good by not asking. At the same time a good winner must be a good loser, and that is what I want to be and try to be when the occasion arises.

Am happy it was given to Davidson County.

Sincerely, your friend,

WM. GUPTON.

FARMER, DENNEY & LEFTWICH,
Nashville, Tenn., March 31, 1939.

Hon. THOMAS STEWART,
Senate Office Building, Washington, D. C.

DEAR SENATOR STEWART: The news that Senator MCKELLAR and you have recommended Elmer D. Davies for the local Federal judgeship is very gratifying to his many friends at the Nashville bar.

Mr. Davies is a young man of outstanding ability and the very highest character and integrity. The people of this section are very fortunate, in my opinion, in having a man of his type to fill the vacancy created by Judge Gore's death.

I may add that the public comment is very favorable of your decision.

With kindest regards, I am

Yours very truly,

FYKE FARMER.

THE AMERICAN NATIONAL BANK,
Nashville, Tenn., April 1, 1939.

Hon. A. T. STEWART,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I wish to congratulate you upon your recommendation of Elmer Davies of Nashville, Tenn., for Federal judge of this district.

I have known Elmer for a number of years and know him to be a man of fine character and one of the best lawyers in this section. He is honest, conscientious, and fair in every respect and I am sure that your recommendation of him has pleased your many friends in this State.

Very truly yours,

A. W. WILLEY.

YOUNG MEN'S DIVISION,
NASHVILLE CHAMBER OF COMMERCE,
Nashville, Tenn., March 31, 1939.

Senator A. T. STEWART,
Washington, D. C.

DEAR SENATOR STEWART: The Junior Chamber of Commerce of Nashville, Tenn., wishes to express its gratitude and appreciation for the appointment of a Nashville attorney as Federal judge of the middle Tennessee district.

This appointment has met with wide approval and is in full accord with the request of the Nashville Junior Chamber of Commerce.

Yours very truly,

NED LENTZ, *Acting President,*
Junior Chamber of Commerce.

NASHVILLE TRADES AND LABOR COUNCIL,
Nashville, Tenn., April 15, 1939.

Hon. TOM STEWART,
Senator of the United States,
Washington, D. C.

DEAR TOM: Please find enclosed a resolution passed by the Nashville Trades and Labor Council which is more or less self-explanatory.

Labor of Nashville cannot see the consistency of the appointment of Mr. Elmer D. Davies as Federal judge of the middle district of Tennessee.

Sincerely yours,

[SEAL] JOHN GARNER,
Secretary, Nashville Trades and Labor Council.

Whereas notice has been carried in the press that the United States Senators from this State have recommended for district judge for the middle district of Tennessee, Mr. Elmer D. Davies of this city, one of the bitterest critics of the liberal policies that have distinguished the present national Democratic administration; and

Whereas on January 29, 1935, when Mr. Davies was serving as State senator and the senate had under consideration certain planning bills endorsed by the T. V. A. and concerning which the chairman of the Tennessee Valley Authority had advised the senate "that the Tennessee Valley Authority felt the planning bills would make possible a State program which would materially assist the T. V. A. in certain of its activities," Mr. Davies said: "In my opinion these are the most pernicious, socialistic, and paternalistic bills that ever were introduced in this legislature. I, for one, don't want the record to show in the future that I sponsored any of these, if unfortunately they should pass," and

Whereas Mr. Davies further stated: "The only reason a State N. R. A. was not included was that it was so unpopular that they didn't have the nerve to present that," and

Whereas Davies said further: "Ah, gentlemen, 'twas a sad day indeed when the several States bartered their birthright for Federal aid. You know and I know that the federalists within the past 2 years have done more by the aid of their money to eliminate all States rights than the Civil War ever accomplished," and

Whereas the Nashville Trades and Labor Council realizes the seriousness of placing on the Federal bench here at the heart of the T. V. A. development a man who is one of the most consistent opponents of the enlightened social philosophy which has characterized the present national Democratic administration: Now, therefore, be it

Resolved, That we urgently protest the appointment of Mr. Elmer D. Davies as district judge for the middle district of Tennessee, and be it further

Resolved, That a copy of these resolutions be sent to each of the following:

To President Franklin Delano Roosevelt,
To United States Attorney General Frank Murphy,
To Senators K. D. McKellar and A. Tom Stewart.

C. N. VESTER,
STANLEY O'CONNOR,
W. C. CLARK,
J. W. AVERITT.

Sincerely yours,

[SEAL] JOHN GARNER,
Secretary, Nashville Trades and Labor Council.

LOCAL UNION NO. 192, INTERNATIONAL BROTHERHOOD OF BLACKSMITHS, DROP FORGERS, AND HELPERS,
Nashville, Tenn., May 25, 1939.

Senator TOM STEWART,
United States Senate, Senate Office Building, Washington, D. C.

DEAR SENATOR: You will find herewith enclosed a resolution, which was unanimously adopted by our local last night.

It is our unanimous opinion that Mr. Elmer Davies is not suitable by temperament and training to fill the important position for district Federal judge in middle Tennessee.

Probably no district judge in the South would be called upon to pass upon liberal legislation and policies put forth by the Roosevelt administration so much as the judge of this district, and we think that the man should be at least tolerant. All we ask is that we be given a judge with liberal views, which we know that Mr. Davies does not possess.

Yours very truly,

M. L. HALMONTALLER,
Recording Secretary.

BROTHERHOOD OF LOCOMOTIVE FIREMEN AND ENGINEMEN,
SILVER POINT LODGE, NO. 100,
Nashville, Tenn., June 19, 1939.

Senator TOM STEWART,
United States Senate Building, Washington, D. C.

DEAR SENATOR STEWART: Silver Point Lodge, Brotherhood of Locomotive Firemen and Enginemen, in their regular meeting June 13 took action on the proposed appointment of Elmer D. Davies for Federal judge of middle Tennessee and adopted the enclosed resolutions.

We are hoping that you will not recommend his appointment.

Sincerely yours,

C. F. BARNETT,
Recording Secretary.

CONSOLIDATED BUS LINES, INC.,
Smithville, Tenn., March 31, 1939.

Senator TOM STEWART,
Washington, D. C.

DEAR SENATOR STEWART: I just noticed from the press that you have recommended Hon. Elmer Davies for appointment as Federal judge in middle Tennessee.

This is a splendid appointment. You could not have made a better one, in my opinion, from Davidson County. From a political viewpoint I agree with you that this appointment should be from Davidson County.

Permit me to congratulate you upon your choice.

Your friend,

J. E. EVINS.

NASHVILLE, TENN., *March 30, 1939.*

Hon. A. T. STEWART,
United States Senator,
Washington, D. C.:

The appointment of Elmer Davies would be an affront to every Roosevelt supporter in Tennessee. He fought every New Deal measure on the floor of the senate of Tennessee in 1935 and called the housing program socialistic and communistic. He is strictly a "Liberty Leaguer."

GENERAL HOME INSULATING CO.

CHATTANOOGA, TENN., *July 4, 1939.*

Senator TOM STEWART,
Washington, D. C.:

Chattanooga Typographical Union No. 89 has instructed me to inform you that we are bitterly opposed to appointment of Elmer Davies to Federal judgeship. We hope you will not vote to confirm this appointment.

F. T. CARTER, *Secretary.*

NASHVILLE, TENN., *March 31, 1939.*

Senator A. TOM STEWART,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Congratulations on your selection of Elmer Davies for the judgeship at Nashville. He is a fine man, capable lawyer, and a working Democrat. He is very popular among the lawyers at the Nashville bar.

You need not acknowledge this letter as I know you have had a floodtide of mail along these lines.

I am always at your service and command.

With best wishes, I am,

Cordially yours,

W. B. MARR.

CHATTANOOGA, TENN., *June 9, 1939.*

Hon. TOM STEWART,
Washington, D. C.

DEAR SENATOR STEWART: The convention of the Tennessee Federation of Labor, which has just adjourned, had before it a resolution opposing the appointment of Mr. Elmer D. Davies, of Nashville, as district judge for middle Tennessee. The resolution committee held extensive hearings on said resolution and the convention referred it, together with the record of the hearing, to the executive council which is also the nonpartisan committee of the Tennessee Federation of Labor.

The nonpartisan committee has unanimously instructed me, as secretary, to write you stating our vigorous and unqualified opposition to the appointment of Mr. Davies to the Federal bench. Our reasons for opposing this appointment are that he has demonstrated his opposition to New Deal policies, notwithstanding that he was a supporter of the Democratic Party in the elections. As a member of the State senate he bitterly opposed the T. V. A. planning bills, characterizing them as "pernicious, socialistic, and paternalistic." He also opposed ratification of the child-labor amendment, and as chairman of the senate rules committee was largely instrumental in preventing a vote on the amendment. Mr. Davies has been an outspoken opponent of New Deal policies, and it is inconceivable to us that a man holding these views should be placed on the bench by the present administration.

We hold that it would be particularly obnoxious to have a man holding the views that Mr. Davies does on T. V. A. sitting as a Federal judge in the heart of the T. V. A. territory.

In making the above statements we do not bring into question Mr. Davies' personal integrity or his right to hold the views he does, but we do question the propriety of the appointment of a man holding such views.

We, therefore, respectfully ask that he not be appointed.

Respectfully yours,

TENNESSEE FEDERATION OF LABOR,
T. R. CUTHBERT, *Secretary-Treasurer.*

(Whereupon, at 2:10 o'clock p. m., the hearing was closed and the subcommittee adjourned.)

THE SPENDING PROGRAM

Mr. KING. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, an editorial from the New York Times of this date entitled "The Spending Program." It seems to me that this editorial ought to challenge the attention of Senators who are determined to appropriate all the money we have and then impose additional burdens on the taxpayers.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times of July 13, 1939]

THE SPENDING PROGRAM

The administration's newest lending-spending program is now before Congress in the form of a bill calling for credits of $2,660,000,000 for various kinds of public works. Only one major change has been made in the plan since it was first advanced by the President. The proposal for an extension of $500,000,000 in

foreign credits has been dropped like a hot cake. It has been dropped because opposition in Congress to foreign loans is politically much the safest kind of opposition to any spending program. Foreign governments have no votes.

As it stands, the plan calls for loans to be made by various credit agencies of the Government for waterworks, sewage-disposal plants, bridges, hospitals, toll roads, railway equipment, rural electrification, and farm-tenant programs—all of which are lightheartedly lumped together by the President as self-liquidating projects which will add nothing to the natfonal debt. But if these projects are actually self-liquidating, if there is every reasonable prospect that they can pay their way commercially, there is no shortage of idle private capital ready to go into them, and if they are not self-liquidating in this sense they are bound to add to the Government's contingent debt, which is just as real a debt from the taxpayer's point of view as the formal public debt which the Treasury carries on its books.

Despite the temptation to spend more money in an election year, the plan ought to be voted down in Congress for three solid and convincing reasons: (1) This type of public spending—spending outside the Budget—is in fact the most dangerous of all kinds of public spending, since it conceals the real extent of the Government deficit by means of a bookkeeping device. (2) Five years of experience with "pump priming" on a gigantic scale has shown that Government spending cannot by itself achieve a sound and lasting recovery of business. (3) To the extent that Government spending succeeds at all, it succeeds merely in producing a series of minor speculative booms that tend to obscure the necessity of changes in governmental policy.

With the greatest debt in the country's history and a Budget completely out of hand, it is time to call a halt on spending and to face the realities of the situation.

REPATRIATION OF AMERICAN NEGRO IN AFRICA

Mr. BILBO. Mr. President, since introducing in the Senate a bill to repatriate the American Negro on the West Coast of Africa I have received thousands of communications endorsing the proposal, many of them coming from foreign lands. Among them I hold in my hand a letter of exceptional interest, not because of its literary value nor because of its faultless sentential structure, for in these things it may be adjudged by men of much learning merely mediocre. It was penned by the black hand of a descendant of a Zulu tribe in Zululand, South Africa, and represents the overpowering impulse of an Afro-American to plead in his simple, peculiar native way for race nationality. He does not want to see his race, of which he is justly proud, submerged and forever lost in the blood stream of the Caucasian. He is possessed of the inherent urge to rebel against amalgamation, the inevitable end which the Negro race is gradually and alarmingly approaching in this country. Every line of this letter echoes with the cry of a lost soul for an opportunity to return to the continent from which it was stolen, to be transplanted in a land unsuited to its growth and development, a clime lacking in congeniality to its freedom and happiness. This letter is to be valued more for the sentiments that strove for expression than for those actually set down. The dark hand of the suppliant is stretched forth without adequate words to express the full measure of his desire. I believe this message will kindle a new light in the mind of some doubting Thomas if he will only dare to read it.

I most respectfully ask, Mr. President, that the letter be printed in the RECORD following the remarks I have now concluded.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The letter is as follows:

NEW YORK CITY, N. Y., *July 1, 1939.*

Hon. THEODORE G. BILBO,
United States Senator for Mississippi,
Senate Chamber, Washington, D. C.

SIR: After perusing the edition of the CONGRESSIONAL RECORD of the Seventy-sixth Congress re the Bilbo bill, I felt that not only I, but the Afro-American as an entity, are, or should be, greatly indebted to you for the great efforts you are exerting in our behalf.

There are those within our own racial group represented by the professional doctor and clergy, the successful businessman, and the one-half or three-fourths caste mulattoes who believe that the day and time will come when the American democratic institution which was established by the blood and suffering of the Pilgrim Fathers will retrograde to the status of a socialistic-communistic state, in which the black man and the white man will abide cheek by jowl on terms of social, economical, and political equality, contrary to the principles laid down by such immortals as George Washington, Thomas Jefferson, and Abraham Lincoln, and as now made manifest by the Bilbo bill.

This group of men and women may be appropriately classified not only as the real drones of the African race, but ipso facto the parasites who survive merely by clinging to and sucking the lifeblood from the poor and the unthinking masses of their own ilk.

They are so absorbed by the spirit of exploitation, greed, and avarice and selfishness, the thought of miscegenation, and the wish for universal racial amalgamation that they are not in the least mindful of the cruel injustices and inhumanities being suffered by the overwhelming majority of their own race and people.

It is doubtless true that the black man has served the white man in America as a chattel slave from 1620 to 1863, but in my humble opinion as a direct descendant of the Zulu Tribe, of Zululand, South Africa, I do not believe that this fact is a justification of the black man's claim, aided and abetted by the N. A. A. C. P. and the Communist Party of Russia in America, to social, economic, and political equality with the Nordic or Anglo-Saxon white man in America any more than if I stopped and ordered a white man today to shine my shoes, and he did so, would justify that man in claiming social and economic equality with me in my private home.

Not so very long ago the late President Warren G. Harding, in a speech delivered at Birmingham, Ala., in 1921, I recall, said in part: "There is a difference—a great, big difference—an inescapable difference, between the white man and the black man."

And the black man should seek to be—he should be encouraged to be—the best possible black man, and not the best possible immitation of the white man. He should have ideas, ideals, ambition, aspirations, and a whole set of traditions all his own.

The sentiment of the American white people, as expressed by the administrator of the affairs of the Nation, to my mind is prima facie proof that the white man will not tolerate social, economic, and political equality as between the white man and the black man in America. This sentiment requires that he should have a social, economic, and political system of his own. This being so, the white man, speaking through Washington, Jefferson, Lincoln, and Harding, could not mean, and certainly does not mean, that the black man should have, or strive to have, a black government within a white government, or a black empire within the American empire.

Yet it is so strange, so baffling, to me, Mr. BILBO, that neither the American Government or the American press is willing to accept and to promulgate the principles of separation and repatriation of the Afro-American back to his motherland, Africa, as advocated by the Bilbo bill.

Less than a year ago the dictum of one man—Adolf Hitler—actually forced the American Government and national press to the point of advocating an independent national homeland for German refugee Jews even in far-off British Guiana in South America, and suggesting such places as east and west Africa. Yet it is so strange, so confusing to me, Mr. BILBO, that the same American Government and press ignore so thoroughly, so completely, the dictum of at least four Presidents of the United States—George Washington, Thomas Jefferson, Abraham Lincoln, and Warren Gamaliel Harding.

In 1620 there were only 433,000 black chattel slaves. In 1939 there are approximately 22,500,000 descendants of those slaves, freed by Abraham Lincoln and now competing with the white man for food, clothes, and shelter in the economic and political battle of the survival of the fittest. This is a problem that must be solved sooner or later.

It was a distressing problem in 1776. It was a bloody problem in 1863, and I make bold to state that it is an acute problem in 1939. If it is to be solved—and it must be solved—its only solution is, to my mind, the Bilbo bill. As for me, I am not half as eager to get away from sin as I am to rid myself of the curse of amalgamation of the white man and the black man. Such a policy, to my mind, would be contrary to the divine scheme.

Hoping that the Bilbo bill will have the wholesale support of the United States Congress and press, I am, sir,

Very respectfully yours,

J. MILTON BATSON.

THE WORKS PROGRESS ADMINISTRATION IN WYOMING

Mr. SCHWARTZ. Mr. President, a United Press dispatch from Albany, N. Y., under date of June 26, referring to the thirty-first annual conference of Chief Executives in session there at that time, states that Gov. Nels Smith, of Wyoming, complained to the conference of Governors that Wyoming ranchers in his State "are unable to get help because persons on relief are unwilling to give it up temporarily."

Mr. President, Governor Smith's ignorance of the Wyoming W. P. A. and labor situation is only exceeded by his general hostility to the whole relief program.

Recently I sought to find ranch work in Wyoming for a deserving young man. I wrote several friends who might be in position to know of any vacant job. A sample reply received by me reads, in part:

As you well know, Harry, there are many youngsters around here wanting to go out on these ranches and also from various parts of the country, and naturally there is scarcity of work for them.

Mr. President, the youngsters referred to by my friend are boys from 18 to 25, most of whom have for the past 3 or 4 years been unable to find regular work; others each summer go out on the ranches and earn money to carry

themselves through the university. They are anxious to work. They are rising young Americans. Most of them are familiar with all ranch work.

As to the Wyoming W. P. A. workers: On January 1st last there were 4,166 workers on the rolls in Wyoming. As the season for agricultural work opened the number on the rolls had decreased to 3,157, and on July 1st the number of W. P. A. workers was 3,052. This is a decrease of 1,114, or about 25 percent. Practically all of them sought private employment, and the official records show that 850 of them went into private employment.

Mr. President, as a part of my remarks, I should like to have printed in the RECORD at this point a statement by the W. P. A. administrator of Wyoming as it appeared in the Wyoming Eagle, of Cheyenne, on June 27, 1939, setting forth the official notices to W. P. A. workers that if they accept private employment they may go back to work again when the employment terminates.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NEELY. Mr. President, have I the floor?

The VICE PRESIDENT. The Senator from West Virginia has the floor.

Mr. NEELY. I refuse to yield for any colloquies or any discussion.

The VICE PRESIDENT. Without objection, the article referred to by the Senator from Wyoming will be printed in the RECORD.

The article is as follows:

[From the Wyoming Eagle, Cheyenne, Wyo., June 27, 1939]

FLANNERY ANSWERS ATTACK OF GOVERNOR

Governor Smith's statement at the Governors' conference yesterday in Albany, N. Y., regarding the failure of W. P. A. workers to take private employment, was challenged last night by L. G. (Pat) Flannery, Wyoming W. P. A. administrator.

Flannery said: "The Cheyenne Tribune of June 26 attributes the following statement at the Governors' conference in Albany, N. Y., to Gov. Nels Smith, of Wyoming, that Wyoming stockmen 'can't get labor on our ranches because W. P. A. workers are told if they leave they can't get back on the W. P. A.'

"If the Governor is correctly quoted, his statement was not in accord with established W. P. A. policy in regard to private employment or with facts."

A CHALLENGE

And here is Flannery's challenge—

"If Governor Smith or anyone else has knowledge of any employee of this administration who has told W. P. A. workers they cannot get back on the program if they leave to accept a private job, we would like to have that employee's name.

"If the Governor or anyone else knows a W. P. A. worker who has refused a private job, this office would like to know about it, so we can terminate that worker if his refusal was not justified.

"And if the Governor or any other person knows of a W. P. A. worker who quit to accept a private job and lost that job through no fault of his own, and who is still in need, who has been refused reemployment on W. P. A., we would appreciate that information.

"FOILS WELFARE MOVE

"Recently the State department of public welfare undertook, and is still attempting, to cancel the W. P. A. certifications of a number of persons who quit W. P. A. to take private jobs, which would have eliminated them from reemployment, but the Wyoming Works Progress Administration has refused to accept such cancelations of certification.

"Since June 19 the only assignments that have been made to W. P. A. have been the assignment of persons who quit to accept private employment and have lost that employment through no fault of their own and are found to be still in need, and of persons who are returning because of temporary separation due to illness or injury. And the Wyoming Works Progress Administration will continue to give preference and jobs to persons returning from private employment who are still in need, so long as quota and funds are available."

NOTICES SENT

Flannery explained further:

"May 12, 1939, the following instructions were issued to all offices of the Wyoming Works Progress Administration:

"Your attention is called to section 24 of Federal Administrative Order No. 67, which states:

"'Section 24: Project employees and unassigned certified persons shall be expected to accept bona fide offers of private employment, whether of a permanent or temporary nature, provided that:

"'(a) The project employee is capable of performing such work.

"'(b) The wage for such employment is not less than the prevailing wage for such work in the community.

"'(c) Such employment is not in conflict with established union relationships.

"'(d) Such employment provides reasonable working conditions.'

"A certified person who takes such private employment shall at the expiration thereof be entitled to reemployment on a project if he is still in need and otherwise eligible and if he has lost the private employment through no fault of his own. However, project employees and certified persons awaiting assignment who refuses to accept such private employment shall be ineligible for employment on any project for the period such private employment would be available.

"The provisions in section 24 are to be strictly adhered to without exception."

The same day the following notice was sent to each individual W. P. A. worker:

"TO ALL W. P. A. PROJECT WORKERS

"Your attention is again called to the fact that opportunities for private employment are gradually increasing, and all W. P. A. employees are to take advantage of such opportunities. Workers refusing private employment when working conditions are reasonable and the wage for such employment is not less than prevailing wage for such work in that community, will be terminated from W. P. A. for the period such private employment would be available.

"When workers are notified that jobs are available for them, they must report immediately as instructed by the county W. P. A. office. Failure to comply with these instructions will be considered as refusal of private employment.

"Further, workers are instructed to contact the U. S. E. S. offices on or before June 1, 1939, and every 60 days thereafter. In localities where there are no U. S. E. S. offices, such contacts are to be made by letter or telephone. Arrangements have been made whereby we will be notified as to whether the workers have made such contacts. Failure to make contacts will be sufficient reason for termination.

"Workers leaving projects to accept private employment will be given every preference under regulations for returning to W. P. A. at the time the private employment is terminated, if they are still in need.

"RECEIVE PREFERENCE

"As the result of these instructions the rolls of the Wyoming Works Progress Administration have decreased from 4,166 January 1, 1939, to 3,157 June 15, 1939. This reduction of more than 1,000, about 25 percent of the total, is almost entirely accounted for by the voluntary acceptance of seasonal work by W. P. A. employees on Wyoming farms, ranches, and in private industry.

"'Every specific case of a W. P. A. worker refusing a bona fide offer of private employment at work which he could do, under reasonable working conditions and at the prevailing rate of pay for similar work in the community, which was reported or otherwise came to the attention of this office has been investigated, and if substantiated, the worker has been terminated,' Flannery said.

"Let it be said to the credit of Wyoming W. P. A. workers that only in a few instances has it been necessary to terminate persons for refusing private employment. Most of the men and women who have been forced by grim necessity to come to this program in order to live and feed their dependents are, like men and women in all walks of life, happy and grateful when opportunity comes to stand on their own feet and make their own way."

RECIPROCAL-TRADE AGREEMENTS

Mr. MEAD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement by myself on the subject of the reciprocal-trade agreements.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY MR. MEAD

There have been some conflicting statements made respecting the benefits accruing to this Nation as a result of the operation of the reciprocal-trade agreements. With especial reference to the trade agreements and fish imports, and the trade agreements and poultry imports, sometime ago I wrote to the Secretary of State seeking some facts. I now have two letters from the Secretary, and I desire to incorporate portions of these letters in this statement.

It has been asserted that the trade agreements have helped foreign countries to recover their markets for fish in this country while the concessions that have been received from agreement countries have not been of any assistance to us in reacquiring our former foreign markets for fish. In this connection, the Secretary makes the following comment:

"The nature of our foreign trade in fish differs in the case of the different species. Domestic production is inadequate to supply the large and increasing demand of the country for fish of most species. Important exceptions are canned salmon and sardines (pilchards), exports of which are large. Total United States imports of fishery products are approximately three times as great as exports, in value, and they constitute a rather large fraction of total fish consumption. This situation is due in part to the consumption demands of the large population of the United States and the fact that so relatively small a part of the population engages in commercial fishing. Fisheries represent a very small fraction of the business, even of those sections of the country which rank high in the fishing industry.

"The most important concessions with respect to fish granted by the United States were provided in the old and new trade agreements with Canada and in the agreement with the United Kingdom. Imports affected by the United Kingdom agreement

come mainly from Newfoundland. These concessions include bindings on the free list of certain items which are free of duty and reductions of the duties on a number of other fresh- and salt-water fish.

"Total United States imports of fish declined greatly during the depression but subsequently recovered in 1937 to almost 90 percent of the 1929 figure. In the last 3 years, 1936 to 1938, when the first agreement with Canada was in effect, imports averaged $30,872,000 annually. The lowest figure reached during the depression was $21,673,000 in 1932. In 1929 our imports were valued at $38,753,000. The following table shows the value of our imports over a period of years:

Total United States imports for consumption of all fish and fish products, including shellfish

1925–29 (average)	$34,515,000
1929	38,753,000
1930	35,036,000
1931	28,937,000
1932	21,673,000
1933	21,783,000
1934	23,174,000
1935	27,535,000
1936	30,356,000
1937	33,911,000
1938	28,349,000

"While duty reductions undoubtedly have facilitated imports of fish in the last 3 years, it will be observed that the increases have not yet restored imports to predepression levels. In 1938, moreover, the total value of imports was considerably smaller than in 1937. Imports of fish in 1937 were no doubt stimulated by the relatively high prices of meat in that year resulting from the severe droughts of 1934 and 1936.

"It must not be inferred that the difference in the value of imports before and after the reductions were made provides a measure of the effects of these reductions. Other factors as well, such as price changes and variations in consumer purchasing power, have, of course, been important influences.

"It has been implied that the increase in imports of fish measures the extent to which domestic producers have been injured. This, of course, is not so. As in the case of practically all other industries, the prosperity of our fishing industry depends primarily upon consumer purchasing power. While imports of fish were $10,737,000 greater in 1937 than in 1934, the year the Trade Agreements Act was adopted, the income of our fishermen, as measured by the value of the domestic catch, was $26,682,000 greater. Although other factors tending to enhance domestic demand, such as the relatively high prices of meat, were also important, our fishermen were undoubtedly benefited by the general improvement in economic conditions, to which trade agreements contributed.

"It might be added also that concessions have been obtained benefiting American exports to Canada and Newfoundland which are of great value to the industry and agriculture of those sections of the United States in which fisheries are relatively important, notably New England, the Industrial States along the Great Lakes, and the Pacific Coast States.

"It has been contended that trade agreements have not been of help in restoring our foreign markets for fish on a comparison of the value of United States exports to trade-agreements countries which granted us concessions on fish, and other countries, respectively, in 1929 and 1937. Such comparisons do not measure the effectiveness of trade-agreement concessions. The many influences affecting trade with individual countries were very different in 1937 than they were in 1929. We have been confronted with the extremely difficult task of restoring the damage to our commerce which resulted from the collapse of world trade after 1929—a disaster to which our own high-tariff policies had contributed. The trade-agreements program has already contributed substantially to the restoration of many of our foreign markets.

"The United States has obtained in trade agreements highly valuable concessions for types of fish that this country exports. Most important among these are the concessions pertaining to canned salmon and sardines, which account for approximately three-fourths of our total fishery exports.

"Exports of fish from the United States, especially canned fish, have increased substantially since the trade-agreements program was inaugurated. While not all of this increase can be attributed to trade agreements, it is significant that in 1938 our exports of canned fish to countries which had given us concessions on such products were 59 percent greater than in 1934 while our exports to all other countries were but 11 percent greater."

There have been repeated charges, some of which have appeared in the CONGRESSIONAL RECORD, that increased imports of live poultry have been a definite handicap to the domestic industry, and that these increases are attributable to a reduction in the duty on live poultry under the two reciprocal-trade agreements with Canada.

The duty on live poultry was reduced from 8 cents a pound to 4 cents a pound in the first trade agreement with Canada, which became effective January 1, 1936, and this concession was continued in the new agreement which became effective January 1, 1939.

In response to my inquiries concerning the effect of the increased imports of poultry, the Secretary writes:

"Imports of live poultry did increase after the first agreement went into effect, but the actual increases have not been great; and, except in the unusual year 1937, imports have not been as great as they were in 1929. Moreover, to express the increases in imports in percentages is quite misleading, because the actual amount of poultry imported, even in the peak year 1937, has been relatively small. Imports amount to only a small fraction of 1 percent of domestic production.

"Imports of poultry from countries other than Canada are very small. Below is given a table of statistics showing the value of imports of live poultry from Canada, from other countries, and from all countries during certain years:

United States imports of live poultry

Year	From Canada	From other countries	Total
1929	$346,748	$9,108	$355,856
1932	12,465	4,551	17,016
1933	3,991	3,850	7,841
1935	9,383	13,978	23,361
1936	176,740	17,370	194,110
1937	732,769	55,030	787,799
1938	165,657	62,937	228,594
1938 (1st quarter)	(1)	(1)	83,600
1939 (1st quarter)	(1)	(1)	27,680

[1] Not available.

"You will note from the table that imports of poultry in 1937 increased considerably. These imports were, of course, abnormal. The severe 1936 drought in this country had increased tremendously the price of beef, and the result was a great increase in domestic demand for poultry as a substitute. Domestic producers were unable to meet entirely the increased demand for poultry, and imports therefore increased considerably.

"Statistics of prices available show that the average prices per pound received by farmers for live chickens in 1932 and 1933 were 11.1 cents and 9.1 cents, respectively. The average prices received in 1936, 1937, and 1938 were 15 cents, 16 cents, and 15 cents, respectively. Chickens constitute from 85 to 95 percent of our poultry imports. A part of the increase in value of imports after 1935, as compared with imports in 1932 and 1933, was of course due to the higher prices received for poultry.

"In view of the facts set forth above it is extremely unlikely that the concession in regard to live poultry granted by the United States in the two trade agreements with Canada has injured the domestic industry. On the other hand, American poultry producers are clearly benefited by the trade-agreements program. The agreements thus far concluded have substantially increased domestic purchasing power by making possible a greater recovery in American foreign trade than otherwise would have occurred. This is specially important to producers of commodities such as poultry, the demand for which is sensitive to changes in consumer purchasing power.

"It was, as you know, because of deep concern for agriculture, industry, and workers suffering as a result of great decline in our foreign trade after 1929 that the Congress enacted the Trade Agreements Act of 1934, since extended. Under this legislation an effort is being made to restore and expand our foreign trade by means of mutually profitable agreements involving reciprocal adjustments of excessive trade restrictions. Of the trade agreements now in effect, agreements with 10 countries have been in effect for more than 3 years, and agreements with 4 other countries have been in effect for more than 2 years. Because of the great care taken in the formulation of these agreements, domestic producers have found no real cause for complaint. On the other hand, by helping to stimulate our foreign trade, these agreements have helped to increase employment and consumer purchasing power to the benefit of domestic producers and workers generally. While no claim is made that trade agreements alone have been responsible for the increase in foreign trade, nevertheless, it is significant that, in the 2 years, 1937–38, exports to the trade-agreement countries increased by 61.2 percent over exports to these countries in the 1934–35 period, while exports to all other countries increased by 37.9 percent."

PROHIBITION OF BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

The Senate resumed the consideration of the bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

Mr. NEELY. Mr. President, according to ancient legend, Pythagoras, after he discovered the forty-seventh problem of Euclid—the theorem that the square of the hypotenuse of a right-angled triangle equals the sum of the squares of the other two sides—celebrated his achievement by sacrificing a hecatomb of 50 white oxen.

The millions who, through their organizations and spokesmen, have petitioned the Congress to pass the motion-picture anti-block-booking bill, have as much occasion to rejoice today as Pythagoras had to celebrate 24 centuries ago, because the stranglehold of the fleshless fingers of parliamentary rigor mortis in which this proposed legislation has been held for the last 6 months has at last been

miraculously broken, and the Senate is now about to consider this measure on its merits.

A recent book lists the motion-picture industry as the fourth greatest in America from the standpoint of wealth. But from the point of view of the religious, moral, and mental training of the people, the importance of this agency transcends that of all others, excepting the churches and the schools. On the average, 88,000,000 people of the United States see at least one picture every week in the year. Thirty million of these are under the age of 21. In the congested sections of the great cities, 17 percent of all moving-picture theatergoers are under the age of 14. The influence upon the minds of these young patrons of the movies defies exaggeration.

Mr. President, the bill before us is designed to prohibit the trade practices known as the compulsory block booking and blind selling of motion-picture films in interstate and foreign commerce. It is identical with a bill that was passed by the Senate a year ago by a majority of more than 10 to 1.

During the last 11 years the appropriate committees of the Senate and House have conducted five comprehensive hearings on anti-block-booking measures. Every feature of the bill has been repeatedly considered. Every question relevant to its operation has been answered again and again.

Ever since 1928 there has been a constantly increasing public demand for this legislation.

Religious, educational, and welfare organizations with millions of members are today hopefully looking to the Congress for relief from the two indefensible trade practices of the moving-picture industry which the supporters of the bill seek to abolish.

In all the 11 years that have elapsed since the first hearing on an anti-block-booking bill, the opposition has advanced no new arguments and has adduced few new facts that have any bearing on the merits of the case. The only new points made this year are:

First. That due to disturbed conditions in Europe and Asia, the foreign business of the industry has declined, and therefore no additional burden should be placed upon it; and

Second. That the industry has initiated a program of self-regulation which makes unnecessary the enactment of the bill.

Unfortunately for the first contention, on the very day that it was advanced by Mr. S. R. Kent, the president of the Twentieth Century-Fox Corporation, the Treasury Department released a statement showing the fabulous salaries paid to the various stars and executives, including Mr. Kent, from the extraordinary profits of the Moving Picture Trust. Mr. Pettijohn, counsel for the Hays organization, in replying to a question by the Senator from Kentucky, said:

> We have gained in South America almost as much, if not as much, as we have lost in Germany and Italy.

The proposals made by the major companies in pursuance of their plan for self-regulation are not satisfactory because the relief which they suggest does not even approximate the objectives of the bill.

The proposals, as usual, simply represent an effort by the trust to create sentiment against legislation by the Congress or prosecutions in the courts.

PRACTICES DEFINED

To define the evils at which the bill is aimed is to condemn them. To understand them is to oppose them. Compulsory block booking is the practice whereby each of the principal motion-picture distributors, known as the Big Eight, leases to the independent exhibitors its production of pictures for the ensuing year in large blocks, thus affording the exhibitors no choice but to accept all or reject all of the films so offered.

The Department of Justice, in the Government's verified bill of complaint filed in the Federal court last year, supplies the following authoritative definition and observations:

> Block-booking is a practice whereby unaffiliated or independent exhibitors are compelled to take blocks or groups of pictures in order to obtain any of them. Compulsory block-booking, such as is enforced against the independent exhibitor, should not be confused with voluntary block-booking whereunder a group or block of pictures is purchased as the result of a voluntary agreement freely entered into between distributor and exhibitor. Block-booking is seldom, if ever, enforced by the producer-exhibitor defendants against each other. On the contrary, the exhibition contracts between and among the defendants herein are usually placed upon a selective basis, whereunder each defendant and its affiliated theaters may play such product or pictures of the other, or others, as it may select. In the case of the independent exhibitor, however, he is compelled to contract and pay for a whole block or group of pictures in order to obtain any of them which he may desire. This practice has the effect of imposing upon the independent exhibitor a great number of pictures that are not desired by him, and tends to arbitrarily fill up and consume his screen time, thus preventing him from securing other pictures through other distributors.

A more relevant or convincing argument in favor of the bill than the Department of Justice has thus made it would be difficult to conceive and impossible to phrase.

If compulsory block booking is so baneful that the Big Eight protect their own 2,500 theaters against it, why should the trust be permitted to afflict 15,000 independents with it?

To forestall the argument that the pendency of the suit mentioned constitutes a reason for delaying the passage of the bill, let me emphasize the fact that this litigation, even if successful, would not, for reasons specified at page 15 of the committee report, afford the effective relief which would flow from the legislation under consideration.

The purpose of the bill and the objective of the Government's suit are complementary and not antagonistic to each other.

Blind selling is the trade practice by means of which the Big Eight lease their moving pictures to the independent exhibitors, usually before the pictures are produced, and with little or no information concerning their quality or the nature of the stories embodied in them. Thus the independent exhibitor, in leasing a feature picture, must, in effect, "buy a pig in a poke."

At the beginning of a selling season each of the Big Eight announces an average of 52 feature pictures for release during the ensuing year, which extends from the 1st of September to the 31st of August. Formerly these announcements consisted of highly illustrated books, which, with an extravagance of superlatives, set forth the money-making potentialities of the attractions to be released. Only a few pictures were ever identified by titles and practically no descriptive matter accompanied them.

The announcement books were destitute of information that would enable an exhibitor to determine whether the pictures offered would be suitable for his patrons, and devoid of assurance that the pictures vaguely indicated in them would ever be produced. All such announcements contained the substance of the following, which appears in Warner Bros.' book for the 1937–38 season:

> The information supplied herein is intended only as an indication of material which may be produced and individuals who may appear in motion pictures, and is not a representation made by the distributor to induce any exhibitor to enter into a contract.

It thus appears that the sole purpose of these announcements was to beguile the exhibitors into signing contracts for the output of the companies which issued them, but which expressly exempted themselves from responsibility for their contents.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. TYDINGS. I am not as familiar with this subject as is the Senator from West Virginia, and I have not been a member of the committee which considered it. In the event the Senator's bill becomes law, to what extent, if any at all, will it increase the price of pictures to the exhibitors?

Mr. NEELY. Mr. President, in my opinion it will never increase picture prices. The efforts of the trust to create a false impression concerning this matter will be discussed later if time permits.

At one time all pictures were identified in the contracts between the distributors and exhibitors by title. If a picture bearing the contract title did not conform to its identification, or if the stars advertised to be featured in it did not appear, the exhibitor could cancel it on the ground that it was a substitution. But the practice of identifying pictures

in the leases even by title has been discontinued. For the 1937–38 season one producer identified six pictures in this manner. To the best of my information not one of the Big Eight identified a single picture by title in its contracts for the present year.

In brief, it appears that blind selling has steadily increased until it is now complete.

Congress has passed numerous label laws requiring full disclosure of the contents of many commodities. Section 4 of the bill is simply a label law for moving pictures. The law requires food, drugs, fertilizer, insecticides, and prison-made goods to be labeled. Is it not as important to protect the minds and the morals of children against known means of subversion as it is to protect the farmers against adulterated fertilizer or the public against prison-made goods?

Under the standard contracts used by the Big Eight, the distributor covenants that he will release not more nor less than a stated number of pictures. Certain price categories are specified in the contract and the unidentified pictures are, as released and delivered, assigned to the several price brackets solely in accordance with the discretion or pleasure of the distributor. The exhibitor's benefits under the contract are limited to the assurance that he will receive an indeterminate number of unidentified pictures at prices fixed by the distributor within the limits specified in the agreement.

In no other industry is the buyer or lessee so completely at the mercy of the seller or lessor. In no other industry does monopoly so defiantly rule or imperiously reign.

The Big Eight distribute more than 80 percent of the better motion pictures released in the United States. An exhibitor in order to operate his theater successfully must have the products of three or more of these companies. In order to obtain them he must submit to distributors' terms, whatever they may be.

Of the Big Eight, one, United Artists, is simply a distributor. Columbia and Universal are both producers and distributors. Paramount, Loew's, Twentieth Century-Fox, Warner Bros., and R. K. O., are both producers and distributors, and also the operators of vast chains of theaters which they own or control.

The Department of Justice, in the verified complaint before mentioned, thus summarizes conditions in the industry:

> In securing control of the motion-picture theaters of the United States, particularly the first-run metropolitan theaters and the larger and better chains of theaters, coupled with production facilities, the defendant producer-exhibitors herein have effectually monopolized the market for motion pictures upon a Nation-wide scale and have drawn unto themselves the power of effectually excluding from the market both independent producers and independent exhibitors.

In such circumstances, how can any legislator who believes in the philosophy of our antitrust laws justify his opposition to the pending bill?

THE SUPPORTERS OF THE PROPOSED LEGISLATION

The merits of a legislative measure are frequently indicated by the character and motives of those who favor it and those who oppose it. Therefore, attention is invited to the fact that the following national religious, educational, and welfare organizations are vigorously supporting the bill:

American Association of University Women.
American Home Economics Association.
American Baptist Publication Society.
Associated Film Audiences.
Association for Childhood Education.
Board of Temperance and Social Welfare of the Disciples of Christ.
Catholic Boys' Brigade of the United States, Inc.
Catholic Central Verein of America.
Catholic Daughters of America.
Catholic Order of Foresters, Inc.
Committee on Moral and Social Welfare of the Lutheran Church in America.
Council of Women for Home Missions.
Editorial Council of the Religious Press.
Federal Council of Churches of Christ in America.
Girls' Friendly Society of United States of America.
International Order of the King's Daughters and Sons, Inc.
Knights of Columbus.
Motion Picture Research Council.
National Board of Young Women's Christian Associations.
National Congress of Parents and Teachers.
National Council of Catholic Women.
National Council of Protestant Episcopal Churches.
National Education Association.
National Grange.
National Motion Picture League, Inc.
National Sentinels.
National Woman's Christian Temperance Union.
National Women's Trade Union League of America.
Service Star Legion, Inc.
Allied States Association of Motion Picture Exhibitors.
Independent Motion Picture Producers' Association.

Members of these great associations of serious and socially minded men and women frequently have cause to protest against the showing of undesirable pictures. In such cases they almost invariably find that, due to the practice of compulsory block booking and blind selling, the exhibitors are not free agents in the selection of their programs; that they have had to buy or lease blindly and in blocks, and that to refrain from showing pictures for which they have been compelled to pay would entail a financial loss which they can seldom afford to bear. They also find that the exhibitors are helpless in the matter of obtaining many desirable pictures not included in the blocks for which they have contracted because the blocks they have been obliged to take have virtually preempted their playing time and they could not obtain the meritorious pictures of other distributors without also leasing their entire blocks, which, in the circumstances, they could not possibly use.

It is to the local exhibitor, not to far-off Hollywood or the Hays office in New York, that the people look for the satisfaction of their desires in the realm of motion-picture entertainment. If they object to the showing of a particular film, they protest to the exhibitors; if they want to see one about which they have read or heard, they apply to them. Exhibitors should at once be emancipated and deprived of the alibis to the effect that, because of compulsory block booking and blind selling they cannot supply the high quality of moving picture entertainment their patrons desire.

In a footnote on page 3 of the committee report is a long list of prominent educators and persons engaged in social and welfare work, including probation officers and judges of juvenile courts, who have unqualifiedly endorsed the bill.

Mr. Pettijohn, the spokesman for the Big Eight and the Hays organization, unable to cite a single national group that opposes the legislation, attempted to minimize the significance of the extraordinary support it has received by suggesting that there ought to be a law against anyone's taking a position on a bill which he had not read. This insinuation is annihilated by the following excerpts from the record:

The Catholic Daughters of America, after indicating the reasons for their interest, say:

> This bill has been circulated throughout our entire membership, has been studied and universally approved, and its indorsement duly authorized.

Mrs. Mary T. Bannerman, in behalf of the Motion Picture Research Council, said:

> I would like to say at this point, Mr. Chairman, that over a hundred thousand copies of the Neely bill, in one form or another, have been distributed over the country, so that people are thoroughly well-informed about it.

The representative of the National Board of Young Women's Christian Associations testified that the board, through its public-affairs committee, had "given careful consideration to the subject; studied the testimony presented at hearings" and had concluded that the bill should pass. She added:

> Interest in this measure is widespread throughout our national constituency—in cities, towns, and rural communities.

The American Home Economics Association demonstrates its clear understanding of the bill by saying in its behalf:

> The opportunity to choose deliberately and wisely among competing goods is a first principle of wise spending.

The National Grange stresses the benefits which rural communities would derive from the enactment of the bill.

The National Women's Trade Union League supports the bill because it is opposed to—

> Un-American monopolistic control of any industry, and especially one which has so important a bearing on the social standards of the Nation.

And who are the opponents of this legislation? Of the 34 witnesses presented by Mr. Pettijohn, 10 were industry employees; 7 were representatives of the Motion Picture Theater Owners of America, which is directly subsidized by the Hays Association; 14 were persons who, for the most part, represented only themselves, were marshaled by Governor Milliken, of the Hays Association, and who preach Mr. Hays' gospel of "boost the best and ignore the rest"; 1 was an exhibitor who contradicted the testimony he had given in favor of a similar bill in 1928; 1 was a chain operator known to stand well with Messrs. Hays and Pettijohn; and 1 was the junior Senator from California, the State in which the production department of the moving-picture trust is located.

The minority report emphasizes the circumstance that more witnesses appeared against the bill than for it. But the authors of the report ignore the important facts that the proponents were admonished to restrict their testimony in behalf of speedy action on the bill; and that the few witnesses who testified for it represented millions, while the witnesses against the bill represented either the moving-picture monopoly or themselves alone.

Senators who wish to make a qualitative evaluation of the testimony are urged to read the summation in behalf of the bill by Miss Katharine Van Etten Lyford, of the Massachusetts Civic League, which appears at pages 520–530 and 532–547 of the record. Her analysis was devastating in the superlative degree. It included the following:

> In regard to Mr. Pettijohn's ladies—those who were passing through Washington and stayed a week in order to testify, those who had to testify before their trains left and were still with us next day—those who came to take pictures of the cherry blossoms, and those whom I could not help hear thanking Mr. Milliken effusively for his generous hospitality as they had enjoyed the trip so much: they are best described, I think in all kindness, as "deluded women" as in the title of an article appearing in the Christian Century, a copy of which I offer here. (Hearings, p. 553.)

In my opinion, excepting the junior Senator from California [Mr. DOWNEY], every witness who appeared against the bill came to the hearing at the expense or under the auspices of the Hays office or the Big Eight producers and distributors. In my opinion, every letter or telegram sent to Washington in opposition to the bill has been, directly or indirectly, instigated by the representatives of the moving-picture trust. To the extent that such communications state any grounds of opposition, they merely repeat or reflect the propaganda concerning the bill with which the Hays organization and the Big Eight have flooded the entire country.

COMPULSORY BLOCK BOOKING IS A RECOGNIZED EVIL WITH BUT FEW DEFENDERS

The severest critics of compulsory block booking are found among publications and persons associated with the industry. The practice has no champions and few defenders.

Carl Laemmle, the grand old man of the movies, a pioneer producer and distributor and until recently the chairman of the board of Universal Pictures Corporation, of which he was the founder, speaking from years of experience, says:

> Abolition of the block-booking system will be a good thing for the industry. Of course, the picture producer won't like it because it means that he will be obliged to make only good pictures. The exhibitor will not be obliged to buy the bad ones, therefore the producer who hopes to ring in a few cheaters will not have a market for them and he will be left with the "duds" on his hands. However, in the course of time, the producer will not worry if block booking is ruled out. He will not be obliged to make trash to compete with trash, but can concentrate on high-grade productions, make better pictures, and make more money.

Sam Goldwyn, maker of fine pictures, recently filed a suit against United Artists to terminate his contract with that company for the distribution of his productions because it had departed from the principle of disposing of his pictures on their merits.

Max Steuer, Goldwyn's attorney, issued this statement:

> Abuse had existed in the distribution of pictures. These abuses United Artists pledged itself not to practice and if possible to completely eradicate them from the industry. It is deemed that by this action taken by the Goldwyn Corporation that result may be achieved for the industry, but particularly for United Artists.

As shown by the context, the abuse of which Mr. Goldwyn particularly complained was that of block booking.

Variety, a leading screen and stage publication, in an article entitled "Block Booking Not Showmanship" on December 14, 1938, said:

> Every sales executive in the business knows too well that under block booking the weak are carried along with the strong, and if pictures of the major companies were forced to stand on their own quality as attractions and entertainment there would be an explosion in Hollywood which would eliminate the drones and properly focus approval on the real creators. * * *
>
> * * * * * * *
>
> Block booking is the Moloch which consumes good, bad, and indifferent product in its insatiable machinery. The wonder is not the scarcity of outstanding, smashing film hits, but that under the present system of industry operation there are any hits at all.

The Motion Picture Herald for December 17, 1938, carried an editorial by its publisher, Martin Quigley—a motion-picture authority—which contained the following:

> The industry's greatest asset is the reputation of the motion picture. It should be cherished and preserved. This most decidedly is not done when pictures which are known to be below acceptable standards are forced upon the screens of thousands of theaters, not by any demand that exists for them—on the part of either the public or the exhibitor—but rather by a system which automatically insures their distribution.

Phil Goldstone, an independent producer of motion pictures and president of the Independent Motion Picture Producers' Association, telegraphed:

> Block booking has gradually killed off and almost eliminated independent production. If independent producers had a fair opportunity to market their product it would cause a complete revival of their industry and the employment of additional hundreds.

I. E. Chadwick, a distinguished producer, who expects the enactment of the bill to enable him to resume activity, says:

> Abolition of block booking will emancipate the independent producer, distributor, and exhibitor, encourage competition and new capital, and reemploy hundreds now inactive and unemployed.

E. B. Derr, an independent producer, says:

> I believe the elimination of block booking is a good thing for the industry in general, and it should surely improve the quality of independent production, as it should open the screens not now available to us for our product.

Several of the witnesses against the bill expressed or intimated their opposition to compulsory block booking and blind selling, but insisted that the bill does not provide the proper means of eliminating these evils. For example, Russell Potter, who read a paper for the National Board of Review, which appraises motion pictures for a price, engaged in the following colloquy:

> Senator NEELY. Your board is in favor of block booking and blind selling?
>
> Dr. POTTER. No; not necessarily. I have not said that. I did not intend to imply that.
>
> Senator NEELY. Is it in favor of those two practices or against them?
>
> Dr. POTTER. Senator, I cannot speak for the board on that; I don't know.
>
> Senator NEELY. Are you personally in favor of block booking and blind selling, or opposed to them?
>
> Dr. POTTER. Personally, I am opposed.

Mr. Ed Kuykendall, president of the Motion Picture Theatre Owners of America, who testified against the bill, nevertheless said:

> We are all agreed, including myself, that the uniform and inflexible application of compulsory block booking and blind selling to our business is highly objectionable.

Strangely enough the exhibitors whom I represent, who oppose the Neely bill, are utterly opposed to compulsory block booking and blind selling. We are not at all unsympathetic with all ostensible purpose of this legislation.

THE BILL, IF ENACTED, WILL SPEEDILY CURE THE TWIN EVILS, BLOCK BOOKING AND BLIND SELLING

The bill is designed to accomplish its purpose of prohibiting compulsory block booking and blind selling without imposing any form of governmental regulation or censorship on the motion-picture industry. Rules of conduct are prescribed which may be enforced by the Federal district courts by means of civil or criminal proceedings. No new or expensive regulatory board or commission is to be created, and no appropriation is requested or desired.

The bill declares that compulsory block booking and blind selling are contrary to public policy, because they—

(a) Interfere with the free and informed selection of films on the part of exhibitors;
(b) Prevent the people of local communities from influencing such selection in the best interests of the public; and
(c) Tend to create a monopoly in the production, distribution, and exhibition of films.

Section 3 makes it unlawful for a distributor to require an exhibitor to lease all of a block of films in order to obtain the few that he desires, and forbids the fixing of prices in a manner that would operate to defeat the purpose of the bill.

Section 4 provides that it shall be unlawful for a distributor to lease or offer to lease any film over 2,000 feet in length—that is, any feature film—without furnishing the exhibitor, at or before the time of making such lease or offer to lease, a synopsis of the contents of the film.

The bill is limited in its application to films leased for public exhibition in the course of interstate commerce. It expressly excludes from its operation newsreels, short subjects, and cartoons such as are produced by the eminent Walt Disney. The enforcement provisions are identical with those of the Sherman antitrust law, which has been on the statute books for almost 50 years. The measure becomes effective 12 months after its enactment.

Under the proposed law the exhibitors will be supplied the information necessary to enable them to choose the pictures that will please and refuse those that will offend their patrons. There is no reason to doubt that exhibitors will be kept fully informed relative to what those most concerned desire to see and wish to be spared from seeing on the silver screen.

Mrs. Mary T. Bannerman, legislative chairman of the National Congress of Parents and Teachers, testified:

There is no question but that when community freedom in the selection of films is achieved, parent-teacher associations and thousands of civic groups supporting the Neely bill will engage enthusiastically in making their influence effectively felt with their local motion-picture exhibitors. The long-standing and deep-seated indignation regarding present practices is sufficient evidence that a consistently better product is desired. Passage of the Neely bill will permit the attainment of long-thwarted ideals.

Col. H. A. Cole, of Dallas, president of the Allied States Association, thus spoke to the point:

As an exhibitor who has been in the business for 20 years, and as a leader who has talked with scores of exhibitors and known the operation of a local theater, I wish to state * * * undesirable pictures would certainly not be run in the theater where the community at all expressed its feelings in reference to them if the exhibitor himself has the power to make the selection.

Opponents of the bill criticize it on the grounds that it establishes no standard for the guidance of exhibitors and communities in the selection of pictures, and that existing standards are high enough.

One of the merits of the bill lies in the fact that it does not atempt to fix standards or establish censorship. The bill aims at freedom, not regulation. The ideal of the supporters and the sponsor of the bill has been happily stated by the distinguished journalist, Mr. Walter Lippmann, as follows:

I would rest reform of the movies on this basic principle: That audiences shall have greater freedom to choose their pictures and that artists and producers shall have greater freedom to make pictures. Within the obvious limits of the ordinary law about obscenity and provocation to crime, the best regulation would be that exercised by the customers at the box office. The best way to improve the movies would be to open the door to intense competition by independent and experimenting producers.

If the customers had freedom of choice, each community would be able to enforce the moral standards it believes in. Each exhibitor would have to take the business risk of estimating correctly the tastes of his customers, and educators, dramatic critics, moral leaders in each community would be able to exert effectively whatever influence they can command.

The composite good taste of the public is certainly to be preferred to that of the motion-picture producers. The influence of the screen on education, morals, and customs is much too great to be left in the hands of a few men in Hollywood, however worthy they may be. Experience and the facts of the record prove that with rare exceptions the public, if given a fair opportunity to express its desires, chooses the best in motion-picture entertainment.

Dr. Fred Eastman, associate editor of the Christian Century and an enthusiastic supporter of the bill, points out that—

The fact that every one of the 10 best-paying pictures last year was on the approved list of practically every group which appraises pictures is convincing evidence that the public supports the better pictures. There are, of course, occasional exceptions to this, but they are only occasional.

Admission by the proponents that moral standards of the movies have increased since 1934 has been tortured into a concession that present standards are satisfactory, and that the bill presents no moral issue. The facts are that public indignation at the salacious films released by the Big Eight reached a climax in 1934, when, under the auspices of the Catholic Church, the Legion of Decency was formed. The legion is said to have obtained pledges from communicants of the church not to patronize motion pictures unless the legion had approved them. The effect of this action on Hollywood was instantaneous and salutary, and conditions improved overnight. The Hays morality code, which had been promulgated many years before and had been consistently ignored, finally was put into effect, and an industry agency known as the Breen board was created to enforce it.

The contention that this necessary step, taken under compulsion, is all that is required, overlooks the facts that present standards, while greatly improved over those which caused the revolt of 1934, are still imperfect; that many pictures are still being released which, although not strictly immoral, are highly objectionable; and that the public is entitled to choose between good pictures and bad, although no question of morality be involved.

Hollywood has not yet reached, and probably never will reach, a standard to which all can subscribe. Charles B. Foelsch, in an article in the Lutheran Quarterly for October 1938 entitled "Toward Better Motion Pictures," speaks of the revolt of 1934, and adds:

Definite as the improvement has been, there are still too many films produced that prostitute the motion picture's potentially wholesome possibilities. Evaluation of films by recognized agencies, published week by week by numerous periodicals, include too many "weighed in the balance and found wanting" comments—"poor," "unsuitable," "certainly not," "cheap," "vulgar," "unwholesome," "mediocre," "doubtful value."

The Boston Post for April 26, 1938, under a New York date line, says:

Sam Goldwyn thinks the Hollywood motion-picture industry smells to high heaven. He said so, very vehemently, when he returned on the *Queen Mary* today * * *.

"It used to be," said Goldwyn, "that you could go to a movie theater and only expect that one picture would be bad. Now you got to expect both of them will be terrible."

Frank Nugent, dramatic critic for the New York Times, in an article in that paper dated March 5, 1939, declared:

These are the ides of March, but anyone who has weathered the preceding 2 months in the movies has nothing to fear.

After mentioning a "happy handful" of five good pictures and an equal number of fair ones released since the 1st of January, he continues:

And beyond these the record grows increasingly grim, smudged with such opera as "King of the Underworld," "Disbarred," "Homi-

cide Bureau," "Federal Man-Hunt," "St. Louis Blues," "Beauty for the Asking," etc. * * *

Hollywood still seems to be pursuing its old production policy: Turning out four class B pictures for every class A.

Harrison's Reports, a motion-picture trade paper, of May 13, 1939, says:

Let us glance at the crime pictures that have been reviewed in Harrison's Reports since the first week in January: In the 19 weeks since the first week in January, 142 pictures have been reviewed. Of these 82 * * * have been founded on some kind of crime theme—either murder or stealing. Of course, not all of them are demoralizing—perhaps one-third of this number is harmless; but when one takes into consideration the extraordinary high percentage of vicious crime pictures, one wonders whether the Hollywood producers realize what the outcome may be.

The New York Times for the 25th of June brought the subject to date by the following, which was written in Hollywood by Mr. Harold Heffernan:

Those in a position to know declare the movies have lost 10 percent of their audiences because producers have stubbornly persisted in making gangster pictures. They estimate, too, that another 10 percent, possibly more, has been lost because of the many remade stories parading under different titles.

In the light of this symposium, it becomes as clear as the noonday that by enacting the bill the Congress would help to rescue the moving-picture industry from the indignation of a disgusted people, and save Hollywood from its perishing self.

THE CONTENTIONS OF THE OPPOSITION

The contention that compulsory block booking is not practiced: The opponents of the bill admit blind selling, and attempt to justify it. But the industry's representatives contend that compulsory block booking is not practiced, and that the number of films leased by an exhibitor is simply the result of negotiations between him and the distributor. This contention is conclusively disproved by the evidence in the record.

Additional proof on the point is contained in a memorandum by Assistant Attorney General Harold M. Stephens, now a justice of the Court of Appeals of the District of Columbia, which, on the 2d of March 1936 was transmitted to the House Committee on Interstate and Foreign Commerce, and appears at page 83 of the record of the House hearing on an anti-block-booking bill.

In the memorandum, Judge Stephens contributes this pertinent comment:

During the course of extensive investigations growing out of complaints by exhibitors that the Federal antitrust laws had been violated, it has been found that the practices of block booking, blind selling, and blind booking are widely used by the motion-picture producing and distributing companies, and place the exhibitors, especially the independent exhibitors, at a disadvantage in dealing with the producer-distributors. * * *

After showing that under the decision in the case of *Federal Trade Commission* v. *Paramount Famous Lasky Corporation* (57 Fed. (2d) 153), it would be necessary for the Government to prove that these practices were utilized as a result of a conspiracy among the several distributors in order to maintain an action against them under the Sherman law, Judge Stephens added:

Nevertheless, the practices of block booking, blind selling, and blind booking appear to have curbed independence of action by the independent exhibitors. * * *

* * * * * * * *

Because of the close relationship of the motion-picture industry as a whole with the practices mentioned in the foregoing paragraphs and their direct effect upon the distribution and exhibition of motion-picture films, it is believed that legislation affecting block booking, blind selling, or blind booking should be sustained by the courts.

According to the affidavit attached to the bill filed by the Department of Justice against the Big Eight last year, the complaint was based on—

statements and correspondence of the defendants and their officers and agents and others, the statements and official reports of Government investigators, and other records, reports, and information relating to the motion-picture industry in the possession of the Department of Justice.

In view of this evidence and the trust's persistent, frantic opposition to the abolition of the practice of block booking, it seems impossible for anyone in good faith to doubt the existence of this evil, or the necessity for a law to end it.

Mr. Pettijohn, in support of the contention that the independent exhibitors are not subject to block booking, produced some figures purporting to show the number of engagements or runs which certain pictures of the Big Eight companies had in the theaters.

The proponent of these figures fails to state whether they relate to independent theaters or those which are operated by the trust. Consequently, they are utterly worthless so far as the present issue is concerned, because, as shown by the Government's bill of complaint in the suit previously mentioned, the trust theaters are not subject to compulsory block booking. The discrepancies noted are perhaps almost entirely due to the privileges of acceptance and rejection enjoyed by the producer theaters under their selective contracts. I will now discuss the contention that exhibitors in selecting films will be controlled by commercial considerations and that standards will not be raised. The opponents contend that the facts show that exhibitors rarely cancel box-office successes, no matter how objectionable they may be and cancel the box-office "duds" regardless of their virtues. From this contention the opposition deduces the conclusion that if the bill were enacted, exhibitors, in exercising their right of cancelation, would be controlled exclusively by commercial considerations and that existing standards would not be raised.

The conclusion is fallacious because it appears that the alleged "facts" concerning cancelations relate to "rejections" and "failures to play," and consequently they are subject to the same infirmity that vitiates the figures considered under the preceding caption.

In other words, the opposition merely named pictures which had received many or few play dates; and since it was not shown whether the theaters involved were independents or trust-controlled, the illustration was of no evidential value.

It must be borne in mind that when these selections and rejections were made by the producer-owner or controlled theaters, the organizations and groups which are supporting the bill, and which, after its enactment, will exercise a wholesome influence over the exhibitors, were not functioning.

The contention that section 3 of the bill is unworkable and will lead to Government price fixing: The minority report contains a hypertechnical criticism of section 3, the substance of which appeared in a brief circulated by the Hays association while a similar bill was before the Senate last year. The burden of this criticism is to the effect that the section is unworkable, will subject distributors to severe penalties without prescribing standards of conduct, and will result in governmental price fixing.

In stressing the penalty clause the minority overlooked section 5 (2) of the bill, which provides for proceedings in equity. In proper or doubtful cases the Attorney General would certainly resort to civil rather than criminal proceedings to enforce the law.

Sufficient justification for the enforcement provisions of the bill is found in the fact that they are verbatim with those of the Sherman Act.

It is argued that under section 3 the distributor cannot know whether a price differential which he quotes will "operate as an unreasonable restraint upon the freedom of an exhibitor to select and lease * * * such films * * * as he may desire."

This argument is equivalent to a complaint by the producers and distributors against a rule which the law requires all other types of business to obey. The moving-picture industry is not affected by the Robinson-Patman Act because the law applies only to sales in interstate commerce and motion-picture films are distributed by lease instead of by sale. But the industries that are subject to the act must, at their peril, continually make determinations that are as difficult as any that are required by the pending bill. For example, they must fix their discounts so as to avoid discrimination between customers and limit such discounts to the economies actually realized through volume sales.

All industries subject to section 3 of the Clayton Act, in establishing price differentials, are obliged to solve a problem identical with that which will confront the motion-picture distributors when the bill becomes a law. For section 3 of this bill, like section 3 of the Clayton Act, deals with the compulsion exerted upon a buyer's discretion by subjecting him to a penalty for making a certain choice, or granting him a bonus for making another.

The bill is not only similar to the Clayton Act in language, but the objectives of both measures are practically the same. By the Clayton Act, business in general is prohibited from making contracts with its customers to the effect that they will not use the goods, wares, and merchandise of competitors of the sellers or lessees. But the "big eight," by means of compulsory block booking, evade the act and achieve what it forbids by forcing so many of their pictures on the exhibitors that they cannot find playing time for the products of competing distributors. Should not the immunity to the penalties of the law which the motion-picture industry has so long enjoyed be discontinued without delay?

The enemies of the bill attempt to make much of the fact that section 3 embodies the substance of an order issued by the Federal Trade Commission in a proceeding against Paramount Famous Lasky Corporation about 12 years ago. The fact that this order was not sustained by the circuit court to which the Commission applied for an enforcement order is proof of the inadequacy of existing statutes to remedy the evils which will be prohibited by the bill when it becomes a law.

The necessity for additional law is made manifest by the following excerpts from Judge Stephens' memorandum previously mentioned:

It has been held by the Circuit Court of Appeals for the Second Circuit that where one distributor refused to lease films other than in groups or blocks, there was no violation of the Federal Trade Commission Act, since the distributor of motion-picture films may select its own customers and sell such quantities at given prices or refuse to sell to any particular person for personal reasons without being subject to charges of unfair competition (*Federal Trade Commission* v. *Paramount Famous Lasky Corporation*, et al., 57 Fed. (2d) 152). In view of this decision, in order to successfully attack such practices under the antitrust laws, it would be incumbent upon the plaintiff to demonstrate concerted action among two or more of the producer-distributors, and because of the type of practices involved, it is difficult to obtain legally sufficient evidence of a combination among the motion-picture companies to impose such terms on exhibitors. Nevertheless, the practices of block booking, blind selling, and blind booking appear to have curbed independence of action by exhibitors.

The complaint that the words "designated lump-sum price" will not cover a block that includes a number of pictures supplied at a rental which is a specified percentage of future box-office receipts is a captious objection that pertains to the form and not to the substance of the bill. "Twenty-five percent" or "thirty-five percent of the gross receipts" states an understandable price in the language of the motion-picture industry. An increase in percentage is an increase in price; a reduction of percentage is a reduction of price.

But as a gratuitous appeasement to the opposition, an effort will be made, at the proper time, to eliminate the ground of this objection by proposing the following amendments.

On page 4, at the end of section 2 insert this paragraph:

(7) The terms "aggregate price" and "price" as used in section 3 (1) shall mean the aggregate of all flat rentals, and of all rentals based upon a percentage of prospective receipts together with any other consideration named in the lease or offer to lease.

On pages 4 and 5, strike out all of section 3 (1) and insert in lieu thereof:

SEC. 3. (1) It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition films in a block or group of two or more films and to require the exhibitor to lease all such films or permit him to lease none; or to lease or offer to lease for public exhibition films in a block or group of two or more at an aggregate price for the entire block or group and at separate and several prices for separate and several films, or for a number or numbers thereof less than the total number, which aggregate price and separate and several prices shall bear to each other such relation (a) as to operate as an unreasonable restraint upon the freedom of an exhibitor to select and lease for use and exhibition only such film or films of such block or group as he may desire and prefer to procure for exhibition, or (b) as tends to require an exhibitor to lease such entire block or group or forego the lease of any number or numbers thereof, or (c) that the effect of the lease or offer to lease of such films may be substantially to lessen competition or tend to create a monopoly in the production, distribution, and exhibition of films; or to lease or offer to lease for public exhibition films in any other manner or by any other means the effect of which would be to defeat the purpose of this act.

The contention that section 4 of the bill is unworkable and will prevent the production of fine pictures; will force the selling of completed pictures one at a time after preview; and will increase the price of pictures and reduce employment. This is a most duplicitous complaint. If the producers, as predicted, abandon fine productions under the bill, it will obviously be unnecessary to await the completion of pictures that will never be made, and in their naked nonexistence "sell them one at a time." If the producers adopt the threatened revolutionary selling methods and abandon voluntary block booking—thus increasing the work of distribution—employment would consequently and inevitably be increased, not diminished.

All objections to section 4—the synopsis provision—including those in the minority report are based on the wording of the bill in its present form. The labored attempt of the minority to prove that this section would be unworkable stresses language which the sponsor of the bill is willing to modify, because the particular phraseology used is not indispensable to the attainment of the principal purposes of the legislation. Therefore, at the proper time, the following substitute for section 4 will be proposed:

SEC. 4. It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition any motion-picture film or films over 2,000 feet in length unless such distributor shall furnish the exhibitor at or before the time of making such lease or offer to lease an accurate synopsis of the contents of such film. Such synopsis shall be made a part of the lease and shall include (a) a general outline of the story and descriptions of the principal characters, and (b) a statement describing the manner of treatment of dialogs concerning and scenes depicting vice, crime, or suggestive of sexual passion. It is the purpose of this section to make available to the exhibitor sufficient information concerning the type and contents of the film and the manner of treatment of questionable subject matter to enable him to determine whether he wishes to select the film for exhibition and later to determine whether the film is fairly described by the synopsis.

Those opposed to the bill attempt to fortify their stock arguments against it by reference to two pictures. They enlarge upon the difficulties experienced in finding an actor to play the part of Micawber in David Copperfield. During the production of the film, W. C. Fields was substituted for Charles Laughton. Of course, there is nothing in the bill to prevent the substitution of one actor for another.

Alexander Graham Bell is the other picture used to illustrate the alleged disasters that would result from the abolition of blind selling.

Colonel Joy, formerly of the Hays organization, but now with Twentieth Century-Fox, described the development of the scenario in detail. But nothing in his long narrative indicates that the producer could not have supplied in advance a general outline of the story portrayed by the film. It would have been neither more nor less than a brief account of the life of Bell, his early struggles, the romance of his courtship and marriage, his invention of the telephone, and his efforts to protect his right to his great achievement.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. NEELY. I gladly yield to the Senator from New Hampshire.

Mr. BRIDGES. What does the Senator from West Virginia, the sponsor of this bill, say as to the argument which is pretty generally put forth that the passage of the bill will make rarer in the future such great productions as Cavalcade, Abraham Lincoln, and other outstanding pictures?

Mr. NEELY. Mr. President, in my opinion, the enactment of the bill will not decrease but tend to increase the number of outstanding productions. Unfortunately for me, the Senator from New Hampshire, who is always interested

in important legislation, was not in the Chamber when I read informative excerpts from a number of moving-picture authorities and publications. These excerpts indicate that moving pictures would be improved as a result of the enactment of the bill.

Mr. BRIDGES. Just how do they arrive at that conclusion? It is my understanding—and I am merely trying to get an intelligent comprehension of the effect of the bill—that if the producers could not sell their pictures, we will say, in block or by future contract, then, there would be no guaranty that if they produced certain pictures at tremendous expense, the pictures would be sold, therefore, there would be less likelihood of the producers taking the chance involved in the production of high-class pictures.

Mr. NEELY. If the bill is passed, producers will find it necessary to sell their pictures on their merits. They should, and doubtless will, assume the risk to which the proprietors of all other industries are subject, namely, the loss of patrons and profits for failure to supply satisfactory commodities.

Mr. BRIDGES. If the Senator will yield further, I do not desire to interrupt his trend of thought, but there are one or two questions that I want to ask.

I have had various communications, for example, regarding such a picture as Jesse James, complaining on the ground that in the picture horses were supposedly driven off a cliff, and that the horses were killed in the jump. Would the Senator's bill correct that situation, for example?

Mr. NEELY. The Senator means, would it prevent cruelty to animals?

Mr. BRIDGES. Yes.

Mr. NEELY. Frankly, it would not. The bill establishes no censorship. If it did, neither the able Senator from New Hampshire nor I would support it. The bill is not designed to regulate the industry. Its sole purpose is to prohibit the specific monopolistic practices of block booking and blind selling.

Mr. BRIDGES. There is one other problem about which I should like to inquire of the Senator, and that is whether, in his judgment, his bill would bring about an increase in admission prices. I have had several complaints, in the form of letters and telegrams, and so forth, stating that if the bill were enacted, the admission prices to be charged the public in the future, particularly in some places and some classes of theaters, would have to be materially raised. I wish to know if that is true, and, if it is true, whether it will not put a serious burden on the one modest form of entertainment that a large group of people in this country have—in fact, a large part of our population.

Mr. NEELY. Mr. President, in my opinion, the enactment of the bill will not increase the price of admission to motion-picture theaters.

Mr. BRIDGES. Does the Senator believe that if the bill were enacted, it would not only have a tendency to improve, but it actually would improve the morality of pictures; or does he believe that when it allowed the average exhibitor in some cities, we will say, to cater to a group of persons in his community—who perhaps may be small in most communities—who like to see rather risqué pictures, it would give certain exhibitors a little more leeway in that respect? I mean, will it or will it not work both ways?

Mr. NEELY. Mr. President, in my opinion a result of the enactment of the bill will be greatly improved moving pictures.

Mr. BRIDGES. The Senator has not answered my question. I do not know whether he cares to do so or not.

In the Senator's judgment, will the passage of the bill do what a great many worthy people in this country believe it will do, namely, will it have a tendency to improve the moral standing, we will say, of pictures?

Mr. NEELY. Yes. If I did not think so I should not be pleading for its passage.

Mr. BRIDGES. Just how will it do that?

Mr. NEELY. Mr. President, I explained that matter to the Senator a year ago. I am sorry that he has forgotten the explanation. It will accomplish the desired purpose by emancipating the independent exhibitors from the slavery of block booking and blind selling. Thereafter, the exhibitors will lease and show only the pictures which their patrons desire. As people of good taste are in the majority everywhere, they will demand and their exhibitors will supply pictures designed to elevate moral standards instead of degrading them.

Mr. BRIDGES. May I ask the Senator another question? Let us take a typical example, not in my home town or home State or in the home town or home State of the Senator from West Virginia. Let us take another city somewhere, in the case of which we have not a knowledge of the status of the people as familiarly in our minds as in our own communities or in our own State. If an exhibitor felt that by exhibiting a Mae West picture he could draw a big gate, even though the picture perhaps might not be the type of picture that some persons in the community would like to have their children see, would not that be the tendency of the exhibitors, rather than to show, perhaps, a picture with not such a well-known name?

Mr. BRIDGES. I gather from what the Senator says that exhibitor's desire. But the law of self-preservation would assert itself, and under its influence the exhibitor would cater to the desire of the better element in his community and show pictures that would harmonize with the Christianity and culture of the locality his theater served.

Mr. BRIDGES. I do not mean to imply by these remarks that a Mae West picture is necessarily a bad picture in any sense of the word. I am referring to a Mae West picture as purely an example. I judge entirely from some that I have seen, as perhaps not being in the same class with other pictures I have seen having as the main characters some other actors or actresses.

Mr. NEELY. Mr. President, resuming at the point at which I was interrupted.

Only one alteration in the development of the Story of Alexander Graham Bell, as related by Colonel Joy, might have been at variance with the synopsis that would be required by the bill if it should be amended in accordance with the proposals previously described; and that variance would have arisen from the fact that a new character was added to the cast.

If the bill had been a law, doubtless all concerned could have been reconciled to this slight change in the cast of characters by means of ordinary negotiations, without serious difficulty, and without any of the Moving Picture Trust's million-dollar-a-year officials having been fined or sent to jail.

The attention of the Senate is now invited to the extraordinary efforts of the Big Eight and the Hays organization to defeat the bill by means that will perhaps be more effective than the argumentation of the opposition which has just been considered. These efforts on an extensive scale began in the year 1935, when a predecessor of Senate bill 280, known as the Pettengill bill, was before the House of Representatives. At that time an officer or an employee of Metro-Goldwyn-Mayer circulated among independent exhibitors a form letter, which contained the following:

> Do you want churches, schools, and civic organizations, who do not pay taxes, put on a competitive basis with you?
>
> Do you want the Government to run the motion-picture business?
>
> Do you want the machinery of motion-picture supply set up on a day-to-day basis so that your requirements cannot be assured further ahead than the photoplays which are currently in the process of production?

Of course, the bill never expressed nor implied an intention to accomplish or attempt to accomplish any of these purposes.

The letter in question also said:

> If you are acquainted with your Congressman, approach him personally. If not, write to him, as well as to the chairman and members of the committee listed on an attached sheet. And get your banker, your chamber of commerce, your Kiwanis or Rotary Club, and others with whom you have social or business contact to do likewise.

Mr. BRIDGES. Mr. President, if the Senator will yield for a moment in order that I may put the record straight, I

may say that I have received many communications from both sides. Many of the very fine people of New Hampshire are in favor of the Senator's bill, and many of the fine people of New Hampshire are opposed to it, but I have heard from both sides, and probably with equal force.

Mr. NEELY. Mr. President, I am glad that the Senator from New Hampshire has heard from the people, and I sincerely hope that for once he will vote with them instead of with the Moving Picture Trust. Let me warn the Senator, who is mentioned as a probable nominee for President on the Republican ticket, that neither he nor any other member of his party should in existing circumstances be deluded into believing that the Big Eight or the Hays organization will finance any Republican candidates in 1940. In my opinion the cards have been stacked hopelessly against the Grand Old Party in this matter. It is superfluous for me to add that I have not helped to do the stacking. [Laughter.]

Mr. BRIDGES. I gather from what the Senator says that most of the so-called Motion Picture Trust in California is not only Democratic, New Deal, but Roosevelt.

Mr. NEELY. Oh, no, Mr. President; the motion-picture magnates are neither Democratic nor Republican. They have no politics. They make alliances, if possible, with whatever party is in power, and contribute most to the primary campaign funds of those who are believed to be able to help them most. But, to the best of my information, a majority of the weathiest motion-picture producers profess to be Republicans.

Mr. BRIDGES. When I used the name "Roosevelt" I did not have reference to President Roosevelt, but I did have reference to James Roosevelt, his eldest son, who is now the $50,000 or $100,000 executive of one of the picture companies.

Mr. NEELY. Of course, the Senator from New Hampshire will not expect me to be diverted to that matter, because I know nothing about it excepting that I am very fond of the estimable gentleman whom the Senator has named. Let me suggest to my friend from New Hampshire that he comment on the employment by the moving-picture trust of two prominent former members of Republican Presidents' Cabinets, or that he inquire of the Senator from Maine [Mr. WHITE], who intends to speak against the bill, about the employment of former Governor Milliken, who is now with Mr. Hays' organization and apparently rendering it yeoman service in the matter of opposing the pending bill.

Mr. President, in the record, at pages 584 to 588, appear pertinent and more recent letters than those previously mentioned. They are addressed to independent exhibitors by Mr. S. R. Kent, president of Twentieth Century-Fox; Mr. Ned Depinet, vice president of R. K. O.; and former Gov. Carl E. Milliken, of the Motion Picture Producers and Distributors of America. These communications all stress the contention that there is no justification for the bill and threaten that, if it becomes a law, the exhibitors will be compelled to buy their pictures "one by one" after they have been screened at a branch office in a film center. They all contain importunities to the recipients to write to their Senators to oppose the bill and to send copies of their letters to the executives who request this barrage of opposition correspondence.

As support for the bill increases throughout the country by leaps and bounds, the opposition grows more desperate. In my possession are letters from independent exhibitors in New Hampshire to the effect that they have recently received calls from the managers of the M. & P. circuit, a Paramount subsidiary, urging them to oppose the bill on the ground that it will necessitate coming to Boston to buy pictures one at a time and would increase film rental and booking charges by 25 percent.

Mr. President, I send to the desk two exhibits, marked "A" and "B," relating to this, and ask unanimous consent that they be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. BULOW in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See exhibits A and B.)

Mr. NEELY. Mr. President, these threats of the trust's officials are idle, because to sell pictures one at a time would unnecessarily dislocate the business and call for vast increases of capital, which it is doubtful whether even the Big Eight could supply. Furthermore, the amendments to be offered will entirely eliminate the element of risk, if any there be, in connection with the synopsis.

The suggestion with which the much-photographed actor, Mr. Robert Montgomery, enriched the hearing to the effect that the enactment of the bill will reduce employment is truly the high light of the comedy of errors in which the trust has reveled ever since it began to oppose the abolition of its blighting monopolistic practices of block booking and blind selling. This contention has not only been completely answered by Messrs. Chadwick, Goldstone, and Derr, the independent producers, who are looking to this bill to clear the channels of interstate commerce so that they can find an open market for their productions, increase their output, and give employment to hundreds who are now idle, but the argument on its face is in conflict with common sense. To improve moving pictures, as the bill will do, will be to increase the demand for them. To satisfy the increased demand will require additional employees and result in increased employment.

The contention that the bill is unnecessary because of the trade-practice proposals submitted by the Big Eight. A short time before the beginning of the last hearings, the major distributors brought forth a voluntary trade practice code which has been suggested as a substitute for the bill. The proposals contained in the code are, in the opinion of the proponents, wholly inadequate to protect the interests of the exhibitors or the public.

The negotiating committee of Allied States Association of Motion Picture Exhibitors has, in a report recently made, recommended the rejection of these proposals. This report was approved by the board of directors of the association and by more than 300 exhibitors from all parts of the United States who attended the annual convention of the association in Minneapolis 3 weeks ago. The grounds on which the rejection was ordered are stated as follows:

(1) They do not provide an effective remedy for the major abuses of which Allied States Association has complained and for the correction of which it has waged a long, aggressive, and increasingly successful campaign.

(2) The proposals, as drafted and submitted by the distributors, do not fully and accurately reflect the substance of the negotiations and representations made by the distributors in the course thereof;

(3) Reports coming from many sections of the country show convincingly, if not, indeed, conclusively, that the distributors already are taking steps to circumvent and nullify the moderate concessions offered; and

(4) Acceptance of the proposals, particularly in view of the preamble thereto, would handicap the exhibitors in seeking further relief from oppressive and monopolistic trade practices, would hinder the Government in the prosecution of pending actions under the antitrust laws, and would supply the distributors with additional ammunition with which to combat the Neely bill and other remedial legislation.

* * * * * * *

Based on the statement made by a principal executive of one of the major distributors at the open forum yesterday, your committee must conclude that the purpose of the distributors is to exact increased rentals which will compensate for any possible loss under the proposals. That being so, the effect of the code on the exhibitors will be to compel them to pay more money than last year for fewer pictures; or, stated differently, to require the exhibitors to pay in full for all pictures canceled under the privilege granted.

Thus if the policy declared by one of the principal executives of the Big Eight is carried out, the effect of the proposals will be to deprive the independent exhibitors of the meager cancelation privileges which they now enjoy, and require them to pay in full for all pictures canceled. This report tends to show bad faith on the part of the Big Eight in making the proposals; it shows how such proposals are being used to defeat the bill and hinder the Department of Justice in the prosecution of pending suits against the Motion Picture Trust. I ask unanimous consent that the report be printed in the record at the conclusion of my remarks.

During the hearing, a letter from Dr. Ray Lyman Wilbur, president of the Motion Picture Research Council and ardent supporter of the bill, was read into the record by the chairman of the subcommittee. In it, Dr. Wilbur said, in effect, that if the problems to which the bill relates could be satisfactorily adjusted within the industry, such adjustment would be preferable to legislation. Since the close of the hearing, Dr. Wilbur has sent me the following telegram:

PALO ALTO, CALIF., *July 6, 1939.*

Senator M. M. NEELY,
Senate Office Building, Washington, D. C.:

During the recent hearings on the Neely bill (S. 280) before the subcommittee of the United States Senate Interstate Commerce Committee, the Motion Picture Research Council made every effort to test out the sincerity of the producer-distributors' proposals to reform voluntarily the distribution system of the industry.

By the end of the hearings we were convinced that at this time the industry had no intention of making an effective reformation.

Due to this effort on the part of the council, erroneous information appears to have been circulated that we were changing our position. On behalf of the board of directors I wish to inform you that we have not changed our stand and that we will continue to support Neely (S. 280) to eliminate compulsory block booking and blind selling of motion pictures.

RAY LYMAN WILBUR,
President, Motion Picture Research Council.

Dr. Wilbur is one Republican former Cabinet officer whom the Motion Picture Trust has not been able to employ. He is still fighting for the people, not against them.

The contention is that there is no existing monopoly of the motion-picture business and that existing laws are adequate in case there is. In an apparent attempt to refute the charge that the motion-picture industry is monopolized by the Big Eight the minority members of the subcommittee, in their report, say:

It may be significant to note that since this legislation was first introduced 10 or 12 years ago, and under the monopolistic and burdensome trade practice complained of, four new companies have established national wholesale-distribution systems for motion-picture films. These are known as Republic Pictures, Corporation, Monogram Pictures, Grand National Pictures, and Gaumont-British Pictures.

Mr. P. A. Powers, an independent motion-picture producer, who introduced Mickey Mouse, has voluntarily sent me a letter in which he supplies, in words or substance, the following information concerning the companies named:

Republic: Originally called Monogram Pictures Corporation, in considerable financial difficulty, was taken over by creditors, especially film-laboratory interests. It is reported that Republic's loss in cperation last year was very serious. It has shown a continuous loss since its inception and it is only by securing new finance that it is able to keep going.

Monogram: Former owners started anew after they had turned their business over to Republic and secured some finance from Wall Street. The new Monogram has not been operating long enough for one to judge of the possible success of the venture.

Grand National: Started from "scratch" with a bank roll of approximately $2,000,000. This concern was obliged to go into receivership after a very short period. My information is that it is still in the hands of receivers.

Gaumont-British: Have been endeavoring to market Gaumont-British pictures in the United States, without any negative cost to this concern, as negatives are shipped from England. They have been unable to continue operation. That is, they have been unable to secure enough money from the sale of their pictures to pay for the print cost and selling expense. Consequently, they have also had to discontinue business.

This data from Mr. Powers indicates the remote possibility of establishing independent moving-picture production in existing circumstances.

During the last 27 years the Government has prosecuted no fewer than 20 separate proceedings against film producers and distributors in an effort to prevent the monopolization of the motion-picture business. As soon as an improper practice has been outlawed another has been adopted to take its place. Three suits by the Government against the industry are now pending. If they are successful they will accomplish much for the public and the independents in the motion-picture business. Still they will not cure the evils at which this bill is aimed.

Blind selling is not involved in any of these proceedings, nor could it be, because it is not, in itself, a restraint on commerce within the meaning of existing antitrust laws. And the abolition of block booking without the elimination of its twin evil—blind selling—would accomplish but little of the reformation which the public demands of the Motion Picture Trust. For of what avail would a right of selection be if no information were at hand upon which intelligently to exercise it? These indefensible evils require a remedy which legislation alone can provide.

The contention that action on the bill should be delayed because of pending negotiations with the Secretary of Commerce: The latest reason advanced by the opposition for delaying the passage of the bill is that the Secretary of Commerce, Hon. Harry Hopkins, recently held conferences and plans to hold others with prominent moving-picture executives and Mr. Will Hays relative to the problems of the industry, and that pending the outcome of these conferences, no legislation on the subject of block booking or blind selling should be enacted. This contention is sufficiently answered by a letter which Mr. Hopkins wrote me on the 20th day of June, a part of which is as follows:

I am greatly concerned over the rumors, speculations, and inaccurate reports appearing in the trade press as a result of conferences between officials of the Department of Commerce and individuals associated with the motion-picture industry. I am even more concerned to learn that some groups of exhibitors and organizations interested in the problems of the industry are convinced that these conferences may interfere with the consideration of the Neely bill by Congress. I, therefore, wish to make the position of the Department of Commerce so clear that there can be absolutely no misunderstanding regarding our objectives and motives.

Mr. Hopkins, after indicating that the conferences had no unusual significance and that they were held in pursuance of the recently announced policy of the Department of Commerce to cooperate with industry in the solution of its problems, says:

We have only just started our study of the motion-picture industry. We plan to confer not only with the producers but with the exhibitors and other interested groups. It will be some time before we can complete the examination of essential facts and reach sound conclusions. Congress, after the long months of consideration it has given to the subject, should not be influenced in its legislative program by the fact that we have so recently undertaken to give special attention to the problems of the motion-picture industry.

THE BILL WILL NOT INFLICT A FINANCIAL LOSS ON THE INDUSTRY

Some Senator asked whether the bill would have that effect. That the bill will not unduly interfere with the processes of production and distribution of films has been demonstrated.

The proponents confidently contend that its passage will not subject the industry to financial loss. Nothing in it can reduce the amount of playing time in the theaters. But under its operation the independent theaters will allot more of this playing time to good pictures and less of it to the bad ones that tend to incite immorality and crime. The result of this substitution of superior for inferior attractions will mean increased not diminished box-office income.

The published salary lists of the motion-picture officials show that the industry has so much money that it can virtually give it away in staggering amounts. To compel such an industry to abandon two of its oppressive monopolistic practices will cause no financial injury or distress.

Mr. President, I ask unanimous consent that the list of the higher-paid executives and stars, which I send to the desk, be printed in the RECORD at the conclusion of my remarks as exhibit C.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit C.)

Mr. NEELY. Mr. President, I also ask unanimous consent that the report of the negotiating committee, to which I have referred, be printed in the RECORD as exhibit D.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit D.)

Mr. NEELY. Mr. President, exhibit C—the salary list—shows, for example, that Mr. Louis B. Mayer, production director of Loew's, Inc., last year received salaries from the

motion-picture industry which aggregate $1,296,503. This vast sum exceeds the combined salaries of the President of the United States, the 96 Members of the Senate, and all the members of the Supreme Court.

It is hoped that Senators will read this salary list from beginning to end, in order that they may know to their entire satisfaction that the industry's financial affairs will not be embarrassed by the abolition of block booking and blind selling.

The Securities and Exchange Commission on the 7th day of last month issued a report entitled "Selected Information on Motion Picture Producers and Distributors," the preface to which, in relation to the combined operating profit of six of the Big Eight and a small independent company, states:

A combined operating profit of forty-one millions, or 10.1 percent of sales, was reported for the fiscal year ended on or about December 31, 1937, compared with an operating profit of thirty-three millions, or 8.7 percent of sales, for the fiscal year ended on or about December 31, 1936, and twenty-four millions, or 7.2 percent of sales, for the fiscal year ended on or about December 31, 1935. These results were after combined charges for depreciation, depletion, etc., of fourteen millions, or 3.5 percent of sales, in 1937; fourteen millions, or 3.8 percent of sales, in 1936; and fourteen millions, or 4.2 percent of sales, in 1935.

Fourteen million dollars was deducted for depreciation and obsolescence, and these profits were left after that deduction.

Mr. HOLMAN. Mr. President, will the Senator yield?

Mr. NEELY. I gladly yield to the Senator.

Mr. HOLMAN. I have been listening with close attention and great interest to the Senator's remarks, and am very much in sympathy with his aims and purposes. However, I am wondering whether or not it is possible to legislate intelligence and decency into the morons who jam the motion-picture theaters which show salacious, immoral, and indecent pictures. Repeatedly municipal boards of censorship have banned the showing of such pictures, and immediately the banned pictures have been advertised in surrounding areas as being clearly improper pictures. Immediately those unscrupulous and indecent theaters have been crowded with patrons. My query is, How can any law remedy the situation?

Mr. NEELY. Mr. President, the able Senator asked a very specific question at the beginning of his inquiry, and that is, Can the Congress legislate morality into the morons who wish to see salacious pictures? Of course, the answer to that question is "No." It cannot do so directly; but indirectly the answer is "Yes," because by the passage of this bill the Congress will place the power in the hands of decent citizens, like the Senator, in every local community in the United States to protect morons against salacious films by excluding such pictures from the screens through the force of public opinion. At the present time they cannot be excluded because the exhibitors are forced to take their pictures in blocks and to buy them sight unseen.

Mr. President, not only is the industry powerful in itself but the financial roots of the Big Eight extend all the way from Wall Street to Hollywood. At pages 103 and 104 of a book entitled "Film and School" are charts which show, respectively, the direct control over the film industry by the leading financial groups, and also the indirect control over it which the great financiers exercise by virtue of their sound-patents monopoly. These charts are strikingly similar to those relating to other great industries, which the distinguished Senator from Nebraska [Mr. NORRIS] has displayed in the Senate on other memorable occasions. In both these charts the towering pillars from which all diverging financial lines emanate are labeled "Morgan" and "Rockefeller."

This multi-billion-dollar industry, nurtured in the cradle of monopoly, most potent money maker in the family of industries, is today regulating interstate commerce in motion-picture films not by constitutional authority but by virtue of the monopolistic power which it has usurped. But for the Big Eight's restrictions on commerce, exhibitors would share the freedom of the buyers of all other commodities in obtaining without restriction the desirable and refusing the undesirable. The enactment of the pending bill will simply rescue the trade and commerce of this great enterprise from strangulation by one of the most exclusive, defiant, and aggressive monopolies in the history of the world.

Mr. President, this measure has had a perilous parliamentary journey. The way has been long, the road has been rough, the delays have been numerous, the obstacles countless. The enemies have been resourceful, the discouragements infinite. But we are encouraged by the thought that every hardship has its compensation. After the wilderness came the promised land; after the darkest hour of the night comes the splendor of the morning, the glory of the sunrise, and the grandeur of a new-born day.

As a result of the long-continued struggle against the indefensible monopolistic practices of block booking and blind selling in the moving-picture industry a great battle will eventually be won, a great victory will at last be achieved, and the Motion Picture Trust will be at least partially reformed and compelled to contribute in a larger measure to the transformation of one of the greatest of industries into a greater blessing to the American people than it has ever been.

The darkest hour of this struggle has passed and now—

The morn in russet mantle clad
Walks o'er the dew on yon high eastern hill.

Success will eventually crown the arduous efforts of those who have so long labored in this vineyard, because no question is ever settled with finality in favor of the wrong. For—

However the battle is ended,
Though proudly the victor comes
With fluttering flags and prancing nags
And echoing roll of drums;
Still truth proclaims this motto
In letters of living light,
No question is ever settled
Until it is settled right.

EXHIBIT A

IOKA THEATER,
Exeter, N. H., June 23, 1939.

Mr. ARTHUR K. HOWARD,
Independent Exhibitors, Inc.,
20 Shawmut Street, Boston, Mass.

DEAR MR. HOWARD: A few days ago Mr. Al Bevans, of the M. & P. Circuit, called upon me to ask me to write my Senator and Representative to oppose the Neely bill. He told me that the passage of this bill would increase my film rental and booking charges 25 percent and that he knows his company cannot afford to increase its costs that amount and did not suppose any exhibitor could.

I told him I understood that the bill did not prevent an exhibitor from buying pictures in blocks if he so desired and he told me that distributors would refuse to sell pictures in blocks if the bill is passed because of the penalty clause. He said it would be necessary for me to spend considerable time in Boston buying and booking pictures, and where I now buy pictures on the basis of 8 or 10 percentage pictures, I would find that after I had booked them singularly, instead of having 8 or 10 percentage pictures I would have 20 during the course of a year.

I have been under the impression that the Neely bill would have no effect on exhibitors who did not desire to change their policy of buying pictures in blocks and I would like your opinion in this. Has the Neely bill been changed recently to substantiate Mr. Bevan's statement?

Very truly yours,

IOKA THEATER,
By FRED L. MARKEY, *Manager.*

EXHIBIT B

GEM THEATER,
Peterborough, N. H., June 21, 1939.

INDEPENDENT EXHIBITORS, INC.,
20 Shawmut Street, Boston, Mass.

MR. HOWARD: Last Thursday Mr. Al. Bevan called at my house and was covering New Hampshire to get exhibitors to telegraph the Senators to oppose the Neely bill. His idea of the bill would be that our pictures would be sold one or two at a time and the cost would be 25 percent more expensive to operate our film account.

Of course Al is with Maine and New Hampshire and affiliated with Paramount. I have let you know so that when you hear about these telegrams you will know what has happened.

Yours very truly,

GEM THEATER,
By WARREN J. NICHOLS.

EXHIBIT C

ALLIED STATES ASSOCIATION OF
MOTION-PICTURE EXHIBITORS,
Washington, D. C., April 7, 1939.

On April 6, Sidney R. Kent, president of Twentieth Century-Fox Film Corporation, testified before a subcommittee of the

Senate Committee on Interstate Commerce which is considering the Neely bill (S. 280) to prohibit the compulsory block booking and blind selling of motion pictures.

Although Charles C. Pettijohn, counsel for the Hays association, who spoke to the committee on Monday, took great pride in the gains which the industry is making in South America, Mr. Kent cited as a reason why the bill should not be passed the falling of business in Europe and Asia.

While Mr. Kent was testifying, the Treasury Department sent to Congress a report on corporate salaries paid in 1937. This report, according to today's Evening Star (Washington, D. C.), disclosed that "movie companies paid 40 of the 63 salaries of $200,000 or more.

It is pertinent to consider these salaries in the light of the opposition to the bill offered by the New York executives and Hollywood stars. It is fair to say that Mr. Kent's salary was one of the more modest ones—$179,220—only a little over $100,000 more than was received by the President of the United States.

Louis B. Mayer, production director of Loew's, Inc., topped the salary list with $1,161,753. This was complemented, according to the article, by another $134,750 which Mr. Mayer received as vice president of Metro-Goldwyn-Mayer Corporation.

It is interesting to note that Mr. Mayer received considerably more than the Government paid to the entire membership of the United States Senate.

Loew's, Inc. (represented at the hearing by William F. Rodgers), apparently was the most generous with its executives and stars. In addition to its payments to Mr. Mayer, it was able to pay J. M. Rubin, a vice president, $651,123, putting him second on the list. Fourth on the list was Nicholas M. Schenck, president of Loew's, Inc., who received $489,602.

Other movie salaries were: Greta Garbo (Loew's), $472,499; Marlene Dietrich (Paramount), $370,000; A. M. Loew (Loew's), $356,074; Joan Crawford (Metro), $351,538; Frederic March, $334,687 from Selznick-International, and $150,000 from Paramount; David Bernstein (Loew's), $320,416; Spyros Skouras (National Theaters, Twentieth Century affiliate), $320,054.

Clark Gable (Metro), $289,000; Fred Astaire (R-K-O), $271,711; Joe E. Brown (D. L. Loew), $267,500; Hunt Stromberg (Metro), $265,500; Charles Boyer (Wanger), $265,191; Darryl Zanuck (Twentieth Century), $260,000; Ernst Lubitsch (Paramount), $260,833; Claudette Colbert (Paramount), $248,055; William Powell (Metro), $246,110; Bob Burns (Metro), $242,856; Gary Cooper (Paramount), $238,416; Jeanette MacDonald (Metro), $238,299.

The pleasant young man, Robert Montgomery, who gave the committee his expert opinion as an actor on complicated problems of production and distribution, received from Metro a mere $243,250.

Warner Baxter (Twentieth Century), $225,961; George Ruth (Paramount), $219,399; Sonja Henie (Twentieth Century), $210,729; Adolph Zukor (Paramount), $210,479; Kay Francis (Warner), $209,100; Hal Wallis (Warner), $208,083; Wesley Ruggles (Paramount), $203,051; David O. Selznick (Selznick International), $203,500; Katherine Hepburn (R-K-O), $203,751.

Herbert Marshall (R-K-O), $198,166; Samuel J. Briskin (R-K-O), $197,333; Wallace Beery (Metro), $190,000; Ginger Rogers (R-K-O), $184,776; William LeBaron (Paramount), $183,929; W. S. Van Dyke (Metro), $178,816; Dick Powell (Warner), $176,249; Robert Taylor—listed as Arlington Brugh—(Metro), $173,362; Jack Conway (Metro), $168,621; Frank Lloyd (Paramount), $166,208; B. H. Hyman (Metro), $165,456; Jack Oakie (R-K-O), $164,416; Carole Lombard (Paramount), $164,000, also $150,000 from Selznick; Sam Goldwyn (S. Goldwyn. Inc.), $163,000, also $26,000 as president of United Artists; Roy del Ruth (Twentieth Century), $162,144; Victor Fleming (Metro), $160,000; R. Z. Leonard (Metro), $160,000; Clarence Brown (Metro), $159,000.

E. J. Mannix (Metro), $157,500; Sam Katz (Metro), $156,000; Louis Ligon (Metro), $158,250; Henry King (Twentieth Century), $157,444; S. Eckman, Jr. (London office of Loew's), $154,302; Mervyn Le Roy (Warner), $153,517; Myrna Loy (Metro), $152,583; Ronald Colman (Selznick), $150,000; Eddie Cantor (Twentieth Century), $150,000; Walter Winchell (Twentieth Century), $150,000; Loretta Young (Twentieth Century), $150,000. Among the Hollywood writers were Preston Sturges (Paramount), $134,250, and Joel McRea (Goldwyn), $106,500.

Little Shirley Temple trailed with $110,256 from Twentieth Century, in addition to which her mother, Gertrude Temple, as her guardian, received $52,166.

Numerous others are listed at salaries in excess of that paid the President of the United States, but the foregoing are enough to indicate what occurred in Big Eight circles in 1937.

EXHIBIT D

JUNE 15, 1939.

REPORT OF THE NEGOTIATING COMMITTEE

The board of directors of Allied States Association on June 13 unanimously approved the informal report of the negotiating committee recommending rejection of the proposed Trade Practice Code and Rules of Arbitration and directed the committee to prepare a detailed written report which would serve as the basis of a recommendation by the board of directors to the tenth annual convention of the association now being held. This report is submitted to the board in compliance with its direction.

The grounds on which the committee recommended rejection of the proposals were: (1) They do not provide an effective remedy for the major abuses of which Allied States Association has complained and for the correction of which it has waged a long, aggressive, and increasingly successful campaign; (2) the proposals as drafted and submitted by the distributors do not fully and accurately reflect the substance of the negotiations and representations made by the distributors in the course thereof; (3) reports coming from many sections of the country show convincingly if not, indeed, conclusively, that the distributors already are taking steps to circumvent and nullify the moderate concessions offered; and (4) acceptance of the proposals, particularly in view of the preamble thereto, would handicap the exhibitors in seeking further relief from oppressive and monopolistic trade practices, would hinder the Government in the prosecution of pending actions under the antitrust laws, and would supply the distributors with additional ammunition with which to combat the Neely bill and other remedial legislation.

These points will be discussed in the order in which they have been enumerated.

1. The proposals do not afford an effective remedy for major abuses. These major abuses were enumerated in a memorandum presented by the negotiating committee to the distributors' committee on October 27, 1938, and are as follows: (a) Compulsory block booking and blind selling; (b) ownership and operation of theaters by the producer-distributors; (c) forcing of shorts, newsreels, and trailers; (d) designated play dates; (e) unreasonable clearance; (f) selling away from an established customer; (g) the "right to buy"; (h) overbuying; (i) lack of availability of prints; (j) coercion in the selling of pictures.

The distributors' proposals carried out in good faith would mitigate the evils of compulsory block booking by granting a graduated cancelation privilege based on the average film rentals paid. They would not abolish compulsory block booking; on the contrary, they would perpetuate it by requiring that an exhibitor, in order to secure the right to cancel, must contract for all of the feature pictures offered him at one time.

The proposals provide no remedy whatever for blind selling, the distributors having rejected all suggestions by your committee for the identification of pictures in the contracts and for the allowance of an enlarged cancelation privilege for unidentified pictures.

The terms and conditions upon which a limited cancelation privilege is offered are calculated to permit of circumvention and evasion and, as we shall later point out, the indications are that the distributors are preparing to make use of the obvious loopholes in the proposals.

The distributors made it plain at the outset that they were not willing to discuss the question of theater divorcement and, consequently, the proposals contain no provision in reference thereto.

The provision relating to the forcing of shorts, newsreels, and trailers contains conditions and limitations which greatly impair the effectiveness thereof and which would enable the distributors to deprive an exhibitor of the right to arbitrate disputes arising thereunder by simply refusing to accept his application.

The provision against designated play dates on flat rentals and guaranties as against percentage is utterly hollow and the provision for arbitrating the suitability of a particular percentage picture for preferred playing time conveys only the doubtful privilege of relieving the exhibitor of that picture in order that the distributor may designate another in its place. The proposal offers no relief from the increasing abuse of monopolizing all of the exhibitors' preferred time, representing sometime as much as 80 percent of their total weekly revenue, with high percentage pictures.

Provision is made for arbitrating clearance but this has been marred by the insistence of the distributors—contrary to assurances given your negotiating committee—that they shall have the right to designate one member of the board of arbitrators. In cases where the dispute is between an affiliated theater and an independent theater, this participation by the distributors would throw the board out of balance.

Selling away from an established customer is made arbitrable but the many conditions attached to the provision make it easy of evasion and of value only in case the distributor acts in utmost good faith. The same comment is pertinent with respect to the provision that some run shall be made available to an exhibitor applying therefor.

The "right to buy," as contended for by Allied and as sought by the Government in the pending suit against the Griffith Circuit and others, is not mentioned in the proposals.

Overbuying is arbitrable so far as the number of pictures is concerned; no authority is given the board to apportion the product on the basis of quality, thus guaranteeing the offending exhibitor his choice of the better features and leaving for the complainant nothing but culls.

Lack of availability of prints is not provided for. Arbitration of contract disputes would not be helpful on this, as the distributors have so carefully protected themselves in their contracts against demands for prints.

The provision relating to coercion in the selling of pictures contains terms and conditions similar to those included in the provision with respect to the forcing of short subjects which greatly impair its usefulness.

2. The proposals as drafted do not conform to representations made during the negotiations. In Chicago, in November 1938, after the distributors had outlined to your committee the nature and extent of the concessions they were willing to grant, they announced that they would undertake the task of reducing the same to writing, as they wanted the proposals to be stated in simple, understandable

language without the complications characteristic of lawyers' productions. The following are some of the instances in which the proposals as thus drafted materially depart from the representations made during the negotiations. (The following references are to the draft dated June 10, 1939:)

Preamble: Never discussed, appeared for the first time in the March 30 draft. The significance of this innovation and its probable effect on the efforts of exhibitors to secure additional relief will be discussed later in this report.

Page 3, subparagraph (d): Providing that cancelations not exercised in top brackets shall be relegated to the lowest bracket. This was never mentioned in the negotiations and appeared for the first time in the draft submitted to us on January 16.

Page 5, III, "Public demand for exceptional pictures": Nullifying conditions appeared for the first time in the March 30 draft of proposals.

Page 5, III, second paragraph: Entirely new limiting clause, never discussed with your committee and appearing for the first time in the March 30 draft.

Page 7, V (a), "Not arbitrable": Appears for the first time in the March 30 draft.

Page 9, VII, second paragraph: Was not discussed with your committee, appeared for the first time in the March 30 draft, and, as above pointed out, materially affects the effectiveness of the provision against the forcing of shorts.

Page 11, XIII, second paragraph: New, nullifying, and not discussed.

Page 12 (iii): Clause imposing greater burden of proof on complaining exhibitor than is imposed on a complaining distributor was never discussed with your committee.

Page 12 (2), clearance: Clause recognizing propriety of clearance, whether legally or illegally imposed, was included without consultation, is new, and extremely dangerous.

Page 13 (3), overbuying: Form was never discussed.

Page 14 (XV), "agreement to arbitrate": Neither this nor other arbitration features were ever discussed in the negotiations, except with reference to clearance. Numerous suggestions made by the general counsel are included in the latest draft, but the adoptions and rejections of his suggestions were not discussed even with him.

Pages 15–16 (XVII), term: No discussion. The references to the effect on the code of possible legislation was never discussed and is out of line with assurances given in reference to the Neely bill.

Page 20 (3), disputes relating to clearance: Contrary to all discussions during the negotiations, as above pointed out, and appeared for the first time in the March 30 draft.

In order to appreciate the significance of these changes, most of which appeared for the first time in the March 30 draft, it should be remembered that your committee had no contact with Mr. Rodgers' group after January 16; that the distributors produced nothing in the way of a revised draft between January 16 and March 30, and this in spite of the fact that it was published in the trade press and generally known that the authority of the Allied committee would lapse on March 1. The foregoing fully vindicates the position taken by Allied on December 1 and restated on numerous occasions since then, that it would not take final action on the proposals until it had a complete program which the distributors would pronounce final.

3. Reports of steps being taken to circumvent the provisions of the code: While your committee does not take the position that in this matter the prospects for the future must be judged solely by the experiences of the past, they feel that as an introduction to what follows they may properly refer to matters that occurred under the N. R. A. Code. During our negotiations the assertion was made by a member of the committee that in order to defeat the cancelation privilege allowed by the N. R. A. Code the distributors deliberately padded their blocks with low-cost "cheaters" in order that the exhibitors would exhaust their cancelation privilege thereon. This was confirmed by one of the distributor group. And certainly it is well known that the practice of selling shorts on the weekly payment plan was devised to defeat the N. R. A. provision against forcing shorts except in proportion to the number of features licensed.

From reports received from credible exhibitor informants in various parts of the United States your committee is convinced that the following practices are now being employed by some, at least, of the major distributing companies which are advocating approval of the proposals by the exhibitors:

(a) Requiring exhibitors to negotiate for and license short subjects before they will even discuss selling their features.

(b) Shorts are being forced.

(c) Foreign pictures are being forced.

(d) Despite poorer business conditions now prevailing, price of flat rental pictures raised and number of percentage pictures increased to offset possible loss through exercise by exhibitors of the cancelation privilege.

(e) Special inducements offered in price and terms for waiver of the cancelation privilege.

(f) Waiving of guaranties and selling on straight percentage in order to secure preferred playing time.

(g) Score charges being added to all flat rentals for 1939–40. In addition, distributors are increasing film rentals to equal the amount of the score charge formerly paid on percentage pictures.

(h) National allocations discontinued, thus retarding free use of cancelation and restricting same to the lowest price bracket.

Based on the statement made by a principal executive of one of the major distributors at the open forum yesterday, your committee must conclude that the purpose of the distributors is to exact increased rentals which will compensate for any possible loss under the proposals. That being so, the effect of the code on the exhibitors will be to compel them to pay more money than last year for fewer pictures; or, stated differently, to require the exhibitors to pay in full for all pictures canceled under the privilege granted.

4. Acceptance of the proposals would jeopardize prospects of exhibitors for additional relief. At the very first interview which Messrs. Yamins and Myers had with Mr. Rodgers on the subject of the negotiations, about the middle of September 1938, the question was posed, "Will participation on our part mean that we will be precluded from seeking passage of the Neely bill?" They were told that the negotiations would have no bearing on the Neely bill or the Government suit, except as the experience might bring about better relations which would lead us voluntarily to abandon such methods. This statement was later repeated in substance by Mr. Rodgers in a telephone conversation with Mr. Yamins.

It was upon this assurance that Allied entered into the negotiations.

Since then the distributors have made every possible use of the negotiations to defeat the Neely bill, to influence the attitude of the Department of Justice in pending litigations and otherwise to handicap Allied in its efforts to secure real and lasting benefits for the independent exhibitors.

Because we regard this as the most important factor entering into our decision that the proposals should be rejected, we feel that we should retrace our steps and give an outline of the manner in which this program was developed.

At hearings on the Neely bill in 1936 a suggestion was made by spokesmen for the distributors that negotiations be initiated to settle problems within the industry—obviously to prevent favorable action on the bill.

The next serious proposal along this line came coincident with a visit of Big Eight executives to Washington to head off the Government's suit.

The first draft of the proposals (December 1) was sent to the Department of Justice with a statement that they had been agreed to in principle, notwithstanding the fact that your committee had stated—and they hereby reiterate that statement—that no such agreement had been reached.

The long silence after the January 16 meeting was suddenly broken when the distributors burned the midnight oil—to quote one of the trade papers—to get out the March 30 draft on the eve of the hearings on the Neely bill.

That draft was presented to the Senate committee by Mr. Rodgers as a reason why the bill should not be passed. It is set forth in the minority report of the Senate committee as a reason why the bill should not pass.

According to press reports, the draft has been carried by the distributors to the Secretary of Commerce in an effort to induce him to use his influence with the Department of Justice to settle the Government suit on the basis of the proposals.

The preamble, which appeared for the first time in the March 30 draft, would require that exhibitors agree that the provisions of the code—including the continuation with slight modifications of compulsory block booking and illegally imposed clearance, not to mention many other abuses—are the fair-trade practices of the industry. Moreover, the effect of agreeing to the code would be to in effect validate all other practices observed in the industry and not specifically mentioned in the code.

Mr. Rodgers has made it plain that these proposals represent the maximum concessions that the distributors are willing to yield. Therefore no further progress can be made along this line. If the exhibitors agree to the proposals, they will be greatly handicapped in, if not actually debarred from, seeking further relief by other means. This demonstrates the fallacy of the argument that this is a "step in the right direction." It is not a step in any direction; it is the end of the trail.

Respectfully submitted.

NEGOTIATING COMMITTEE,
By H. A. COLE, *Chairman*.

The foregoing report was considered by the board of directors of Allied States Association on June 15, 1939, and was approved. The board directed that the report be presented to the tenth annual convention of the association as embodying the views of the board in respect of the proposed trade-practice code and rules of arbitration.

H. A. Cole, Texas; P. J. Wood, Ohio; H. A. Blum, Maryland; Fred J. Herrington, Pennsylvania; Jack Kirsch, Illinois; Edw. F. Maertz, Wisconsin; David Milgrim, east Pennsylvania; Maurice Rubin, Indiana; Nathan Yamins, Massachusetts; C. H. Olive, District of Columbia; L. W. Newberry, New Jersey; Max Cohen, New York; James C. Quinn, California, Arizona, and Nevada; Sidney E. Samuelson, New Jersey; W. A. Steffes, Northwestern Allied; Ray Branch, Michigan; Abram F. Myers, Chairman of Board of Directors.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Bulow	Clark, Idaho
Andrews	Bilbo	Burke	Clark, Mo.
Ashurst	Bone	Byrd	Danaher
Austin	Borah	Capper	Davis
Barbour	Bridges	Chavez	Donahey

Downey	Holman	Murray	Stewart
Ellender	Holt	Neely	Taft
Frazier	Hughes	Norris	Thomas, Okla.
George	Johnson, Calif.	Nye	Thomas, Utah
Gerry	Johnson, Colo.	O'Mahoney	Tobey
Gibson	King	Overton	Townsend
Gillette	La Follette	Pittman	Truman
Glass	Lee	Radcliffe	Tydings
Green	Lodge	Reed	Vandenberg
Guffey	Lucas	Reynolds	Van Nuys
Gurney	Lundeen	Russell	Wagner
Hale	McKellar	Schwartz	Walsh
Harrison	McNary	Schwellenbach	Wheeler
Hatch	Maloney	Sheppard	White
Hayden	Mead	Shipstead	Wiley
Herring	Miller	Slattery	
Hill	Minton	Smith	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. CULLEN, Mr. MCCORMACK, Mr. COOPER, Mr. TREADWAY, Mr. CROWTHER, and Mr. KNUTSON were appointed managers on the part of the House at the conference.

NEUTRALITY—MESSAGE FROM THE PRESIDENT (S. DOC. NO. 94)

Mr. BARKLEY. Mr. President, I suggest that the President's message be handed down at this time.

The PRESIDING OFFICER (Mr. BULOW in the chair) laid before the Senate the following message from the President of the United States, which was read together with the statement of the Secretary of State, and, with the accompanying paper, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States of America:

I am advised that by a vote of 12 to 11 the Senate Committee on Foreign Relations has deferred action on peace and neutrality legislation until the next session of the Congress.

I am appending hereto a statement from the Secretary of State which has my full approval, and which I trust will receive your earnest attention.

It has been abundantly clear to me for some time that for the cause of peace and in the interest of American neutrality and security, it is highly advisable that the Congress at this session should take certain much-needed action. In the light of present world conditions, I see no reason to change that opinion.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 14, 1939.*

[Enclosure: Statement.]

STATEMENT ON PEACE AND NEUTRALITY BY THE SECRETARY OF STATE

The cornerstone of the foreign policy of the United States is the preservation of the peace and security of our Nation, the strengthening of international law, and the revitalization of international good faith. The foreign policy of this Government may be misinterpreted or it may be misunderstood, but it cannot be destroyed. Peace is so precious and war so devastating that the people of the United States and their Government must not fail to make their just and legitimate contribution to the preservation of peace.

The Congress has pending before it at the present time certain proposals providing for the amendment of the existing so-called neutrality legislation. Some of these proposed changes I regard as necessary to promote the peace and security of the United States.

There is an astonishing amount of confusion and misunderstanding as regards the legislation under consideration, and particularly with regard to the operation of the existing arms embargo.

I shall try to bring out as clearly as I can the important points of agreement and disagreement between those who support the principles contained in the six-point peace and neutrality program recommended by the Executive branch of the Government and those who oppose these recommendations.

In substance and in principle both sides of the discussion agree on the following points:

1. Both sides agree that the first concern of the United States must be its own peace and security.

2. Both sides agree that it should be the policy of this Government to avoid being drawn into wars between other nations.

3. Both sides agree that this Nation should at all times avoid entangling alliances or involvements with other nations.

4. Both sides agree that in the event of foreign wars this Nation should maintain a status of strict neutrality, and that around the structure of neutrality we should so shape our policies as to keep this country from being drawn into war.

On the other hand, the following is the chief essential point of disagreement between those who favor the adoption of the recommendations formulated by the Executive branch of the Government and those who are oppcsing these recommendations:

The proponents, including the executive branch of the Government, at the time when the arms embargo was originally adopted called attention to the fact that its enactment constituted a hazardous departure from the principle of international law which recognizes the right of neutrals to trade with belligerents and of belligerents to trade with neutrals. They believe that neutrality means impartiality, and in their view an arms embargo is directly opposed to the idea of neutrality. It is not humanly possible, by enacting an arms embargo, or by refraining from such enactment, to hold the scales exactly even between two belligerents. In either case, and due to shifting circumstances, one belligerent may find itself in a position of relative advantage or disadvantage. The important difference between the two cases is that when such a condition arises in the absence of an arms embargo on our part no responsibility attaches to this country, whereas in the presence of an embargo the responsibility of this country for the creation of the condition is inevitably direct and clear.

There is no theory or practice to be found in international law pertaining to neutrality to the effect that the advantages that any particular belligerent might procure through its geographic location, its superiority on land or at sea, or through other circumstances should be offset by the establishment by neutral nations of embargoes.

The opposition to the present substitute proposal joins issue on this point and stands for existing rigid embargo as a permanent part of our neutrality policy. And yet by insisting on an arms embargo in time of war they are to that extent, for the reasons I have stated, urging not neutrality but what might well result in actual unneutrality, the serious consequences of which no one can predict.

Those who urge the retention of the present embargo continue to advance the view that it will keep this country out of war, thereby misleading the American people to rely upon a false and illogical delusion as a means of keeping out of war.

I say it is illogical, because while the trade in "arms, ammunition, and implements of war" is at present banned, the trade in equally essential war materials, as well as all the essential materials out of which the finished articles are made, can continue. For example, in time of war we can sell cotton for the manufacture of explosives, but not the explosives; we can sell the steel and copper for cannon and for shells, but not the cannon nor the shells; we can continue to sell to belligerents the high-powered fuel necessary for the operation of airplanes, but we are not able to sell the airplanes.

I say it is a false delusion because a continuation of the trade in arms is a clearly recognized and traditional right of the nationals of a neutral country in time of war, subject only to effective blockade and to the right of belligerents to treat any such commodities as contraband. The assertion frequently made that this country has ever engaged or may become engaged in serious controversy solely over the fact that its nationals have sold arms to belligerents is misleading and unsupportable. All available evidence is directly to the contrary. Every informed person knows that arms, as absolute contraband, are subject to seizure by a belligerent and that neither the neutral shipper nor his government has the slightest ground for complaint. There is, therefore, no reason to suppose that the sale of arms may lead to serious controversy between a neutral and a belligerent. Furthermore, under the proposals that have been made American nationals would be divested of all right, title, and interest in these and other commodities before they leave our shores and American citizens and ships would be kept out of danger zones. As regards possible complications which might arise as a result of the extension of credits to belligerents or of extraordinary profits accruing to any group of producers in this country, it is wholly within the power of Congress at all times to safeguard the national interest in this respect.

Controversies which would involve the United States are far more likely to arise from the entrance of American ships or American citizens in the danger zones or through the sinking on the high seas of American vessels carrying commodities other than those covered by the arms embargo. In the recommendations formulated by the Executive as a substitute for the present legislation it was especially urged that provisions be adopted which would exclude American nationals and American ships from zones where real danger to their safety might exist and which would divest goods of American ownership, thereby minimizing to the fullest extent the danger of American involvement.

Those of us who support the recommendations formulated for the elimination of the embargo are convinced that the arms embargo plays into the hands of those nations which have taken the lead in building up their fighting power. It works directly against the interests of the peace-loving nations, especially those which do not possess their own munitions plants. It means that if any

country is disposed toward conquest, and devotes its energy and resources to establish itself as a superior fighting power, that country may be more tempted to try the fortunes of war if it knows that its less well-prepared opponents would be shut off from those supplies which, under every rule of international law, they should be able to buy in all neutral countries, including the United States. It means also that some of those countries which have only limited facilities for the production of arms, ammunition, and implements of war are put in a position of increased dependence. During peacetime they would feel the compulsion of shaping their political as well as their economic policy to suit the military strength of others; and during wartime their powers of defense would be limited.

For these reasons those who are supporting the recommendations for the amendment of existing legislation recognize definitely that the present embargo encourages a general state of war both in Europe and Asia. Since the present embargo has this effect its results are directly prejudicial to the highest interests and to the peace and to the security of the United States.

In the present grave conditions of international anarchy and of danger to peace, in more than one part of the world, I profoundly believe that the first great step toward safeguarding this Nation from being drawn into war is to use whatever influence it can, compatible with the traditional policy of our country of non-involvement, so as to make less likely the outbreak of a major war. This is a duty placed upon our Government which some may fail to perceive or choose to reject. But it must be clear to everyone of us that the outbreak of a general war increases the dangers confronting the United States. This fact cannot be ignored.

I would emphasize that the course proposed through the substitute legislation recommended by the Executive is consistent with the rules of international law and with the policy of our own country over a period of 150 years. The basis for the recommendations made is the firm intention of keeping this country from being drawn into war. If there existed any desire to assist or to injure particular foreign countries, this Government would not have been endeavoring persistently, within the limitations of our traditional policy, over a period of many years to do its utmost to avoid the outbreak of a general war. I earnestly hope that the Congress will lend the fullest measure of its cooperation in the endeavor to avoid war in the first place and to place this country in a position of the greatest security possible, should war break out. In the tragic event that peace efforts fail and that a major war occurs, there will be general agreement within the United States that every effort must be exerted to keep this country from being drawn therein.

I must also refer to the impression sedulously created to the effect that the sale of arms, munitions, and implements of war by this country is immoral and that on this ground it should be suppressed in time of war.

As a matter of fact almost all sales of arms and ammunition made in recent years by our nationals have been made to governments whose policies have been dedicated to the maintenance of peace, but who have felt the necessity of creating or of augmenting their means of national self-defense, thereby protecting otherwise helpless men, women, and children in the event that other powers resort to war. In the face of the present universal danger all countries, including our own, feel the necessity of increasing armament, and small countries in particular are dependent upon countries like the United States which have the capacity to produce armaments. Our refusal to make it possible for them to obtain such means of necessary self-defense in a time of grave emergency would contribute solely toward making more helpless the law-abiding and peace-devoted peoples of the world. If such action is moral, and if, on the contrary, sales of the means of self-defense for the protection of peaceful and law-abiding peoples are immoral, then a new definition of morality and immorality must be written. This task might be left to the proponents of the arms embargo.

I must also refer to another impression created by propaganda to the effect that the abandonment of the arms embargo would increase power of action on the part of the executive branch of the Government and, conversely, that the maintenance of the embargo would serve as an additional check on the powers of the Executive. It is difficult to see how either of these propositions could possibly hold true. An impartial granting of access to American markets to all countries without distinction gives the Executive no additional power to choose among them and to commit this country to any line of policy or action which may lead it either into a dangerous controversy or into war with any foreign power.

The legislative proposals which were recomended to the Congress through the communications which I transmitted to Senator PITTMAN and to Congressman BLOOM on May 27 providing for the safeguarding of our Nation to the fullest possible extent from incurring the risks of involvement in war contemplate the elimination of the existing arms embargo and are as follows:

(1) To prohibit American ships from entering combat areas;

(2) To restrict travel by American citizens in combat areas;

(3) To require that goods exported from the United States to belligerent countries shall be preceded by the transfer of title to the foreign purchasers;

(4) To continue the existing legislation respecting loans and credits to belligerent nations;

(5) To regulate the solicitation and collection in this country of funds for belligerents; and

(6) To continue the National Munitions Control Board and the licensing system with respect to the importation and exportation of arms, ammunition, and implements of war.

This six-point program was the best that could be devised after much painstaking thought and study, and after many conferences with Members of the Congress, of how best to keep this country out of a conflict should it arise. It rests primarily on the established rules of international law, plus the curtailment of certain rights of our nationals, the exercise of which is permitted under international law but which might lead to controversies with belligerents and eventual involvement in foreign wars.

There has thus been offered as a substitute for the present act a far broader and more effective set of provisions, which in no conceivable sense could breed trouble, but which to a far greater extent than the present act would both aid in making less likely a general war, and, while keeping strictly within the limits of neutrality, would reduce as far as possible the risk of this Nation being drawn into war if war comes.

In connection with our foreign affairs, I think all must agree that, unless a spirit of collaboration and cooperation characterizes the relations between the executive and legislative departments of the Government, the peace and other vital interests of this country will inevitably be jeopardized.

Having spent the best years of my life as a member of the two Houses of Congress, I have the warmest feeling of friendliness toward the membership of, and the greatest respect for, the legislative department, and, in that spirit, I earnestly hope for the closest possible cooperation in matters affecting our country's best interests and its security in the present grave international situation.

At this time when critical conditions obtain throughout the greater part of the world I am sure that we are all equally persuaded that while the fullest measure of constructive criticism is helpful and desirable, and is of course most welcome, partisanship should play no part in the determination of the foreign policy of this country.

In the present situation of danger a peaceful nation like ours cannot complacently close its eyes and ears in formulating a peace and neutrality policy, as though abnormal and critical conditions did not exist. The entire question of peace and neutrality at this serious juncture in its possible effects upon the safety and the interest of the United States during coming months is of the utmost importance. This question should, in my judgment, receive full and careful consideration and be acted upon by this Government without unnecessary or undue delay.

CORDELL HULL.

PROHIBITION OF BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

The Senate resumed the consideration of the bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

Mr. SMITH. Mr. President, unfortunately I must leave the city at 3 o'clock, and though I should like to discuss at length the bill which is now the unfinished business, time forbids. I heard the testimony of those interested in the bill, and, in my opinion, no greater calamity could befall the most marvelous industry of modern times than the enactment of the pending bill at this time.

I am afraid those of us who legislate on these matters do not take the pains to acquaint ourselves intimately with the steps which have to be taken in order to produce such a miraculous development as has been brought about in the moving-picture industry. It is second only to that miracle of modern times, the radio. I challenge any Member of this body to parallel in all history the ingenious device which synchronizes one's voice with the silent moving picture. No one can calculate the potential effect of the moving picture on our social and intellectual life.

I grant that in the initial stages of this marvelous development it may have been more or less prostituted to unworthy ends, but common sense and inherent decency amongst the people are already having their effect. I listened with an unbiased mind to the testimony of the producers and distributors and the representatives of the public.

Like every wonderful discovery and invention, the moving picture is beginning to get into a stride commensurate with its inherent possibilities. The public has no other source of entertainment comparable to the moving picture. I have heard much said on the floor of the Senate and elsewhere about the cry "Divide the wealth" or "Share the wealth." We think of the untold millions of dollars which are made and expended in certain industries, and we do not stop to think that, though billions of dollars are spent to develop the amazing moving-picture industry, for 15 or 25 cents

we can enjoy the net result. We are "sharing the wealth" of the genius which discovered the process and of the tremendous effort of skill and labor which transmutes the thought into a material thing. Then a meeting place is built, where the pictures may be comfortably and adequately displayed, all so popular in price that the American people can enjoy the very best at a minimum of cost.

Much has been said about the obscenity that has characterized some of the motion-picture shows. That may be true, Mr. President, but I do not see any need to burn down the house to get rid of the rats. The public is rapidly eliminating all the pictures which outrage certain long-haired men, and short-haired women, and other people.

Mr. President, I recall that the great Civil War was largely brought about by a book which exaggerated the truth—a book known as Uncle Tom's Cabin. Here we are, when a modus vivendi is rapidly being reached between producer, distributor, and the public, about to emasculate and render inefficient a tremendous modern industry whose product is patronized by the entire public.

I heard the testimony given before the committee. Some of the testimony to which I listened would lead one to believe that the practice of block booking and blind selling is something more or less ridiculous. But when one has a complete understanding of why the practice is indulged in he must applaud rather than denounce it.

Mr. President, I maintain that the pending bill contains not one provision which looks to purifying the morals of the people. I think I know the young people of my State, although I myself am not young. People speak about corrupting the morals of the boys and girls. God help our country if their morals have fallen so low. You, Mr. President, and I, as practical men, know what is going on.

I wish I had time to go into the question further. However, I am obliged to catch a train at 3 o'clock. I wish I had time to bring to the Senate a realization that we are not drifting into State socialism, but we are in State socialism. I defy anyone to contradict me on that point. Consider the legislation which is passed—social security, farm security, and so forth. What has become of the old American principle of the unit of the family, through thrift and enterprise, endeavoring to save sufficient to take care of the old people when they have passed their earning period? My country is now assuming that burden. "Go ahead and spend; we will take care of the old." That old rugged spirit of Americanism has disappeared through our insensate greed to secure votes. You know it and I know it. The family unit which up until now has caused the members of the family to cling together in love and affection, and, through thrift and enterprise, to try to save enough to take care of the old and the loved ones, is being set aside. In the older days those who wanted work found it. I realize that the mechanical age has in a way modified that situation; but the Government has entered into every department of our life, and is undermining the rugged manhood of America.

Mr. President, I should be the last one to criticize what has occurred if I thought it was born, though mistakenly, of a genuine sympathy for the sufferers. But we all know that that is not so. We do not exemplify such sympathy in our private lives, and why should we attempt to fool people by parading it in public?

We are now asked to stick the nose of the Government into the moving-picture industry. That industry has progressed without setback from the time of the silent, imperfect picture until today, when it challenges the beautiful form and voice of the actual animate speaker.

I shall not go into the details with respect to production and distribution, but I beg of my colleagues to let the producers and the distributors and the public solve this problem, rather than to inject into it our views of what would be best for them to do.

Mr. President, the moving-picture industry is the second greatest industry in America, involving more money, providing more recreation, and giving more delight to millions of people than any other. But because some very moral and super-moral people take exception to some pictures, we, forsooth, must now interfere with the industry. I will bet my right arm that if those who wish to censor the industry had a chance to hide themselves in the theater, they would be the first ones to look at pictures which they condemn. You know it is true and I know it is true.

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER (Mr. Hatch in the Chair). Does the Senator from South Carolina yield to the Senator from Arizona?

Mr. SMITH. I yield.

Mr. ASHURST. The able Senator from South Carolina shook an admonitory finger at me. I am opposed to censorship of press, radio, or moving pictures. I have during my public career opposed—and I hope not without some success—any kind of censorship.

Mr. SMITH. I am delighted to hear the Senator say that.

Mr. ASHURST. Mr. President, will the Senator yield further?

Mr. SMITH. I yield.

Mr. ASHURST. The Senator spoke of the magnitude of the moving-picture industry. It is at least one industry in the United States that has within the past 10 years not asked for any loan, largesse, grant, or bounty from the Treasury of the United States.

Mr. SMITH. And it has paid persons engaged in the industry greater salaries than any other set of persons receive, and as a result the United States has received from them larger income taxes than from any other group.

Mr. ASHURST. I know of one thespian whose Federal income tax is the equivalent of the salary of 21 United States Senators annually.

Mr. SMITH. Mr. President, I am sorry I must leave. I know the Presiding Officer himself regrets to see me go, but I hope that my colleagues will start here today to line up their strength to keep the Government from interfering with private business.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended.

Mr. WHITE. Mr. President, because I was a member of the subcommittee charged with taking the testimony in this matter, I feel an obligation to place before the Senate the reasons which led me to join in the minority report, and which have persuaded me that this legislation is unwise and ought not to be passed by the Congress of the United States.

Mr. President, we are dealing in this legislation with one of the great industries of our country, whose growth and whose development is an amazing story, an American business epic. Its estimated capital investment is $2,000,000,000. It gives employment to approximately 285,000 persons. More than 100 companies are engaged in the production of motion pictures. Some 276 trades, arts, and professions are represented in each producing studio. Only the very largest of these companies produce as many as 50 pictures a season. The cost of the pictures varies from a few thousand dollars to almost $3,000,000 per picture. There is no other industry within my knowledge in which the unit output is so limited and in which the unit cost is so great.

The investment of a producing company giving to the American public a limited number of pictures reaches many millions of dollars, and if its output were not sold, the losses to the producing company would be destructive. No company could long continue without the certainty that its product had a market.

Mr. President, pictures produced at such tremendous cost must be leased, and they must be distributed. There are

17,541 exhibitors in the United States who must have each day at the appointed hour the pictures for which they have contracted. These theaters are in 9,187 towns, scattered throughout the length and breadth of the United States. Six thousand theaters change their programs daily. In 1938 the 17,541 theaters had box-office receipts of approximately $1,000,000,000, of which $650,000,000 was retained in the local communities. The distribution of this picture product involves placing more than 25,000 miles of film daily in 17,541 theaters according to schedule. This is accomplished through 431 film exchanges in 31 centers of our country. The distribution requires 15,000,000 separate film shipments a year. Such distribution is possible only through close adherence to a detailed plan of distribution worked out in advance.

Such, briefly, is the magnitude of the industry to which the proposed legislation is directed.

Mr. President, various justifications for the bill are asserted by those sponsoring it. First of all, it is alleged that monopoly exists in the industry, and that such monopoly must be destroyed. It is asserted that unfair trade practices are engaged in, and that they must be corrected. It is asserted that community influence—whatever that may be—in the selection of pictures shown is necessary for the improvement of the motion pictures of our country. The suggestion of the power of community influence is what has enlisted in large measure the interest of the women's organizations and others in behalf of the bill.

Mr. President, I make but brief reference to monopoly. If there be monopoly, in my opinion the remedy exists in our present antitrust statutes. The Department of Justice itself accepts this view, for that Department has filed a suit, based upon the Sherman Act, alleging a monopoly to exist. A complaint is now pending against the eight major companies, constituting those called by the proponents of the bill the Big Eight. The bill of complaint alleges every offense charged in the hearings held upon the bill. There is testimony that some 10 further suits are in contemplation.

Mr. President, so far as I am concerned I am content to await the outcome of litigation by the United States, and I am not disposed to prejudge it. If the defendants are found guilty, then the proposed legislation, so far as it is aimed at monopoly, is unnecessary; and if found not guilty, then, so far as monopoly is concerned, legislation would seem to be uncalled for. In any event, I am opposed to writing an antitrust statute for only a single industry, a statute applicable to the motion-picture industry alone.

The hearings next suggest that the motion-picture industry is guilty of unfair trade practices. The bill before us seemingly, among other things, is an effort to write a fair trade practice act for a single industry. The allegation of unfair trade practices is an old, old story. Almost 12 years ago a proceeding was had before the Federal Trade Commission, and the same charge was then made. In this connection I call the attention of the Senate to the "cease and desist" order of the Federal Trade Commission issued at that time. I especially invite Senators to compare section 3 of the bill, which I assume all Senators have before them, with the "cease and desist" order in this case of Federal Trade Commission against Famous Players Lasky Corporation, which I now read:

> The defendant corporation was ordered to cease and desist—
> From leasing or offering to lease for exhibition in a theater or theaters motion-picture films in a block or group of two or more films at a designated lump-sum price for the entire block or group only and requiring the exhibitor to lease all such films or be permitted to lease none; and from leasing or offering to lease for exhibition such motion-picture films in a block or group of two or more at a designated lump-sum price for the entire block or group and at separate and several prices for separate and several films, or for a number or numbers thereof less than the total number, which total or lump-sum price and separate and several prices shall bear to each other such relation as to operate as an unreasonable restraint upon the freedom of an exhibitor to select and lease for use and exhibition only such film or films of such block or group as he may desire and prefer to procure for exhibition; or shall bear such relation to each other as to tend to require an exhibitor to lease such entire block or group or forego the lease of any portion or portions thereof; or shall bear such relation to each other that the effect of such proposed contract for the lease of such films may be substantially to lessen competition or tend to create a monopoly in any part of the certain line of commerce among the several States, or with foreign nations, involved in said proposed sale, to wit, the business of the production, distribution and exhibition of motion-picture films to the public, or the business of production and distribution or of production or distribution of moving-picture films for public exhibition.

Senators who have followed the reading, and who have before them the text of the bill, will observe that the langauge of section 3 is almost identical with the cease and desist order of the Federal Trade Commission.

What happened to that order? It came before the court upon an application for the enforcement of the order, and the Circuit Court of Appeals for the Second Circuit voided the Commission's order. I shall read only a few extracts from the unanimous decision of the court in that case, but I believe what I shall read fairly represents the effect and the purport of the court's decision.

Among other things, the court said:

> A distributor of films by lease or sale has the right to select his own customers and to sell such products at given prices or to refuse to sell at all to any particular person for reasons of his own.

I again quote:

> The respondent is not required under the law to so conduct his business that every competitor may conduct his with an equal degree of success according to his size and importance.

Again:

> Nor is the alternative offer permitted to be made for the films—that is, to lease less than a block at higher prices, a coercive or intimidating method.

Mr. President, if the court was correct in its conclusions as to the law, then we have no justification for attempting at this time to write an unfair trade practice section in the very terms of the voided order of the Commission. If the facts in the industry have changed, the industry may again appeal to the Federal Trade Commission. However, speaking for myself, in any event, I am opposed to undertaking to write a Federal Unfair Trade Practice Act for a single industry, as the bill before us seeks to do.

Mr. President, I wish further to call the attention of the Senate to the language of section 3 of the bill, which declares the acts therein set forth to be unlawful. This section seeks to define a crime punishable by a fine—a fine reaching to $5,000, and imprisonment for 1 year, or both, such penalties to be imposed upon the person violating this section of the proposed statute.

No one within the sound of my voice will question that a criminal statute should be so definite in terms that all may know what standard of conduct is required. In a case in 369 United States it is said:

> The terms of a penal statute creating a new offense must be sufficiently explicit to inform those who are subject to it what conduct on their part will render them liable to its penalties.

In the same case the court said further:

> And a statute which either forbids or requires the doing of an act in terms so vague that men of common intelligence must necessarily guess at its meaning and differ as to its application violates the first essential of due process of law.

I invite Senators listening to me to measure section 3 by those yardsticks of fundamental law.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Washington?

Mr. WHITE. I yield.

Mr. BONE. This is somewhat beside the point, I will admit, but I regret that the Court has not partaken liberally of its own medicine when it suggests that a statute should be construed in the fashion that a man of ordinary intelligence would be compelled to construe it. A number of years ago the people of this country adopted a constitutional amendment which provided that the Congress should have the right to levy taxes on incomes from whatever source derived, but the Court took that language, which a person who was positively inept, almost stupid, would certainly understand, and said that these words of plain meaning meant something else. I mention that because I only regret that the Court itself has not taken its own medicine that it hands out to

you and me and 130,000,000 other Americans. I am sure the Senator will agree with me that the language of the constitutional amendment was sufficiently plain.

Mr. WHITE. I would say that whatever has been done in the past, either by Congress or by the courts, in the way of confusion of language is not a precedent for us to follow, but that we should, to the very limit of our ability, when we are drafting criminal statutes, make them so clear and so precise that no one can misunderstand them, if that be a possible thing.

Mr. BONE. The point I make, if the Senator please, is that it does not altogether come with good grace for the Court, with pontifical solemnity, to criticize the average citizen for doing something which it itself has done.

Mr. WHITE. I am making a recommendation to the Congress as to the care that should be taken in the drafting of statutes.

Mr. President, I will be glad to yield if Senators really desire to ask me about the matter I am discussing, but I appreciate that time is running on, and I do not care to be responsible for delaying the discussion to such a point that a vote will not be reached tonight.

The first prohibition, which is found in section 3, beginning in line 7, and extending to the semicolon in line 12, is clear and one of common understanding and intelligence can understand it. We have, therefore, as to this provision, first, a plain question of policy, and next a legal question of constitutional power to say to a lessor of films, in substance, "You may not require the purchaser to take all or to have none." The language is—

> It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition films in a block or group of two or more films at a designated lump-sum price for the entire block or group, only and to require the exhibitor to lease all such films or permit him to lease none.

I understand that an amendment is to be offered to that provision, but I think in any essential sense it will not change the purpose of any of that language.

Do we want to declare that policy? Do we want to say with respect to any product, not a public necessity, that the producers must deal it out piecemeal and may not insist on selling it by wholesale at wholesale prices?

I believe it to be unwise to enact such a statute, for it will serve as a precedent which will rise to trouble us in the future. I believe also that such a provision flies in the face of the clear recognition of the Clayton Act that wholesale selling is legitimate.

But the remainder of section 3, with a limited exception, seems to me indefensible. It undertakes to make a separate and distinct offense from that defined in lines 7 to 12, inclusive. It declares it to be a criminal offense if the lump-sum price at which the lessor offers the group and the separate prices at which he alternately offers the separate pictures bear such relation to each other as, in the one case, to operate as an unreasonable restraint upon the freedom of an exhibitor to choose the films he may desire or prefer; and, in the second instance, as tends to require an exhibitor to lease the whole block or forego the leasing of any number of the group, or to lease or offer to lease films in any other manner or by any other means, the effect of which would be to defeat the purpose of this proposed act.

I ask any Senator before me how could you, if a motion-picture salesman, know whether the prices at which you offered the films separately bore such relation to the price you asked for the block of films as to make you guilty of a violation of these provisions having relation to price? How could you know that the effect of the price at which you were offering a film would be to defeat the purposes of this act, whatsoever those purposes may be? How could you know that the price you were naming would operate as an unreasonable restraint upon the freedom of an exhibitor to select and lease only such films as the exhibitor desired or preferred? How could you, as a salesman, be certain of the price you might lawfully name, and how could you ascertain that price?

Mr. President, section 3 of the bill is to me a monstrous thing, in that it seeks to create a criminal offense of substantial magnitude, punishable by fine and imprisonment, without ascertainable standards, and in terms so vague and indefinite that no man could know his rights and his obligations, but must, in the conduct of his business, guess at the meaning and the application of the statute.

Mr. BONE. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. BONE. I seek information by the question I am about to ask. I am wondering whether an exhibitor who, under present set-up, takes a large block of films to be used in a chain of theaters pays one lump sum for the entire set of films or whether there is a higher price for some than for other kinds of films? I assume that in the case of large and very ornate and lengthy films, the price for the individual film would be much greater than for some of the smaller ones, perhaps, in the lot.

Mr. WHITE. Films are not sold; they are leased.

Mr. BONE. Whatever may be the arrangement.

Mr. WHITE. That is a technical difference, I agree. The rental charge or cost depends upon many circumstances. It depends upon the cost of producing the film; it depends upon the bargain the salesman can drive; it depends upon whether the film is going to be shown in a large metropolitan center, where thousands upon thousands will see it, and the box-office receipts will be large, or whether it is going to be shown in small rural communities where the only possible chance may be to rent it at a very low price. Often, perhaps usually, the rental price is a percentage of the box-office receipts. It is a case of bargaining between the salesman and the exhibitor, and the figures, which I shall later undertake to give——

Mr. BONE. We might take one large theater in a very large city that has a very large attendance all the time—a typical large city. I take it that a film such as Union Pacific, which was a very beautiful picture, would, of necessity, command a larger rental price than a smaller film even in such a theater, if I may narrow my question to one typical theater.

Mr. WHITE. Take Romeo and Juliet. The testimony is that the production cost of that picture was $2,800,000. Of course, if that film should be sold separately it would demand and would receive a larger rental than some film the production cost of which was merely a few thousand dollars.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. BARKLEY. The Senator now is talking, I believe, about the effect of section 3 of the bill. That section makes it an offense for anybody to offer to sell more than two pictures. Even though the offer is turned down, if he merely offers to sell three, he is guilty of an offense. Is that the Senator's interpretation?

Mr. WHITE. Yes; the section applies either to the sale or to the offer. There is no distinction between the actual consummation and the offer. The effort to induce the purchase is, under this section, an offense.

Mr. BARKLEY. The language is:

> It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition films in a block or group of two or more—

Two or more pictures.

It has been difficult, I am sure, for all Senators, and it has been difficult for me, to get at the real facts with respect to the production and distribution of motion pictures in the United States. One may read the 560- or 650-odd pages of the hearings, which are interspersed with all sorts of questions about particular movie actors, stars, and everything else, without being able to glean out of all of that substance the real meat in the way of facts concerning the method of distribution and production of pictures. Since the hearings I obtained more information from the operator of a moving-picture theater in my State, who took the trouble to sit down for an hour and tried to explain the method to me, free of any extraneous matter, than I got out of all the hearings.

I wonder whether the Senator has commented or intends to comment on the details of the method by which moving pictures are produced and sold to the exhibitor, and the relationship of that method to the necessity, if there is a necessity, of knowing in advance of production of pictures where the market is to be, in order to go ahead with a picture.

For instance, I recall a very wonderful picture produced by George Arliss—I think it was Disraeli—and he produced another one, Alexander Hamilton. My information is that the producers of those pictures began to try to sell their pictures in January, to be delivered the following August and during the following year; that their production year begins, say, in January, and that their exhibition year begins in August; that between January and August they are producing the pictures which they are to deliver in August. The cost of production runs all the way from $75,000 in some cases to two or three million dollars in others; and if the producers were required, after production of the pictures had been completed, to sell the pictures separately, one at a time, to the individual moving-picture shows throughout the United States, I am wondering if the Senator has any opinion or view as to whether the expensive pictures, especially, would ever have been produced in the first place if the producers had to take that risk.

Mr. WHITE. Mr. President, answering the Senator, I think the testimony in the record is that in the case of a picture costing into the millions of dollars, if the producers had to take their chances on selling the picture separately after completion, pictures of that character would not be produced in America.

Mr. BARKLEY. Take another instance—and I am simply trying to see whether the information I got from an exhibitor, not a producer, not a distributor, but an exhibitor, is correct.

Let us take the picture which is now in production, Gone with the Wind, based upon the wonderful book of the same name, in the case of which I think the producer looked all over the United States and all over the world for a year or two in order to find a particular type of "movie" star who would fit into the picture. Finally, I think, they selected an English girl, whose name I do not now recall, to take the leading feminine part in the picture, and, of course, had to build around her the whole structure of the picture.

I do not know how much the picture will cost; but I imagine all those who have read the book, and even those who have not read it but who have heard about it, will be interested to see the picture when it is produced. If the producers of that picture and other pictures had to depend upon their ability to sell it as a single production to all the moving-picture theaters in the United States, I am wondering whether, in view of the cost of its production, they would incur the risk necessary to produce the kind of picture that everybody expects from Gone With the Wind.

Mr. WHITE. My answer is that, in my opinion—and I base the opinion upon what is in the record—such pictures would not be produced in the United States.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. WHITE. I yield to the Senator from West Virginia.

Mr. NEELY. I am certain that the Senator from Maine—who is one of the few, in my opinion, who know something about the evidence in the record in this case—does not mean to assent to the suggestion made by the Senator from Kentucky, if I correctly understood him, to the effect that it would actually be a violation of law under the bill for the distributors of motion pictures to offer to sell two or more pictures at one time.

I ask that in all fairness I be permitted to read what the bill, and the substitute which will be offered, say:

> It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition films in a block or group of two or more films * * * and to require the exhibitor to lease all such films or permit him to lease none.

Of course, one may offer to lease 1; he may offer to lease 55, or whatever number it may be. The inhibition is against saying, "You may not lease 5 or 10 or 20 films unless you lease the whole 55."

Mr. WHITE. I quite agree that the latter language goes with the first.

Mr. BARKLEY. Mr. President, may I ask the Senator a question?

Mr. WHITE. I yield.

Mr. BARKLEY. A moment ago the Senator commented on the relative prices of a picture leased singly and one leased in group. What is the Senator's interpretation of section 3 with respect to the price at which a single picture would have to be leased, as compared to the price of the same picture if included in a group?

Mr. WHITE. I do not know the answer to that question, and I do not see how anybody reading this language could answer it. That is my complaint.

Mr. BARKLEY. If I were a producer, and I had 20 pictures, and offered all of them to an exhibitor at what might be called a wholesale price—and I suppose there is nothing illegitimate or immoral about offering a group of anything at a wholesale price smaller than the price for any single part of the commodity, whether it is moving pictures, or apples, or shoes, or anything else—does the Senator interpret section 3 of the bill to mean that a single picture must be offered at the same price at which it would figure in a group, if offered and sold in a group?

Mr. WHITE. I can only answer the Senator in the language of the section itself.

Mr. BARKLEY. The language is involved.

Mr. WHITE. The language is involved, and the meaning is obscure, and I do not know what the offense is. My hands go up.

Mr. NEELY. Mr. President, will the Senator yield once more?

Mr. WHITE. I yield to the Senator from West Virginia.

Mr. NEELY. I submit that anybody who reads the language for the purpose of trying to understand it, instead of confuse it, will see that the requirement is simply——

Mr. WHITE. I do not like that suggestion, Mr. President.

Mr. NEELY. I withdraw that expression, then. The Senator from Maine is always fair, and I know that he means to be fair about this matter, and I hope to be fair with him; but I submit that the purpose of that section means this, and nothing more:

That in selling single films, or fewer than a block of films, the price demanded for the single one, or the smaller number than the block, shall not be so unreasonable as to compel the exhibitor to buy the whole block or obtain none; and the formula by which that matter is to be ascertained is less complicated than the formula by which one is required in every other industry which is subject to the Robinson-Patman Act to obey it; and, if I am not mistaken, the Senator from Kentucky favored the Robinson-Patman bill.

Mr. WHITE. Mr. President, if I may go on, with respect to section 4 of the bill a similar doubt assails one who gives it consideration. This section makes it unlawful for a distributor to lease or offer to lease a picture unless at the time of lease or offer he shall furnish the exhibitor a complete and true synopsis of the film. It requires that such synopsis shall include an outline of the story, incidents, and scenes depicted or to be depicted, and a statement describing the manner of treatment of dialogs concerning any scenes depicting vice, crime, or suggestion of sexual passion. This is for the purpose of informing the exhibitor so that he may determine whether he desires to select the film for exhibition.

The question still persists, Mr. President, how may one know whether he has met or offended the statute? How may one know that his statement describing the manner of treatment of dialogs concerning any scenes depicting vice, crime, or suggestion of sexual passion is sufficiently precise and sufficiently realistic to enable the prospective purchaser to determine whether he does or does not want the picture?

Mr. President, so much for legal and technical questions.

Mr. President, I now wish to pass on and discuss the realities of compulsory block booking and blind selling. The complaint is that a combination of picture producers, called for the purpose of creating prejudice, the Big Eight, control the production and distribution of films and compel exhibitors to lease films in blocks or groups, without regard to the desires of the exhibitors.

First of all, do the Big Eight, so-called, control production and distribution? That they are the largest and most powerful among the producers is unquestioned. The charge that they can control production and distribution is not supported by the facts in the record before us.

The Film Daily Yearbook for 1936 lists 148 producers in California and 60 in New York. In the same publication are listed 80 distributors of motion pictures. Of all the pictures released to the American market in 1936 there were 362 produced by the so-called Big Eight, and 134 American pictures were produced by the other companies listed in this yearbook. In addition, 239 feature pictures of foreign origin were released in the United States that year. This shows that the Big Eight produced less than half of the pictures for that year.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. DOWNEY in the chair). Does the Senator from Maine yield to the Senator from Kentucky?

Mr. WHITE. I yield.

Mr. BARKLEY. Who are the so-called Big Eight? I cannot recall from memory.

Mr. WHITE. They are Paramount, R. K. O., Metro-Goldwyn-Mayer——

Mr. BARKLEY. Warner Brothers?

Mr. WHITE. Warner Brothers.

Mr. BARKLEY. Metro-Goldwyn-Mayer, Columbia Producers, First National—and what others?

Mr. WHITE. There are eight.

Mr. NEELY. Universal and United Artists.

Mr. WHITE. The statistics for 1938 show that the Big Eight produced 346 pictures, the United States independents produced 109, and there were foreign features to the number of 314. Of these foreign films only 16 were released by the Big Eight, while 298 were distributed by independents. Independents produced and distributed 407 pictures, and the Big Eight produced and released 362, substantially less than 50 percent.

Mr. President, of marked significance is the testimony of one of the proponents of the bill.

Mr. NEELY. Mr. President, will the Senator yield for just one moment?

Mr. WHITE. I yield, but I warn the Senator that we will not get through this afternoon if I continue yielding.

Mr. NEELY. I hope we may get through, but this is very important. The Senator has just indicated that the Big Eight does not monopolize or control the distribution of films.

Mr. WHITE. Production and distribution. I coupled the two.

Mr. NEELY. I ask the Senator to turn to page 27 of the printed record, where he will find a colloquy I wish to quote; and I think the Senator was present when it occurred.

Mr. WHITE. I remember it.

Mr. NEELY. I was interrogating Mr. Pettijohn, the spokesman for the Big Eight and the Hays organization:

> Senator NEELY. What percentage of last year's output in the United States was controlled by the so-called Big Eight?
>
> Mr. PETTIJOHN. If you mean by "controlled" were sold by the so-called Big Nine or Ten—I want to put Monogram and Columbia in there. They are making pictures——
>
> Senator NEELY. What percentage was marketed by the Big Eight?
>
> Mr. PETTIJOHN. I would say, of the American product, at least 85 percent, Senator.

Mr. WHITE. I read the figures for the RECORD which appear in the proceedings of the committee.

I started to say that of marked significance in the testimony is the evidence given by one of the proponents of the bill that the independents, those not affiliated with producers and not connected with the Big Eight, so-called, avail themselves of the same sales methods, block booking, if you please, which section 3 seeks to prohibit. I shall not bother to read the testimony, but, as a practical matter, distribution by the Big Eight and by the independents also, is, to a substantial degree, by the method here sought to be outlawed. The whole process of distribution in the United States is by the method which the pending bill seeks to outlaw.

Mr. President, why have distributors generally adopted this method, and why do a very large portion of the very nearly 18,000 distributors approve this system of distribution?

There are two certain answers to these questions. First, it affords an opportunity not otherwise available to work out in advance an ordered system of distribution of pictures throughout the country and for an entire season. It would not be possible efficiently and with negligible margin of error to distribute 25,000 miles of film daily to 18,000 picture houses in every part of the United States, a distribution involving 15,000,000 transactions a year, without knowing with a reasonable degree of certainty a reasonable time in advance where a particular picture was wanted and when it was wanted.

The task of supplying pictures involves an original plan of distribution, it involves the collection of pictures when once shown, it involves the inspection of the films, their repair, and their redistribution over and over again.

The record shows beyond question that producers, distributors, and exhibitors recognize these facts, and yield to them, some exhibitors with grumbling, and perhaps with reluctance, but most of them without complaint, for they accept it as the best method of distribution the industry has as yet been able to evolve.

A second reason for the general acceptance of this system is the appreciation by the exhibitors that if they did not buy usually in blocks, or in substantial numbers, but relied wholly or chiefly on separate leases, trading for one picture at a time, the exhibitor would be at the mercy of the distributor. He might well find himself without needed pictures, and he would then have to pay what the distributor exacted or close his house. Expressed another way, the exhibitor would face a seller's market.

Now, to emphasize what I have just said, I wish to read the statement of one of the witnesses coming from the Middle West as bearing on this question, and I will read only a part of his testimony. This man is the owner of a theater in St. Joseph, Mo. He is president of the Kansas-Missouri Theater Owners' Association, comprising approximately 400 theaters in Kansas City and the western half of Missouri. The set-up of that organization is such that its membership consists both of independent and affiliated circuits, as well as the individual exhibitor owning and operating one or two theaters in one community or town. I quote from his testimony as follows:

> At the time when the Neely bill was first introduced, and before I was able to secure a copy of it, I felt that something was really happening that would be of great benefit to the independent exhibitor. However, after securing a copy of the bill and analyzing it, I have found that as it is drawn it is neither practical nor workable, but that it will work a great hardship on all exhibitors, especially the independent exhibitors.
>
> In my opinion, the independent exhibitor cannot buy one picture at a time, nor is it possible to comply with section (4), dealing with blind selling, since it necessitates his personally viewing each picture before buying. This creates a situation that would be devastating in its effect in my particular locality.

He said again:

> As you have been informed in previous testimony, motion pictures have no staple value and no set value. The distributor attempts to secure the highest rentals he can, and the exhibitor attempts to buy the pictures at prices he can afford to pay. This bill, if enacted, will place the exhibitor in a precarious position, since he will have to make a deal for one picture at a time; and being in constant need of pictures to fill out his programs, the exhibitor will be at the mercy of the various film salesmen who may raise his prices to the point where he can no longer exist.
>
> Senator WHITE. Let me see if I get what you mean there. You mean that the exhibitor will be in a position where he will have to take any pictures that the producer offers him?
>
> Mr. CASSIL. I mean this: In buying en bloc, you buy a year's output. Naturally, the distributor is, for instance, going to call

on me as early as possible to secure a contract for that year's service.

Senator WHITE. When you close your contract, you are taken care of for a year?

Mr. CASSIL. That is right. * * *

The point I am really trying to make clear is that they would do it.

That means that the distributor would exact the price from the exhibitor who was trying to buy a single picture.

The witness further said:

I have no love for the distributors.

In other words, here is the idea. We would be in constant need of pictures. They could wait us out—dealing in one picture at a time—until the time they knew we had to have pictures.

Senator WHITE. That is what I thought your point was.

Mr. CASSIL. Then I would be absolutely at their mercy, because I would either have to deal right along or stay closed for that particular period.

Mr. President, these considerations to which I have alluded make clear that this wholesale method of leasing is founded on reason, and is not arbitrary compulsion of unwilling lessees. Compulsory block booking, Mr. President, is in truth a fiction. Compulsory block booking is nonexistent. Whatever may be the charges and the countercharges, the figures in the record show that a competitive situation exists among producers, and that exhibitors have both a substantial right of selection in making the contracts and a large privilege of cancelation with respect to particular pictures, notwithstanding general acceptance of the wholesale lease and orderly distribution policy.

Mr. President, I have a list to which I shall make hurried reference. Twentieth Century-Fox Films, one of the Big Eight, so-called, for the 1937–38 playing season offered 57 pictures. One picture was the subject of 12,214 contracts. That was the highest number. Those 57 pictures run all down the list until you come to the lowest, with only 3,581 contracts, or a spread between the highest and the lowest of 8,633 contracts.

Mr. President, that demonstrates either a power of selection or a large power of cancelation, and it probably means both.

Paramount Pictures for the season 1937–38 put out 50 pictures. One picture was contracted for 13,200 times. Going down the list we come to the bottom one with 3,947 contracts, a spread of 9,353 contracts. Again a demonstration of power of selection or a large use of the power of cancelation.

R. K. O. Pictures: For the 1937–38 playing season R. K. O. produced 46 feature pictures. They leased or contracted for one picture 9,567 times, and another picture, down at the bottom of the list, only 845 times, a spread by R. K. O. of 8,722 contracts—again a demonstration of the power of selection or the wide use of the power of cancelation.

Universal Pictures produced 34 pictures for the 1936–37 playing season. Ten thousand five hundred and sixty-nine contracts were made for the most popular picture and 2,315 for the least popular, a spread of 8,254 contracts.

Metro-Goldwyn-Mayer produced 45 pictures for the 1937–38 season. There were 10,873 contracts for the most popular picture and 5,455 contracts for the picture at the bottom of the list, a spread in that case of 5,418 contracts.

Columbia Pictures produced 38 feature pictures for the 1936–37 playing season. There were 10,298 contracts for one of them and 2,006 contracts for another, a spread in that instance of 8,292 contracts.

Taken in the aggregate, these figures demonstrate the power of selection by exhibitors throughout the country. Again I say there is the widest possible leniency in the matter of cancelation by exhibitors.

Let me state a few more facts about cancelations. I have here a note as to a picture which I am told is one of the great pictures of the country. I myself do not attend motion pictures. I refer to the picture Music for Madame. I understand it is one of the high-grade pictures. That picture had 5,873 cancelations. In the picture Music for Madame, Nino Martini, one of the greatest singers of our time, was starred.

Quality Street, the Sir James M. Barrie story, had 4,837 cancelations.

Hitting a New High, with Lily Pons, had 4,862 cancelations.

The Great Garrick, based upon the life of that great English actor, had 3,389 cancelations.

April Romance, built around the life of Franz Schubert, had 3,871 cancelations or failures to play the picture.

A Midsummer Night's Dream had 2,971 cancelations.

Great Expectations, the Charles Dickens story, had 2,730 cancelations.

Under Your Spell, starring Lawrence Tibbett, the great American baritone, had 2,135 cancelations.

Another picture, with Lily Pons, had 1,472 cancelations.

As against these high-grade pictures, what do we find?

Mae West's first two pictures, She Done Him Wrong and I'm No Angel, had not a single cancelation.

I have before me a list of other pictures, including Lady Be Careful, The Last Gangster, Big City, Desire, Alcatraz, Her Jungle Lover, Dracula, and Frankenstein, the last two being so-called horror pictures. Those pictures had less than 20 cancelations each. I submit that these latter figures do not argue strongly for the effectiveness of a high standard of local choice.

There is more testimony about cancelations. Take the case of Metro-Goldwyn-Mayer. Last year, that company produced Romeo and Juliet at a cost of $2,800,000; and yet 590 theaters took advantage of the cancelation clause. In the same year that company brought out a story based upon the life of Al Capone, entitled "The Last Gangster." In the case of that picture there were only 13 cancelations, as against 590 cancelations for Romeo and Juliet.

Apple Blossoms, an outstanding picture, starring Richard Tarbell, a fine concert signed, had cancelations from 3,900 theaters, while only 13 theaters canceled Big City, having to do with taxicab racketeers.

The classic called A Christmas Carol was released last December, and at the time of the hearings that picture had already received 1,292 cancelations.

Those are the pictures of Metro-Goldwyn-Mayer.

Let us take the case of R. K. O. What is the record?

For 1936–37 R. K. O. produced 46 pictures. Only 33 percent of the lessees took the entire output of R. K. O., notwithstanding all the talk we hear about compulsory block booking. That year R. K. O. received cancelations in rentals totaling $776,867. Talk about compulsory block booking! In 1937–38 this same concern offered 40 feature pictures, and only 32 percent of the lessees took the entire number. The cancelations that year of pictures put out by R. K. O. amounted, in rentals, to $976,425.

One of the witnesses for the bill, while insisting that he could reject only 10 percent of the pictures included in the blocks of certain producers, admitted that with another company he had bought a selective contract, and he said he picked out perhaps 26 out of 45 or 50 pictures that that particular concern makes.

Mr. President, these facts and figures speak for themselves. I think they should convince any disinterested person that compulsory block booking is not a reality as of the present, but that the power of selection and cancelation is a substantial right widely exercised by exhibitors. That it is not more general is without question due to the advantage to all of the other method, the wholesale leasing method.

What of the future? Already a new motion-picture code has gone into effect. The new motion-picture code by its terms gives an absolute right of cancelation to the extent of 20 percent when the film rental averages $100 or less per picture. This right applies to approximately 10,000 theaters in the United States in towns of less than 10,000 population. This means that in 8,230 of the 9,187 towns in the United States theaters are given a 20-percent right of cancelation.

The code gives a 15 percent right of cancelation when the rentals average between $100 and $150. This would cover 4,000 theaters. It gives a 10-percent right of cancelation when the average rental is more than $250 per picture.

In addition to this absolute right to cancel pictures, a further right is given, subject to arbitration, to cancel any

picture which offends the morals or the racial or religious sensibilities of the community where it is sought to be shown.

Mr. President, pictures have constantly improved in quality. In support of this conclusion I call not the many who oppose this legislation, and who assert this statement to be true, but a principal witness for the bill. I quote a witness in behalf of the bill:

In other words, in justice to the distributors I am willing to say that the moral level of the pictures has been elevated during the past 2 or 3 years due to the influence of the Legion of Decency.

I may say parenthetically that the Legion of Decency, established by the bishops of the Catholic Church of America, is opposed to the bill. The same witness from whom I have just quoted, in answer to my question as to what percentage of pictures produced and sold under the system of which he complained are of a character not to be shown to the public of America, answered:

Answering that literally, I would say that perhaps only 1 or 2 percent to the public of America, if you mean by that the general public.

Mr. President, I pass on to section 4, which undertakes to make unlawful what is called blind selling. The section is uncalled for. To meet its requirements would demand that present methods of selling be abandoned and a new system created. In many, and, indeed, in most instances, pictures are now leased before they are made. They are bought on the reputation of the producing company and of the actors playing in the pictures.

The overwhelming weight of the testimony is that compliance with section 4 is impossible. Bear in mind that the section makes it unlawful to lease or offer to lease any motion picture unless the distributor shall furnish the exhibitor at the time of making such lease or offer to lease a complete and true synopsis of the contents of such film including such details as are set forth in the section.

Let me illustrate by the story of a single picture the impossibility of observance of this requirement. I shall read in this connection from the record in the case. This has reference to one of the most recent pictures, Alexander Graham Bell, and this is the testimony of the representative of the company which produced that picture. It bears directly on the question whether the provisions of section 4 can be complied with under the present methods of picture production in the United States. While the quotation from the testimony is rather long, I think it is interesting and I am going to read it. I quote as follows:

I have selected, not because I wanted to for this purpose but because I happened to be here on another errand when I was asked to stay over and appear before this committee—I happened to be here in connection with our picture called Alexander Graham Bell. At least 2 years ago we commenced the study of the life of Alexander Graham Bell and his invention of the telephone. That study took us personally and physically to England and to Edinburgh, which was where Alexander Graham Bell himself had his beginnings; it brought us to Canada, to Bramford, where his parents lived for a time; to Boston University, where he was a teacher of elocution; to Clark School for the Deaf; and finally into Boston itself as an individual endeavoring to invent the telephone.

We had to contact all of these sources of material. We had to talk with the people most definitely interested, and our trail finally led here in Washington to Mrs. Gilbert Grosvenor, who is the wife of Dr. Gilbert Grosvenor, the editor and publisher of the National Geographic Magazine. Mrs. Grosvenor is the eldest daughter of Alexander Graham Bell and Mabel Hubbard, his wife.

Our contact with them began after we had written our first treatment. If it had been necessary for us to have complied with section 4 of the Neely bill we would have issued as complete and as true a synopsis of our picture, Alexander Graham Bell, as we could as early as the beginning of 1938, in order that the selling of that picture, which probably occurred—I know very little about the selling and distribution end of our business, but probably the selling of it occurred during the summer of 1938, and it would have been necessary for us to have issued a synopsis of a story which confined itself at least half to England and to Scotland, about a quarter to his efforts in connection with the multiple telegraph, and only about the final quarter would have been the story of the invention of the telephone in Boston. Honestly and completely that would have been the story that we would have attempted to have sold our exhibitors. That would have been a direct violation of section 4 of the Neely bill, because by the time the picture came out that would not have been a complete and true synopsis of the life or the story of Alexander Graham Bell, even though it was called American Miracle instead of the story of Alexander Graham Bell, which is the title under which the picture has been sold.

By March of 1938 we had commenced to change the name. At least, we had two names on this treatment, Alexander Graham Bell or American Miracle.

At that time, if we had tried to make a complete and true synopsis of our picture, we would have told the exhibitors that Tyrone Power and Nancy Kelly were to have the leads in the picture. We would have spent at least half of our time with the multiple telegraph, and that would have left out almost entirely that very tender and very fine relationship which existed between Mabel Hubbard, the deaf daughter of Gardiner Hubbard, a great name in business, a great lawyer, international in his scope, and we would have confined ourselves almost entirely and completely to the multiple telegraph and the little variations from that that led him into the telephone.

By May 12, 1938, we had developed a plot. I must explain to you, if I may, sir, and to Senator NEELY, that these early treatments are developed primarily to get a line on the story. As we go on through the treatment we try to develop the plot, the dramatic elements of Alexander Graham Bell's life concerning the invention of the telephone. The dramatic elements were two. One was the invention of the telephone itself, which, when you see it on the screen in this stage of the development, was a relationship of batteries and wires and all the paraphernalia that go with electrical mechanism, which cannot be dramatized; and his struggle for the invention of the telephone which, in real life, took 12 years of litigation—his struggle to make his patents hold up.

I omit a portion because time is running.

In August 1938, about the time, I think, that the story would have been actually sold, we developed what we call a first-draft continuity, which puts this treatment, with some variations, into language and scene directions. This is complete [exhibiting a volume]. It is 166 pages long. It has 276 scenes, and there is dialog in each scene; and even under the provisions of (*b*) of section 4, covering the treatment of dialog with reference to vice or crime or sexual passion—of which there is none in this picture, of course—we might have been able to say something about the dialog that would appear in this picture.

Between August 8 and October 29 I personally had had the privilege and pleasure of spending weeks of time with the Bell family here and abroad; with the Bell Telephone Co. in their home office in New York, and in their laboratory; and I had discovered that there was more real drama and more real motion-picture entertainment in the real facts that they were able to give me, the little things that they were able to supply for us, than we had conceived of, so that the continuity of August 8 was almost entirely thrown away. The story line was kept, but the continuity, the description of scenes—

Were completely changed.

The changes from October 28, 1938, through November 4, 1938, and finally to December 1, 1938, are refinements. The story line had been changed. The story line in August and the story line in October are as different as two different stories could possibly be.

I skip again some portions of the testimony.

I suspect that the people who are proponents of this bill would have thought that by then at least we would be able to send out a complete and true synopsis of our Alexander Graham Bell picture. I don't know who it is that is going to get caught on this. I would be the one to send the picture out, and I do not know whether I am the one who is going to spend a year in jail or not; but if we had sent this final script out on December 1, 1938, my wife would have had to find $5,000 for me and I would have to spend a year in jail, if the bill means what it says it does, because after the picture went into production, between the time it went into production and the time it was put in the final can and shipped east 123 complete scenes were changed in the entirety and 48 minor changes were made in 36 additional scenes.

Technically we could not have complied with section 4 of the Neely bill until the picture itself was in the can and out of the laboratory and ready for distribution.

Mr. President, the blind sales complained of are not to the American public but to a limited number of exhibitors. Conceivably they, or some of them, might lack the knowledge they would like to have, and possibly ought to have when they lease a film; but if we have an obligation it is not to the two or three thousand exhibitors who favor this bill but to the 85,000,000 of our people who patronize the box offices of our theaters, and section 4 gives them no new assurance whatsoever as to the pictures they are to see. The exhibitor, under the present criticized practice, knows what is in the picture when he shows it, when he advertises it upon the billboard and in the local newspapers, just as he will know the picture should section 4 become a law, but he will face under this section no obligation whatsoever to give to the public any information concerning the picture that he cannot now give.

The exhibitor under the present criticized practice knows what is in a picture when he shows it and advertises it upon billboard and in local paper, just as he will know what is in the picture should section 4 become law; but he will face no obligation under this section to give to the public any information concerning a picture which he cannot now give. He will face no obligation under this section to give any information whatsoever unless he so chooses. The section gives no promise to the theatergoer of America, young or old. The testimony is that it would require a complete abandonment of the present methods of production and of distribution, with no assured good to any one of those in whom we profess an interest.

Mr. President, the consideration which has moved many organizations—especially many organizations of women—throughout the country to support the bill is the belief, expressed in various ways, that it would result in a larger opportunity for them to influence for the better the quality of pictures shown in their several communities. There is nothing in the bill which sets up a means or method for exerting this community influence. There is no determination as to which of the many groups said to be interested in the legislation is to pass judgment in a given community on the quality of a picture. There is no assurance that the group getting the ear of the exhibitor will have a higher standard than some other group, or a more accurate judgment than the exhibitor himself as to community tastes. There is no obligation upon the exhibitor to pay the slighest attention to one group or to withhold the showing of any picture he desires to show. After all is said and done, the rank and file of picturegoers in a community register through the box office their desires as to pictures shown; and we but delude ourselves if we think they will submit to censorship by any self-constituted picture critics in their city or in their town.

I would not argue against the helpfulness of local influence; but such experience as we have teaches that the great improvement of pictures must be at the source. Betterment must come in the subject matter and its treatment when the pictures are made. It will not result in satisfactory degree from efforts to control the local exhibitor, or to conform the cultural standards of people of many races and many creeds and many standards of life and conduct to the ideas of any community group.

The record of local efforts to do this is not sufficiently encouraging. A principal witness for the bill—and the witness was referring to cancelations through local action, said:

> To cancel a picture would immediately give it wonderful advertising value in hundreds of other communities, and would do more general harm than good.

While perhaps not so intended, this is a forceful argument for the proposition that pictures will not be elevated by local attacks upon a particular picture. The effort should be—it must be, if it is to be effective—directed generally to the character of pictures produced. It will not come through sporadic efforts by scattered groups with varying interests and uncertain standards.

Another witness in behalf of the bill says this in referring to the accomplishments of a local film council acting as a review board, previewing pictures:

> But this is rather interesting: A picture turned down by the Worcester Review Board is advertised as such on the billboard in the center of the town, with the additional information that it is being shown in a nearby town and that busses leave there every 15 minutes for that town.
>
> As a matter of fact, pictures have been frequently shown in Boston with an advertisement carrying these words: "Banned by the Worcester Board of Review. Come and see."

Here, again, out of the mouths of those supporting the bill we get the truth as to local influence by any group, however high-minded the members thereof may be. I give it as my opinion that public influence must be exerted chiefly and directly upon the producing company at the source of production, or we must rely upon the taste and judgment of the eighty-five millions of Americans who enter our theaters each week, or—the alternative—we muct accept censorship of pictures by lawful authority; and the latter alternative the American people will not permit. Pictures that once enter the stream of commerce—the stream of exhibition, if I may so express it—will be shown. Our problem, the problem of those desiring clean, wholesome, and educational pictures with entertainment value, is how to get such pictures made. I think our own sense, the judgment of those informed as to the picture industry and the record in this case, all bring conviction that there must be a high sense of public responsibility in the industry, and that the public pressure must be exerted when and where the picture is being made, and not elsewhere and thereafter.

Mr. President, that is the purpose and that is the effort of the best of the producing companies, of the organization known as the Motion Picture Producers and Distributors of America; that is the ambition of the Production Code Administration; it is the hope of the great Catholic League of Decency; it is the means which other organizations and high-minded persons believe should be adopted, rather than the measures proposed in this bill.

This policy, and efforts in its behalf, have already justified themselves. In 1922 only 25 percent of the pictures previewed by the International Federation of Catholic Alumni were approved. In 1927 about 40 percent were passed. In 1930, when the second Motion Picture Code was in existence, 50 percent were approved. Between 1930 and 1934 the percentage went to 77 percent, and as other organizations have exerted their influence, the standards have still further improved.

I again refer to the testimony of a vigorous proponent of the bill, who said, "Perhaps only 1 percent or 2 percent should not be shown to the public of America." That children should not see many more in addition to this 1 or 2 percent is surely true, but the fathers and the mothers of America must assume their part of the responsibility for the training and education of our youth. This obligation cannot be shifted to statutes, community influence, or this or that or the other group.

Mr. President, many persons and groups of persons of the highest purpose earnestly support the proposed legislation, but they have no monopoly in proper motives. Small picture exhibitors, those interested in civic matters, educators, women, mothers, oppose it, because they believe it to be the wrong approach or because they believe its effects will be harmful to the industry, and will retard the progress toward better pictures now definitely going on.

I mention but a few of the persons holding these views, and give but the barest summary of their conclusions.

Mrs. Martha W. S. Addoms is the chairman of the Motion Picture Council for Brooklyn, N. Y., an organization which seeks, through every means in its power, to unite the exhibitors and the public in the common purpose of maintaining a high standard in motion-picture entertainment. Mrs. Addoms is a woman of intelligence, a woman of character, a woman interested in the public weal, and she says:

> It is our belief that the best interests of our large cosmopolitan community will be best met by the defeat of the Neely bill.

I quote her again:

> Our experience does not substantiate the objection that a community is limited in its choice of films. No request for change of film for reasonable and satisfactory reason has ever been refused us by any one of the large circuit managers. Programs can be changed, sophisticated pictures can be grouped in midweek, and family films at week ends, and the number of films to which objection can be brought for racial, religious, or moral grounds will easily fall within the allowed percentage of cancelation.

Again I quote from her testimony:

> We are convinced that the average small exhibitor, if left to himself to select will find his position far worse than at present. The small independent stands somewhat alone. He usually runs a small house, and must compete with the "big fellow" up the street.

I quote further:

> The Motion Picture Council for Brooklyn holds no brief for block booking of itself. To us it represents the best method of wholesale distribution which the producers have as yet been able

to work out. To us it insures a continuous flow of more or less satisfactory films, and many that are exceptional. To us it means the maintenance of the production code, which is an absolutely necessary bulwark if decency is to be maintained.

Another witness was Mr. Frederic M. Thrasher, a professor of education and director, motion-picture study, New York University, and technical director of the Metropolitan Motion Picture Council. He stated:

I have read carefully the Neely bill (S. 280) to prohibit block booking and blind selling, and in my opinion this legislation will serve no useful purpose either in the direction of the improvement of trade practices in the motion-picture industry or in the improvement of the motion-picture product to be exhibited in the theater.

I quote again:

In my opinion the abolition of block booking and blind selling would not improve the product, that is, the quality of motion pictures now being made and exhibited in the theaters. In fact I believe it would have a deleterious effect upon the exhibition of pictures in general.

He was asked to explain, but I shall not undertake to quote that part of the testimony.

I now wish to quote from Mrs. John Franklin Noble, president of the Better Films Council of Greater St. Louis. She stated:

Our whole trouble, 100 percent, has been with the pictures that are sold singly, and right now we are circularizing those sources we think necessary with a warning against some of these pictures.

She stated again:

Single production buying would make it almost impossible for certain types of neighborhood houses to show the better pictures, because the prices for such single productions would be prohibitive. We feel that block booking, within reason, is like quantity buying—you can do better. Therefore, we ask that your committee recommend that the pending legislation be withdrawn.

Mrs. Lawrence S. Ackers, of Memphis, Tenn., for 8 years has been president of the Better Films Council of Memphis, for 3 years has been district chairman of motion pictures for the Tennessee Federation of Women's Clubs, and for 1 year has been State chairman of motion pictures for the Tennessee Federation of Women's Clubs. She stated:

I have been called on to organize numerous better films councils in Tennessee, Mississippi, and Arkansas.

I quote again from her testimony:

The Memphis Better Films Council has a membership of 158 women's groups of all kinds. Included among them are various religious, civic, educational, and patriotic organizations.

I quote further from her testimony:

Never at any time have I found that block-booking and blind buying have interfered with my work. When an exhibitor buys his pictures by this method he is given a cancelation privilege, and for that reason I have never accepted block booking and blind buying as an excuse for showing of any particular picture. The truth is that the only objectionable pictures that I have encountered in recent years have been those which were not approved by the Production Code Administration, nor sold in blocks, but which have been distributed singly. Does this indicate that block booking and blind buying have been responsible for truly objectionable pictures? Certainly not.

* * * * * * *

Let me again emphasize one fact, that through public patronage of the higher type pictures, and through public patronage alone, can the question of proper moral standards in pictures be solved. I urge this committee to report unfavorably on the Neely bill.

Mrs. Edmund M. Barsham, of Wilmington, Del., testified:

I am representing the Wilmington Civic Federation of Women's Clubs and allied organizations, comprising 67 member groups; the Wilmington Better Films Council, comprising 53 groups; both of which have taken action against the Neely bill.

I quote only one part of her testimony:

Did anyone ever hear that the method by which the automobile dealer purchases his cars, the method used in purchasing food by the grocer, or the purchasing methods of the clothier in securing the clothing we wear had a thing in the world to do with quality? I never did, and I don't believe it does. Why, then, is it reasonable to expect that a change in sales methods would have anything to do with the quality of pictures shown? As I see it, the quality of pictures can be regulated and assured only in the studios in which they are made, and not by a change in sales methods.

Then there is testimony by the vice president of the North Carolina and South Carolina Theater Owners' Association against the bill. There is also the testimony of Mr. Ralph Block, representing the Screen Writers' Guild, in which he testified as to the impossibilty—and he speaks with authority—of complying with section 4.

Leo Brecher, of New Rochelle, N. Y., representing the Independent Theater Owners' Association of New York, an organization of some 400 neighborhood theaters, spoke in opposition to the bill, and I shall quote just a line or two from what he testified:

The matter of block booking is one purely of trade practices. It is purely a matter of competitive conditions. There have been made here statements that block booking is something that has been imposed upon independent theaters only and not imposed upon producer-affiliated theaters. That is not the truth. In New York the producer-controlled theaters are obliged to buy their films on a block basis because it is the only way they can secure a supply of films. In other localities they can buy on a selective basis, but the same thing is true of the independent exhibitors.

I quote again:

In my opinion, the enactment of the Neely bill—not the enforcement of the bill, but the mere enactment of it—will cause such dislocation in this business that only a few powerful units will be able to survive it. If I wanted to monopolize this motion-picture business, I could not conceive of a shrewder method of accomplishing that than to have this Neely bill. There are not three producing companies in existence today that are in a position to lay in enough of an investment in films to be able to continue in the business, to be able to show them to the exhibitors in order to avoid the dangerous pitfalls of that provision for a true and complete synopsis to be given in advance, for it has been demonstrated that it is impossible to give a true and complete synopsis in advance.

Frank H. Cassil, of St. Louis, Mo., president of the Kansas-Missouri Theater Owners' Association, comprising approximately 400 theaters in that immediate neighborhood, says—and I have already quoted him in part, in connection with another phase of this problem—

The distributor attempts to secure the highest rentals he can, and the exhibitor attempts to buy the pictures at prices he can afford to pay. This bill, if enacted, will place the exhibitor in a precarious position, since he will have to make a deal for one picture at a time; and being in constant need of pictures to fill out his programs, the exhibitor will be at the mercy of the various film salesmen who may raise his prices to the point where he can no longer exist.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. BARKLEY. Will the Senator tell us whether this witness or members of his association are exhibitors purely, or are they interested in the production or distribution of pictures?

Mr. WHITE. I can only give the Senator what the witness says himself. He said:

I am owner and manager of the Rialto Theater, St. Joseph, Mo., and I am president of the Kansas-Missouri Theater Owners' Association, comprising approximately 400 theaters in Kansas City and the western half of Missouri.

There is nothing in the testimony, so far as I recall it, which indicates that he is at all interested in production, but he is interested in exhibiting, and he speaks from the standpoint of the exhibitor in those Midwestern States.

Mrs. Piercy Chestney, president of the Macon Little Theater, Macon, Ga., and president of the Better Films Committee, testified. That committee represents more than 75 organizations. Mrs. Chestney is a woman of intelligence and character, who is interested in all that is best in this country of ours. What does she say?

Boiled down, the situation seems to me to be this: The improvement in pictures has been so decided that whether an exhibitor buys in a block or buys separately, the result would be the same; he would practically be compelled to show what we, the public, call a good picture, as that, with few exceptions, is all he can buy.

William F. Crockett, president of the Motion Picture Theater Owners of Virginia, testified. He speaks as a representative of the small exhibitors in the State of Virginia, and I believe, though I am not certain, that his organization reaches over into the northern part of North Carolina. He speaks as a small picture exhibitor in opposition to the bill.

Mrs. Samuel A. Ellsworth, of Worcester, Mass., executive secretary, Worcester Board of Motion Picture and Theater Review, testified. She has also been the motion picture adviser for the girls' reserve group at the Y. W. C. A. I will not quote her, but I simply place her as among those women of high character and high purpose who oppose this legislation.

Then there is Mrs. Mildred B. Flagg, of Newtonville, Mass. She is vice president of the Boston City Federation of Clubs, representing 85,000 men and women. For 15 years she has been a writer and speaker on the subject of motion pictures and their effect on our national life. She is the mother of two daughters, one in Wellesley and one in Smith. She is a public-spirited woman of education, interested in all those things which make for the best in our social and civic life. She voices her opposition to the bill.

Then there is a representative of the Southeastern Theater Owners' Association, composed of theater owners and managers in Georgia, Alabama, Florida, and east Tennessee, representing more than 400 theaters. He was instructed by the directors of the association to protest the passage of the bill.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. WHITE. I yield.

Mr. WALSH. I do not know whether the Senator earlier in the proceedings, or in his speech, made a statement as to whether or not he wished to be interrupted. If the Senator has no objection to being interrupted in his speech I should like to ask him to yield at this point.

Mr. WHITE. I yield.

Mr. WALSH. I would say as one Member of the Senate, who has not been a member of the committee, that I should like to know what is behind the measure; what evils existed, and what was the propelling force which led to the introduction of such a bill? In other words, it is either an imaginary set of conditions which do not exist at all, and somebody is trying to regulate this great industry, or there were certain facts, certain circumstances, certain evils, certain conditions which aroused someone and some groups of people to appeal here for legislative action. I should like to know if there was such background as that.

Mr. WHITE. Unquestionably there was. I have no doubt that in the years past there were many pictures of a low order produced and shown. But in later years all over this country there has been an effort, not alone by local groups, but by organizations, such as the great Catholic League of Decency, sponsored by the bishops of the Catholic Church of America, to improve the character of pictures shown.

Mr. WALSH. Then the Senator's contention is that this regulatory measure comes too late; that such action should have been taken 10 years ago before voluntary action was taken by the industry to stop some of the evils which he says exists.

Mr. WHITE. No. The first proposal for legislation of this character was made some 10 or 11 years ago. I think there has been a tremendous change in the character of motion pictures since that time.

Mr. WALSH. There is no doubt about that. Everyone will agree with that. Is it the Senator's position that there is now no need for legislation of this kind, because the industry itself has cleaned house?

Mr. WHITE. I think the industry has cleaned house. I think it has set up the machinery by which improvement will still continue. I think the testimony shows that the proposed legislation will be disruptive of a great industry. There is testimony tending to show that the legislation will result in a lowering of picture standards rather than to raise them.

Mr. WALSH. I thank the Senator. He has enlightened me. But I still have in mind that for several years past, exhibitors have called upon me and have made vigorous protests, and have told me that they were being ruined, that they were being destroyed and driven out of business by some of the practices of the producers. I confess I have not had time to go into all the details and the facts, and that is what prompts my inquiries.

Mr. WHITE. There are 17,541 exhibitors of pictures in the United States today. Of this total number of exhibitors there is a group called Allied States Theatres. I do not know the exact name. Some say there are 4,000 of these 17,000 or 18,000 in that group. Others testify there are only about 2,000 in that group. However, somewhere between 2,000 and 4,000 of the almost 18,000 exhibitors in the United States are in that group who favor this legislation.

Mr. WALSH. Mr. President, there is a very bitter feeling existing undoubtedly on both sides of this issue. Permit me to read a telegram in reference to the very matter the Senator just spoke of. The telegram is from Arthur K. Howard, secretary, Independent Theater Owners of New England:

> We are greatly alarmed because a Paramount representative has misinformed exhibitors here about the Neely bill and has solicited letters and wires expressing their opposition. Urgently request you vote favorably bill S. 280 to abolish compulsory block booking and blind selling in motion-picture industry.

I have several similar telegrams, and I have letters from some of the organizations, groups of whom the Senator has quoted, religious, educational, charitable, and other organizations, that have impressed me with the fact—I do not want to do the industry injustice—that there really was an evil here, that there was a condition that was not approved by the general public, and that was injurious to the exhibitors, and had a tendency to compel the exhibition of pictures that individual exhibitors and the public did not want.

Mr. WHITE. I congratulate the Senator that he did not hear all of my statement, but had the Senator heard me, I think he would have had knowledge of the fact that there is a tremendous body of testimony to the effect that the enactment of this measure will in no respect help the situation, but on the contrary is likely to prejudice it, and I have just been citing the views of many persons, some from the Senator's own State.

I was just about to quote the testimony of another witness, who, I think, is from Massachusetts.

Mr. WALSH. I thank the Senator. I am sorry I interrupted him in the midst of his speech.

Mr. WHITE. I am trying desperately to conclude.

Mr. WALSH. The Senator has been reading letters. I have received a letter from Mr. Claude M. Fuess, headmaster of Phillips Academy, Andover, Mass.——

Mr. WHITE. I have no doubt the Senator has many such letters.

Mr. WALSH. Phillips Academy is one of the finest preparatory schools for young men in the United States. I doubt if Mr. Fuess writes frequently to public men on public questions. He says:

> PHILLIPS ACADEMY,
> *Andover, Mass., January 24, 1939.*
>
> Senator DAVID I. WALSH,
> *Senate Chamber, Washington, D. C.*
>
> MY DEAR SENATOR WALSH: Without wishing in any way to influence your action, I should like to tell you how important from the standpoint of schools like my own it is that the new Neely bill for abolishing compulsory block booking and blind selling of motion pictures should be passed. The measure is, it seems to me, a just one, and will do much to raise the standard of the motion-picture industry. I hope that you will be able consistently with your conscience to give it your support.
>
> Please do not trouble to answer this letter. I should hate to have you feel that I am to be a troublesome constituent, but this measure seems to me to be of great importance.
>
> Cordially yours,
>
> CLAUDE M. FUESS.

I do not know Mr. Fuess. He is not a man who mixes in public affairs. He is the head of a fine institution. His letter deeply impresses me. He has taken the time and the trouble to write to me.

Mr. President, I am not a member of the committee. In conclusion, I should like to know, first, whether or not an evil exists. Everyone knows that it existed at one time. Does it still continue? Has it been remedied? Should we let the industry alone because it has cleaned house? Do evil practices in the industry still continue?

Mr. WHITE. Mr. President, I thought the Senator wished to ask me a question. I have been speaking for more than 2 hours, and I am very anxious to conclude.

Mr. WALSH. I beg the Senator's pardon. The Senator is always very fair, and I deeply and sincerely value his opinions. I have found that it has been helpful to me to ascertain what is behind any proposed legislation, and who is promoting it. Is there an evil? What is the reason for the agitation? Is it merely a bill to embarrass an industry and to promote agitation against a large, high-class industry?

Mr. WHITE. Mr. President, I have been expressing my views about the whole situation for nearly 2 hours. I have no question that the gentleman to whom the Senator refers entertains the views he has expressed. I simply think he is all wrong.

Howard M. LeSourd, dean of the Graduate School of Boston University, says of himself:

My avocation is the development of programs for the use of motion pictures in religious and character education. I started that work 10 years ago, when a committee—of which I was chairman—surveyed the use of motion pictures for religious education.

The work carried on by the committee of which he was chairman was so impressive that the Rockefeller Foundation appropriated $150,000 to continue and develop the program. His conclusion is hostile to the bill, and he recommends that it be not passed.

Dr. Russell Potter, of Columbia University, representing the National Board of Review of Motion Pictures, a voluntary association founded in 1909, growing out of the People's Institute at Cooper Union in New York City—which organization has a record of more than 25 years of voluntary activity all over the country through its local councils in the interest of better pictures—appeared as a witness. I cannot pick out a short quotation from his statement, but he does not approve the bill.

Mrs. Fred Stephenson, of Springfield, Mass., past chairman of the Springfield Motion Picture Council, and at present a member of the Springfield Board of Education, said:

You can readily understand why I consider that we do have a choice of selection, and why I am convinced that the method of approach to this problem is not through legislation, but, rather, is through a wholehearted attempt at mutual understanding and common interest between the industry, the public, and those interested in the continued betterment of motion pictures. When the public is better informed and is more thoroughly aware of its responsibility in the support of the truly good pictures, then the future of motion pictures will be assured.

Stanley Sumner, of Cambridge, Mass., is the operator of the University Theater at Cambridge, Mass., located in Harvard Square, directly opposite Harvard College and adjacent to Radcliffe College, Sargeant School, a part of Boston University, and numerous preparatory schools. He has been a manager of theaters since 1911. I quote two brief paragraphs:

I have never, in 25 years, been forced to show or pay for a picture that I did not personally consider to be fit and proper to show to my audience, although during practically the entire time I have bought under the system referred to as block booking and blind buying; and, gentlemen, I want to emphatically impress upon you that I am an independent exhibitor enjoying no special privileges, and without affiliation with any group of theaters or distributors.

Mrs. Charles W. Swift, of Elmira, N. Y., president of the Elmira Motion Picture Council, which has a membership of 45 organizations from civil, religious, and educational groups, says, among other things:

In those 10 years I have been working I have seen a steady increase in the quality of pictures that are both entertaining and educational from 30 percent that would be recommended to 95 percent at the present time.

Another witness was Lyle M. Wilson, of Roanoke Rapids, N. C., an exhibitor, and president of the Theater Owners of North and South Carolina. He says:

I am not familiar with the operation of theaters in large metropolitan centers of the North. My situation is just that of the average small-town operator, but hundreds of exhibitors such as I am make up the exhibitor organization of the Carolinas.

* * * * * * *

The proponents of the bill, I believe, are misinformed as to the actual workings of the bill as it will apply to their individual situations. Educational pictures of the higher type may be bought separately under the new bill, but also pictures unsuitable for any type of audience.

Quoting again:

It is my opinion that the exhibitors of North and South Carolina are not in favor of the pending measure, and I urge you gentlemen to give this bill an unfavorable report.

Mr. Harry G. Hogan, of Fort Wayne, Ind., is an exhibitor. He gave us a most interesting discussion of the industry and of the bill. I shall quote only two or three paragraphs from what he said:

The proponents of the Neely bill, unlike some exhibitors, go beyond criticizing block buying, which, it must be admitted, is organized, is workable, and is distributing pictures profitably and cheaply, to the advantage of the producers, exhibitors, employees, and the public. The Neely bill, before making any considered effort to alter the system in a practical way, proposes to wipe it out entirely without offering any practical, organized substitute, but giving instead an undisclosed trade-practice system, wide open at both ends, minus traffic markings or signals from either the industry or Congress—a system that will disrupt the supply of pictures to the exhibitor.

I should like to quote further from his testimony, but I shall pass on.

Mr. President, I should like to read the testimony of some other witnesses, but I must conclude. I have made only casual reference to the opinions expressed by the American producers of films themselves, and of those engaged in the distribution of the largest part of the films shown in the theaters of the United States. Theirs is interested testimony, to be sure; but it is expert testimony, and it is hostile to the bill. It is to the effect that the bill would disrupt and utterly destroy the method of distribution worked out through the slow process of business evolution; that the results would be increased costs to the exhibitors and the theater goers of our country; that it would seriously and adversely affect picture production, and would surely make for the elimination of the small producer, and result in a still greater concentration of production in the hands of a still smaller number of large and amply financed companies; that it would lessen the efforts and the effectiveness of those who have been striving, through pressure and persuasion exerted at the source of production, to elevate picture standards in our country; and that it would in truth lower rather than raise the entertainment, educational, and social value of American pictures. Mr. President, in these conclusions I concur.

I wish that groups throughout our country who seek a betterment in our picture standards would carry on their educational work and their other appeals to this end, but I am convinced, from such study as I have been able to give to this problem, that such of them as urge this legislation are, in this effort, in grave error. I beg them to consecrate their energies and their high purpose to a worthier cause than the enactment of this bill.

Mr. President, a bill in almost the precise terms of the pending measure has been pending in the Congress for some 10 or 12 years. In all this time such a bill has never received the sanction of the other branch of the Congress. Why must we of the Senate continue to give our time and our efforts in its behalf until the other body gives evidence of some degree of approval? Up to this time, notwithstanding hearings and study, the committee of the House having jurisdiction has never, in the span of years, stamped this legislation with its favor. That, I submit, reflects the judgment of the great Interstate Commerce Committee of the other body as to the wisdom and the merits of such legislation as we now consider. Why must we again pass a bill that it may be welcomed elsewhere with bloody hands to a hospitable legislative grave?

Mr. President, over and over again we hear asked the questions, "Why is American business timid? Why does it not invest in plant enlargement? Why does it not increase employment of our idle millions, and make its possible contribution to the wealth of this Nation of ours?" A great

committee of the Senate has been recently urged to study and find the answer to such questions.

Mr. President, I suggest that a part, at least, of the answer is in just such legislation as is now before the Senate—legislation frightening and disorganizing a great industry and disrupting its methods, with no assured betterment to anyone.

Mr. President, I have heard much in these latter days of a policy of appeasement toward our business life. Could America be assured that an era of good feeling between Government and business was at hand, our country would witness an amazing expansion in all fields of industrial development, and we would go forward as a people to better and to happier days. Here and now, Mr. President, is the opportunity for the Senate to make its contribution to this desired end by the defeat of the pending measure.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT—CONFERENCE REPORT

During the delivery of Mr. WHITE's speech,

Mr. NORRIS. Mr. President, will the Senator yield to me to call up a conference report?

Mr. WHITE. I yield.

Mr. NORRIS. Mr. President, I ask the Chair to lay before the Senate the conference report on Senate bill 1796 which recently came from the House.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate the report, which is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Tennessee Valley Authority Act of 1933, as amended, is amended by adding after section 15a the following new sections:

"'SEC. 15b. No bonds shall be issued by the Corporation after the date of enactment of this section under section 15 or section 15a.

"'SEC. 15c. With the approval of the Secretary of the Treasury the Corporation is authorized, after the date of enactment of this section, to issue bonds not to exceed in the aggregate $61,500,000. Such bonds may be sold by the Corporation to obtain funds which may be used for the following purposes only:

"'(1) Not to exceed $46,000,000 may be used for the purchase of electric utility properties of the Tennessee Electric Power Company and Southern Tennessee Power Company, as contemplated in the contract between the Corporation and the Commonwealth and Southern Corporation and others, dated as of May 12, 1939.

"'(2) Not to exceed $6,500,000 may be used for the purchase and rehabilitation of electric utility properties of the Alabama Power Company and Mississippi Power Company in the following named counties in northern Alabama and northern Mississippi: The counties of Jackson, Madison, Limestone, Lauderdale, Colbert, Lawrence, Morgan, Marshall, De Kalb, Cherokee, Cullman, Winston, Franklin, Marion, and Lamar in northern Alabama, and the counties of Calhoun, Chickasaw, Monroe, Clay, Lowndes, Oktibbeha, Choctaw, Webster, Noxubee, Winston, Neshoba, and Kemper in northern Mississippi.

"'(3) Not to exceed $3,500,000 may be used for rebuilding, replacing, and repairing electric utility properties purchased by the Corporation in accordance with the foregoing provisions of this section.

"'(4) Not to exceed $3,500,000 may be used for constructing electric transmission lines, substations, and other electrical facilities necessary to connect the electric utility properties purchased by the Corporation in accordance with the foregoing provisions of this section with the electric power system of the Corporation.

"'(5) Not to exceed $2,000,000 may be used for making loans under section 12a to States, counties, municipalities, and nonprofit organizations to enable them to purchase any electric utility properties referred to in the contract between the Corporation and the Commonwealth and Southern Corporation and others, dated as of May 12, 1939, or any electric utility properties of the Alabama Power Company or Mississippi Power Company in any of the counties in northern Alabama or northern Mississippi named in paragraph (2).'

"The Corporation shall file with the President and with the Congress in December of each year a financial statement and complete report as to the expenditure of funds derived from the sale of bonds under this section covering the period not covered by any such previous statement or report. Such bonds shall be in such forms and denominations, shall mature within such periods not more than fifty years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ per centum per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ per centum per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation should not pay upon demand when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. None of the proceeds of the bonds shall be used for the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this Act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds under this section shall expire January 1, 1941, except that if at the time such authority expires the amount of bonds issued by the Corporation under this section is less than $61,500,000, the Corporation may, subject to the foregoing provisions of this section, issue, after the expiration of such period, bonds in an amount not in excess of the amount by which the bonds so issued prior to the expiration of such period is less than $61,500,000, for refunding purposes, or, subject to the provisions of paragraph (5) of this section (limiting the purposes for which loans under section 12a of funds derived from bond proceeds may be made) to provide funds found necessary in the performance of any contract entered into by the Corporation prior to the expiration of such period, under the authority of section 12a."

And the House agree to the same.

E. D. SMITH,
ELMER THOMAS,
G. W. NORRIS,
CHAS. L. MCNARY,
B. K. WHEELER,
Managers on the part of the Senate.

A. J. MAY,
EWING THOMASON,
DOW W. HARTER,
Managers on the part of the House.

Mr. GEORGE. Mr. President, will not the Senator from Nebraska advise the Senate of the material points involved in the conference report?

Mr. NORRIS. I shall be glad to do so. The Senate bill authorized the Tennessee Valley Authority to issue bonds in the sum of $100,000,000 for certain purposes. Authority to carry out those purposes had, with very slight exception, previously existed. The House bill reduced the amount of bonds which could be issued to $61,500,000. The conference report agrees to the figures of the House bill providing for the issuance of bonds in the amount of $61,500,000, and earmarks the $61,500,000, with respect to the particular properties which may be purchased from the proceeds of the bonds. The remainder of the report follows the bill as it passed the Senate.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. The $61,500,000 will be sufficient to buy the properties that are now contracted for, will it not?

Mr. NORRIS. Yes.

Mr. McKELLAR. And that will mean that the agreement will be consummated?

Mr. NORRIS. That is my understanding. Of course, technically speaking, the period has expired within which the contract could be ratified by which the sale of the Tennessee Electric Power Co. property was made to the T. V. A.

Mr. McKELLAR. I understand that.

Mr. NORRIS. So they will have to make a new contract. But both sides are anxious to make it.

Mr. McKELLAR. That is my understanding.

Mr. NORRIS. I presume it will be a matter of form of going through and changing the date of the contract.

Mr. McKELLAR. May I express to the Senator, the chairman of the Senate conferees, my very great thanks.

Mr. NORRIS. Mr. President, I am not the chairman.

Mr. McKELLAR. The Senator is a member of the Senate conferees. The Senator has done a great deal of fine work in this matter, and I appreciate it.

Mr. BARKLEY. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. I wish to ask the Senator a question. He may have explained the matter already. I was called out of the Chamber temporarily and did not hear all of his explanation. What happened to the provision put in the bill in the House restricting very drastically the territory?

Mr. NORRIS. That provision of the House bill was not agreed to and is not in the conference report.

Mr. BARKLEY. I thank the Senator.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. RUSSELL. What are the provisions now in the bill as to the taxation of the property?

Mr. NORRIS. There is no reference whatever to taxation in the bill.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF SOCIAL SECURITY ACT—ADDITIONAL CONFEREES

During the delivery of Mr. WHITE's address:

Mr. HARRISON. Mr. President, will the Senator yield for an interruption?

Mr. WHITE. I yield, if it will not take much time.

Mr. HARRISON. It will take but 2 minutes.

Mr. WHITE. Very well, I yield.

Mr. HARRISON. Mr. President, in view of the fact that the House today appointed seven conferees on the part of the House on House bill 6635, it is felt that two additional Members of the Senate should be added to the list of the Senate conferees. I request that two additional conferees be named on the part of the Senate.

Mr. LODGE. Mr. President, may I inquire what the motion is?

Mr. HARRISON. The House has appointed seven conferees on the social-security measure. The Senate appointed five conferees last night after the bill was passed. I merely ask that two additional members of the Committee on Finance be named as conferees on the part of the Senate on the social-security measure, as their names appear in order on the list of members of the committee.

Mr. LODGE. Mr. President, may I ask the Senator whether the ranking minority member of the committee has been consulted in respect to this matter?

Mr. HARRISON. I may say that the suggestion came to me from the House. The conferees were appointed according to the quota of membership on the committee as between the Republicans and the Democrats. With the two additional Members to be appointed there will be five Democrats and two Republicans.

Mr. BARKLEY. Mr. President, I understood that my name was one of the two added.

The PRESIDING OFFICER. That is correct.

Mr. BARKLEY. I appreciate that action, and in order of rank I suppose I would be eligible for appointment; but in view of the numerous duties I have to perform, which make it difficult for me to attend all the conference meetings, I ask to be excused from appointment as one of the Senate conferees, and suggest that the next ranking Member be appointed in my place.

The PRESIDING OFFICER. Without objection, the Chair will name as conferee the Senator from Texas [Mr. CONNALLY] in place of the Senator from Kentucky [Mr. BARKLEY].

Mr. McNARY. Mr. President, may we have the names of the conferees read?

The PRESIDING OFFICER. The clerk will read the names of the two additional conferees on the part of the Senate.

The Chief Clerk read the names of Mr. WALSH and Mr. CONNALLY.

Mr. McNARY. Five conferees were appointed last evening. Who are they?

Mr. HARRISON. Senators were appointed conferees in order of seniority on the committee. The Senator from Utah [Mr. KING], myself, the Senator from Georgia [Mr. GEORGE], the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Kansas [Mr. CAPPER]. We have learned since that action was taken—that the House has named seven conferees—and it was suggested at the other end of the Capitol that two more Senators should be added as members of the conference committee on the part of the Senate. They have been named as their names appear in order on the list of members of the committee.

The PRESIDING OFFICER. The Chair appoints the Senator from Massachusetts [Mr. WALSH] and the Senator from Texas [Mr. CONNALLY] as additional conferees on the part of the Senate.

AMENDMENT OF SECOND LIBERTY BOND ACT

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended.

Mr. HARRISON. Mr. President, I move that the Senate recede from the so-called Norris amendment. The conference report on the T. V. A. measure has been adopted this afternoon and that eliminates the question covered by the amendment. I should like to have the Senate recede, therefore, so that the bill may go to the President.

Mr. KING. Mr. President, will the Senator indicate just what the bill is and what the amendment is?

Mr. HARRISON. This is a bill which was considered and passed by the House, I think unanimously, and passed by the Senate without any opposition. It deals with amendment of the Second Liberty Bond Act. When it was considered the senior Senator from Nebraska [Mr. NORRIS] offered the T. V. A. agreement plan as an amendment, which was adopted, but there is no need for that now, as an agreement has been arrived at, and the Senate this afternoon has adopted the conference report on the T. V. A. measure.

Mr. NORRIS. Mr. President, I join with the Senator from Mississippi in his request. It will be remembered that during the discussion which took place on the amendment I stated in effect that when the House voted on the T. V. A. measure, as they have done, no matter how the vote went, I would be willing to recede on this particular amendment. I think the Senator from Mississippi is justified in making his motion. It carries out what I believe was the understanding of the Senate when the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi that the Senate recede from its amendment to House bill 5748.

The motion was agreed to.

FRANKLIN D. ROOSEVELT LIBRARY

The Presiding Officer laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 118) to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes, which were on page 2, lines 20 and 21, to strike out "Secretary of the Treasury" and insert "Federal Works Administration"; on page 2, lines 22 and 23, to strike out "Procurement Division of the Treasury Department" and insert "Public Building Administration"; on

page 3, line 3, to strike out "Procurement Division" and insert "Public Building Administration"; on page 3, line 5, to strike out "Secretary of the Treasury" and insert "Federal Works Administration"; on page 6, line 7, after "Library." to strike out all down to and including "prescribe." in lines 10 and 11; on page 7, line 5, to strike out "Director of the National Park Service" and insert "Commissioner of Public Buildings"; and on page 10, to strike out lines 3 to 13, inclusive.

Mr. BARKLEY. Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5610) making appropriations for the Government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes.

APPROPRIATIONS FOR THE DISTRICT OF COLUMBIA—CONFERENCE REPORT

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Louisiana?

Mr. WHITE. I do.

Mr. OVERTON. I wish to have the Senate take action on the conference report on the District of Columbia appropriation bill.

Mr. WHITE. Mr. President, I feel very guilty about taking so much time. I have given assurance to the Senator from West Virginia that I shall make every effort to conclude in a short time.

Mr. OVERTON. It will take only 2 or 3 minutes, if that long.

I submit the conference report on House bill 5610, the District of Columbia supply bill, and ask to have it read.

The PRESIDING OFFICER. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 61, 62, 63, 64, 65, 67, 68, 69, 70, and 71.

That the House recede from its disagreement to the amendment of the Senate numbered 59; and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,000,000", and on page 2, line 8 of the bill after the word "Columbia," insert the following: "and this Act shall be effective as of July 1, 1939, and any appropriations and authority contained herein shall have the same force and effect between June 30, 1939, and the date of the enactment of this Act as though the same had become law on July 1, 1939; and the acts of any officer or employee performed during such period in anticipation of the appropriations or authority contained herein shall not be invalidated, declared ineffective, or questioned solely because of the lack of such appropriations or authority during such period,"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,623,000"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "$900,000, and not to exceed 10 per centum of this appropriation and of Federal grants reimbursed under this appropriation shall be expended for personal services, including the employment of one general superintendent of public assistance services at $5,600 per annum, one assistant superintendent of such services at $4,600 per annum, and one stenographer-typist (secretary) at $2,000 per annum, to be appointed without reference to civil-service requirements,"; and the Senate agree to the same.

JOHN H. OVERTON,
CARTER GLASS,
ELMER THOMAS,
WILLIAM H. KING,
GERALD P. NYE,
Managers on the part of the Senate.

ROSS A. COLLINS,
GEORGE H. MAHON,
KARL STEFAN,
FRANCIS H. CASE,
Managers on the part of the House.

Mr. OVERTON. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the conference report? The Chair hears none. The question is on agreeing to the report.

Mr. OVERTON. Mr. President, I send to the desk a letter from the President of the United States addressed to me, and a letter from the President of the Board of Commissioners of the District of Columbia to me, both of them bearing upon the matter contained in the conference report, and ask unanimous consent that both of the letters be included at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters are as follows:

THE WHITE HOUSE,
Washington, July 14, 1939.

MY DEAR SENATOR OVERTON: I am deeply concerned by the situation which currently affects the government of the District of Columbia. More than 10,000 employees will be payless on Saturday.

There is even a question as to the right of the Commissioners to continue the employment of the firemen, policemen, street cleaners, school janitors, court attendants, etc., etc., where no appropriation to pay them exists.

As you know, I have directed the District Commissioners to continue the necessary functions of the District of Columbia government for the very obvious reason that if these functions are not continued the safety of life and property and the normal occupations of the more than half million people of the District would become impossible. There has to be a continuing government.

For this reason I think it is of the utmost importance that in order to maintain local government, a joint resolution be passed authorizing the District government to continue for a week or 2 weeks or a month, and appropriating enough money to carry this out.

I hope that this can be done before Saturday because very many of the employees are greatly dependent on their pay checks.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. JOHN H. OVERTON,
United States Senate, Washington, D. C.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, June 28, 1939.

Hon. JOHN H. OVERTON,
Chairman, Subcommittee on District of Columbia Appropriations, Committee on Appropriations, United States Senate, Washington, D. C.

DEAR SENATOR OVERTON: Pursuant to your request during the conference between yourself and the Commissioners yesterday afternoon, they wish to advise you as follows concerning their attitude respecting the appropriation for emergency relief of residents of the District for the fiscal year 1940:

The Commissioners submitted an estimate of $900,000 for this purpose to the Budget Bureau and that Bureau approved that amount. This also was the amount approved by the House. The Senate has increased the amount to $1,500,000, of which not to exceed $300,000 is made available for relief to unemployed employables. This matter, it is understood, is one of the major amendments in disagreement between the House and the Senate.

The Commissioners have given careful consideration to this matter, and in view of the present status of the District appropriation bill for next year it is their opinion that the $900,000 should be approved at this time, subject to the condition that the Commissioners may, if such action be deemed advisable, recommend a supplemental appropriation for inclusion in an early deficiency bill in the next session of Congress.

This conclusion has been reached by the Commissioners primarily for the reason that beginning with July 1, Mr. Otto J. Cass, now deputy administrator of the local Works Progress Administration, will be appointed Superintendent of Public Assistance Services, and in that capacity will have charge of the administration of relief appropriations. The Commissioners have discussed

the matter in question with Mr. Cass, and he has advised them that it is his intention to cause an immediate investigation of the relief case load in the District, as the result of which he will report to the Commissioners before January 1, 1940, whether an appropriation in excess of the $900,000 will be required. If he finds such to be the fact, he will recommend to the Commissioners that they request of Congress, through the Budget Bureau, the granting of a supplemental appropriation for such amount as may be found to be necessary.

In view of the foregoing the Commissioners feel that at this time, and subject to the condition herein stated, the Senate would be justified in receding from its amendment to increase the relief appropriation to $1,500,000.

Very truly yours,

M. C. HAZEN,
President, Board of Commissioners of the District of Columbia.

Mr. AUSTIN. Mr. President, will the Senator yield for one question? It will take no time.

Mr. OVERTON. I shall be glad to yield.

Mr. AUSTIN. Will the Senator please tell us what the conference report shows with respect to the amount of money carried by it?

Mr. OVERTON. The bill provides $6,000,000 as a Federal payment by the National Government for the upkeep of the National Capital.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. OVERTON. Mr. President, I ask unanimous consent that the Vice President be authorized to sign the bill during the recess of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISTRICT OF COLUMBIA TAXATION

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives further insisting upon its disagreement to the amendment of the Senate to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, and requesting a still further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. OVERTON. I move that the Senate further insist upon its amendment, agree to the still further conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. OVERTON, Mr. KING, Mr. GLASS, Mr. TYDINGS, and Mr. CAPPER conferees on the part of the Senate.

PROHIBITION OF BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

The Senate resumed the consideration of the bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

Mr. NEELY. Mr. President, I offer and move the adoption of three amendments, which have been printed. I ask that the clerk read the first one of them.

Let me state, before the amendment is read, that all these amendments have been designed for the purpose of meeting objections made by those opposed to the bill. So far as I know, there is no objection on the part of anyone to the adoption of the amendments.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). The first amendment offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK. On page 4, after line 6, it is proposed to insert the following new paragraph:

(7) The terms "aggregate price" and "price" as used in section 3 (1) shall mean the aggregate of all flat rentals, and of all rentals based upon a percentage of prospective receipts together with any other consideration named in the lease or offer to lease.

Mr. NEELY. I move the adoption of the amendment.

Mr. KING. Mr. President, I do not wish the adoption of these amendments to foreclose a discussion of their provisions and their relation to the bill. I say frankly that I have been in committee meetings all day and I desire to speak at considerable length upon the bill. I have no objection to the adoption of the amendments with the understanding that if, in my discussion and after reading them, it becomes necessary to reconsider the action upon them, that may be done.

The PRESIDING OFFICER. The question is on agreeing to the first amendment offered by the Senator from West Virginia.

The amendment was agreed to.

Mr. NEELY. I ask that the next amendment be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On pages 4 and 5, it is proposed to strike out all of section 3 (1) and to insert in lieu thereof the following:

SEC. 3. (1) It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition films in a block or group of two or more films and to require the exhibitor to lease all such films or permit him to lease none; or to lease or offer to lease for public exhibition films in a block or group of two or more at an aggregate price for the entire block or group and at separate and several prices for separate and several films, or for a number or numbers thereof less than the total number, which aggregate price and separate and several prices shall bear to each other such relation (a) as to operate as an unreasonable restraint upon the freedom of an exhibitor to select and lease for use and exhibition only such film or films of such block or group as he may desire and prefer to procure for exhibition, or (b) as tends to require an exhibitor to lease such entire block or group or forego the lease of any number or numbers thereof, or (c) that the effect of the lease or offer to lease of such films may be substantially to lessen competition or tend to create a monopoly in the production, distribution, and exhibition of films; or to lease or offer to lease for public exhibition films in any other manner or by any other means the effect of which would be to defeat the purpose of this act.

Mr. BARKLEY. Mr. President, I do not know how that amendment relates to section 3. I desire to say frankly that I hoped we could obtain a vote on the bill this afternoon. The Senator from Utah [Mr. KING] has advised me that he desires to speak on the bill, and I understand that the Senator from Kansas [Mr. CAPPER] desires to speak on it. I do not wish to shut off any Senator on either side from speaking on the bill; but I doubt very much whether Senators are willing to stay here very late tonight in order to get a vote on the bill. I will say further that I had hoped and still hope we may avoid a session tomorrow. There is not much legislation of great importance on the calendar for consideration next week and I should be perfectly willing to enter into an agreement to vote not later than, say, 3 o'clock on Monday if we could have an agreement of that kind. I think the Senate would be glad if we could avoid a session tomorrow. I do not think it would take long on Monday, anyway, even without an agreement; but I realize the desire to dispose of the bill. I doubt very much whether the Senate is in a mood to remain here late tonight in order to vote.

Earlier in the day, thinking we would finish the consideration of the bill, I advised a number of Senators that in all probability we would not have a session tomorrow, and based upon that, some Senators have left the city.

It is immaterial to me when the vote comes; I am willing to remain here today, or to be here tomorrow, and will, of course, be here on Monday, but, as I see it, there is nothing pressing about voting at any particular time. Of course, in order to get an agreement to vote at a certain hour on Monday or on any other day it would be necessary, under the rules, to call a quorum, unless we could waive that. I propose this unanimous-consent request, that the requirement of the rule for calling a quorum be waived, and that at not later than 3 o'clock on Monday the Senate proceed to vote on the bill and on all amendments thereto without further debate.

Mr. KING. Mr. President, I have no objection to that, with the understanding that I may claim the floor at 12 o'clock when the Senate meets on Monday.

Mr. NEELY. Mr. President, I had very sincerely hoped that there could be a vote on the bill tonight, and I think there still could be a vote without the Senate remaining in

session longer than 6 or 6:30 o'clock, p. m. A Senator has told me within the last 2 hours that he has been told by a representative of the opposition that if this bill should be enacted no producer of films could offer to sell more than one film at a time without the executive incurring the risk of being sent to jail and made to pay a heavy fine. I know that the city is full of that kind of propaganda. I wish we could avoid having it continue over the week end. Of course, if the Senate wants to adjourn, and is not willing to come back tomorrow and address itself to the pending legislation, to obtain a vote on which I have done all in my power for more than 6 months, of course I am helpless in the situation.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Kentucky? The Chair hears none, and it is so ordered.

Mr. NEELY. Is not the Senator from Kentucky willing that we may dispose of the three amendments I have offered? They have been thoroughly discussed, they have been on the desk for weeks, and every one of them is offered for the purpose of appeasing the opposition.

Mr. BARKLEY. I have no objection to disposing of the amendments. The only thought I had in mind was that the amendment now offered is a complete substitute. I should like to have the attention of the Senator from Maine. I do not know how the amendment now offered affects section 3 as it is in the bill. Has the Senator from Maine familiarized himself with it? My thought was that if we did not vote on the bill today, the amendment might be printed and voted on Monday, although I have no interest in the amendment one way or the other.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHITE. One of the amendments—and I do not have clearly in mind at the moment which one it is—I think is harmful rather than helpful; but there is only one of them to which that statement applies. Taken as a whole, I do not think they make any change at all in the meaning and the effect of the proposed legislation. I think they are merely a substitution of words, with no change in the meaning or the effect of the language, save in one case. In one case I think the noose is drawn a little tighter.

Mr. BARKLEY. I see no harm in the amendment going over until Monday; but if the Senators desire to have a vote on it, I do not object.

Mr. NEELY. I do not insist, and I do not insist on the adoption of the amendment. Frankly, I would rather have all the amendments defeated. They were offered in an effort to avoid unnecessary controversy on the floor of the Senate, merely as an appeasement of the opposition, because it was thought they met objections made by the spokesmen for the Moving Picture Trust. So far as I am concerned, I should be very glad to have all three amendments rejected, but I promised in the hearings that I would offer the amendments, and I am now offering them in order to keep the promise I made.

Mr. WHITE. I have spoken so much on the bill that I shall not say a word about the amendments. I do not care much whether they are adopted or not.

The PRESIDING OFFICER. The question is on agreeing to the second amendment offered by the Senator from West Virginia.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from West Virginia.

The LEGISLATIVE CLERK. On pages 5 and 6, it is proposed to strike out section 4 and insert in lieu thereof the following:

SEC. 4. It shall be unlawful for any distributor of motion-picture films in commerce to lease or offer to lease for public exhibition any motion-picture film or films over 2,000 feet in length unless such distributor shall furnish the exhibitor at or before the time of making such lease or offer to lease an accurate synopsis of the contents of such film. Such synopsis shall be made a part of the lease and shall include (a) a general outline of the story and descriptions of the principal characters, and (b) a statement describing the manner of treatment of dialogs concerning and scenes depicting vice crime, or suggestive of sexual passion. It is the purpose of this section to make available to the exhibitor sufficient information concerning the type and contents of the film and the manner of treatment of questionable subject matter to enable him to determine whether he wishes to select the film for exhibition and later to determine whether the film is fairly described by the synopsis.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, this morning I received a letter—I do not know whether other Senators received a similar letter—from the president of the American Federation of Labor with respect to the pending bill, which I ask to have read and inserted in the RECORD for the information of Senators.

The PRESIDING OFFICER. The clerk will read, as requested.

The legislative clerk read as follows:

WASHINGTON, D. C., *July 13, 1939.*

Hon. ALBEN W. BARKLEY,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I am writing to advise you that the American Federation of Labor is firmly opposed to Senate bill, S. 280, commonly termed the "Neely block booking and blind selling bill."

This opposition is based upon a conviction which prevails among working people employed in motion-picture theaters throughout the land that it will create uncertainty regarding employment. They are firmly of the opinion that it will tend to promote unemployment among those employed in the motion-picture industry. It is charged by these workers that if this bill is enacted into law, it would serve to reduce the amount of work which is being performed in the motion-picture industry at this time.

I hope and trust the bill herein referred to will fail to pass.

Very sincerely yours,

WM. GREEN,
President, American Federation of Labor.

Mr. NEELY subsequently said: Mr. President, I wish to read into the RECORD a letter I have received and have it appear immediately following the letter from Mr. Green, president of the American Federation of Labor, which the Senator from Kentucky has had inserted in the RECORD. The letter I desire to appear in the RECORD is dated July 10, 1939, and reads as follows:

CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D. C., July 10, 1939.

Hon. MATTHEW M. NEELY,
United States Senate, Washington, D. C.

DEAR SENATOR NEELY: The bill, S. 280, reported by the Committee on Interstate Commerce to the Senate has been the subject of investigation and study by our committee on legislation.

We understand that the double purpose of this bill is (a) to establish community freedom in the selection of motion-picture films, and (b) to relieve independent interests in the motion-picture industry of monopolistic and burdensome trade practices.

Organized labor is interested in both of these matters. Your efforts to eliminate the abuses arising out of the monopolistic control in the motion-picture industry through this legislation are, therefore, deeply appreciated.

On behalf of the Congress of Industrial Organizations I beg to express to you our complete and wholehearted support of your measure, S. 280.

Sincerely yours,

LEE PRESSMAN, *General Counsel.*

NOMINATION OF ELMER D. DAVIES

Mr. MEAD. Mr. President, as one of the Senators who joined with the junior Senator from New Jersey [Mr. BARBOUR] in his motion to reconsider the confirmation of Mr. Elmer D. Davies, I wish to ask the privilege of the Senate to have inserted in the RECORD a letter of protest which I received from the National Association for the Advancement of Colored People. I also wish to say, Mr. President, that I intended discussing the subject at the time the nomination in regular order would have been considered, but, unfortunately, and as has already been explained, the nomination was considered by unanimous consent out of order, and confirmed.

I also realize, as has been expressed by the junior Senator from New Jersey, that the circumstances under which the nomination was considered were such that we could not find fault with or accuse any Senator or Senators of unduly expediting this particular nomination. We realize the circumstances fully. However, what happened indicates how necessary it is for the Senate to follow the usual procedure with respect to the Executive Calendar, and how helpful it is to Senators to have the ordinary procedure with respect to the calendar followed, especially with regard to nominations.

Mr. President, I have been told that the candidate has been endorsed by a number of representative people and a number of representative organizations. Information has come to me today that religious leaders, labor leaders, and representatives of the colored people and of the Jewish people have recommended and endorsed the candidate. But it is unfortunate that time and opportunity were not given to the Senate to bring out the attributes of the candidate. It is regrettable that opportunity was not given to us to present the opposition—to present matters that have come to us by way of telegrams and letters and word of mouth.

However, under the circumstances I think it is due the Senate from those who are supporting and have supported the candidacy of Mr. Davies, to take time and opportunity in the future to give to the Senate the information and the details which were available to the subcommittee when his nomination was considered.

I, therefore, ask, Mr. President, that the letter to which I have referred voicing the protest of this representative organization be inserted in the RECORD as a part of my remarks.

Mr. McKELLAR. Mr. President, where is that organization located? Is the letter from an organization in Tennessee?

Mr. MEAD. No. It is from the National Association for the Advancement of Colored People. Its headquarters is in New York City, and it includes in its membership Representatives of the House and of the Senate and other outstanding citizens of the United States.

Mr. McKELLAR. Mr. President, I have no objection at all to the insertion of the letter in the RECORD, but if the Senator will yield to me, I wish to say that earlier in the day there was placed in the RECORD all the testimony on both sides which came before the committee, both in protest against the candidate and in his favor. The Senator can find it tomorrow published in the CONGRESSIONAL RECORD, and when he reads it, if he will read it, as I hope he will, I am sure he will be perfectly satisfied with the confirmation of the nomination of Mr. Davies.

I wish to say to the Senator also that he will find other statements from practically all the colored organizations of the State of Tennessee, as I recall—I think all of them, and I know from the most important ones—supporting Mr. Davies.

Mr. Davies is a man of the highest character. A number of Jewish citizens came forward and endorsed him. Quite a number of Catholic citizens came forward and endorsed him. I do not believe there were colored witnesses before the committee; but a number of telegrams and letters were received from prominent colored educators, notably one, Dr. W. J. Hale, one of the leading colored men of the South, living at Nashville, who has known Mr. Davies for many years. He supported Mr. Davies.

Mr. President, the nomination has been before the Senate for some time. A hearing was held at which everyone who wanted to be present could have been heard. Any Senator who wished to have been present could have attended the hearing. A number of Senators were present at the hearings. Witnesses on both sides appeared and were heard. They were examined with care, as the Senator will see in reading the RECORD tomorrow. Knowing the Senator from New York as I do, knowing his fairness and his sense of justice, I am quite sure that the Senator will come to the same conclusion to which the subcommittee and the full committee came, namely, that Mr. Davies was entirely the proper person for the position and that his nomination should have been confirmed, as it was confirmed 2 days ago.

Mr. MEAD. Mr. President, I realize that the senior Senator from Tennessee exercises meticulous care generally in all his selections. That his selections have been wise and prudent is readily realized when we look at the record of the senior Senator from Tennessee and his long service in the Senate of the United States. But I wish to say to him that I was not alone in my anxiety to register the attitude of some of my people in connection with the confirmation of this nomination. The Senator from New Jersey [Mr. BARBOUR] was not alone in his desire to register his opinion. If I read the record aright, even the chairman of the Committee on the Judiciary [Mr. ASHURST] was rather anxious to discuss the nomination and was rather exercised about the manner in which its confirmation was had.

However, I make no objection, and I join with the Senator from New Jersey in expressing my opinion that there was no desire on the part of the sponsors to hurry the matter along. It was necessary for them to attend a very sad mission in their State. I merely express the thought that it will be better for the candidate, it will be better for the Senator from Tennessee, and it will be better for the Senate if this matter and other matters of serious import are widely discussed, not only in this instance but in the future, before final action is taken.

Mr. McKELLAR. Mr. President will the Senator yield?

Mr. MEAD. I yield.

Mr. McKELLAR. Mr. President, the junior Senator from New York [Mr. MEAD] asked to be heard about this matter. The Senator from New Jersey [Mr. BARBOUR] did not ask to be heard about the matter. I do not recall with respect to the Senator from Arizona [Mr. ASHURST]. I think he was absent on account of illness in his family.

However, there was no opposition after the hearing was had. There was no opposition on the part of anyone in the committee on either side of the aisle; and it was the most natural thing in the world to suppose that no one objected to the nomination. The nomination had been before us for a long time, and there was ample opportunity for anyone who wished to be heard. There was a public hearing, and it seems to me anyone who was interested could have been heard in the matter.

That being the case, there having been a vacancy for several months, and there being a very great necessity for the confirmation of this candidate for judge, on Thurdsay, after talking with the Senator from Vermont [Mr. AUSTIN], and after his very courteous agreement, he being a member of the committee, in the usual and ordinary way I asked unanimous consent for the consideration of the nomination. I did not know of any objection, and I do not think my good friend the Senator from Vermont knew of any objection. The nomination was confirmed; and in the natural order of things it was desirable that he should enter upon his duties as soon as possible, so I asked unanimous consent that the President be notified, which request was granted.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. MEAD. I shall be glad to yield.

Mr. AUSTIN. I cannot let the statement of the Senator from Tennessee [Mr. McKELLAR] pass just as it is, because I think it might be misleading.

Since the occurrences to which the distinguished Senator from Tennessee has referred, I have found that I had in my office a telegram calling attention to objections to the nominee. The fact is that I did not identify the telegram as applying to this particular nomination. It is true, as stated by the Senator from Tennessee, that I thought no objection whatever had been interposed.

Mr. McKELLAR. I had not received such a telegram, and no such telegram had been called to my attention. I did not know of any objection of any kind upon the part of any Senator; and I thought the matter had been disposed of in the committee.

Mr. MEAD. Mr. President, I have no desire longer to delay the proceedings. I merely mention my interest in this matter in order that it may be made a part of the RECORD, and in order to register the position of the organization whose name I have already mentioned.

I wish to say to the Senator from Tennessee that just a few moments ago I said that I had heard some very complimentary things said about the nominee. I understand he has been endorsed by labor, religious, and racial groups. I said it was unfortunate that opportunity was not given at the proper time for us to bring out the facts and ascertain both sides of the case, so as to permit the

Members on each side of the aisle to have opportunity to voice their sentiments with regard to the nominee, his fitness, and his affiliations. So, Mr. President, I ask permission to have inserted in the RECORD as a part of my remarks the letter to which I have referred.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,
New York, July 7, 1939.

Hon. JAMES M. MEAD,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR MEAD: We have sent the following telegram to Senator HENRY F. ASHURST, protesting favorable report on the nomination to the Federal bench of Elmer D. Davies of the middle Tennessee district because of his admitted membership in the Ku Klux Klan:

"The National Association for Advancement of Colored People takes this means for formally protesting approval by Senate Judiciary Committee on nomination for Federal judgeship of Elmer D. Davies, of Nashville, Tenn. This association on April 11, 1939, telegraphed protest to President Roosevelt and Attorney General Frank Murphy against sending of Mr. Davies' name to the Senate because of irrefutable evidence that Mr. Davies had been an active member of the Ku Klux Klan in Nashville and, so far as could be ascertained, has not resigned from that infamous organization. On April 13 this association submitted to the President and the Attorney General photostatic copy of affidavit from N. S. Noble, of Nashville, in which Mr. Noble under oath asserted Mr. Davies had been a fellow member of the Klan. In view of admission yesterday to your committee by Mr. Davies himself of his membership, and because we believe that membership in an organizatcn as notorious as the Klan, whose purpose is to negate Federal Constitution, demonstrates that Mr. Davies is not man of judicial temperament who belongs on Federal bench, we urge the Judiciary Committee refuse to report his nomination favorably to the Senate."

We strongly urge you to oppose and vote against confirmation, should the nomination be reported favorably to the Senate. In times like these, when racial hatred and bigotry are threatening the entire world, this is no time to put a man on the Federal bench of the United States who joined an organization like the Ku Klux Klan, whose sole purpose is that of fostering racial hatreds and bigotry.

Ever sincerely,

WALTER WHITE, *Secretary.*

CRITICISM OF WAR-TAX BILL PROVISIONS WITHOUT BASIS

Mr. BONE. Mr. President, some time ago a large group of Senators—in fact, 50 Senators—joined in introducing a bill which has been commonly designated as the war-profits bill, and which bears the number S. 1885. The bill has been before both Houses of Congress since 1935, and its provisions are well known to all interested parties.

Upon its introduction this year it was rather bitterly assailed by at least two columnists whose syndicated articles appear in a great many newspapers. It very clearly appeared from their criticism that neither of them had read the bill before assailing it because they overlooked one of the most important provisions of the bill—a provision which had to do with the credit for payment of State taxes. Upon several occasions attention has been drawn to this distortion of fact, but, so far as I have been able to determine, no correction has been made by either of the columnists.

Certainly no one will deny, Mr. President, the right of any human being freely to criticize any sort of legislative proposal. However, it seems to me that that very freedom carries with it some rather definite obligations—one of which is to correct an obvious misrepresentation. Certainly a bill which bears the sponsorship of 50 Senators ought to be treated with some consideration by those who would sit in judgment on its clear provisions. That is particularly true in a case in which newspapers which receive observations from columnists are compelled to rely upon the accuracy of the material, because the editor probably has very little opportunity to check up on it.

I am glad to note that one prominent publication in this country, the United States News, the columns of which contain so much information of importance to Members of Congress, on becoming aware of the fact that it, in common with other newspapers, had been rather misled into putting the stamp of accuracy on the statements of these columnists—who apparently do not relish the idea of taxing profits during wartime—has seen fit to publish a statement setting forth the real facts as to the particular aspect of the bill which the columnists so severely criticized.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point, as a part of my remarks, a formal statement which I have prepared, which sets forth the editorial from the United States News, and also an editorial in the column of Mr. John T. Flynn, a prominent writer of the News, whose articles adorn the editorial pages of many prominent newspapers.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CRITICISM OF WAR-TAX BILL'S PROVISIONS WITHOUT BASIS

The comments of certain publicists on the war-tax bill (S. 1885) have been rather widely quoted. These comments reveal an utter absence of knowledge concerning the provisions of the bill. This measure was drawn for the specific purpose of taxing the profits out of wartime operations in order to raise funds to pay for a war as it is being fought, thus avoiding wartime inflation, post-war deflation, and a frightful burden of debt on future generations.

The particular criticism which has been quoted as indicated and which is wholly without basis, purports to describe the effect of the tax set up in the bill on net incomes of more than $75,000 a year. This criticism was summed up in an editorial in the United States News, of Washington, D. C., in its issue of May 15, 1939, on page 3, which said:

"These figures, of course, account only for Federal taxes. To these Mr. Blank would have to add State income taxes. In fact, a millionaire neighbor of Mr. Blank with an annual income of more than $75,000 might theoretically owe Federal and State Governments more than his income."

Subsequently the United States News reexamined the bill and found that it was in error in making the statement I have just quoted, and in its issue of May 29, 1939, on page 7, published the following editorial statement, which I quote in full:

"THE MAXIMUM WAR TAX UNDER SENATOR BONE'S BILL

"In the May 15 issue of the United States News, in an article on page 3 analyzing three plans prepared in Congress to prevent war, it was stated that under a bill (S. 1885), introduced by Senator BONE, a person earning more than $75,000 a year might have to pay more in State and Federal taxes than the amount of his income.

"The United States News was in error in making this statement. Section 23 (c) of the Bone bill makes it impossible for a person to be required to pay more in taxes than he earns in income. The clause does this by permitting the taxpayer to deduct taxes paid, other than Federal, from his taxable income, so that the Federal tax proposed by Senator BONE would be levied only on that portion of income that remains after other taxes are paid."

Commenting on the last editorial statement from the United States News, Mr. John T. Flynn, well-known publicist of New York and frequent contributor to prominent publications, had the following to say in his column which appears in many newspapers.

"Some time ago Senator HOMER T. BONE and 49 other Members of the Senate introduced a bill known as the war-profits bill. Its objective is always stated to be to take the profits out of war. Actually its general aim is to protect the economic system against the terrible effects of war inflation.

"When the bill was introduced, various newspapers made a tremendous pother against the bill on two points. One was that the tax rate in the bill was such that on incomes over $75,000 the taxpayer would actually have to pay more in taxes than he received in income. One leading New York newspaper was so stimulated by this discovery that it featured the subject for 2 days in an effort to destroy the bill by ridicule. The other point was that the Senators who sponsored the bill had not read it.

"At the time sponsors of the bill pointed out that the criticism was a manifestly unjust one. They offered explanations of the error into which newspaper critics had fallen. But unfortunately this got no space in the critical journals.

"But now, one newspaper has had the sense of justice to point out in very generous terms the fact that in printing these criticisms of the bill it was in error.

"The original criticism was that after a taxpayer had paid the high rates fixed for the war period in the Senate bill and had then paid his State income taxes he would have paid out more than his total income. Now, the United States News has printed the following statement about this:

" 'In the May 15 issue of the United States News, in an article on page 3 analyzing three plans prepared in Congress to prevent war, it was stated that under a bill (S. 1885), introduced by Senator BONE, a person earning more than $75,000 a year might have to pay more in State and Federal taxes than the amount of his income. The United States News was in error in making this statement. Section 23 (c) of the Bone bill makes it impossible for a person to be required to pay more in taxes than he earns in income. The clause does this by permitting the taxpayer to deduct taxes paid, other than Federal, from his taxable income, so that the Federal tax proposed by Senator BONE would be levied only on that portion of income that remains after other taxes are paid.'

"Now as to the second criticism—that the Senators who sponsored the bill did not read it. The interesting feature about this is that the charge was made by newspapers which clearly had not read the bill themselves or they could never have made the blunder they did in their first ridiculous error.

"The publication of an ill-digested, unconsidered criticism like this, particularly when offered with all the pretense of careful analysis, necessarily does the cause of truth in a measure so important no end of harm. The United States News alone has had the grace to acknowledge the error." (Washington News, June 5, 1939.)

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The Presiding Officer (Mr. THOMAS of Oklahoma in the Chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of several second lieutenants of the Officers' Reserve Corps to be second lieutenants in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That concludes the calendar.

RECESS TO MONDAY

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate took a recess until Monday, July 17, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 14 (legislative day of July 10), 1939

UNITED STATES CIRCUIT JUDGE

Charles Alvin Jones, of Pennsylvania, to be judge of the United States Circuit Court of Appeals for the Third Circuit, vice J. Warren Davis, retired.

FEDERAL TRADE COMMISSIONER

Ewin Lamar Davis, of Tennessee, to be a Federal Trade Commissioner for a term of 7 years from September 26, 1939. (Reappointment.)

NATIONAL RESOURCES PLANNING BOARD

Charles W. Eliot, of Massachusetts, to be Director of the National Resources Planning Board.

The following-named persons to be members of the National Resources Planning Board:

Frederic A. Delano, of New York.

Charles E. Merriam, of Illinois.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

The following-named captains to be majors in the Marine Corps from the 1st day of July 1939:

Ralph E. Forsyth
William J. Scheyer
Lawrence T. Burke
Thomas J. Walker, Jr.
Charles W. Kail

The following-named first lieutenants to be captains in the Marine Corps from the 1st day of July 1939:

William K. Pottinger
George N. Carroll
Paul E. Wallace
Marshall A. Tyler
Wilbur J. McNenny
Joslyn R. Bailey
Donald W. Fuller

Second Lt. David W. Stonecliffe to be a first lieutenant in the Marine Corps from the 1st day of July 1939.

The following-named citizens to be second lieutenants in the Marine Corps from the 1st day of July 1939:

Fred T. Bishopp, a citizen of Maryland.
Robert F. Jenkins, Jr., a citizen of Pennsylvania.
Benjamin B. Manchester, III, a citizen of Rhode Island.
Albert W. Moffett, a citizen of Kentucky.
Thomas V. Murto, Jr., a citizen of Pennsylvania.
Robert Philip, a citizen of South Dakota.
John W. Stevens, II, a citizen of Maryland.
Edwin J. St. Peter, a citizen of Pennsylvania.
James Taul, a citizen of Kentucky.
Waite W. Worden, a citizen of New Jersey.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 14 (legislative day of July 10), 1939

POSTMASTERS

ARIZONA

Caleb O. Rice, Douglas.

MISSOURI

Mary T. Barnes, Pilot Grove.
Walter T. May, Smithton.
Edward J. Fry, Stover.

NEBRASKA

John F. Lewis, Arnold.
Albert J. Nacke, Hebron.
Fred L. Orr, Lyons.
Louis R. Vejraska, Odell.
Irene E. Hines, St. Columbans.
Hulda M. Hallock, Springview.
Frederika W. Weber, Wahoo.

NEW YORK

Paul J. Grueninger, Valhalla.

NORTH CAROLINA

William Bryan Booe, Winston-Salem.

OKLAHOMA

Bradford M. Risinger, Sand Springs.

WASHINGTON

Wilbur B. Stonex, Onalaska.

WYOMING

George J. Snyder, Glendo.

HOUSE OF REPRESENTATIVES

FRIDAY, JULY 14, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Lord and our God, who art the Spirit Infinite and Eternal, we bless Thee for the preservation of our lives, for the sanctity of our homes, and for the stability of our Republic. With a conscious realization of our dependence on Thee, we pray for wisdom and understanding to guide us in the way of truth and for strength to resist that which is wrong. It is written:

Not every one that saith unto Me Lord, Lord, shall enter into the kingdom of heaven, but he that doeth the will of My Father which is in heaven.

May our labors be wise and leave us sweet. Make our hearts temples of virtue with thrones of whiteness. In the name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1878. An act to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes; and

S. 2662. An act authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6635. An act to amend the Social Security Act, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. LA FOLLETTE, and Mr. CAPPER to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. COLE of Maryland. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of "hot oil" and interstate oil-compact legislation, and to include therein a letter addressed to me by Secretary of the Interior Ickes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Commonweal.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement of August A. Busch, Jr., before the Labor Committee this morning.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement from the International Chamber of Commerce, a copy of a letter from the Secretary of State to the International Chamber of Commerce, and a short statement by Frederick W. Nichol, published in the New York Times.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent that at the conclusion of the legislative program today and following the special orders heretofore entered I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

AMENDMENT OF THE WAGE-HOUR ACT

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, insofar as I have been able to learn, not a single Member of this House nor a single member of the Committee on Labor has voiced objection to the provision which was carried in the proposed amendments to the Wage-Hour Act which would afford relief to the small telephone exchanges throughout the country. The report filed by the Committee on Labor expressly states that—

Small telephone companies on the whole are unable financially to comply with the wage provisions of the act.

The committee further states in its report that—

The exemption for the operators of some small telephone exchanges is necessary to insure uninterrupted telephone communication service for the farmer and for the small rural community.

Despite this general sentiment in the Labor Committee and among members of the House, relief for small telephone exchanges is permitted to languish only because the item which would provide such relief is associated in the same bill with other items which are controversial. We are on the threshhold of adjournment. It is a sad commentary upon legislative procedure that such a situation should exist. I cannot escape the conviction that the Labor Committee will be regarded as derelict in its duty if it fails to report a measure which will afford relief for such small telephone exchanges, quite aside from whatever action it may deem necessary, wise, or expedient with respect to other provisions in the bill which it sought to bring before the House through a suspension of the rules.

EXTENSION OF REMARKS

Mr. HARNESS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a speech made by Hon. Richard T. James, deputy secretary of state, at the sixteenth annual pilgrimage of the Boonville Press Club to the grave of Nancy Hanks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

FREE HARLAN COUNTY

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the morning papers carry the information that John L. Lewis requested that Attorney General Murphy send, and Murphy has sent, into Harlan County agents of the Federal Government to ascertain whether citizens of Harlan were deprived of their civil liberties.

None in this House may greatly admire me, but none can truthfully charge that I ever intentionally deceived you. Monday and Tuesday of this week I spent in Harlan County, Ky., and on my responsibility as a Member of the House, I state that, if appearances and statements made to me by miners as well as by operators and owners are any criterion of the feeling in Harlan County, the workers of that county want none of John L. Lewis' United Mine Workers. It is their overwhelming desire that they be left alone to solve their industrial problems.

No one can successfully contradict the statement that, for months, Lewis and his United Mine Workers by force and by violence, and the National Labor Relations Board by intimidation, have attempted unsuccessfully to force the miners of Harlan County into Lewis' organization.

There are hundreds of instances where Lewis' agents, his "flying squadrons," spurred on by William Turnblazer of Tennessee, and George Titler, have deprived citizens of Harlan of their civil liberties, of their right to work.

Lewis and Murphy, when Governor, dovetailing their activities, the National Labor Relations Board sitting idly by, deprived thousands of Michigan citizens of their civil liberties. Is Murphy again going to the rescue of Lewis in Harlan County? Does he intend now to use the power of the Federal Government, as before he used the power of the State of Michigan, to deprive citizens of their constitutional rights? Is he now sending agents of the Department of Justice down

into Harlan County to aid Lewis in his campaign of intimidation?

The record showing that Lewis has deprived citizens of Harlan of their civil liberties is uncontradictable. Let Murphy exert the power of the Federal Government to protect law-abiding citizens whose only desire is to support themselves by honest toil, rather than lend a show of that power at Lewis' suggestion to force free-born Americans into Lewis' organization.

Let Murphy and the National Labor Relations Board act to preserve constitutional rights, rather than as the puppets of John L. Lewis.

PERMISSION TO ADDRESS THE HOUSE

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

[Mr. THORKELSON addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein excerpts from two letters which substantiate statements I have made here in the past.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein two brief tributes to the Mount Rushmore Memorial.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. SPRINGER asked and was given permission to extend his own remarks in the RECORD.

THE PERIL OF MONOPOLY—BY THEODORE ROOSEVELT

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, we will soon vote on the conference report on the Tennessee Valley Authority bill. I wish to call to the attention of the House, and especially to the Republican Members, a statement made by Theodore Roosevelt in a message to Congress a generation ago, warning the American people that one of the greatest questions now before them or that would be before them for the next generation was the power monopoly, and also warning them not to let the hydroelectric power of this country get away from them. In that message he said:

> The people of the country are threatened by a monopoly far more powerful, because in far closer touch with our domestic and industrial life, than anything known to our experience.
>
> A single generation will see the exhaustion of our natural resources of oil and gas, and such a rise in the price of coal as will make the price of electrically transmitted waterpower a controlling factor in transportation, in manufacturing, and in household lighting and heating. Our waterpower alone, if fully developed and wisely used, is probably sufficient for our present transportation, industrial, municipal, and domestic needs. Most of it is undeveloped and is still in National or State control.
>
> To give this away—one of the greatest of our resources—without recompense, would be an act of folly. If we are guilty of this, our children will be forced to pay an annual return upon a capitalization based upon the highest prices which "the traffic will bear." They will find themselves face to face with powerful interests entrenched behind the doctrine of vested rights, and strengthened by every defense which money can buy and the ingenuity of capable corporation lawyers can devise.
>
> Long before that time they may, and very probably will, have become a consolidated interest controlled from the great financial centers, dictating the terms upon which the citizen can conduct his business or earn his livelihood, and not be amenable to the wholesome check of local opinion.

That prophecy has been fulfilled. We are now engaged in the battle of the century to wrest the American people from the clutches of this vast monopoly known as the Power Trust and to save the waterpower of this Nation for the American people through the T. V. A. and other similar developments.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include the short extract from the statement by Theodore Roosevelt, a former Republican President of the United States, to which I have referred.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

AMENDMENTS TO TENNESSEE VALLEY AUTHORITY ACT OF 1933—CONFERENCE REPORT

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933.

The SPEAKER. The Clerk will report the title of the bill.

Mr. RANKIN. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. Will the gentleman withhold that a moment until the report is read?

Mr. RANKIN. Yes; I withhold it, Mr. Speaker.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is the gentleman from Mississippi [Mr. RANKIN] willing to withhold his point of order until the statement is read?

Mr. RANKIN. Yes; I withhold the point of order until the statement is read.

Mr. Speaker, on reflection I think the membership ought to be here to hear this statement, and I insist on the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and twelve Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 128]

Andrews	Dies	Johnson, Lyndon	Rockefeller
Ball	Dingell	Kee	Sandager
Bolton	Douglas	Keefe	Schwert
Bradley, Mich.	Eaton, Calif.	Kelly	Shafer, Mich.
Brewster	Eaton, N. J.	Kirwan	Shannon
Buckley, N. Y.	Edmiston	Larrabee	Smith, Ill.
Byrne, N. Y.	Evans	Leavy	Smith, Maine
Byron	Fay	McLean	Smith, Ohio
Cartwright	Ferguson	McMillan, Thos. S	Somers, N. Y.
Casey, Mass.	Fernandez	Maas	Starnes, Ala.
Chandler	Fish	Maciejewski	Sumners, Tex.
Claypool	Fitzpatrick	Magnuson	Thomas, N. J.
Cluett	Flannery	Merritt	Vincent, Ky.
Coffee, Wash.	Grant, Ala.	Mitchell	Voorhis, Calif.
Connery	Grant, Ind.	Norton	West
Crowe	Hancock	O'Toole	White, Idaho
Crowther	Hare	Pierce, N. Y.	Williams, Del.
Cummings	Harrington	Ramspeck	Wood
Curley	Hartley	Richards	
Delaney	Jeffries	Risk	

The SPEAKER. On this roll call 350 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. LEA. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have permission to sit during sessions of the House today and tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VINSON of Georgia rose.

The SPEAKER. The order of business is the reading of the statement.

Does the gentleman from Kentucky yield to the gentleman from Georgia?

Mr. MAY. Yes, Mr. Speaker.

THE LATE ENSIGN JOSEPH HESTER PATTERSON, UNITED STATES NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R.

7C52) to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy, which I send to the Clerk's desk.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President is hereby authorized to issue posthumously to the late Ensign Joseph Hester Patterson, United States Navy, a commission as a lieutenant (junior grade) of the Navy with the date of rank as of June 4, 1939.

Mr. VINSON of Georgia. Mr. Speaker, this ensign went down when the submarine *Squalus* was sunk. He had made his grade and had he lived to June 4 he would have received a promotion to lieutenant. The purpose of this bill is to permit the Secretary of the Navy to issue a posthumous promotion, so that he may be buried, when the *Squalus* is raised, in the uniform of that rank.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

AMENDMENTS TO TENNESSEE VALLEY AUTHORITY ACT OF 1933—CONFERENCE REPORT

The SPEAKER. The Clerk will read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Tennessee Valley Authority Act of 1933, as amended, is amended by adding after section 15a the following new sections:

"'Sec. 15b. No bonds shall be issued by the Corporation after the date of enactment of this section under section 15 or section 15a.

"'Sec. 15c. With the approval of the Secretary of the Treasury the Corporation is authorized, after the date of enactment of this section, to issue bonds not to exceed in the aggregate $61,500,000. Such bonds may be sold by the Corporation to obtain funds which may be used for the following purposes only:

"'(1) Not to exceed $46,000,000 may be used for the purchase of electric utility properties of the Tennessee Electric Power Company and Southern Tennessee Power Company, as contemplated in the contract between the Corporation and the Commonwealth and Southern Corporation and others, dated as of May 12, 1939.

"'(2) Not to exceed $6,500,000 may be used for the purchase and rehabilitation of electric utility properties of the Alabama Power Company and Mississippi Power Company in the following named counties in northern Alabama and northern Mississippi: The counties of Jackson, Madison, Limestone, Lauderdale, Colbert, Lawrence, Morgan, Marshall, De Kalb, Cherokee, Cullman, Winston, Franklin, Marion, and Lamar in northern Alabama, and the counties of Calhoun, Chickasaw, Monroe, Clay, Lowndes, Oktibbeha, Choctaw, Webster, Noxubee, Winston, Neshoba, and Kemper in northern Mississippi.

"'(3) Not to exceed $3,500,000 may be used for rebuilding, replacing, and repairing electric utility properties purchased by the Corporation in accordance with the foregoing provisions of this section.

"'(4) Not to exceed $3,500,000 may be used for constructing electric transmission lines, substations, and other electrical facilities necessary to connect the electric utility properties purchased by the Corporation in accordance with the foregoing provisions of this section with the electric power system of the Corporation.

"'(5) Not to exceed $2,000,000 may be used for making loans under section 12a to States, counties, municipalities, and nonprofit organizations to enable them to purchase any electric utility properties referred to in the contract between the Corporation and the Commonwealth and Southern Corporation and others, dated as of May 12, 1939, or any electric utility properties of the Alabama Power Company or Mississippi Power Company in any of the counties in northern Alabama or northern Mississippi named in paragraph (2).

"The Corporation shall file with the President and with the Congress in December of each year a financial statement and complete report as to the expenditure of funds derived from the sale of bonds under this section covering the period not covered by any such previous statement or report. Such bonds shall be in such forms and denominations, shall mature within such periods not more than 50 years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ per centum per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ per centum per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation should not pay upon demand when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. None of the proceeds of the bonds shall be used for the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this Act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds under this section shall expire January 1, 1941, except that if at the time such authority expires the amount of bonds issued by the Corporation under this section is less than $61,500,000, the Corporation may, subject to the foregoing provisions of this section, issue, after the expiration of such period, bonds in an amount not in excess of the amount by which the bonds so issued prior to the expiration of such period is less than $61,500,000, for refunding purposes, or, subject to the provisions of paragraph (5) of this section (limiting the purposes for which loans under section 12a of funds derived from bond proceeds may be made) to provide funds found necessary in the performance of any contract entered into by the Corporation prior to the expiration of such period, under the authority of section 12a."

And the House agree to the same.

A. J. MAY,
EWING THOMASON,
DOW W. HARTER,
Managers on the part of the House.

E. D. SMITH,
ELMER THOMAS,
G. W. NORRIS,
CHAS. L. MCNARY,
BURT WHEELER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

Amount of bonds

The Senate bill authorized the Authority to issue bonds in an aggregate amount not exceeding $100,000,000, which amount was to include the $3,500,000 of bonds already issued and outstanding.

The House amendment authorized the Authority to issue new bonds, in an aggregate amount not exceeding $61,500,000, which, together with the bonds now outstanding and the bonds for whose issue the Authority has made commitments to the city of Memphis, made a total amount of approximately $67,300,000.

The conference report prohibits the Authority from issuing any additional bonds under the existing sections 15 and 15a of the act, but authorizes the Authority in a proposed new section 15c to issue new bonds in an aggregate amount not exceeding $61,500,000. The Memphis commitment provided for in the House amendment has already been fulfilled by the Authority, and hence this provision has been omitted from the conference report as no longer necessary.

Use to which proceeds from bonds may be put

The Senate bill provided that the bonds might be sold by the corporation to obtain funds for the construction or acquisition of dams with appurtenant facilities, generating plants, transmission lines, rural distribution lines, and other electric-utility properties as authorized by the act including the purchase of the

Tennessee Electric Power Co. properties, and for the purpose of carrying out the provisions of section 12a of the act.

Under the House amendment $7,000,000 of the funds obtained from the sale of bonds were to be used solely for the purchase, integration, and rehabilitation of electric-utility properties of the Mississippi Power Co. and the Alabama Power Co. in certain named counties in northern Mississippi and northern Alabama and for the purpose of carrying out the provisions of section 12a of the act in such States in connection therewih. The remainder of the funds obtained from the sale of bonds was to be used solely for the purchase, integration, and rehabilitation of the electric-utility properties of the Tennessee Electric Power Co. and the Southern Tennessee Power Co. as contemplated in the contract between the Authority and the Commonwealth & Southern Corporation and others, and to carry out the provisions of section 12a in Tennessee in connection therewith.

The conference report specifically details the purposes to which the proceeds from the sale of the $61,500,000 of bonds authorized may be put. Not in excess of $46,000,000 is to be used for the purchase by the Authority of electric-utility properties of the Tennessee Electric Power Co. and Southern Tennessee Power Co., as contemplated in the contract of May 12, 1939, between the Authority and the Commonwealth & Southern Corporation and others. Not in excess of $6,500,000 is to be used for the purchase and rehabilitation of electric-utility properties of the Alabama Power Co. and Mississippi Power Co. in 27 specified counties in northern Alabama and northern Mississippi. Not to exceed $3,500,000 is to be used for rebuilding, replacing, and repairing electric-utility properties purchased by the Authority in accordance with the provisions of this section, and not to exceed $3,500,000 is to be used for constructing electric transmission lines, substations, and other electrical facilities necessary to connect the electric-utility properties purchased by the Authority in accordance with the provisions of this section with the electric power system of the Corporation. Not to exceed $2,000,000 is to be used for making loans under section 12a of the act to States, counties, municipalities, and nonprofit organizations to enable them to purchase any electric-utility properties referred to in the contract between the Authority and the Commonwealth & Southern Corporation, already mentioned, or any elecric-utility properties of the Alabama Power Co. or Mississippi Power Co. in any of the specified counties in northern Alabama or northern Mississippi. The Authority is to file with the President and with the Congress in December of each year a financial statement and complete report as to the expenditure of funds derived from the sale of bonds under section 15c covering the period not covered by any such previous statement or report.

General provisions applicable to bonds

The Senate bill provided that the bonds be in such forms and denominations, mature in such periods not more than 50 years from the date of their issue, be redeemable at the option of the Authority before maturity in such manner as might be stipulated therein, bear interest at such rates not exceeding 3½ percent per annum, be subject to such terms and conditions, be issued in such manner and amount, and sold at such prices, as might be prescribed by the Authority with the approval of the Secretary of the Treasury. The bonds were not to be sold, however, at prices or on terms to afford an investment yield to the holders in excess of 3½ percent per annum.

The House amendment contained identical provisions.

The conference report also contains identical provisions.

Guarantee of principal and interest by the United States

The Senate bill provided that the bonds should be fully and unconditionally guaranteed both as to interest and principal by the United States.

The House amendment provided that such bonds should be fully and unconditionally guaranteed both as to interest and principal by the Authority, but not by the United States.

The conference report adopts the provisions of the Senate bill in this respect.

Power of Secretary of Treasury to purchase bonds

The Senate bill authorized the Secretary of the Treasury in his discretion to purchase any of the bonds issued under the act, and for such purpose to use as a public-debt transaction proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and to sell at any time any of the bonds so acquired. All redemptions, purchases, and sales by the Secretary of such bonds were to be treated as public-debt transactions of the United States.

The House amendment contained no similar provision.

The conference report adopts the provisions of the Senate bill in this respect.

Power of authority to buy its bonds

The Senate bill authorized the Authority with the approval of the Secretary of the Treasury to purchase its bonds in the open market at any time and at any price.

The House amendment contained an identical provision.

The conference report also contains an identical provision.

Limitation on use of bond proceeds to carry out section 12a

The Senate bill provided that no bonds should be issued to provide funds or bonds necessary for the performance of any proposed contract negotiated by the Authority under section 12a until the proposed contract had been submitted to and approved by the Federal Power Commission. Upon submission of any such contract to the Commission, the matter was to be given precedence and in every way expedited. The Commission's determination of the matter was to be final.

The House amendment contained similar provisions, but perfected such provisions so as to provide that none of the proceeds of any bonds should be used in the performance of any such proposed contract until it had been submitted to and been approved by the Federal Power Commission.

The conference report contains provisions identical in this respect with those in the House amendment.

Expiration of authority to issue bonds

The Senate bill provided that the authority to issue bonds should expire January 1, 1941, except that such bonds might be issued at any time after the expiration of such period for refunding purposes or to provide bonds or funds found necessary for the performance of any contract entered into by the Authority prior to the expiration of such period under the authority of section 12a of the act.

The House amendment contained similar provisions.

The conference report contains similar provisions, except that the language has been clarified to obviate any contention that more than $61,500,000 worth of bonds are authorized to be issued and also to obviate any contention that the Authority may, after January 1, 1941, expend bond proceeds to carry out section 12a of the act without regard to the limited purposes for which loans under section 12a of funds derived from bond proceeds may be made, or without regard to the $2,000,000 limitation on the aggregate amount of such loans.

Limitations on future activities of Authority

The House amendment (sec. 1) provided that after the date of its enactment no dams, appurtenant facilities, generating plants, transmission lines, rural-distribution lines, or other electric-utility properties, except properties of the Tennessee Electric Power Co. and Southern Tennessee Power Co., and except properties of the Mississippi Power Co. and Alabama Power Co. in certain named counties in northern Mississippi and northern Alabama, should be constructed or acquired unless approved by Congress. This provision of the House amendment also prohibited the Authority from constructing or acquiring or extending credit for the construction or acquisition of any transmission lines or other facilities outside the territory drained by the Tennessee River and a specified portion of the drainage area of the Cumberland River; and also prohibited the Authority from selling or delivering power for use outside (1) the territory drained by the Tennessee River, (2) the portion of the drainage area of the Cumberland River already referred to, (3) those portions of counties on the date of enactment being supplied with power or under contract to be supplied with power by the Authority, and (4) certain named counties in northern Alabama and northern Mississippi.

The Senate amendment contained no similar provisions.

The conference report does not contain any provision placing geographical limitations as such on the future activities of the Authority. The provisions of the conference report, already discussed, limiting the amount of bonds which may be issued, and specifying in great detail the uses to which the bond proceeds may be put, will, however, operate as an extremely effective geographical limitation. The funds of the Authority are derived from three sources: (1) The sale of its bonds, (2) revenues from the sale of power, and (3) appropriations. As stated, the conference report requires that the bond proceeds be used only to carry out stated purposes within a stated and well-defined area. Pursuant to a request from the chairman of the House Committee on Military Affairs, the Tennessee Valley Authority, through its responsible fiscal officer, submitted for the files of the conference committee the following statement as to the uses to which the appropriations available to the Authority and the revenues from the sale of the Authority's power are to be put in the fiscal year ending June 30, 1940:

TENNESSEE VALLEY AUTHORITY,
Washington, July 11, 1939.

The Honorable ANDREW JACKSON MAY,
Chairman, House Military Affairs Committee,
Washington, D. C.

DEAR CHAIRMAN MAY: In compliance with your request, I am enclosing for the files of the House conference committee on the T. V. A. bond legislation the Authority's present view as to the allocation of available funds for the fiscal year 1940 by principal projects. I am also enclosing our present allocation of the Authority's transmission-line budget for the fiscal year 1940.

The budget for transmission-line construction is classified to show separately work now under construction or officially authorized, work requested but not yet authorized, work definitely contemplated, additions required because of load or contract changes, construction required to support Memphis service, Mississippi additions, substations at water-control projects, and miscellaneous.

The total transmission-line budget for the fiscal year 1940 is $6,781,000, exclusive of overheads, which are included in the Authority's over-all budget as part of "General and administrative expenses," which are estimated to total $4,675,000 during the fiscal year 1940, for the Authority's entire program. The figure of $6,781,000 for transmission-line construction in the Authority's allotment of funds for 1940 compares with $7,136,460 shown in the Authority's appropriation request to Congress, with the exception that the latter figure includes overheads.

You will note that none of the items included have any relation to the proposed Tennessee Electric Power Co. acquisition, as this acquisition was not under consideration at the time the Authority's 1940 appropriation was requested. As you know, the Authority had

contracts prior to the consummation of the Tennessee Electric Power negotiations with only five cities served by this company. Of these five, Chattanooga was planning to construct its own transmission facilities to Chickamauga Dam, and the Authority had already constructed facilities for service to Columbia, Fayetteville, Lewisburg, and Lenoir City. Accordingly no transmission-line estimates were included in the 1940 budget for extending service to other communities served by the Tennessee Electric Power Co.

I should make clear that the general allotment of available funds for the fiscal year 1940, as well as the allotment of funds available for transmission-line construction, represent our best present view. It is impossible to predict accurately the actual requirements for each purpose for an entire year in advance. Accordingly, the allotments are subject to change to reflect the actual circumstances developing during the year. Some of the items of transmission-line construction might have to be deferred and other items not mentioned might become necessary. The original request of the Authority's department of power operations for funds to be used for transmission-line construction during the fiscal year 1940 exceeded the final allotment by several million dollars. To reach the figure of $6,781,000 it was necessary to defer a number of projects which we think are urgently needed to the fiscal year 1941.

I trust that this is the information you are seeking, but if we can add any further explanation of any of the items I should be pleased to discuss them with you.

Very truly yours,

J. A. KRUG, *Chief Power Engineer.*

Tennessee Valley Authority—approved budget, fiscal year 1940

	Estimated total cost	Fiscal year 1940
Work under construction or authorized (carry-over only):		
Columbia-Victor second line and terminals	$253,000	$153,000
Modernize breakers at Washington Ave. substation	46,000	16,000
Jackson primary substation, 12-kilovolt changes	13,000	3,000
Install 60,000-kilovolt-amperes bank at Columbia	420,000	10,000
Install 2 breakers and 1 transformer at Wilson Dam	198,000	40,000
Retire 3 breakers at Wilson Dam	−75,000	−75,000
Install radiators and sump pump at Tupelo	6,000	3,000
Retire 30,000-kilovolt-amperes bank at Norris	−200,000	−200,000
Service to Columbus, Miss	159,000	129,000
Service to Fort Payne and Scottsboro	236,000	100,000
Clarksville and Dickson regulators	39,000	24,000
Wilson-Wheeler line and terminals	385,000	335,000
Wheeler-Columbia line and terminals	909,000	739,000
Subtotal	2,389,000	1,277,000
Work requested but not yet authorized:		
Martin substations, 12-kilovolt additions	21,000	11,000
Norris-Arlington carrier current relay	21,000	21,000
Service to Macon, Miss	14,000	14,000
Additions in the west Tennessee area	470,000	470,000
Columbia condenser	345,000	245,000
Washington Ave. substation rehabilitation	133,000	133,000
Subtotal	1,004,000	894,000
Additional work definitely contemplated:		
Pickwick auto transfer (gross, $310,000)	[1] 110,000	110,000
Columbia-Nonsanto third circuit	105,000	105,000
Wilson Dam, additional 44-kilovolt capacity	135,000	135,000
Sardis line and substation acquisition	525,000	525,000
Connections to Hiwassee line	750,000	500,000
Milan substation and line changes	60,000	60,000
Lonsdale substation	354,000	354,000
Lonsdale tap, 110-kilovolt circuit	30,000	30,000
Subtotal	2,069,000	1,819,000
Additions required because of load or contract changes:		
Arlington-Coal Creek-K. U. connection	310,000	310,000
Nashville-Clarksville (using Gilbertsville line)	750,000	500,000
Service to area north and east of Nashville	500,000	500,000
Subtotal	1,560,000	1,310,000
Additions required because of Memphis acquisition: Sardis-Como line and terminals	150,000	150,000
Additions required in Mississippi:		
Service to Aberdeen (44 kilovolts)	72,000	49,000
West Point 110-kilovolt substation and Tupelo changes	245,000	245,000
Subtotal	317,000	294,000
Unreleased balance for future construction	4,086,000	124,000
Dam substations:		
Guntersville		226,000
Chickamauga		111,000
Hiwassee		613,000
Subtotal		950,000
Miscellaneous:		
Rural lines		150,000
Inventories		−300,000
General equipment		95,000
Miscellaneous		18,000
Subtotal		−37,000
Total transmission construction		6,781,000

[1] Net.

Tennessee Valley Authority, Budget Estimates—Fiscal Year 1940

(Before proration of general and administrative expense)

Total available funds:	
Appropriation [1]	$35,003,000
Net revenue from power operations	5,933,000
Total	40,936,000
Proposed allotments:	
Gilbertsville Dam and reservoir	10,220,000
Pickwick Dam and reservoir	640,000
Wilson Dam and reservoir	280,000
Wheeler Dam and reservoir	32,000
Guntersville Dam and reservoir	1,225,000
Hales Bar Dam channel improvements	39,000
Chickamauga Dam and reservoir	3,640,000
Watts Bar Dam and reservoir	4,530,000
Coulter Shoals Dam preliminary investigations	111,000
Hiwassee Dam and reservoir	3,960,000
Norris Dam and reservoir	76,000
Other tributary project investigations	
Transmission, other electric plant, and power inventories	6,781,000
Obligations of municipalities and associations	200,000
Navigation operations	82,000
Flood-control operations	1,000
Common operations	611,000
Fertilizer plant and inventories	824,000
Fertilizer operations	1,725,000
Related property plant and equipment	52,000
Related property operations	605,000
Related development activities	1,075,000
General plant, equipment, and inventories	207,000
Depreciation on minor plant and equipment	−855,000
General and administrative expense	4,675,000
Total	40,936,000

[1] Total 1940 appropriation $39,003,000, of which $4,000,000 is set aside for payment of 1939 contract obligations, leaving a balance of $35,003,000 available for 1940 obligations.

Requirements for T. V. A.-C. & S. deal

Purchase, Tennessee Electric Power Co.:	
Contract amount	$44,573,300
Prorated share taxes, estimated	521,700
Estimated amount, taxes since July 1, 1939	200,000
Materials, supplies	400,000
Miscellaneous capital additions since Apr. 30, 1939	300,000
Total	46,000,000
Loans, $2,000,000:	
Blue Ridge, E. M. C	275,000
Lincoln, E. M. C	170,000
Plateau, E. M. C	100,000
Lawrenceburg, E. M. C	40,000
Tennessee, Alabama, Mississippi	1,415,000
Total	2,000,000
Repairs, $3,500,000:	
Hydro and steam-plant repairs	1,000,000
Transmission-line and substation repairs	1,600,000
Alabama, Mississippi	900,000
	3,500,000
Interconnection, $3,500,000:	
Transmission line to Nashville from Columbia	1,300,000
Transmission lines around Chattanooga	1,300,000
Transmission line, subsidiary, West Point, Miss	300,000
Miscellaneous, Alabama, Tennessee lines	600,000
Total	3,500,000
Purchase, Alabama and Mississippi: Estimated contract amount	6,500,000
Total	61,500,000

The Authority's self-imposed limitations on its activities during the fiscal year ending June 30, 1940, taken in conjunction with the limitations on the use of bond proceeds contained in the conference report will constitute an effective geographical limitation on the Authority's activities, at least until Congress is called upon to make appropriations to carry out its activities during the fiscal year ending June 30, 1941.

Provisions relating to Comptroller General

The House amendment (sec. 2) provided that all money made available for expenditure in carrying out the purposes of the act should be withdrawn from the Treasury only pursuant to accountable warrants for advances to the credit of an adequately bonded disbursing officer, as determined by the Comptroller General, or certificates of settlement issued by the General Accounting Office. The Comptroller General, however, was authorized in his discretion to allow credit for payments from moneys under the control of the Authority, not otherwise allowable, when shown to be reasonably necessary to the accomplishment of the work authorized by law to be done by the Authority.

The Senate bill contained no similar provisions.

The conference report contains no similar provision.

Provisions relating to local taxation

The House amendment (sec. 3) provided that the percentage of the Authority's gross receipts which the present law requires be paid to the States of Alabama and Tennessee should not be changed to reflect any loss in tax revenue to any State or political subdivision by reason of the ownership or use by the Authority of, or income derived by the Authority from, any property for or connected with the generation or transmission of electric power. This provision prohibited payments, except as otherwise authorized in the section of the act which is amended, to be made by the Authority or by the United States for, or on account of, or in lieu of, any such loss in tax revenue, and it was declared to be the intention of Congress that any such loss in revenue be recovered by the several States involved in such manner as each might see fit from the persons benefited by the use of electric power generated by the Authority.

The Senate bill contained no similar provisions.

The conference report contains no similar provision.

Sinking-fund provisions

The House amendment (sec. 4) required the Authority to provide from the earnings of electric properties under its control interest on its bonds, and to deposit prior to each interest date such interest in such agencies as might be designated from time to time by the Secretary of the Treasury. The Authority was also required to provide from such earnings an annual sinking fund in an amount sufficient to pay at maturity the entire principal of the bonds issued under the act, the sinking fund to be deposited in an agency to be designated by the Secretary of the Treasury and to be used to retire the bonds as they mature. The payments to the sinking fund were to be in a uniform amount and to be so distributed so that each year would bear its proportionate share of the total. It was declared to be the purpose and intent of this provision that the principal and interest of all such bonds be paid in full at or before maturity by the Authority on the earnings of its electric properties.

The Senate bill contained no similar provisions.

Although the conference report does not contain any provisions requiring the maintenance of a sinking fund for the retirement of bonds, the limitation on the amount of bonds which may be issued and the consequent limitation on the power of the Authority to refund its bonds have the effect of requiring the Authority to maintain a sinking fund to retire these bonds as they mature.

Reimbursement of the United States for cost of Tennessee Valley Authority properties allocated to generation and transmission of electricity

The House amendment (section 4) required the Authority to issue to the Secretary of the Treasury one or more bonds, in such denominations and with such maturities not exceeding 50 years as the Secretary of the Treasury might designate, in an amount equal to the total cost allocated to the development of power and the total cost of the other properties of the Authority devoted to the transmission or distribution of electric power for sale. The Authority was required to provide from the earnings of such electric properties interest on such bond or bonds and deposit such interest when due in the Treasury of the United States. These bonds were to bear interest at a rate equal to the average rate of interest payable by the United States on its obligations having maturity of 10 or more years after the dates thereof, issued during the last preceding fiscal year in which such obligations were issued.

The Senate bill contained no similar provision.

The conference report contains no similar provision.

A. J. MAY,
EWING THOMASON,
DOW W. HARTER,
Managers on the part of the House.

Mr. MAY (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. MAY. Yes; I yield.

AMENDMENTS TO SOCIAL SECURITY ACT

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6635) to amend the Social Security Act and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none and appoints the following conferees: Mr. DOUGHTON, Mr. CULLEN, Mr. MCCORMACK, Mr. COOPER, Mr. TREADWAY, Mr. CROWTHER, and Mr. KNUTSON.

AMENDMENTS TO TENNESSEE VALLEY AUTHORITY ACT—CONFERENCE REPORT

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. MAY. Yes.

Mr. SHORT. Under the rules of the House we have 1 hour to consider the conference report. That hour is under the control of the chairman of the Committee on Military Affairs, the gentleman from Kentucky [Mr. MAY] who has been very considerate in yielding half the time to the minority. I have no personal desire to prolong the debate in consideration of the report, but I have several requests from gentlemen on this side who have urged me to try to get an additional hour.

Mr. MAY. Mr. Speaker, I have no requests for time on my side, and I expect to use only about 15 minutes' time in making an explanation of the conference report. I should be very glad to yield the remainder of my time to the gentleman from Missouri, if he desires it.

Mr. SHORT. Then I understand that we will get an additional half hour?

Mr. MAY. Oh, no. Just let the matter run along for an hour and I shall yield to the gentleman a part of my time, at least 10 minutes.

Mr. Speaker, in bringing to the House the conference report on Senate 1796 relating to the Tennessee Valley Authority, I shall take just a very brief time to make a rather hurried explanation of the conference report. Before entering into the provisions of the report, and the changes that have been made I feel that in justice to the membership of the House, I should make a preliminary statement.

I believe General Washington is credited with having quoted the verse—

> He that fights and runs away
> May turn and fight another day;
> But he that is in battle slain
> Will never rise to fight again.

That is not exactly what I have done in this instance, but I have given and I have taken. When the House of Representatives very appropriately sustained your House Military Affairs Committee in the passage of the House amendment to what was known as the Norris bill, conferees were appointed by the Speaker and I was chairman of that conference report. We had a great deal of difficulty and, as a matter of fact, we were at once confronted with the problem of whether or not the House of Representatives should completely, unconditionally surrender to another body. Perhaps I should not say surrender to another body but surrender to one Member of another body. We did not surrender. [Applause.] We will not on any other occasion surrender if I have anything to do with it, but, as I have said, I thought it better that I yield on some material things in order that I might be able to fight another day; and I serve notice now that I have not changed a single view, have not surrendered a single conviction that I have had on this subject of the operations and activities of the Tennessee Valley Authority from the day it started.

At this point I pay tribute, if I am capable of doing it properly, to the minority membership of my committee for the patient manner in which they have gone along with me on this legislation in an effort to bring to the House something constructive. I acknowledge my debt of gratitude to the Republican minority in the House of Representatives for their fine attitude in the matter. I do not mean by that, however, to admit that they put the bill over by their own votes, but they were fine in their attitude about it. They were loyal, and if anybody on that side of the House feels that I have not done exactly what I should have done, I am sorry. If any of my colleagues on the Democratic side of the House are not satisfied with this report, they are in no worse fix than I am, because I am not satisfied with it, but I bring it here to the House of Representatives as chairman of the conference committee that dealt with it in an effort to get the best possible out of a bad situation.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MAY. I cannot yield just now. I am sure that I will be asked something about the Tennessee Valley Authority if I had—I yield to the gentleman.

Mr. RANKIN. I just wanted to say to the gentleman from Kentucky that this conference report is such a great improvement over the House bill that we are willing to accept it.

Mr. MAY. I am sure the gentleman is willing to accept this because we have reached the point where he has to accept it.

Mr. RANKIN. We have reached the point where the gentleman had to offer it to us.

Mr. MAY. Let me make this statement in reference to what the gentleman from Mississippi has said: This bill is going to mark quite a bit of improvement in the Tennessee Valley Authority when it is put into effect. We started out with a proposal, naked and unvarnished, for an issue of $100,000,000 of bonds, chargeable to the Federal Treasury, for the purpose of concluding a contract between Tennessee Valley Authority and the Commonwealth and Southern Corporation and its subsidiary, the Tennessee Electric Power Co. You all remember just how eager it was that a certain group desired to have the matter disposed of without hearings of any kind whatsoever.

Let me say that, as chairman of the Military Affairs Committee of the House, as long as I am chairman of that committee and my committee stays with me, every bill of vital importance—particularly of the importance of this measure—will have an adequate and complete hearing. Any man who has a bill before that committee can get a hearing. We did have hearings in this instance for about 4 weeks, interspersed on various occasions with numerous hearings on War Department legislation that was pending before the committee. In the course of those hearings we found that as an actual matter of fact less than one-half of the $100,000,000 was all that was essential to the completion of that contract. We have worked out in this conference report terms by which we have actually yielded money in addition to that absolutely necessary to consummate the deal, in order to allow for rehabilitation and proper integration of the system which is being acquired under this contract with the system now owned by the Tennessee Valley Authority.

Let me make it clear now that I am not here as chairman of the Military Affairs Committee of this House, nor is my committee here making any admission that we recognize the policy of public ownership of utilities. I do not believe in that doctrine. I do not subscribe to it; but we were confronted with the situation where the Tennessee Valley Authority directors, unusually liberal in their disposition toward those who want money, was furnished with $100,000,000 of bond authority which they could issue and which they had begun to issue during the hearings—and, by the way, let me remark that they had issued $9,000,000 of these bonds and sold them while the conferees of the Congress of the United States were conferring upon the matter. I cite that as showing the absolute desire and disposition of the Tennessee Valley Authority Board of Directors to ignore the wishes of the Congress of the United States and have their own way about every matter with which they deal.

Under the bill we have saved $38,500,000 to the taxpayers. Under the bill which we finally agreed upon we earmarked every dollar of the money that will be realized from the sale of these bonds and have provided just exactly how it shall be spent and for what it shall be spent, in a number of items. We did that for the purpose of preventing the Congress of the United States again being placed in the bad predicament of having to approve a transaction by which the Tennessee Valley Authority directors had gone out and, by competition, by proselyting and by agitating, driven down the stock and bond values of the securities of the Tennessee Electric Power Co. to an average of 40 cents on the dollar, and then come back to the Congress and say to the Government, "Give us 100 cents on the dollar to buy them out." We have hoped that that thing will not occur again, and it is the purpose and intent of your committee in bringing this legislation here to say to the world and to the Tennessee Valley Authority and to the courts of this country, if you please, that it is not the policy of the American Congress that any corporation organized under the Federal Government shall go out and compete with and destroy private industry anywhere in America, even though it be in the Tennessee Valley. [Applause.]

Mr. WHELCHEL. Mr. Speaker, will the gentleman yield for a question?

Mr. MAY. Yes; I yield to the gentleman.

Mr. WHELCHEL. Not having had an opportunity to study this conference report, I want to ask the gentleman if any provision has been made to take care of those small counties whose taxable revenue is being taken away by the Tennessee Valley Authority?

Mr. MAY. I appreciate the gentleman's courtesy in asking me that question, and I shall be delighted to answer him.

We found in the course of the hearings in connection with this matter that there are 20 or 25 counties in the Tennessee River area in the States of Tennessee, Alabama, and Georgia that are literally being exterminated as far as taxable values are concerned. In other words, the first thing that happened under the program of the Tennessee Valley Authority was that they built these high dams. They submerged hundreds of thousands of acres of the best and the most valuable taxable land in a number of counties, and there is a list of 10 counties here which the proof showed they would be unable to meet their bonded indebtedness and interest charges, including one of the counties in the district represented by the gentleman from Georgia [Mr. WHELCHEL] and those counties, after the real estate was taken out by the flooding of the area by these high dams, have left the major portion of their taxable values bound up in the Tennessee Electric Power Co. properties, over dry land out in the areas in the rural districts, and in the cities and towns. In one instance, as an illustration, Fannin County, Ga., I will be glad to yield if the gentleman from Georgia [Mr. WHELCHEL] will give us a direct and succinct statement as to what that county is up against right now.

Mr. WHELCHEL. I thank the gentleman. I want to express my appreciation for the hearings the gentleman gave me and my people from Fannin County. In that connection, the taxable property that is being taken over by this Authority represents two-thirds of such property in that county. In other words, 60,000 acres of that small county is being taken by this purchase. I have no desire to show any disposition not to cooperate and go along with anything that is progressive, but I do feel that they should at least be cared for in some way. Your committee and you as chairman have been very gracious to me and my people who came here to be heard.

The question is: Does the gentleman know of any way that my people can be cared for?

Mr. MAY. I may say to the gentleman from Georgia that the Tennessee Valley Authority has issued a press release in which they state the policy they expect to pursue in the future with respect to taxes; but the conference report we present today makes no provision for taxes whatsoever. As Mr. Willkie stated when he reluctantly expressed his regret in having to leave the State of Tennessee as a businessman: "People down there will have to boil in their own juice," unless they can deal with the Tennessee Valley Authority.

What the T. V. A. wants to do and what they intend to do is to say to the people of Tennessee and to these submerged and wrecked counties, "We come here with Federal money. We have given you flood control, we have given you cheap electricity, we have given you soil-erosion prevention, we have given you reforestation, we have given you all these benefits; now your taxable values must be offset by these advantages that you are to obtain by cheap electric rates and other things." I take the position myself, however, I may say to my friend from Georgia, that that will not satisfy the sheriff when he comes around with the tax bill.

Mr. WHELCHEL. I appreciate the gentleman's statement and realize it is quite true. There certainly is great feeling in that section. I do not know what to expect, but as far as I am concerned I cannot sit by idly and let this go by with a vote in favor of it, much as I dislike to vote against it.

I express my appreciation to the chairman for the work he has done and for his statement.

Mr. MAY. I will tell the gentleman from Georgia what I meant a while ago when I recited Washington's little saying:

He who fights and is in battle slain
Will never live to fight again,
But he who fights and runs away
May live to fight another day.

What I meant by that was that if I stay here long enough something will be done about taxes in Tennessee, Alabama, and Georgia with respect to the Tennessee Valley Authority, if the Congress will go along with me.

Mr. WHELCHEL. I appreciate that; and let me say to the gentleman that there is a feeling in my district that we have been imposed upon, even though we are good Democrats; and I cannot go along with this proposition. I will go along on any question insofar as I think it is right, but this certainly is not right, and it is done under my protest that we feel we are being mistreated.

Mr. MAY. I may say to the gentleman from Georgia that the public would never have known anything about what was happening down there if it had not been for the chairman of the Committee on Military Affairs insisting on open hearings.

Mr. WHELCHEL. The gentleman is entirely correct.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield.

Mr. CULKIN. Am I correct in my recollection that in some of the acts amendatory of the T. V. A. 5 percent of the gross receipts were to be set aside for tax purposes?

Mr. MAY. There was some such provision in the original act.

Mr. CULKIN. Was it not afterward increased to 7½ percent on the completion of the Norris Dam for the benefit of the States of Tennessee and Alabama?

Mr. MAY. That is right.

Mr. CULKIN. What has happened to that money?

Mr. MAY. That money is supposed to be paid over to those two States, and I think it has been; but it amounts to a very small sum. The loss in taxable revenues to the State of Tennessee alone is $3,500,000, to the State and all the municipalities in that taxing district of the State.

Mr. CULKIN. What are the receipts from this source?

Mr. MAY. The receipts from this source amount to less than $250,000 in both States.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield.

Mr. RANKIN. As I understand it, the situation is this: If this conference report is agreed to, it limits the expenditure of T. V. A. to $61,500,000. If this conference report is voted down, it will leave them with the right to issue $100,000,000 worth of bonds; and instead of buying out these properties that the power company is so anxious to sell, they can take that $100,000,000 and buy up the transmission lines and distribution systems and fight it out on the basis of competition. I want the House to understand just what they are voting on. A vote against this conference report is a vote to give them $100,000,000 instead of $61,500,000.

Mr. MAY. I think the House understands that. What we want the Members to understand is what has been going on down there since your committee has been considering this legislation; and a part of it is this: That since the conference has been under way, and since a single Senator tied up the thing here for 4 weeks, they have duplicated the transmission lines in five counties of northern Mississippi, and have actually constructed the lines in northeastern Mississippi.

Mr. RANKIN. Mr. Speaker, will the gentleman yield? I am sure the gentleman does not want to mislead the House on that.

Mr. MAY. And at the very time when the conference was agreed upon they came here to Washington and admitted that they had been doing that. In addition to that, they are now starting construction, running double shifts, night and day, on a transmission line from Bessemer, Ala., a suburb of Birmingham, to Muscle Shoals Wilson Dam.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield.

Mr. RANKIN. The gentleman is entirely mistaken about the expenditure for the municipal plants in northern Mississippi being made by T. V. A. only while this conference was in session.

Mr. MAY. I did not say that.

Mr. RANKIN. Those people have floated bonds and are building their own systems.

Mr. MAY. I said building transmission lines.

Mr. RANKIN. But the lines are already built.

Mr. MAY. They are not built in the five counties where they have been building them since then.

Now, as a further precaution for the Congress of the United States, and speaking for myself as a Member of Congress under the obligations of a constitutional oath, and not believing under any circumstances in the destruction of a citizen's private property by Government-subsidized activities [applause], I demanded from Mr. Blee, the Tennessee Valley engineer, a statement with reference to what they expected to do, not only with this money but with the $40,000,000 appropriated by the Congress during the last session for the year 1940. I have set forth in the conference report an itemized statement of what they propose to do. I am going to keep tab on them and when the next session of the Congress meets I expect to have a complete report of their activities. If they deviate, I propose to let them hear from me again.

Mr. KELLER. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Illinois.

Mr. KELLER. I would like to know if the gentleman from Mississippi is correct in his statement that if we vote down the conference report the Tennessee Valley Authority will have $100,000,000 instead of $6,500,000?

Mr. MAY. That is correct. They will have a bond authority of $100,000,000 if this report is not adopted, which they can use to pay for transmission lines wherever they want to construct them. They can buy them or lend the money to pay for them, which is the equivalent of buying them.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I am afraid the gentleman did not catch the question. If we vote down this conference report, it will go back to the conference committee for further consideration.

Mr. MAY. I was dealing with the question of the bond authority. I want the House to know the reason why I surrendered on some of these things. It was to remove this Damocles sword of $100,000,000 from over the head of industry down in Tennessee.

Mr. DIRKSEN. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Illinois.

Mr. DIRKSEN. We recur to the provisions of the original act relative to the bond issue of $100,000,000, but there is not a dime's worth of authority there to purchase the Willkie properties or anything else. They can build.

Mr. RANKIN. Oh, yes.

Mr. DIRKSEN. They can build duplicating lines.

Mr. RANKIN. They can finance the purchase of the property.

Mr. MAY. I am yielding to the gentleman from Illinois. There was no power under section 12 (a) of the act to use that $100,000,000 for the purpose of purchasing the generating and transmission facilities of the Tennessee Electric Power Co. They could not do that, but they could go out and use it for the purpose of constructing duplicate transmission lines. Knowing their disposition, knowing their desire, their intent, and their purpose as I do know it, I knew what they would do with that $100,000,000; therefore I yielded on some of the things involved here.

Mr. RANKIN. Will the gentleman yield?

Mr. MAY. I do not yield further.

Mr. RANKIN. The gentleman is wrong.

Mr. MAY. I am not yielding. I want to call attention to the fact that in the provision relating to the use of these

bonds we have prohibited their being refunded, which is the equivalent of a requirement for a sinking fund for the retirement of these bonds at maturity. That is one thing we obtained in conference, in addition to reducing the amount and earmarking the money.

Mr. Speaker, I think I have made about all of the statement I desire to make with reference to this matter, except I do want to say that I have steadfastly taken this position; and when I change it, it will be after I have gone out of Congress. I do not know how long that will be. So long as I stay here I am going to stand pat on the position I have taken in reference to this matter in opposition to the destruction of private property with public funds.

May I say to the people of Tennessee, Alabama, and Georgia, if there is anything I can do to pull some of my colleagues out of the hole by adjusting the tax question I will be glad to do it. I do not want them to simmer in their own juice, as has been stated by an executive of the power company. However, I do want to see the time come when those who get cheap electricity that we have heard so much about shall bear the tax burden when they can buy electricity at 2 mills per kilowatt, whereas others have to pay 5 mills, 1 cent, and higher even than that, because they are the beneficiaries of the low rates that they have, although they are not low when you consider all the items of expense.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I am in accord with the gentleman on the proposition of taxation, because any activity that is used commercially ought to bear its fair share of taxation. The thing that I rose to suggest to the gentleman is this: There are some 12,500 preferred-stock holders of the Tennessee Electric Power Co. If this report is approved and this transaction is consummated, they will get 100 cents on the dollar.

Mr. MAY. They get their money. That is another thing that induced your chairman to yield on this report, and I may say it was one of the principal things. May I say to the gentleman that he has interjected a word into this debate that is significant. When any governmental agency goes out into a "commercial" enterprise it is a commercial enterprise, and the T. V. A. is nothing short of a commercial enterprise. That is all it is.

Mr. KELLER. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Illinois.

Mr. KELLER. How cheap are they getting power down there from the T. V. A.—and I refer to the people?

Mr. MAY. I do not know how cheap they are getting it. I know the American Aluminum Co. and two or three other large corporations are getting it for about 300 percent less under 20-year contracts than they could get it in other sections of the country.

Mr. KELLER. How much?

Mr. MAY. For about 2 mills per kilowatt or 3 mills on large consumption.

Mr. KELLER. What do the people pay outside?

Mr. MAY. I do not know what the people in the rural areas pay. I do not know that rate, and they have not been able to tell us.

The SPEAKER. The gentleman has consumed 28 minutes.

Mr. MAY. Mr. Speaker, I am sorry I did not ask to be notified earlier, because I wanted to yield part of this time to others.

Mr. PEARSON. Mr. Speaker, will the gentleman yield for a question?

Mr. MAY. For a question, yes.

Mr. PEARSON. I have listened to the gentleman's explanation of the conference report but I still am in doubt and would like to ask the gentleman whether he is recommending to the House that we adopt this conference report or defeat it.

Mr. MAY. I am going to vote for the conference report myself and I recommend its adoption for the reason I stated, that it is the best way out of a bad mess. [Applause.]

Mr. Speaker, under leave to extend my remarks, I include the following statement:

WASHINGTON, July 12.—Commenting upon the compromise reached by the Senate and House conferees on the T. V. A. bond authorization bill, John D. Battle, executive secretary of the National Coal Association, today made the following statement:

"The principal vices of the Norris T. V. A. bond issue bill from the standpoint of the bituminous-coal industry, and which led our industry to oppose it to the utmost at every step, have been rectified in the compromise bill now agreed to by the House and Senate conferees. The outcome is a real victory for the coal industry in particular and the country and the taxpayers in general. We believe it marks a decisive turning point in the reckless, ruthless, and unfettered course which T. V. A. has heretofore pursued in promoting its hydroelectric power program regardless of cost or consequences. The concern of the coal industry with the T. V. A. is wholly due to the losses, present and prospective, of coal tonnage through T. V. A.'s hydro-power program which destroys present and preempts future markets for coal in the Tennessee Valley and thereby contributes to permanent unemployment of mine and railroad labor. This is transpiring in face of the fact that under present-day conditions coal offers a more economical medium for the generating of electric power in the Tennessee Valley, than T. V. A.'s hydro-power dams.

"Acquisition by the T. V. A. of privately owned utilities within its immediate territory, in preference to their annihilation by T. V. A. and P. W. A. municipal duplication, has not been opposed by the bituminous coal industry. The opposition of our industry to the Norris bill rested upon the fact that by its terms it opened wide the door to T. V. A.'s further expansion without check or hindrance through the medium of purchase of existing electric generating plants wherever it liked.

"This door has been shut. The bill which it now appears that Congress will enact notably cuts the authorized bond issue from $100,000,000 to $61,500,000, but more than that restricts its use to the consummation of the purchase agreements between T. V. A. and the Tennessee Electric Power Co. and to incidental and closely related and specifically enumerated purposes.

"An issue of immense importance to the coal industry facing loss of their coal markets, as well as to private utilities and likewise to the taxpayers generally, who in the long run foot the bill, was the question of defining and limiting T. V. A.'s area of operations. This has been achieved in considerable degree and as a practical proposition and in the face of stubborn objection by T. V. A. and its congressional mentor, Senator NORRIS.

"The express geographical limitations contained in the bill as passed by the House have not been retained in the compromise agreement, but T. V. A. obtains no new free funds and is reported to have stipulated that it will not employ any of its general funds (1940 appropriation) for development work into territory beyond its present area of operations. This means that T. V. A.'s further expansion is made to depend on future action of Congress, and we are hopeful that Congress in the years ahead will apply its checkrein. The coal industry will certainly continue its efforts to bring that to pass."

[From the Wall Street Journal]

A HALTER IS PUT ON T. V. A.

The agreement reached by the House and Senate conferees on the bill authorizing issue by T. V. A. of $61,000,000 bonds for purchase of the Tennessee Electric Power Co. properties, marks an important change in the status of the national war on the private utilities in one important sector. The bill, as approved by the conferees, does not accomplish a complete bitting and bridling by Congress of the T. V. A. mustang, but it does go some distance toward the establishment of partial control of that vivacious animal, in that by control of its funds it can in a measure retain authority over its future operations in extending its transmission lines into competitive territory.

All parties concerned might appropriately be congratulated on the result, for their victory for common sense and fair dealing—this measure, which has not until now figured very prominently in the relation of the T. V. A. and its private competitors. It would doubtless be premature to conclude that it means the end of the war as a whole, but the T. V. A. sector as the primary end has at all times been a most important salient in that war, and in the wiping out of that salient a very definite gain has been made by the utility companies. The gain is the more impressive in that it has been achieved exclusively by arguments offered in the open, which have convinced the public opinion of its soundness.

As this newspaper has again and again pointed out, the utilities have for years been one of the most powerful forces prohibiting natural recovery, and anything that seems to promise an end, or even a relaxation of the hostility, must be regarded as an omen of better things. In these days we can afford to welcome any good omen anywhere at any time.

Mr. SHORT. Mr. Speaker, if I understood rightly, the chairman of the committee promised the minority 10 additional minutes, but if I am not mistaken he has used most of his time himself. I wonder if we might not get unanimous consent to proceed for an additional time?

Mr. MAY. I certainly regret that I forgot that. I did not think I was going to use that amount of time.

Mr. Speaker, I ask unanimous consent that the time for the other side be extended 10 minutes.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, I believe the minority has been well taken care of in the gentleman's speech, because most of his speech was against the Tennessee Valley Authority, and I object.

Mr. SHORT. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, 1 month ago yesterday, on June 13, in this Chamber, I believe a great victory was won not only for the House of Representatives but also for the American people, when without any partisan vote at all we passed the House T. V. A. bill by a margin of 25 votes—192 to 167—in lieu of the Senate amendment that was tacked on to the Ways and Means Committee bill which lifted the ceiling on the amount of long-term bonds that could be issued by the Secretary of the Treasury of the United States.

Following the passage of the House bill the newspapers over this country, Republican and Democratic alike, congratulated the House of Representatives on two things: First, that we rose up in our might and asserted our independence, showing our freedom from Executive intimidation or domination; and, second, because we gave some assurance to private business in this country that the Government would cease its competition with private industry, or certainly would not extend its area of activity.

The House bill contained certain definite, specific provisions which I want to recall to your mind. First, it limited the bond authorization to $61,500,000, and that is about the only provision of the House bill left intact in this conference report. So far so good, and I want to be perfectly fair and say that these bonds are earmarked, and in this indirect way certain limitations are placed upon the activity of the T. V. A. The House bill, of course, made these bonds guaranteed by the T. V. A., but in the measure before us the bonds are guaranteed by the United States Government, so we yielded on that point. The bond proceeds could not be used in any contract until approved by the Federal Treasury under the House bill, but under the bill as it now stands the Congress itself earmarks these funds, and in that respect I believe the conference report is perhaps even better than the House bill itself.

Expenditures under the House bill were to be accounted for through the Comptroller General just as expenditures of other Government agencies are required to be accounted for. The House conferees succumbed or surrendered on that point due to the insistence of one lone member of the Senate conferees, who objected to having the T. V. A. placed under an audit by the Comptroller General simply because the former Comptroller General, who was his secretary for many years, entertained a private prejudice against the Tennessee Valley Authority. I argued in conference that the Senator certainly should not continue to object on that ground since a New Deal Senator, and a lame duck one at that, who was appointed by this administration as Comptroller General for the next 15 years, is now in that office. I cannot see any reason under high heaven why the Tennessee Valley Authority should not be subject to audit by the Comptroller General just the same as any other Government agency. I do not know of any oracular wisdom or sublime virtue that the T. V. A. possesses which other agencies do not possess. But the House gave that up and the T. V. A. remains above the law or is a law unto itself.

A sinking fund was provided for bonds in the House bill, but that is cut out. The tax feature in the House bill was likewise eliminated.

The area of operations of the activity of the T. V. A., which was the heart of the House bill, has been obliterated.

Finally, the House bill contained a provision stating that it was the intent of Congress that the recipients of the benefits of this cheap power should be the ones to foot the bill, and not the taxpayers in everybody's district outside the Tennessee Valley area. This also was discarded.

Of course, we are all practical men and we know that you have to give and take in conference. In this particular conference the House did the giving and the Senate did the taking. I have high admiration for the chairman of my committee; in fact, I have such a warm personal regard for him that I imagine I would call it good even if he did anything that was bad. I wish to say, however, that it seems to me we have disemboweled the House bill, we have absolutely cut the heart out of it, because we have given up the Comptroller General, we have given up the tax provision, we have given up the restriction of area, and we have given up the sinking fund. The only thing that is left is the $61,500,000 item. If that is not almost a complete capitulation, then I do not know what surrender means. For these reasons your minority conferees, the gentleman from New York [Mr. ANDREWS] and myself, could not in clear conscience sign this report. Although I love my chairman—I love my wife, too, but I do not always agree with her—I do regret that he surrendered and capitulated in this report, and I trust that the Members of the House will insist on the provisions as originally voted in the House bill. [Applause.]

Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. HARNESS].

Mr. HARNESS. Mr. Speaker, if the question before the House were merely a matter of purchasing the properties of utility companies in Tennessee which are already marked for destruction and confiscation by the T. V. A., we would not hesitate to render owners the bare justice of compensating them for the properties which are to be wiped out.

But there is much more to this question than the mere purchase of specific properties already marked for destruction by the T. V. A. Here and now we are deciding whether T. V. A. shall be what it originally professed to be—an honest attempt to establish a true yardstick by which we could determine the reasonable costs of producing and distributing electric energy—or whether it shall be a weapon by which we will destroy all private utilities and establish socialized power on a Nation-wide scale. We are literally determining whether the $12,000,000,000 electric-utilities industry shall continue in private enterprise or whether all power production shall become a proper function of a social government.

We are literally deciding whether T. V. A. and the whole program of socialized power shall be predicated upon an honest, sound, businesslike basis of rates which will amortize capital investments, or whether the laboring men, the farmers, and the business interests in my district and every other district outside of the favored areas are to continue paying more than half the freight for T. V. A. activities, merely in order that the favored power users in the Tennessee Valley may continue to enjoy special rates which are below the cost of production. We are called upon to determine whether we shall support these House amendments and give a definite sign of encouragement to all private enterprise, or whether we shall endorse another step toward sovietizing the entire American economy, which will be as definitely destructive to business confidence as anything that has been done in this session of Congress.

Finally, we are deciding whether a creature of this Congress is bigger than its creator. We are called upon to admit that this program of socialized power, as typified in T. V. A., is a Frankenstein, or to prove that this Congress is the master of its own creation.

I deplore the concessions the House conferees have made on this measure, for I believe that every one of the amendments this body made to the original Norris bill as it passed the Senate are imperative. I believe the House acted wisely, and none too soon, in attempting to restrict and limit the scope of T. V. A. I think these amendments are foresighted in that they attempt to clarify and bring into the open the fundamental issue of whether or not we are going to socialize our utilities industry.

If we want to confiscate and socialize our utilities nationally, well and good. But let us do it with our eyes open. Let us avoid the deceptions, subterfuges, and downright dishonesties under which the New Deal and its power pets are now operating. Keep these House amendments to this bill and make T. V. A. stand on its own feet and pay its own way, like

any other private utility company; do not ask the Federal Treasury to foot the bill and pass the costs on to my friends and neighbors in Indiana in the guise of hidden Federal taxes. Make this experiment an honest yardstick, subject to all the reasonable costs of normal power production. Above all, make it responsible to this Congress and its duly constituted agencies. Make T. V. A. conform strictly to the same accounting principles which we apply to every other creature we establish. Force it to conform to the requirements of the Comptroller General and the General Accounting Office. Satisfy the necessities of justice in the case of the Tennessee companies, whose business is being inevitably destroyed by our power Frankenstein. But insist that there must be a limit placed upon this sort of thing here and now. Let us bridle this Frankenstein of the Tennessee Valley before it strides the Nation and passes entirely beyond our ability to control it.

Under present circumstances a T. V. A. rate for electric energy means exactly nothing as an example of the actual cost of power production. T. V. A. as a yardstick is a rank fraud and a delusion. The ardent advocates of this giant of sovietized power are guilty of half truths and deceptions every time they lay this rubber yardstick against the going rates for power in areas served by private utility companies in their efforts to lure the people of these areas into the T. V. A. pattern.

T. V. A. power rates are a fearful and wonderful rule unto themselves, because T. V. A. has so completely arrogated authority that it has become literally a law unto itself. Any schoolboy can see the utter absurdities in T. V. A. accounting methods. The dishonest, haphazard system of accounting upon which T. V. A. rates are predicated have been denounced by the Authority's one qualified director, Dr. Arthur Morgan, by the General Accounting Office, by the Federal Power Commission, and by every competent engineer and accountant who has ever examined it.

The first error lies in the fact that the Authority, plainly and solely to evade constitutional limitations, maintains the very thin fiction that flood control and navigation are its principal functions. Hence, quite conveniently, less than half of the tremendous capital outlay is charged to power production. If this is a navigation system, the New Dealers should tell the country how pitifully small the potential freight tonnage is which will ever move on the Tennessee River system. They should also acknowledge that every ton of freight which moves by water in that area represents revenues lost to the railways, certainly an already sick industry.

If this is a system of flood control, they should frankly admit what has been so frequently pointed out, namely, that a dam cannot efficiently serve the dual functions of flood control and power production at the same time. To be efficient for flood control T. V. A.'s dams must have a system of empty, or nearly empty, reservoirs behind them. To be efficient power producers they must have full reservoirs which can supply a steady flow the year around at the generators. The only valuable, readily salable energy in any utility is that dependable minimum of electricity which it can deliver every hour of the day, every day of the year. This is the primary or firm power that meets contracted daily requirements. The highly variable character of water power production is one of the weak spots in the T. V. A. system. Why do not the system's advocates honestly admit that one of the main interests in absorbing the private utilities is to acquire the steam generating plants which will give a better semblance of balanced production to the year-around power output?

The first dishonesty of accounting which allocates such a ridiculously large proportion of the tremendous capital outlay to navigation and flood control is alone sufficient to discredit the "yardstick" theory. But there is an even more grievous error in T. V. A. power rates in that they utterly disregard the vitally important item of tax revenues. T. V. A. rates are an almost irresistable lure, but there is a cruelly barbed hook behind them—as the State of Tennessee and its political subdivisions are beginning to learn to their everlasting sorrow.

Part of the argument for this measure is that the power users affected will save $4,000,000 annually through lower rates. But these private utility properties have been paying an annual tax bill of three and one-half million to the State, counties, and cities of Tennessee. Furthermore, they have been steady contributors to the Federal Treasury, 1937 returns showing payments of $1,200,000. There are revenue losses, then, of $4,700,000 to save the people of Tennessee $4,000,000 on their light bills. The presumption is, of course, that the taxpayers in other parts of the country will go right along contributing the $4,700,000, so that the people of Tennessee can save the $4,000,000.

But even that is not all the sorry tax picture. T. V. A. actually destroys valuable, taxpaying property in its series of reservoirs. Accurate estimates of these losses are not available, but the destruction runs as high as 40 percent of the entire assessed valuation in some instances. With the series of 10 dams by no means complete, 10 counties in Tennessee are already affected. The situation is so serious that some of these counties are on the verge of bankruptcy, with default of their bonds and other obligations inevitable. Officials representing these affected areas appeared before our committee when this measure was being considered, begging this Congress to compensate these losses. There is real justice in their claims—but here again is the presumption that the taxpayers in Indiana and other parts of the country will be called upon to pay T. V. A.'s freight.

When this measure was first before the House my esteemed colleague the gentleman from Mississippi [Mr. RANKIN] wept touchingly for the power users of my State, who, according to his figures, are being mulcted by the Power Trust of $21,000,000 annually. I deeply appreciate his interest in and sympathy for my fellow Indianans. I do not mind his deceiving himself, but I must object to his deceiving the people of Indiana. Mr. RANKIN himself admits that he and his district are in the fortunate position of already having all the benefits of this power development. T. V. A. does not seriously injure any important interests in his district. It supplies his people power below cost, and my constituents are taxed to make up the difference. That, I think, is damage enough to Indiana. I wish he would drop the specious arguments, the wishful thinking, and the hopeless arithmetic by which he tries to lure other areas into sovietized power.

I refuse to accept his statement that the people of my State are losing $21,000,000 annually on their light bills and defy him to prove it by accounting principles that will satisfy a certified public accountant or an engineer. But assume for the moment that he is correct and that socialized power in Indiana would work out exactly as it works out in Tennessee. If Tennessee and the taxpayers of the Nation must spend or lose $4,700,000 to save $4,000,000 in that State, then I suppose that Indiana and the taxpayers would have to spend $24,675,000 to save the $21,000,000 on our light bills in Indiana. Furthermore, for the gentleman's information, we have roughly $475,000,000 invested in our utilities in Indiana. If we were to follow the T. V. A. formula in socializing our utilities in Indiana, I suppose it follows that the Treasury would eventually be expected to underwrite the purchase of these Indiana properties and pass that load on to the taxpayers.

With equally fine disregard for the other factors involved in a program to socialize our utilities, the gentleman apparently gives no thought to the heavy damages T. V. A. has already inflicted upon two sick industries—coal and the railways. But we in Indiana must be a little more practical and foresighted about these matters. Not only will we give some thought to the large investments in our utilities which would be destroyed, but we will be duly concerned about the other serious wreckage T. V. A. would leave in its wake. We produce a lot of coal in Indiana. Thousands of miners depend upon it for their livelihood. Coal is an important source of revenue for our railroads.

T. V. A. plans ultimately to produce more than 8,000,000,000 kilowatts of electrical energy annually. Almost every kilowatt of this water-generated power replaces elec-

tricity now produced by coal. The tremendous damage to the coal industry is at once apparent. Competent authorities say that 1.52 pounds of coal are required at present to produce a kilowatt of power. By simple arithmetic, then, we arrive at the fact that T. V. A. output will eventually displace more than five and three-fourths million tons of coal. Authorities again tell us that one ton of coal at its destination represents a day's work and wages for one man. Obviously, then, T. V. A. will destroy more than five and three-fourths million man-days of work annually.

Follow that a step further. More than one-third of all railroad revenue comes from the transportation of coal. When T. V. A. destroys the markets for five and three-fourths million tons of coal, it also cuts a tremendous slice out of rail revenues and railway employment.

When our committee was considering this proposal, conscientious, well-qualified men from miners' unions, from the coal operators, and from the railroads appeared daily to submit incontrovertible evidence that T. V. A. is hamstringing and destroying their vital interests. What utter irony. The New Deal professes the deepest concern for coal and the railroads and for the millions of men who depend upon these two industries for their bread and butter. But here is T. V. A., white knight of the New Dealers, ostensibly riding down the power-trust dragon, but actually grinding two of the Nation's sickest industries into the dust.

To complete this picture of irony, I want to remind the gentleman from Mississippi, who is so fond of T. V. A. statistics, where the power so far produced by T. V. A. is going. He would sell this Frankenstein to us in Indiana as saviour of the small power user. But while he is rendering lip service to the common man, his T. V. A. is selling only one-sixth of its total output directly to the private users, through municipalities and power cooperatives. It is charging those private users up to three times the rates which it collects from such large corporations as the Aluminum Corporation, the Victor Chemical Company, and the Monsanto Chemical Corporation.

I repeat that the people of Indiana and the Nation may have socialized power if they want it. Before they order it, however, I earnestly hope that the "yardstick" myth will be exploded. I hope it will be revealed for exactly what it is—simply another New Deal hoax. I hope they will recognize the ardent gentleman from Mississippi as one of the most sincere, but most completely self-deluded goldbrick salesmen who ever tried to capitalize the people's gullibility.

The T. V. A. is purely a creature of this Congress. But already it defies this body. It orders its own destiny. With the aid of a social-minded President, it fires a director who cries for intelligent administration and honesty of purpose. With complete immunity it defies the General Accounting Office and ignores the Federal Power Commission. This thing is literally a Frankenstein, and the House wisely recognized that fact in its amendments to the Norris bill. We cannot destroy T. V. A., except at unthinkable expense. But we can confine it. We can also define and clarify the issues of power socialization here and now, clearly. In fact, we can reasonably do nothing less. I do not want this monster T. V. A. to enter the fair State of Indiana and wreak the havoc that has followed in its wake in the South.

I hope that the House will reject any concessions from the policy this body has already outlined in its amendments. I urge that we reject the report of the conferees and insist upon the amendments previously approved.

[Here the gavel fell.]

Mr. SHORT. Mr. Speaker, I yield the gentleman 1 additional minute and, if he will permit, I would like to ask the gentleman a question.

Is not the House put in a rather ludicrous position because our conferees refused to accept the Senate amendments, the Senate conferees refused to accept the House amendments, and so Mr. Wilhoit, Mr. Willkie, and Mr. Krug got together and wrote a new bill and handed it to us, and that is the measure before us today?

Mr. HARNESS. That is precisely what we are considering today.

Mr. MAY. Mr. Speaker, if the gentleman will permit, I do not think that is a fair statement. They made a suggestion of what they would like to have done, but it was not done exactly as they said, and I wrote the bill that was finally agreed upon, along with the legislative counsel of the House of Representatives.

Mr. HARNESS. I have the highest regard and the utmost confidence in the chairman of my committee, but I cannot agree with him on this capitulation to the conferees of the Senate.

Mr. SHORT. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. ELSTON].

Mr. ELSTON. Mr. Speaker, when the House recently had under consideration Senate bill 1796 it added seven important and far-reaching provisions. The reaction of the press and the public to the action of the House was exceedingly favorable. Some considered the House amendments to be the most constructive legislation passed at this session of Congress, and the prediction was made that if they became law they would go a long way toward a revival of confidence in private industry.

An examination of the House conference report indicates that a majority of the conferees recommend that virtually all of these amendments be now discarded. It is agreed that the bond limitation be fixed at $61,500,000 instead of $100,000,000, and that the funds be definitely earmarked. This was a necessary change as there was no evidence offered that the entire $100,000,000 was needed. This was an accomplishment, of course, but it was by no means the most important amendment suggested by the House. We find that the conferees recommend that we cast aside the following vital amendments: First, that the bonds be guaranteed by T. V. A. and not by the Federal Government; second, that all expenditures of T. V. A. be accounted for through the Comptroller General; third, that the area of operation be limited to the Tennessee watershed and some adjacent territory; and, fourth, that a sinking fund be set up sufficient to pay off these bonds as well as the cost of improvements heretofore allocated exclusively for electric-power purposes.

In the limited time I have I shall address my remarks only to the latter amendment. The House will recall that this amendment required two things: First, it required T. V. A. to maintain a sinking fund into which should be paid each year, out of earnings, an amount sufficient to pay off both principal and interest on the bonds issued under this act as the same become due; second, it required T. V. A. to issue a bond or bonds to the Secretary of the Treasury in an amount equal to the total cost of that part of the T. V. A. investment allocated for the development of electric power, and it required that T. V. A. pay out of its earnings an amount sufficient to pay the interest but not the principal of such bonds.

The purpose of this provision was obvious. All of the money derived from the sale of bonds authorized by this act can be used for the acquisition of electric-power property, and will, of course, inure to the benefit of electric-power consumers. Of the amounts heretofore appropriated for T. V. A. 38.1 percent has been allocated by the Authority itself for power purposes, and the remainder for flood defense and navigation. As it is estimated that approximately $505,000,000, exclusive of the bonds included in this bill, will be spent for T. V. A. by the time it is completed, it follows, under this allocation, that about $192,000,000 will have been allocated for power purposes alone. Adding the bonds authorized by this act we have a total of approximately $254,000,000 for power purposes.

At only 2 percent the interest charges alone will amount to slightly more than $5,000,000 a year. If the $61,500,000 in bonds authorized by this act should be paid off in 50 years, more than a million dollars a year additional would be added to the sinking fund. In other words, if the amendment adopted by this House should become law, slightly more than $6,000,000 per year must be placed in a sinking fund out of the earnings of T. V. A. If this amendment, which has been

rejected by the conferees, does not become law, taxpayers and States which cannot possibly receive any benefits through the use of T. V. A. power must pay the greater part of the bill. There is nothing in the present law which will compel the paying of a single dollar of any of these amounts out of earnings. There is likewise nothing in the present law which prevents T. V. A. from using its earnings for the building of additional transmission lines and continuing the same kind of destructive competition which forced the Tennessee Electric Power Co. to sell out to T. V. A. The unwillingness of T. V. A. proponents to agree to the amendment adopted by this House requiring the bonds authorized by this act to be guaranteed by T. V. A. instead of being unconditionally guaranteed by the Government itself is compelling evidence that T. V. A. does not want to assume this responsibility. If the conference report is adopted we will place the responsibility upon the taxpayers, most of whom can never be benefited by T. V. A., and many of whom are yet unborn.

According to testimony presented to the T. V. A. subcommittee, the earnings of T. V. A. through the sale of electric power should be in the neighborhood of $4,000,000 per year, and may be as high as $7,000,000 a year after the acquisition of the properties of the Tennessee Electric Power Co. No sound reason can be advanced why these earnings should not be used to pay off the principal and interest on the bonds T. V. A. is now requesting. Nor can any reason be given consistent with good business practices why T. V. A.'s earnings should not be used to pay interest upon the huge amount which has already been appropriated and spent solely for electric-power facilities. If the earnings are insufficient for these purposes, the electric-power rates should be increased. Nothing could be more manifestly unfair than to expect that those who receive no benefits should pay the bill or any part of it. I cannot believe that those who receive the benefits expect this. In fact, they have indicated that they do not want the remainder of the country to pay for benefits which belong exclusively to them.

There is another reason why T. V. A. does not want this amendment. If the earnings of T. V. A. do not have to be used for any of these purposes, and if Congress will continue to appropriate and the credit of the Federal Government will continue to be extended, T. V. A. can obtain the kind of yardstick it desires for electric-power rates so that it may contrast its low electric-power rates with those fixed by private utilities throughout the country. What T. V. A. fails to disclose on such occasions is that all of the taxpayers, whether they receive any benefits or not, are making these low rates possible through their own contributions. Under the present law this fictitious yardstick may continue its existence. Under the amendment to which I have been referring it would not be possible. The amendment requiring a sinking fund would apply a yardstick, but it would be a yardstick applied by Congress to T. V. A. and not by T. V. A.—it would be a yardstick of sound business principles and not one of fiction and deception. [Applause.]

Mr. THOMASON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. THOMASON. Mr. Speaker, the gentleman from Ohio [Mr. HARTER] and I, as two of the conferees on this bill, would like to know if all the time has been consumed on our side.

The SPEAKER. The gentleman from Kentucky used 20 minutes and, as the Chair understood, yielded the remainder of the time to the gentleman from Missouri. Is this a correct statement of the attitude of the chairman of the committee?

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MAY. I intended, when I started out to explain the report, to ask the Speaker to remind me when I had used 15 minutes, but I forgot it. I used the time inadvertently, but the gentleman from Texas came to me on the floor of the House before I started to speak and said if there was not any fight or any opposition particularly to the report he did not want to speak on it.

Mr. THOMASON. That is exactly right; but when I find that not one friend of T. V. A. has had 1 minute of time, and all has been criticism and apology, it seems to me high time that two conferees on this conference committee, that has had many long sessions during the last month, should be entitled to a few minutes of time and at least say a few kind words in favor of the report. There has not been one friend of T. V. A. who has had 1 minute of time. What is the use of being conferees on a committee, if that is the treatment we are to receive? I am not criticizing; I am only asking for fair treatment.

Mr. MAY. Mr. Speaker, if the gentleman insists on it, I will retain the 2 minutes to tell all that was said about it—if we have to have a scrap here.

Mr. THOMASON. I am not looking for a scrap. I am asking only for fair treatment for two conferees who were promised time in the event there was a contest on the report, and that is all we have heard—criticism or apology for the entire report. My friendship, however, for the chairman causes me to accept his explanation. I am only asking for my rights.

The SPEAKER. The matter is not within the control of the Chair.

COMMITTEE ON BANKING AND CURRENCY

Mr. SACKS. Mr. Speaker, on behalf of the chairman and ranking minority member of the Committee on Banking and Currency, I ask unanimous consent that the Committee on Banking and Currency be allowed to sit during sessions of the House this afternoon.

There was no objection.

AMENDMENTS TO TENNESSEE VALLEY AUTHORITY ACT—CONFERENCE REPORT

Mr. SHORT. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. CLASON].

Mr. CLASON. Mr. Speaker, this bill concerning the Tennessee Valley Authority came before the House for action on June 13, 1939, after hearings extending over several weeks. Under the present law the T. V. A. has the right to issue $50,000,000 in bonds for the construction of dams, steam plants, or other facilities for the generation or transmission of electric power, but it does not have the right to acquire by purchase existing dams and steam plants now in private ownership. If this report is accepted, we will give that right to a Government agency for the first time, establishing a most dangerous precedent. The T. V. A. also has the power to issue another $50,000,000 in bonds for loans to municipalities on a repayment-in-full basis. This provision, now to be eliminated, is of little value, inasmuch as P. W. A. and other Government agencies offer better terms for such loans. The T. V. A. would not be here if they were not gaining $11,500,000 for their use. They lose exactly that amount if the present law continues.

In lengthy hearings it was brought out that the T. V. A. would not submit to any limitation of the area in which it should operate; that it would not establish a sinking fund for its $230,000,000 capital expenditures; that it refused to allow the Congress, at the same time that a contract involving more than $78,000,000 was being entered into, to determine in what manner local taxes, lost to municipalities through the acquisition of private properties by the Federal Government, would be taken care of. Many leading citizens of the area affected appeared as witnesses and beseeched us to settle this issue at the only proper time for its consideration, namely, at the time the contract was to be signed—right now. One of the leading witnesses who strongly urged this action was our colleague, Mr. WHELCHEL, of Georgia.

Let us consider the tax situation. The hearings disclosed that the T. V. A. now has contracted to sell on a 20-year basis to some of the largest corporations in the United States enormous quantities of power annually at the price of waste power. It has contracted to sell a very large amount of power to various municipalities on other 20-year contracts at such low prices that for the amount of electricity for which the private utilities now receive $16,000,000 the ultimate consumers will pay less than $12,000,000 under this new deal,

representing a saving to them of $4,000,000. This is practically offset by a loss of $3,512,000 in taxes, due to Federal rather than private ownership. If this loss has to be made up locally, the consumers will have done little more than change the name of its power supplier. The hearings disclose, and it was admitted in debate on this floor, that if the T. V. A. makes good this loss in taxes to communities, to counties, and to States involved, the money must come from general funds in the United States Treasury. That means that all persons in every community outside the area in which the T. V. A. operates will contribute to the cheap power enjoyed by the people and great corporations served by the T. V. A. Are they going to be called upon to pay somebody else's electricity bill? On page 85 of the hearings, Gov. Prentice Cooper, of Tennessee, stated, and I quote:

> We understood only that the Tennessee Valley Authority was willing to cooperate in an equitable adjustment of the tax situation. We did not fear that agency, because we relied on their sincerity and good faith in their presentations which they have given us in writing, that they will replace the lost taxes. We favor it and believe it will comply with their statement.

The House on June 13 said, 192 to 167, that the consumers must pay these lost taxes. This conference agreement permits the T. V. A. to add these taxes to the burdens of your people and mine. It provides unfair competition for every manufacturer outside that area.

Chairman MAY was absolutely correct when he said in his speech on this bill at that time that, "Men on the floor of this House cry out for cheap electricity and a yardstick that is a liar at one end, a thief at the other, and rubber in the middle. I will tell you why it is a liar. It goes out and represents to the public that they are producing electricity and giving it to the people at a profit and that it is not being sold below cost." Yet, the sale price of electricity by the T. V. A. does not include provision for taxes to be paid to local communities by the T. V. A., though Governor Cooper, of Tennessee, has their promise in writing to pay such taxes.

In my considered opinion the T. V. A. has come before this House making this request in a spirit of deception. Its officers have told our committee that they will destroy the Tennessee Electric Power Co. through unfair competition if this bill is not passed in exactly the form that they want it. We are told that that would result in untold suffering to the widows and orphans who own the bonds of these private utility companies. To save these widows, we must wrong the widows who own the bonds of the counties and school districts which are about to lose the private companies' taxes. To save the latter widows the T. V. A. will ask that the United States Treasury pay these lost taxes. I believe that this is the time when the House should assert its control over the operations of the T. V. A., and particularly over the tax question.

Every newspaper in the United States spoke in glowing terms of the action of the House when it passed this bill with its limitations upon the area of operations of the T. V. A. It is sufficient to call attention to the words of the great democratic New York Times. I quote:

> Nothing that the House has done so far this session ought to bring more reassurance to business than the bill it has passed to control the Tennessee Valley Authority. These changes, if the Senate can be got to agree to them, will go far toward restoring public confidence in the future of the electric utility industry. They will do much to make certain that T. V. A. charges rates sufficient to pay for its investment.

I hope that every Congressman living outside of this area will have in mind the unbearable burden of taxes already placed upon his constituents, and by his vote today will prevent the saddling of additional taxes upon their shoulders for the sole purpose of providing the customers of T. V. A. with electricity below cost. The House should not adopt this report. [Applause.]

Mr. SHORT. Mr Speaker, if I have control of the 2 minutes of time yielded to me by the gentleman from Kentucky, I should be very glad to yield them to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. That is very good of the gentleman but I do not want to take time that perhaps he has agreed to give someone else.

Mr. SHORT. No. I yield 2 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Speaker, anything I have to say will be said in all kindness and deference and without criticism of the chairman of my committee. All I am interested in is the question of fair play and fair consideration of this conference report, because as one of the conferees I sat for a good many hours on a good many days in an effort to work out a solution of this very complicated question, as likewise did the gentleman from Ohio [Mr. HARTER]. So I say without any word of criticism of anybody, because as others have said, I entertain the highest feeling of personal friendship and respect for my chairman; but the thing that impressed itself on me was the fact that our chairman, who is always frank, evidenced his bitter animosity to everything connected with the T. V. A., and speaks for the report with apologies, and then every other speaker has come from the Republican side and, of course, they are bitter in their denunciation of everything affecting the T. V. A. I happen to be a friend of the T. V. A., because I regard it, although some mistakes have been made, as one of the most constructive things ever undertaken by any government; and I saw some evidence of that yesterday, when we were down at Chattanooga attending the funeral of our devoted friend Judge McReynolds, at which time we had opportunity to see what T. V. A. has done in the way of bringing happiness and prosperity to the people of the Tennessee Valley. It is rebuilding a small empire and restoring hope to many discouraged people. It has been a great experiment in government, and I say that it is worth all that it has cost. There is but one question involved in this report, and that is, Do you want to see this trade go through?—which will do the very thing that my good friends, Mr. JENKINS of Ohio and Mr. WOLVERTON of New Jersey, recommended in their report of the investigation last fall, and that is to cut out ruthless competition. I do not claim any special credit for it myself; but it can be truly said, if the House adopts this conference report, that it has marched up the hill and marched down again, because the only thing of a material nature in this report that differs from the Senate bill is a reduction in the amount from one hundred million to sixty-one and a half million. Let there be no misunderstanding. The House is receding on everything of any importance except the amount. I feel sure a large majority of the membership will realize the mistake made in voting for many of the provisions of the House bill and now vote for the adoption of the conference report.

Mr. SHORT. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. HARTER].

Mr. HARTER of Ohio. Mr. Speaker, the conference report that has been brought in here is the result of many hours of hard work on the part of those who are managers on the part of the House. While we were not able to retain in the bill all of the provisions of the House measure, I believe that the bill on the whole is one which should be adopted; that it limits, as some of us desire, the spreading of the Tennessee Valley Authority all over the eastern section of the country, and at the same time it disposes of the ruthless competition which has been going on in that area, and implements the sale and does the very thing which the opponents of the T. V. A. have advocated for some time, namely, permits the purchase of the facilities of the private power company. I believe it is a measure which can be conscientiously supported by the membership of this House.

Mr. SHORT. Mr. Speaker, I yield the remaining 6 minutes of time to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, we are now approaching the conclusion of a very important piece of legislation. If this conference report is adopted, the legislation is practically finished. If it is not adopted, we have yet a chance to do what should be done. About a week or 10 days ago this House was engaged in a strenuous contest over this very important measure. The Senate had passed a bill known as the Norris

T. V. A. bill, providing for an appropriation of an additional hundred million dollars to the T. V. A. to be used to purchase certain competing electric lines in the T. V. A. territory.

The Military Affairs Committee of the House, after long and careful consideration, rejected the Senate's entire proposition and substituted in lieu thereof a measure which passed the House by a very substantial majority. The newspapers of the country were strong in their praise of the action of the House at that time. Many of them went so far as to say that that legislation marked the high tide of statesmanship and independent thinking that had been demonstrated up to that time in this session of Congress. When the smoke of battle had cleared away in the consideration of that case the action of the Military Affairs Committee was ratified by an overwhelming vote.

The bill offered by the Military Affairs Committee and passed by the House contained several very strong and statesmanlike provisions.

In the first place, it provided that the T. V. A. activities should be limited within certain geographical boundaries. The original T. V. A. Act indicates that that agency is to carry on its activities only within the Tennessee Valley. It has long since ignored this legal restriction as provided in the law and has extended its tentacles out far beyond the Tennessee Valley in many places. This gigantic octopus stretches across half a dozen States of the Southland, brooks no opposition, caring nothing for State lines or State jurisdictions. It seeks to dominate politically and socially and to crush all opposition and to ride ruthlessly across the land. It is time that its activities should be curbed. [Applause.]

Another provision in this bill as passed by the House is the one that would require the bonds issued under this bill to be repaid by the T. V. A. This was a very proper provision. T. V. A. boasts and brags about its low rates, which are largely a fake. If they are genuine, let the people who receive the benefit of them pay these bonds that we are about to issue under the provisions of the bill.

The bill passed by the House carried another very important provision, which was that this agency should submit its accounts to the scrutiny and examination of the General Accounting Office of the Government. This agency ought not to be treated any different than any other agency of the Government. It has defied the General Accounting Office and defied the Government itself. It should be restricted.

In spite of the fact that these three important provisions were embodied and carried in the bill which the House passed overwhelmingly a few days ago, the conferees have omitted all these provisions from the bill that is now before you. In other words, they have surrendered and their surrender has been and will always be a matter for which they cannot claim much credit and be especially proud. It is a sad fact that on so many occasions the House speaks by an overwhelming voice and vote only to have our conferees quail before the Senate and come back to us with an empty husk. This is a very unwise and unfair provision of our legislative procedure. When the House has rejected a Senate measure, why, then, should the House conferees knuckle to the Senate conferees and bring back to us for consideration something that we overwhelmingly defeated a few days previously?

This bill before us today is neither the work of the Senate nor the House. The House struck out the Senate provisions and the conferees have stricken out the House provisions and substituted their own provisions. In effect, a small group of five or six have taken the place of the Senate and the House, and we must now accept their judgment instead of our own. I for one shall refuse to do so.

Let us now consider just what the situation is that confronts us. We are called upon to vote for or against this conference report. Since it is almost completely opposite to what the House has heretofore done, it would seem that we should make short shrift of it and vote against it. If we do, what will happen? Let not your heart be troubled. A vote against this conference report will not be an unusual procedure. It has been done many times. If we do it today we will show the other body that we stand today as we did a few days ago. It will show them that our bill was right and that we still maintain that we were right. A vote for this bill will not in any way cast any reflection upon my distinguished friend the gentleman from Kentucky [Mr. MAY]. It will not in any way reflect upon the standing of my colleague the gentleman from Ohio [Mr. HARTER], or upon my good friend the gentleman from Texas [Mr. THOMASON].

I would have you understand, however, that if any of us do change front from the position you took a few days ago on these propositions, you can find no comfort in this conference report. Let no man be misled as to this proposition. Any man who voted for the May amendment a few days ago cannot logically justify his position if he votes for this conference report. It will be little consolation to you who come from coal-mining sections to go back and say to the miners who are much interested in this proposition that you voted for their best interests, after the gentleman from Kentucky [Mr. MAY] himself has said many times on this floor that the activities of the T. V. A. are not for the benefit of the coal industry of the land. This $61,000,000 that is provided in this bill will not benefit the coal miners of his section.

The territorial restriction on the activities of the T. V. A. should have been retained in this bill. This agency should be kept in its own field. The bill we passed a few days ago would have kept it in its own field. This bill we are considering now puts down the bars and allows it to run wild without any territorial restriction of any kind. Do not be mistaken in this respect.

As I have already stated the bill we passed a few days ago provided in effect that all the bonds issued under the terms of this bill should be repaid by the T. V. A. from its profits. None of it should be paid by the Government. That was a very proper provision because it is not right that the people of Ohio and New York and Michigan and Montana should be compelled to pay for the electricity consumed by the people in this territory when they claim that they have such cheap rates. If they want the T. V. A. now that they have gotten it they ought to make it pay for itself. If the Government donates six or seven hundred million dollars to build the projects for them they surely ought to be able to run it. It is a sorry pass that the Government must build the projects for them, and then must put the electricity in their houses and pay for a portion of that.

Already the people in the Tennessee Valley have begun to realize that the honeymoon of the T. V. A. is about over. They are staggering under the burden of additional taxation that has resulted by reason of the failure of the T. V. A. to pay taxes on the million acres of the finest land in that section that they have taken and flooded with water. When the T. V. A. buys the properties of the Tennessee Power Co. and the other associated properties and takes them off the tax duplicates these States will lose another substantial tax contribution which the people will have to make up in some other way. They will be clamoring for the Federal Government to pay the taxes which they have lost by reason of this gigantic, unwieldy, unconstitutional, and unnecessary New Deal experiment.

I repeat that the T. V. A. should be restricted in its territorial activities; that it should pay for these bonds that are going to be issued under this bond issue because these bonds will be used to purchase these competing properties which will be turned over to the T. V. A. The T. V. A. gets the properties; let the T. V. A. pay for them. I repeat that the T. V. A. should be subjected to rigid accounting the same as any other Governmental activity.

There is another proposition, however, that I wish to discuss with you. It is this: If you vote today to purchase these properties for $61,500,000 and turn the same over to the T. V. A., why should you not be ready to vote to purchase the properties of other power companies operating in the Southland and in the T. V. A. section? You will most surely be expected to do that next year or the year following. They will come back here and clamor for recognition, and you will in good conscience be compelled to give it to them. If you buy this property today, you will go that much further in rendering the properties of other power companies in the Southland less valuable. When you start

on this program today, you cannot in good conscience stop until you have purchased every power company in the Southland east of the Mississippi River and south of the Ohio River. Already the T. V. A. is knocking at the doors of Birmingham and Atlanta. It is already well down in Mississippi and will soon reach over into Louisiana. From Birmingham and Georgia it is only a short distance into Florida. But why follow the power company too far into the deep South? Let us come back up into the territory of the gentleman from Kentucky [Mr. MAY]. When the Gilbertsville Dam is finished it will be more expensive by far than any of the T. V. A. dams. It will represent an outlay of approximately 150 millions of dollars. It will cost more than three times as much as the great Norris Dam or the Hiwasse or the other large and beautiful dams already partially constructed. These other dams will furnish enough power to meet the demands in their sections, and that will leave Gilbertsville located within a few miles of the Ohio River, free access to carry its current into St. Louis, Mo., and Springfield, Ill., and Indianapolis, Ind., and Cincinnati, Ohio.

It is to this proposition that I wish to direct your special attention. The minority report of the committee that was appointed by this Congress to investigate the T. V. A. activities makes recommendations that naturally I think are sound and reasonable since I had some small part in drafting them. I agree with this minority report, which states in effect, that the best way to dispose of the Tennessee Valley Authority and its numerous activities is not to do anything that would tend to destroy these beautiful and terrifically expensive dams and lakes and other numerous improvements of various kinds, but on the contrary to take those that have been finished, and finish those upon which any substantial amount of work has been done, but to discontinue work on the other projects at this time. This report further recommends that the Government refrain from going further into the power business in competition with private power companies who maintain a fair, adequate, and reasonable service. We recommend that when these dams are completed that they be used for the manufacture of power and that this power be sold at wholesale at the dam to whomsoever might want it; sold at a reasonable price so that it might be delivered to the people of the Southland at a reasonable price by the power companies regardless of whether it is the same price that may obtain in some other sections of the country. If those sections would, when proper consideration is given to all necessary costs of production, be entitled to cheaper rates than some other section they should have them. The Government should not put itself in the power business in competition with other producing companies and thereby destroy the investment of the competing companies. Instead of voting this sixty-one million five hundred thousand to purchase these existing companies we should be taking steps to withdraw from competition so that these companies could continue to operate and thereby employ their own people and pay their investors whatever sum they could legitimately earn in fair competition with other power companies.

I am afraid that many of our Members today will vote directly opposite to their own philosophy. Their philosophy is to keep the Government out of the power business, but when they vote today they are putting the Government much further into the power business. They are not only putting the Government into the T. V. A. business, but they are putting the Government into the power business now operated by these competing companies. To me this is the most important phase of what we are doing here today. I am afraid that some of you who have opposed the extension of the T. V. A. will find out to your sorrow that you have placed yourself in a very inconsistent position. You cannot be consistent in your claim that you want to keep the Government out of business and at the same time vote $61,500,000 with which the Government is to buy several large producing power companies.

Mr. Speaker, I hope that we will all appreciate what we are about to do. I hope that you will stand as you stood last week and vote down this conference report and send these various splendid conferees back for further conference with the Senate and I further hope that they will bring back to us a bill that correctly represents the philosophy of a strong majority of this House as it was reflected last week when we had ample opportunity to consider this most important proposition. [Applause.]

The SPEAKER. The question is on agreeing to the conference report.

Mr. SHORT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 208, nays 145, answered "present" 1, not voting 74, as follows:

[Roll No. 129]

YEAS—208

Allen, La.	Doughton	Kerr	Rankin
Allen, Pa.	Doxey	Kilday	Rayburn
Angell	Drewry	Kitchens	Reece, Tenn.
Arnold	Duncan	Kleberg	Robinson, Utah
Barden	Dunn	Kocialkowski	Rogers, Okla.
Barry	Durham	Lanham	Romjue
Bates, Ky.	Eberharter	Larrabee	Ryan
Beckworth	Elliott	Lea	Sabath
Bland	Ellis	Leavy	Sacks
Bloom	Evans	Lemke	Sasscer
Boehne	Flaherty	Lesinski	Satterfield
Boland	Flannagan	Lewis, Colo.	Schulte
Boykin	Folger	Ludlow	Scrugham
Bradley, Pa.	Ford, Miss.	McAndrews	Secrest
Brooks	Ford, Thomas F.	McArdle	Shanley
Brown, Ga.	Fulmer	McCormack	Sheppard
Bryson	Garrett	McGehee	Sirovich
Buck	Gathings	McKeough	Smith, Conn.
Buckler, Minn.	Gavagan	McLaughlin	Smith, Ill.
Bulwinkle	Gearhart	McMillan, John L.	Smith, Va.
Burch	Gehrmann	Mahon	Smith, Wash.
Burdick	Geyer, Calif.	Maloney	Snyder
Burgin	Gibbs	Mansfield	South
Byrns, Tenn.	Gore	Marcantonio	Sparkman
Byron	Gossett	Martin, Colo.	Spence
Caldwell	Green	Massingale	Starnes, Ala.
Cannon, Fla.	Gregory	May	Steagall
Cannon, Mo.	Griffith	Mills, Ark.	Stefan
Cartwright	Harrington	Mills, La.	Sumner, Ill.
Celler	Hart	Monroney	Tarver
Chapman	Harter, Ohio	Murdock, Utah	Taylor, Colo.
Clark	Havenner	Myers	Taylor, Tenn.
Cochran	Healey	Nelson	Tenerowicz
Coffee, Nebr.	Hendricks	Nichols	Terry
Cole, Md.	Hill	Norrell	Thomas, Tex.
Colmer	Hobbs	O'Connor	Thomason
Cooley	Hook	O'Day	Tolan
Cooper	Houston	O'Leary	Vinson, Ga.
Costello	Hull	Oliver	Voorhis, Calif.
Courtney	Hunter	O'Neal	Wallgren
Cox	Izac	Pace	Walter
Creal	Jacobsen	Patman	Ward
Crosser	Jarman	Patrick	Warren
Cullen	Johnson, Luther A.	Patton	Weaver
Cummings	Johnson, Lyndon	Pearson	Welch
D'Alesandro	Johnson, Okla.	Peterson, Fla.	West
Darden	Johnson, W. Va.	Peterson, Ga.	White, Idaho
Delaney	Jones, Tex.	Pierce, Oreg.	Whittington
Dempsey	Keller	Poage	Williams, Mo.
DeRouen	Kennedy, Martin	Polk	Wolverton, N. J.
Dingell	Kennedy, Michael	Rabaut	Wood
Disney	Keogh	Ramspeck	Zimmerman

NAYS—145

Alexander	Darrow	Hope	Mott
Allen, Ill.	Dirksen	Horton	Mundt
Andersen, H. Carl	Ditter	Jarrett	Murray
Anderson, Calif.	Dondero	Jenks, N. H.	O'Brien
Andresen, A. H.	Dowell	Jenkins, Ohio	Parsons
Arends	Dworshak	Jensen	Pierce, N. Y.
Austin	Elston	Johnson, Ill.	Pittenger
Barnes	Engel	Johnson, Ind.	Plumley
Barton	Englebright	Jones, Ohio	Powers
Bates, Mass.	Fenton	Kean	Randolph
Beam	Ford, Leland M.	Keefe	Reed, Ill.
Bell	Gamble	Kinzer	Reed, N. Y.
Bender	Gartner	Knutson	Rees, Kans.
Blackney	Gifford	Kunkel	Rich
Bolles	Gilchrist	Lambertson	Risk
Boren	Gillie	Landis	Robertson
Brown, Ohio	Graham	LeCompte	Robsion, Ky.
Carlson	Gross	Lewis, Ohio	Rodgers, Pa.
Carter	Guyer, Kans.	Luce	Rogers, Mass.
Case, S. Dak.	Gwynne	McDowell	Routzohn
Chiperfield	Hall	McLeod	Rutherford
Church	Halleck	Mapes	Sandager
Clason	Harness	Marshall	Schaefer, Ill.
Clevenger	Harter, N. Y.	Martin, Ill.	Schafer, Wis.
Cole, N. Y.	Hawks	Martin, Iowa	Schiffler
Corbett	Heinke	Martin, Mass.	Schuetz
Crawford	Hess	Mason	Seccombe
Crowther	Hinshaw	Michener	Seger
Culkin	Hoffman	Monkiewicz	Short
Curtis	Holmes	Moser	Simpson

Smith, Maine	Thill	Vreeland	Wolcott
Smith, W. Va.	Thorkelson	Wadsworth	Wolfenden, Pa.
Springer	Tibbott	Wheat	Woodruff, Mich.
Stearns, N. H.	Tinkham	Whelchel	Youngdahl
Sutphin	Treadway	Wigglesworth	
Taber	Van Zandt	Williams, Del.	
Talle	Vorys, Ohio	Winter	

ANSWERED "PRESENT"—1

Faddis

NOT VOTING—74

Anderson, Mo.	Dies	Jeffries	Osmers
Andrews	Douglas	Johns	O'Toole
Ashbrook	Eaton, Calif.	Kee	Pfeifer
Ball	Eaton, N. J.	Kelly	Richards
Bolton	Edmiston	Kennedy, Md.	Rockefeller
Bradley, Mich.	Fay	Kirwan	Schwert
Brewster	Ferguson	Kramer	Shafer, Mich.
Buckley, N. Y.	Fernandez	McGranery	Shannon
Byrne, N. Y.	Fish	McLean	Smith, Ohio
Casey, Mass.	Fitzpatrick	McMillan, Thos. S.	Somers, N. Y.
Chandler	Flannery	Maas	Sullivan
Claypool	Fries	Maciejewski	Sumners, Tex.
Cluett	Gerlach	Magnuson	Sweeney
Coffee, Wash.	Grant, Ala.	Merritt	Thomas, N. J.
Collins	Grant, Ind.	Miller	Vincent, Ky.
Connery	Hancock	Mitchell	White, Ohio
Crowe	Hare	Mouton	Woodrum, Va.
Curley	Hartley	Murdock, Ariz.	
Dickstein	Hennings	Norton	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Faddis (for) with Mr. Andrews (against).
Mr. Chandler (for) with Mr. Shafer of Michigan (against).
Mr. Fay (for) with Mr. Miller (against).
Mr. Vincent of Kentucky (for) with Mr. Hancock (against).
Mr. Sullivan (for) with Mr. Ball (against).
Mr. Coffee of Washington (for) with Mr. Douglas (against).
Mr. Ferguson (for) with Mr. Bolton (against).
Mr. Merritt (for) with Mr. Hartley (against).
Mr. Schwert (for) with Mr. Smith of Ohio (against).
Mr. Fernandez (for) with Mr. Cluett (against).
Mr. Pfeifer (for) with Mr. Eaton of New Jersey (against).
Mr. Byrne of New York (for) with Mr. White of Ohio (against).
Mr. Mouton (for) with Mr. Thomas of New Jersey (against).
Mr. Buckley of New York (for) with Mr. Osmers (against).
Mr. Somers of New York (for) with Mr. McLean (against).
Mr. O'Toole (for) with Mr. Jeffries (against).
Mr. Fitzpatrick (for) with Mr. Bradley of Michigan (against).
Mr. Curley (for) with Mr. Grant of Indiana (against).

General pairs:

Mr. Woodrum of Virginia with Mr. Brewster.
Mr. Thomas S. McMillan with Mr. Fish.
Mr. Collins with Mr. Eaton of California.
Mr. Hare with Mr. Gerlach.
Mr. Richards with Mr. Johns.
Mr. Dies with Mr. Maas.
Mr. Grant of Alabama with Mr. Rockefeller.
Mr. Sumners of Texas with Mr. Crowe.
Mr. Murdock of Arizona with Mr. Casey of Massachusetts.
Mr. Kelly with Mr. Magnuson.
Mrs. Norton with Mr. Kirwan.
Mr. Kramer with Mr. Flannery.
Mr. Hennings with Mr. Sweeney.
Mr. Kennedy of Maryland with Mr. Anderson of Missouri.
Mr. Claypool with Mr. McGranery.
Mr. Edmiston with Mr. Connery.
Mr. Fries with Mr. Kee.

Mr. FADDIS. Mr. Speaker, I have an active pair with the gentleman from New York, Mr. ANDREWS, one of the conferees. I desire to withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS

Mr. MAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short press release of the National Coal Association and a short editorial, to be printed in the RECORD in connection with my remarks made today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

AMENDMENTS OF SECOND LIBERTY BOND ACT

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5748) entitled "An act to amend the Second Liberty Bond Act as amended," with Senate amendments and disagree to the Senate amendments.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, that eliminates the T. V. A. proposal?

Mr. DOUGHTON. Since the T. V. A. conference report has been agreed to, it makes this provision in this bill unnecessary.

Mr. RICH. Mr. Speaker, reserving the right to object, can the gentleman from North Carolina tell us when we may expect the majority side to propose an amendment eliminating the tax-free covenant from Government bonds?

Mr. DOUGHTON. Just as soon as we reasonably and conscientiously can.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none.

The Clerk will notify the Senate of the disagreement of the House to the Senate amendments.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—PEACE AND NEUTRALITY LEGISLATION (S. DOC. NO. 94)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I am advised that by a vote of 12 to 11 the Senate Committee on Foreign Relations has deferred action on peace and neutrality legislation until the next session of the Congress.

I am appending hereto a statement from the Secretary of State which has my full approval, and which I trust will receive your earnest attention.

It has been abundantly clear to me for some time that for the cause of peace and in the interest of American neutrality and security, it is highly advisable that the Congress at this session should take certain much-needed action. In the light of present world conditions, I see no reason to change that opinion.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 14, 1939.*

STATEMENT ON PEACE AND NEUTRALITY BY THE SECRETARY OF STATE

The cornerstone of the foreign policy of the United States is the preservation of the peace and security of our Nation, the strengthening of international law, and the revitalization of international good faith. The foreign policy of this Government may be misinterpreted or it may be misunderstood, but it cannot be destroyed. Peace is so precious and war so devastating that the people of the United States and their Government must not fail to make their just and legitimate contribution to the preservation of peace.

The Congress has pending before it at the present time certain proposals providing for the amendment of the existing so-called neutrality legislation. Some of these proposed changes I regard as necessary to promote the peace and security of the United States.

There is an astonishing amount of confusion and misunderstanding as regards the legislation under consideration, and particularly with regard to the operation of the existing arms embargo.

I shall try to bring out as clearly as I can the important points of agreement and disagreement between those who support the principles contained in the six-point peace and neutrality program recommended by the executive branch of the Government and those who oppose these recommendations.

In substance and in principle both sides of the discussion agree on the following points:

1. Both sides agree that the first concern of the United States must be its own peace and security.

2. Both sides agree that it should be the policy of this Government to avoid being drawn into wars between other nations.

3. Both sides agree that this Nation should at all times avoid entangling alliances or involvements with other nations.

4. Both sides agree that in the event of foreign wars this Nation should maintain a status of strict neutrality, and that around the structure of neutrality we should so shape our policies as to keep this country from being drawn into war.

On the other hand, the following is the chief essential point of disagreement between those who favor the adoption of the recommendations formulated by the executive branch of the Government and those who are opposing these recommendations:

The proponents, including the executive branch of the Government, at the time when the arms embargo was originally adopted called attention to the fact that its enactment constituted a hazardous departure from the principle of international law which recognizes the right of neutrals to trade with belligerents and of belligerents to trade with neutrals. They believe that neutrality means impartiality, and in their view an arms embargo is directly opposed to the idea of neutrality. It is not humanly possible, by enacting an arms embargo, or by refraining from such enactment,

to hold the scales exactly even between two belligerents. In either case and due to shifting circumstances one belligerent may find itself in a position of relative advantage or disadvantage. The important difference between the two cases is that when such a condition arises in the absence of an arms embargo on our part, no responsibility attaches to this country, whereas in the presence of an embargo, the responsibility of this country for the creation of the condition is inevitably direct and clear.

There is no theory or practice to be found in international law pertaining to neutrality to the effect that the advantages that any particular belligerent might procure through its geographic location, its superiority on land or at sea, or through other circumstances, should be offset by the establishment by neutral nations of embargoes.

The opposition to the present substitute proposal joins issue on this point, and stands for existing rigid embargo as a permanent part of our neutrality policy. And yet by insisting on an arms embargo in time of war they are, to that extent, for the reasons I have stated, urging not neutrality, but what might well result in actual unneutrality, the serious consequences of which no one can predict.

Those who urge the retention of the present embargo continue to advance the view that it will keep this country out of war—thereby misleading the American people to rely upon a false and illogical delusion as a means of keeping out of war.

I say it is illogical, because while the trade in "arms, ammunition, and implements of war" is at present banned, the trade in equally essential war materials, as well as all the essential materials out of which the finished articles are made can continue. For example, in time of war, we can sell cotton for the manufacture of explosives, but not the explosives; we can sell the steel and copper for cannon and for shells but not the cannon nor the shells; we can continue to sell to belligerants the high-powered fuel necessary for the operation of airplanes, but we are not able to sell the airplanes.

I say it is a false delusion because a continuation of the trade in arms is a clearly recognized and traditional right of the nationals of a neutral country in time of war, subject only to effective blockade and to the right of belligerents to treat any such commodities as contraband. The assertion frequently made that this country has ever engaged or may become engaged in serious controversy solely over the fact that its nationals have sold arms to belligerents is misleading and unsupportable. All available evidence is directly to the contrary. Every informed person knows that arms, as absolute contraband, are subject to seizure by a belligerent and that neither the neutral shipper nor his government has the slightest ground for complaint. There is, therefore, no reason to suppose that the sale of arms may lead to serious controversy between a neutral and a belligerent. Furthermore, under the proposals that have been made American nationals would be divested of all right, title, and interest in these and other commodities before they leave our shores and American citizens and ships would be kept out of danger zones. As regards possible complications which might arise as a result of the extension of credits to belligerents or of extraordinary profits accruing to any group of producers in this country, it is wholly within the power of Congress at all times to safeguard the national interest in this respect.

Controversies which would involve the United States are far more likely to arise from the entrance of American ships or American cititzens in the danger zones or through the sinking on the high seas of American vessels carrying commodities other than those covered by the arms embargo. In the recommendations formulated by the Executive as a substitute for the present legislation it was especially urged that provisions be adopted which would exclude American nationals and American ships from zones where real danger to their safety might exist and which would divest goods of American ownership, thereby minimizing to the fullest extent the danger of American involvement.

Those of us who support the recommendations formulated for the elimination of the embargo are convinced that the arms embargo plays into the hands of those nations which have taken the lead in building up their fighting power. It works directly against the interests of the peace-loving nations, especially those which do not possess their own munitions plants. It means that if any country is disposed toward conquest, and devotes its energy and resources to establish itself as a superior fighting power, that country may be more tempted to try the fortunes of war if it knows that its less well prepared opponents would be shut off from those supplies which, under every rule of international law, they should be able to buy in all neutral countries, including the United States. It means also that some of those countries which have only limited facilities for the production of arms, ammunition, and implements of war are put in a position of increased dependence. During peacetime they would feel the compulsion of shaping their political as well as their economic policy to suit the military strength of others; and during wartime their powers of defense would be limited.

For these reasons those who are supporting the recommendations for the amendment of existing legislation recognize definitely that the present embargo encourages a general state of war, both in Europe and Asia. Since the present embargo has this effect its results are directly prejudicial to the highest interests and to the peace and to the security of the United States.

In the present grave conditions of international anarchy and of danger to peace, in more than one part of the world, I profoundly believe that the first great step toward safeguarding this Nation from being drawn into war is to use whatever influence it can, compatible with the traditional policy of our country of noninvolvement, so as to make less likely the outbreak of a major war. This is a duty placed upon our Government which some may fail to perceive or choose to reject. But it must be clear to every one of us that the outbreak of a general war increases the dangers confronting the United States. This fact cannot be ignored.

I would emphasize that the course proposed through the substitute legislation recommended by the Executive is consistent with the rules of international law and with the policy of our own country over a period of 150 years. The basis for the recommendations made is the firm intention of keeping this country from being drawn into war. If there existed any desire to assist or to injure particular foreign countries this Government would not have been endeavoring persistently, within the limitations of our traditional policy, over a period of many years to do its utmost to avoid the outbreak of a general war. I earnestly hope that the Congress will lend the fullest measure of its cooperation in the endeavor to avoid war in the first place and to place this country in a position of the greatest security possible, should war break out. In the tragic event that peace efforts fail and that a major war occurs, there will be general agreement within the United States that every effort must be exerted to keep this country from being drawn therein.

I must also refer to the impression sedulously created to the effect that the sale of arms, munitions, and implements of war by this country is immoral and that on this ground it should be suppressed in time of war.

As a matter of fact almost all sales of arms and ammunition made in recent years by our nationals have been made to governments whose policies have been dedicated to the maintenance of peace, but who have felt the necessity of creating or of augmenting their means of national self-defense, thereby protecting otherwise helpless men, women, and children in the event that other powers resort to war. In the face of the present universal danger all countries, including our own, feel the necessity of increasing armament, and small countries in particular are dependent upon countries like the United States which have the capacity to produce armaments. Our refusal to make it possible for them to obtain such means of necessary self-defense in a time of grave emergency, would contribute solely toward making more helpless the law-abiding and peace-devoted peoples of the world. If such action is moral, and if, on the contrary, sales of the means of self-defense for the protection of peaceful and law-abiding peoples are immoral, then a new definition of morality and immorality must be written. This task might be left to the proponents of the arms embargo.

I must also refer to another impression created by propaganda to the effect that the abandonment of the arms embargo would increase power of action on the part of the executive branch of the Government and conversely that the maintenance of the embargo would serve as an additional check on the powers of the Executive. It is difficult to see how either of these propositions could possibly hold true. An impartial granting of access to American markets to all countries without distinction gives the Executive no additional power to choose among them and to commit this country to any line of policy or action which may lead it either into a dangerous controversy or into war with any foreign power.

The legislative proposals which were recommended to the Congress through the communications which I transmitted to Senator PITTMAN and to Congressman BLOOM on May 27, providing for the safeguarding of our Nation to the fullest possible extent from incurring the risks of involvement in war, contemplate the elimination of the existing arms embargo and are as follows:

(1) To prohibit American ships from entering combat areas;

(2) To restrict travel by American citizens in combat areas;

(3) To require that goods exported from the United States to belligerent countries shall be preceded by the transfer of title to the foreign purchasers;

(4) To continue the existing legislation respecting loans and credits to belligerent nations;

(5) To regulate the solicitation and collection in this country of funds for belligerents; and

(6) To continue the National Munitions Control Board and the licensing system with respect to the importation and exportation of arms, ammunition, and implements of war.

This six-point program was the best that could be devised after much painstaking thought and study, and after many conferences with Members of the Congress of how best to keep this country out of a conflict should it arise. It rests primarily on the established rules of international law, plus the curtailment of certain rights of our nationals, the exercise of which is permitted under international law, but which might lead to controversies with belligerents and eventual involvement in foreign wars.

There has thus been offered as a substitute for the present act a far broader and more effective set of provisions, which in no conceivable sense could breed trouble, but which to a far greater extent than the present act would both aid in making less likely a general war, and, while keeping strictly within the limits of neutrality, would reduce as far as possible the risk of this Nation of being drawn into war if war comes.

In connection with our foreign affairs, I think all must agree that, unless a spirit of collaboration and cooperation characterizes the relations between the executive and legislative departments of the

Government, the peace and other vital interests of this country will inevitably be jeopardized.

Having spent the best years of my life as a Member of the two Houses of Congress, I have the warmest feeling of friendliness toward the membership of, and the greatest respect for, the legislative department, and in that spirit I earnestly hope for the closest possible cooperation in matters affecting our country's best interests and its security in the present grave international situation.

At this time when critical conditions obtain throughout the greater part of the world I am sure that we are all equally persuaded that while the fullest measure of constructive criticism is helpful and desirable, and is of course most welcome, partisanship should play no part in the determination of the foreign policy of this country.

In the present situation of danger a peaceful nation like ours cannot complacently close its eyes and ears in formulating a peace and neutrality policy, as though abnormal and critical conditions did not exist. The entire question of peace and neutrality at this serious juncture in its possible effects upon the safety and the interest of the United States during coming months is of the utmost importance. This question should, in my judgment, receive full and careful consideration and be acted upon by this Government without unnecessary or undue delay.

CORDELL HULL.

AMENDING MERCHANT MARINE AND SHIPPING ACTS

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 224.

The Clerk read as follows:

House Resolution 224

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 6746, a bill to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled between the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. Speaker, this is a rule providing for the consideration of the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts. It is an open rule with 2 hours of general debate provided. So far as I know, and I have been so informed, there is no opposition to the passage of the bill itself. I think all parties have agreed upon that. The Committee on Merchant Marine and Fisheries reported the bill unanimously for consideration.

Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. BLAND] to explain the provisions of the bill.

Mr. BLAND. Mr. Speaker, I shall attempt in the time at my disposal to review generally the bill as briefly as possible with a view of eliminating as much time as we can on general discussion.

The bill embraces 14 sections. The first section simply removes the present 2-year limitation on orders, as now prescribed in the acts, and brings the Merchant Marine Act in accord with similar legislation pertaining to the Interstate Commerce Commission.

The second section makes it clear that the burden of proof is on the carrier in cases involving the suspension of rates. The bulk of the evidence is, or should be, in its possession; and, therefore, this rule is reasonable and fair; and this, too, is brought into accord with similar legislation applicable to the Interstate Commerce Commission.

Section 3 permits employment without regard to civil service of 8 additional naval architects or marine engineers, 8 additional special experts, 10 additional examiners, and 2 inspectors for each vessel at the yards. This is deemed necessary because of the difficulty of getting this particular type of employee.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. BATES of Massachusetts. Will the gentleman point out in his discussion of this bill whether or not any additional expenses will be shoved onto the fishing industry as a result of this legislation? Is there anything in the bill that places the restrictions on or adds to the expense of the fishing industry?

Mr. BLAND. This bill does not impose additional burdens or restrictions on the fishing industry. The only relation to the fishing industry, and I will cover that now, is in the last section of the bill. There appeared to be some doubt as to certain legislation that had already been enacted providing for credit under title XI of the Merchant Marine Act, 1936, regarding ship-mortgage insurance and how far it would extend to fishing vessels. While the general counsel was of opinion that the law would extend to fishing vessels, yet in order to remove an apparent conflict between two sections, fishing vessels are expressly named as beneficiaries, so that so far as fishing vessels are concerned, this bill is rather a benefit and clarification.

Mr. BATES of Massachusetts. I know how interested the gentleman has always been in the fishing industry and I wanted to have that cleared up.

Mr. BLAND. This committee will seek never to impose a burden on the fishing industry. When any question comes up which would impose burdens on the fishing industry, the gentleman may be assured that the proposition will receive the most minute and meticulous consideration.

Section 4 allows an increased pay to men drawn from other services sufficient to bring up that pay to what they would be performing in comparable service. In other words, if a man is detailed from the Navy to serve with the Maritime Commisison in a particular class of its work, and if occupying that same status with the Navy he would draw an increased pay, this section is designed to prevent the injustice of giving him a reduced pay while serving with the Commission. It is simply a matter of justice.

Section 6 provides the standards by which construction differential subsidies shall be determined and provides for measuring the differential between domestic yards and foreign yards. The differential shall be that determined by the Commission by comparing the cost in a domestic yard with the foreign yard, which will furnish a fair and representative example for the determination of estimated foreign cost of construction. The words "which may be reasonably availed of" are eliminated, because it may be that the basis of comparison with a yard "which may be reasonably availed of" is too speculative in order to determine a fair basis. So the Commission is given the authority to determine what would be a fair and representative example for the determination of the estimated cost.

The next section—section 7—is probably one of the most important in the bill. It has to do with the "turn in and build" program of the Commission, and pertains to domestic as well as foreign vessels engaged in domestic commerce as well as foreign commerce.

There are only 153 vessels in the subsidized fleet, and about 90 percent of the vessels in the domestic trade are not eligible for subsidy. They are well over 15 years old and 70 percent are 20 years old or more. There are obsolete vessels that are now owned by these persons who are engaged in this industry. Without the restriction now existing in law, some of those vessels could be sold to foreign countries at a rather considerable price for scrap value. Manifestly that is not desirable. Also they could be sold and put into competition with our own merchant marine, which is not desirable.

In our Shipping Act we have provided that these vessels cannot be sold without the consent of the Maritime Commission; so that on the one hand we are denying the present owner the right to sell the old obsolete vessel and on the other hand we are calling for reconstruction.

All maritime nations of the world are doing just exactly what we contemplate doing here. We provide as to vessels over 17 years of age that the Maritime Commission may agree with the owners, if they can agree, upon a fair and reasonable price at which those vessels may be taken over

by the Maritime Commission, and whatever amount shall be allowed on those old vessels shall be credited as payment on the new vessels to be constructed; the old vessels will be then in the possession of the Maritime Commission, either to be converted into scrap or, if it is desired or thought reasonably proper, those vessels may be put in the laid-up fleet in order to be retained there for use in the event of emergency. This change will remove a great injustice that rests upon the owners of ships and which exists by reason of existing legislation. It will enable the Maritime Commission to carry out its policies. The agreement must be reached with the owner and there is nothing compulsory about it. It is entirely voluntary.

Mr. REED of New York. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from New York.

Mr. REED of New York. Can the owner of these private ships negotiate with foreign interests?

Mr. BLAND. Not under the law. If he negotiates, he must get the consent of the Maritime Commission. It is the existing law today. He must get the consent of the Maritime Commission before sale can be made.

Section 8 permits payment of an additional 15 percent over the 75 percent as now permitted. It was not designed or intended when the legislation was framed that as to the ship subsidies that were due, they should be held up in some cases for nearly 9 months. We have provided for a 75-percent payment. This permits an additional payment of 15 percent, but with securities and guaranties that if there should be any error the excess must be paid back. The payments can be made only after there is a very careful audit.

Section 9 is an amendment which we have offered previously, and deals with the problem of countervailing subsidies. It adds nothing to the existing law. The only thing it does is it eliminates the requirement in the existing law that there shall be a unanimous vote of the Commission and provides that if four members so vote it may be paid.

May I say that that provision is identical with the provision that was in the bill that was last considered by the House, supported by the House, sent to the Senate, and reported favorably by the Senate, but it was stricken out on consideration of the bill in the Senate.

Section 11 provides a statutory floor by which persons purchasing ships can be assured that ships built by the Maritime Commission will not be put upon the market at a lower rate than is provided in the act, because of which they would possibly be done an injustice by reason of some subsequent effort to get rid of the ships.

Section 12 is a clarifying amendment to bring section 714 in line with other provisions of the bill. Section 714 of the bill brings the bill with reference to the charter of vessels in accord with title V of the Merchant Marine Act, which deals with the sale of vessels. It will be readily seen that it is necessary to harmonize those sections, because if the section dealing with the sale of vessels offers sale on more burdensome terms than the charter of vessels, then there would be difficulty in selling any vessels and getting the merchant marine in private hands as we desire; whereas section 714 provides that where that cannot be accomplished the vessels may be chartered. Unless section 714 is brought into accord with title V, there would be possibly no inducement to charter, and the operators who cannot at this time effect the purchase of vessels would go on with their old, dilapidated, and obsolete vessels rather than bring themselves into accord with the new policy.

Section 13 provides penalties where none exist. The act of 1936 assumed that certain penalties existed, but it was found that they did not, except for violations of the Shipping Act. Section 13 simply carries out the intent that existed in the original law.

Section 14 is a clarifying amendment as to fishing boats.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from New York.

Mr. SIROVICH. The purpose of the entire bill is to improve the merchant marine of our country and to help develop the merchant marine.

Mr. BLAND. Yes.

I may say there is one other section dealing with cadets on shipboard. The only objection that was interposed with respect to this provision was that they might be used as strikebreakers. That is impossible, because the men who are used must conform with the regulations imposed by the Maritime Commission as to subsidized ships and by the Bureau of Marine Inspection as to all classes, and these men do not fall within the term "seamen or licensed officers," as was provided in the act.

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from California.

Mr. SHEPPARD. Is there anything in this bill to give control over the Japanese fishing vessels on the Pacific coast?

Mr. BLAND. No; that is not in this bill.

Mr. SHEPPARD. Is the gentleman's committee considering a bill of that character?

Mr. BLAND. Not at this time. There is some such legislation pending before the committee, introduced by the gentleman from California [Mr. KRAMER] on which we have heard evidence. I hope that something may be worked out on that matter, but just at this time it would not be wise to bring in legislation of that type. I do hope that the bill we have provided for the establishment of a Coast Guard base in Alaska, and also giving wider powers of supervision to the Coast Guard, will more effectually control that situation.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. There is nothing in this bill that will interfere with rail rates?

Mr. BLAND. Not a thing in the world, unless running ships interferes with railroads, and I do not see how it possibly could. As a matter of fact, I believe that the development of what we have asked for here in an effort to build up our country and establish and restore its commerce would be the finest contribution that could be made to the restoration of the railroads, because I am firmly convinced that what the railroads need today more than anything else is a restoration of business in the country, stability, and the assurance of continued business. However, nothing in this bill affects the situation to which the gentleman has referred. [Applause.]

Mr. MAPES. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Speaker, the bill H. R. 6746 was carefully considered by the Committee on Merchant Marine and Fisheries and approved by the committee without opposition. The bill provides for a number of constructive amendments to the Merchant Marine and Shipping Acts to meet present emergencies with reference to the rehabilitation of our merchant marine. I sincerely hope the rule will be adopted and the bill passed. [Applause.]

Mr. MAPES. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, I desire to concur fully in the explanation of our distinguished chairman and to say that this measure has the full concurrence of the committee on both sides of the aisle.

In addition, I desire briefly to commend the present Maritime Commission for the excellent work it has done. In writing this legislation during the past 3 years the committee has endeavored to steer clear of the terrible waste and mistakes of the past. The Maritime Commission in its present personnel has ably and conscientiously carried out the will of the committee in the construction and placing of ships on the seas. Most Americans feel that a merchant marine is essential. Three years ago, except for the intervention of this law, the merchant marine bade fair to fade away completely. Under this act the merchant marine is being restored and will serve a high purpose for America both in times of peace and in times of war. [Applause.]

To that end and serving that purpose, as a member of this committee more or less diligent in service at the meetings of the committee, I desire to extend my hearty commendation to the Maritime Commission for the able, patriotic, and impartial manner in which they have performed this high

service. No board or commission in the history of the Congress and the country has ever rendered more patriotic or honest service. Under the auspices of the Maritime Commission the American flag is coming back on the seas. They are handling the offshore labor question with sympathy and needed firmness. The shipbuilders for the first time in our maritime history are functioning adequately. The operators no longer write their own ticket. I wish to say again, and in conclusion, that the country and Congress are to be congratulated on the magnificent job being done by the Maritime Commission and its staff. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to extend my remarks by including a short article which appeared in today's Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MAPES. Mr. Speaker, I have no further requests for time. Perhaps I should call the attention of the distinguished gentleman from Georgia [Mr. RAMSPECK], the chairman of the Committee on Civil Service, to the provision in the bill, which provides that certain employees of the Commission shall be appointed without reference to civil-service laws.

The gentleman from Georgia has reported a bill from his committee extending the classified civil service. That bill is now on the House Calendar. I understand it is the intention to bring it up at almost any time. I assume that the gentleman will be interested in this particular section, and that he will move to strike it out during the consideration of the bill under the 5-minute rule.

Mr. BLAND. Mr. Speaker, will the gentleman yield to me?

Mr. MAPES. I yield.

Mr. BLAND. I do not know whether the gentleman from Georgia was present at the time or not, but that matter was very fully gone into by the committee, and it was very clearly demonstrated that this is a peculiar type of official, and that you cannot secure such officials through the medium of the Civil Service Commission, certainly not in time for the construction work that is being carried on. There is building being done on battleships, and, really, the yards themselves are having some trouble in supplying the necessary people, so that careful diligence is required on the part of the Commission in getting these men, and the purpose could be better worked out without the intervention of the Civil Service Commission. The law already contains this provision, and this is merely an additional number.

The acting chairman of the Civil Service Commission is present, and both of the gentlemen are members of my committee, and I have heard no objection to this.

Mr. CULKIN. That is what I wanted to call to the attention of the gentleman from Georgia.

Mr. MAPES. Mr. Speaker, who is the acting chairman of the committee?

Mr. BLAND. I should have said the ranking member of the committee. There is no acting chairman because the chairman of the committee is present on the floor, the gentleman from Georgia [Mr. RAMSPECK].

Mr. MAPES. Mr. Speaker, I notice that the provision includes, however, classes that it is intended to put under civil service by the bill which is on the calendar reported from the Committee on the Civil Service, such as 12 attorneys, for example, 22 examiners and inspectors for these vessels, as well as some of the experts to whom the gentleman from Virginia has referred.

Mr. BLAND. If the gentleman will permit, I have not read that particular bill, but I do say this is in strict accord with existing law, only increasing the number, and this is very essential now. At one time the number of inspectors in the yards was one in each yard, but it is manifest that with three of our ships being built in a yard, however honest the yard may be, the Government should have its own inspectors checking on the work and they ought not to wait the time necessary to procure the additions needed through the civil service. If that question arises later, it can be covered at that time.

Mr. MAPES. I have not, I will say to the gentleman from Virginia, compared the two provisions, but my thought is that the bill which is on the calendar now, reported from the Civil Service Committee, will put these men, once they are appointed, under the classified civil service. In other words, they will be appointed without reference to the classified civil service, but after they have received their appointment and served for a certain length of time they will be brought into the classified service by this bill which is on the calendar.

Mr. BLAND. May I say that what the bill does is to repeat the provisions of the present law. It asks 8 additional naval architects or marine engineers and already the existing law provides for 12 naval architects. In this it simply extends the classification for naval architects specifically to marine engineers. They have 20 special experts instead of 12. It does not increase the number of attorneys. There are 22 examiners instead of 12, and 2 inspectors for each vessel. It is simply an increase in the number.

Mr. MAPES. This increases the number of attorneys?

Mr. BLAND. Not attorneys. It does not increase the number of attorneys.

Mr. MAPES. It names 12 in the bill.

Mr. BLAND. The legislation already on the statute books provides for 12 attorneys. The 12 attorneys are merely repeated in the amendment, so that it does not increase the number of attorneys at all.

Mr. MAPES. This is simply a repetition of the present law?

Mr. BLAND. Yes; it strikes out this language from existing law:

> Twelve each of naval architects, special experts, attorneys, and examiners and not more than two inspectors;

And inserts in lieu thereof—

> Twenty naval architects or marine engineers, 20 special architects, 22 examiners, 12 attorneys, and 2 inspectors for each vessel.

That will be two inspectors for each vessel at each shipyard rather than as in the old law two inspectors at each shipyard.

Mr. MAPES. Are these positions already filled?

Mr. BLAND. Those positions under the old law are already filled.

Mr. MAPES. So that there will be no additional attorneys?

Mr. BLAND. No. None additional to those authorized in existing law.

Mr. WELCH. Mr. Speaker, I desire to compliment the gentleman from Michigan [Mr. MAPES] in protecting the civil service. I am a firm believer in civil service, and have so demonstrated on every occasion since I have been a Member of this House by voting for civil-service legislation. I do not think the selection of these additional highly skilled men should be restricted by civil service. This requires men of the very finest skill, men trained in this particular work. That is the motive for exempting them in the bill under consideration.

Mr. SEGER. And in addition to that, if the Civil Service were called on to provide these technicians, it would take 7 or 8 months to find them.

Mr. WELCH. Unless the Maritime Commission was successful in borrowing them from another department, as provided in the bill, it would take longer than 7 or 8 months. It requires years of training to bring naval architects, marine engineers, and inspectors to a point of efficiency where they are qualified for this particular service.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. BLAND. Mr. Speaker, there has been very generous debate upon the bill in the debate on the rule, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the second paragraph of section 23 of the Shipping Act, 1916, as amended, is amended to read as follows:

"All orders of the United States Maritime Commission, other than for the payment of money, made under this act, as amended or supplemented, shall continue in force until its further order, or for a specified period of time, as shall be prescribed in the order, unless the same shall be suspended, or modified, or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction."

SEC. 2. The second paragraph of section 3 of the Intercoastal Shipping Act, 1933, as amended, is amended by inserting before the last sentence of such paragraph a new sentence to read as follows: "At any hearing under this paragraph the burden of proof to show that the rate, fare, charge, classification, regulation, or practice is just and reasonable shall be upon the carrier or carriers."

SEC. 3. The first sentence of section 201 (e) of the Merchant Marine Act, 1936, as amended, is amended to read as follows: "Without regard to the civil-service laws or the Classification Act of 1923, as amended, the Commission may appoint and prescribe the duties and fix the salaries of a secretary, a director for each of not to exceed five divisions, a general counsel, a clerk to each member of the Commission, and not more than 3 assistants, not more than a total of 20 naval architects or marine engineers, 20 special experts, 22 examiners, 12 attorneys, and 2 inspectors for each vessel at each shipyard at which vessels are being constructed by it or under its supervision."

SEC. 4. Section 201 (f) of such act, as amended, is amended by inserting after the first sentence thereof a new sentence to read as follows: "Whenever any officer (not exceeding five in number at any time) of the Army, Navy, Marine Corps, or Coast Guard is detailed to the Commission, he shall receive from the Commission, for the period during which he is so detailed, such compensation as added to his pay and allowances as an officer in such service will make his aggregate compensation equal to the pay and allowances he would receive if he were the incumbent of an office or position in such service (or in the corresponding executive department), which, in the opinion of the Commission, involves the performance of work similar in importance, difficulty, and responsibility to that performed by him while detailed to the Commission."

SEC. 5. Subsection (c) of section 216 of such act, as amended, is amended to read as follows:

"(c) The Commission is hereby authorized to train American citizens to become licensed officers of the merchant marine of the United States in a status of cadets and cadet officers on Government-owned and subsidized vessels and, in cooperation with other governmental and private agencies, on other vessels and in shipyards, plants, and industrial and educational organizations, under rules and regulations prescribed by the Commission and upon such terms as the Commission may arrange, and expenditures incident to such training are hereby authorized.

"(d) The Commission is hereby authorized to prescribe, conduct, and supervise such extension and correspondence courses as it may deem necessary to supplement other training facilities, and to make such courses available, under such rules and regulations and upon such terms as it may prescribe, to the licensed and unlicensed personnel of the merchant marine, and to cadets and cadet officers who shall make application therefor. The Commission is further authorized to print, publish, and purchase suitable textbooks, equipment, and supplies required for such courses, and to employ persons, firms, and corporations on a contract or fee basis (without regard to the provisions of sec. 3709 of the Revised Statutes), for the performance of special services deemed necessary by the Commission in the preparation and editing of such textbooks and other aids to instruction, and in the supervision and administration of such courses.

"(e) The Commission, with the consent of any executive department, independent establishment, or other agency of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this section, as amended."

SEC. 6. The first sentence of section 502 (b) of such act, as amended, is amended to read as follows: "The amount of the reduction in selling price which is herein termed 'construction differential subsidy' may equal, but not exceed, the excess of the bid of the shipbuilder constructing the proposed vessel (excluding the cost of any features incorporated in the vessel for national-defense uses, which shall be paid by the Commission in addition to the subsidy), over the fair and reasonable estimate of cost, as determined by the Commission, of the construction of the proposed vessel if it were constructed under similar plans and specifications (excluding national-defense features as above provided) in a foreign shipbuilding center which is deemed by the Commission to furnish a fair and representative example for the determination of the estimated foreign cost of construction of vessels of the type proposed to be constructed."

SEC. 7. Title V of such act, as amended, is amended by adding at the end thereof a new section to read as follows:

"SEC. 510. (a) When used in this section—

"(1) The term 'obsolete vessel' means a vessel or vessels, each of which (A) is of not less than 1,350 gross tons, (B) is not less than 17 years old and, in the judgment of the Commission, is obsolete or inadequate for successful operation in the domestic or foreign trade of the United States, and (C) is owned by a citizen or citizens of the United States and has been owned by such citizen or citizens for at least 3 years immediately prior to the date of acquisition hereunder.

"(2) The term 'new vessel' means a vessel or vessels, each of which (A) is constructed under the provisions of this act, and is acquired within 2 years from the date of completion of such vessel, or is purchased under section 714, as amended, by the person turning in an obsolete vessel under this section, or (B) is hereafter constructed in a domestic shipyard on private account and not under the provisions of this act, and documented under the laws of the United States.

"(b) In order to promote the construction of new, safe, and efficient vessels to carry the domestic and foreign water-borne commerce of the United States, the Commission is authorized, subject to the provisions of this section, to acquire any obsolete vessel in exchange for an allowance of credit. The amount of such allowance shall be determined at the time the owner contracts for the construction or purchase of a new vessel. The allowance shall not be paid to the owner of the obsolete vessel but shall be applied upon the purchase price of a new vessel. In the case of a new vessel constructed under the provisions of this act, such allowance may, under such terms and conditions as the Commission may prescribe, be applied upon the cash payments required under this act. In case the new vessel is not constructed under the provisions of this act, the allowance shall, upon transfer of the obsolete vessel to the Commission, be paid, for the account of the owner, to the shipbuilder constructing such new vessel.

"(c) The utility value of the new vessel for operation in the domestic or foreign commerce of the United States shall not be substantially less than that of the obsolete vessel. The gross tonnage of the obsolete vessel may exceed the gross tonnage of the new vessel in a ratio not in excess of three to one, if the Commission finds that the new vessel, although of lesser tonnage, will provide utility value equivalent to or greater than that of the obsolete vessel.

"(d) The allowance for an obsolete vessel shall be the fair and reasonable value of such vessel as determined by the Commission. In making such determination the Commission shall consider: (1) The scrap value of the obsolete vessel both in American and in foreign markets, (2) the depreciated value based on a 20-year life, and (3) the market value thereof for operation in the world trade or in the foreign or domestic trade of the United States. If the owner of the obsolete vessel uses such vessel during the period of construction of the new vessel, the allowance shall be reduced by an amount representing the fair value of such use.

"(e) No gain shall be recognized to the owner for the purpose of Federal income taxes in the case of a transfer of an obsolete vessel to the Commission under the provisions of this section. The basis for gain or loss upon a sale or exchange and for depreciation under the applicable Federal income-tax laws of a new vessel acquired as contemplated in this section shall be the same as the basis of the obsolete vessel or vessels exchanged for credit upon the acquisition of such new vessel, increased in the amount of the cost of such vessel (other than the cost represented by such obsolete vessel or vessels) and decreased in the amount of loss recognized upon such transfer.

"(f) The Commission shall include in its annual report to Congress a detailed statement of all transactions consummated under the provisions of the preceding subsections during the period covered by such report.

"(g) An obsolete vessel acquired by the Commission under this section which is or becomes 20 years old or more, and vessels presently in the Commission's laid-up fleet which are or become 20 years old or more, shall in no case be used for commercial operation, except that any such obsolete vessel, or any such vessel in the laid-up fleet may be used during any period in which vessels may be requisitioned under section 902 of this act, as amended, and except as otherwise provided in this act for the employment of the Commission's vessels in steamship lines on trade routes exclusively serving the foreign trade of the United States."

SEC. 8. The last sentence in the first paragraph of section 603 (c) of such act, as amended, is amended to read as follows: "Such payments on account shall in no case exceed 75 percent of the amount estimated to have accrued on account of such subsidy, except that, with respect to that part of the subsidy relating to any particular voyage, an additional 15 percent may be paid to the contractor after such contractor's audit of the voyage account for such voyage has been completed and the Commission's auditors have verified the correctness of the same. Any such payments shall be made only after there has been furnished to the Commission such security as it deems to be reasonable and necessary to insure refund of any overpayment."

SEC. 9. The proviso at the end of section 604 of such act, as amended, is amended to read as follows: "*Provided*, That no such

additional subsidy shall be granted except upon an affirmative vote of four of the members of the Commission."

SEC. 10. The proviso at the end of section 607 (c) (3) of such act, as amended, is amended to read as follows: "*Provided*, That such reimbursement to the Commission, if so deferred, shall be payable upon termination of the contract from any amounts then in the special reserve fund and the capital reserve fund: *Provided further*, That if any amounts shall have been transferred to the general funds of the contractor from either of such reserve funds and not repaid thereto, or if prepayments of amounts not due before one year after the date of termination of the contract have been made from the capital reserve fund pursuant to subsection (b) of this section, then the balance of such reimbursement not paid out of said reserve funds shall be payable out of any other assets of the contractor, but the amounts so payable from such assets shall not exceed in the aggregate the sum of the amounts so transferred and not repaid, and the amounts of such prepayments;".

SEC. 11. (a) Section 705 of such act, as amended, is amended by adding at the end thereof a new sentence to read as follows: "No vessel constructed under the provisions of this act, as amended, shall be sold by the Commission for operation in the foreign trade for a sum less than the estimated foreign construction cost exclusive of national-defense features (determined as of the date the construction contract therefor is executed) less depreciation based on a 20-year life, nor shall any such vessel be sold by the Commission for operation in the domestic trade for a sum less than the cost of construction in the United States exclusive of national-defense features less depreciation based on a 20-year life."

(b) Section 706 (b) of such act, as amended, is amended by adding at the end thereof a new sentence to read as follows: "The Commission shall reject any bid for the charter (under sections 701 to 713, both inclusive, of this title, as amended) of any vessel constructed under the provisions of this act, as amended, if the charter hire offered by the bidder is lower than the minimum charter hire for such vessel would be if chartered under the provisions of section 714, as amended, of this title."

SEC. 12. Section 714 of such act, as amended, is hereby amended to read as follows:

"SEC. 714. If the Commission shall find that any trade route (determined by the Commission to be an essential trade route as provided in sec. 211 of this act) cannot be successfully developed and maintained and the Commission's replacement program cannot be achieved under private operation of such trade route by a citizen of the United States with vessels registered under the laws thereof, without further Government aid in addition to the financial aids authorized under titles V and VI of this act, the Commission is authorized to have constructed, in private shipyards or in navy yards, the vessel or vessels of the types deemed necessary for such trade route, and to demise such new vessel or vessels on bare-boat charter to the American-flag operator established on such trade route, without advertisement or competition, upon an annual charter hire of not less than 5 percent of the price (herein referred to as the 'foreign cost') at which such vessel or vessels would be sold if constructed under title V plus 3½ percent of the depreciated foreign cost computed annually upon the basis of a 20-year life of the vessel. Such charter may contain an option to the charterer to purchase such vessel or vessels from the Commission within 5 years after delivery thereof under the charter, upon the same terms and conditions as are provided in title V for the purchase of new vessels from the Commission, except that (a) the purchase price shall be the foreign cost less depreciation to the date of purchase based upon a 20-year life; (b) the required cash payment payable at the time of such purchase shall be 25 percent of the purchase price as so determined; (c) the charter may provide that all or any part of the charter hire paid in excess of the minimum charter hire provided for in this section may be credited against the cash payment payable at the time of such purchase; (d) the balance of the purchase price shall be paid within the years remaining of the 20 years after the date of delivery of the vessel under the charter and in approximately equal annual installments, except that the first of said installments, which shall be payable upon the next ensuing anniversary date of such delivery under the charter, shall be a proportionate part of the annual installment, interest to be payable upon the unpaid balances of 3½ percent per annum from the date of purchase.

"Such charter shall provide for operation of the vessel exclusively in foreign trade, or on a round-the-world voyage, or on a round voyage from the west coast of the United States to a European port or ports which includes intercoastal ports of the United States, or a round voyage from the Atlantic coast of the United States to the Orient which includes intercoastal ports of the United States, or on a voyage in foreign trade on which the vessel may stop at an island possession or island Territory of the United States, and if the vessel is operated in the domestic trade on any of the above-enumerated services, the charterer will pay annually to the Commission that proportion of one-twentieth of the difference between the domestic and foreign cost of such vessel as the gross revenue derived from the domestic trade bears to the gross revenue derived from the entire voyages completed during the preceding year."

SEC. 13. Section 806 of such act, as amended, is amended by adding at the end thereof a new subsection to read as follows:

"(d) Whoever knowingly and willfully violates any order, rule, or regulation of the United States Maritime Commission made or issued in the exercise of the powers, duties, or functions transferred to it or vested in it by this act, as amended, for which no penalty is otherwise expressly provided, shall upon conviction thereof be subject to a fine of not more than $500. If such violation is a continuing one, each day of such violation shall constitute a separate offense."

SEC. 14. Paragraph (8) of section 1104 (a) of such act, as amended, is amended by striking out the word "or" before the designation "(c)", and by inserting before the period at the end of the paragraph a semicolon and the following: "or (d) in the fishing trade or industry."

With the following committee amendments:

Page 3, lines 18 and 19, strike out "and in shipyards, plants, and industrial and educational organizations."

Page 9, strike out all of section 9 and insert in lieu thereof the following:

"SEC. 9. Section 604 of such act, as amended, is amended to read as follows:

"'SEC. 604. If in the case of any particular foreign-trade route the Commission shall find after consultation with the Secretary of State that the subsidy provided for in this title is in any respect inadequate to offset the effect of governmental aid paid to foreign competitors, it may grant such additional subsidy as it determines to be necessary for that purpose: *Provided*, That no such additional subsidy shall be granted except upon an affirmative vote of four of the members of the Commission.'"

The committee amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

EXTENSION OF REMARKS

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on two different subjects and include therein a letter from a farmer in the State of Iowa and another from a merchant in the State of Iowa.

The SPEAKER. Is there objection?

There was no objection.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

TO CREATE NEW NATIONAL FOREST UNITS IN MONTANA

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 26) to empower the President of the United States to create new national forest units and make additions to existing national forests in the State of Montana.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman explain just what this bill provides?

Mr. O'CONNOR. Yes; I will be very happy to explain briefly the bill. There are large acreages of public lands in Montana. The reason why it is imperative that this bill be passed now is to give the President the authority to transfer supervision of this land to the Forest Department so that we will have adequate fire protection. The fire protection afforded by the Forest Service is very effective. C. C. C. camps are used and these young men do heroic work along that line. In Montana it is now getting dry and hot and the fire season is on. That is one reason why I am asking for immediate consideration of this measure. As I said the main purpose of the bill is to provide fire protection to unprotected public lands from forest fires. The Department of Agriculture has stated the necessity for this bill better than I can state it:

MARCH 31, 1939.

Hon. RENÉ L. DEROUEN,
Chairman, Committee on the Public Lands,
House of Representatives.

DEAR MR. DEROUEN: Reference is made to your request of February 22 for a report on S. 26, an act to empower the President of the United States to create new national-forest units and make additions to existing national forests in the State of Montana.

From the passage of the act of March 3, 1891 (36 Stat. 1103), to that of the act of March 4, 1907 (34 Stat. 1271), a period of 16 years, the President of the United States had full power to create or enlarge national forests by proclamation or Executive order. By the act of March 4, 1907, that power was rescinded in relation to six of the Western States, including Montana. The bill E. 26 would restore that power in relation to the State of Montana.

At the time the restriction was placed upon the President's power to create or enlarge national forests in Montana, the whole national policy of conservation was in an acutely controversial stage. There also was widely prevalent a belief that the remaining unreserved and unappropriated lands of the United States had infinite and permanent potentialities for constructive and profitable private ownership and management. The ensuing 30-year process of trial and error has provided new and more dependable bases for consideration and decision. The soundness and necessity of a comprehensive national program of forest management and watershed protection is now generally recognized; as is also the indubitable fact that much of the wild land of the West does not produce enough to pay the costs of constructive and permanent private management and hence has little appeal to private interest for other than a quick exploitation of long-accruing resources, to be followed usually by tax deliquency and abandonment.

The entire situation has now so changed as to make unnecessary the checks and safeguards that might have been justified at the time the Presidential authority was withdrawn. The principles governing enlargement of the national forests have been well defined by precedent, practice, and procedure over a further period of 30 years. Before national-forest units or additions are recommended, they are thoroughly analyzed by the Land Use Coordinating Committee of the Department, with particular attention to their relationship to, or effect upon, the plans of other bureaus or departments. The proclamations or Executive orders placing public-domain lands in a national-forest status are drafted by the Department of the Interior and submitted to the President through the Bureau of the Budget, the Attorney General, and the Department of State. Such a procedure would seem to obviate any possibility that final action would be taken without full information or complete consideration of all aspects of the proposal and full opportunity for the several executive departments directly concerned to record their views and recommendations.

The degree to which the proposed legislation would increase the costs of administering the national forests cannot be foretold with any accuracy, since it will depend upon the number, size, and situation of the projects which might be approved by the President. In all probability most of the additions which might be made would be of areas marginal to the present boundaries of national forests and susceptible to effective management without appreciable increase in present personnel or expenditures. No really material increase in costs of administration as a result of the proposed act can now be foreseen.

In the opinion of this Department, enactment of the bill, S. 26, would be in the public interest and, therefore, is recommended.

Upon reference of this matter to the Bureau of the Budget, as required by Budget Circular 344, the Acting Director thereof advised the Department of Agriculture under date of February 18, 1939, that there would be no objection on the part of that office to the submission to Congress of this proposed report.

Sincerely,

HARRY L. BROWN,
Acting Secretary.

Mr. MARTIN of Massachusetts. How much acreage is involved?

Mr. O'CONNOR. There are hundreds of thousands of acres, but it is all public land at the present time. This bill has already passed the Senate.

Mr. MARTIN of Massachusetts. As I understand it, it is a unanimous report from the Committee on Public Lands?

Mr. O'CONNOR. The Committee on Public Lands considered the bill and reported it out unanimously with an amendment, which I proposed myself, limiting the area, and I am going to ask the House to vote down the committee amendment which, as I said, I proposed. I limited the area to three counties, and I find demand for the bill from all over the State.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DIRKSEN. Has this been administered by the Interior Department heretofore?

Mr. O'CONNOR. It has been administered by both the Interior and Agricultural Departments heretofore.

Mr. DIRKSEN. So only jurisdiction control is being vested in the Forest Service?

Mr. O'CONNOR. Yes; the gentleman is correct.

Mr. MARTIN of Massachusetts. The gentleman has discussed the question of bringing this bill up with the gentleman from California [Mr. ENGLEBRIGHT]?

Mr. O'CONNOR. I have discussed it with the gentleman from California, the ranking minority member, and I have his O. K. I likewise discussed it with the chairman of the Committee on Public Lands, the majority leader, and the minority leader of the House, and have their approval of consideration.

Mr. CHURCH. What is the number of the House bill?

Mr. O'CONNOR. I introduced a companion House bill, but I asked the Public Lands Committee to report Senator WHEELER's bill instead of mine, as his bill has already passed the Senate.

Mr. CHURCH. What is the number of that bill?

Mr. O'CONNOR. I do not now recall the number of my bill.

Mr. CHURCH. Was it on the Consent Calendar?

Mr. O'CONNOR. No; it is on the Union Calendar.

Mr. CHURCH. This bill is on the Consent Calendar for next Monday.

Mr. O'CONNOR. Yes. I requested that that be done yesterday to insure passage at this session.

Mr. CHURCH. What is the number of the House bill?

Mr. O'CONNOR. As I said, I cannot give that to the gentleman now. I will have it Monday when the bill is reached.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States is authorized, in his discretion, to add to existing national forests, or to include within new national forests, by proclamation or Executive order, any unappropriated public lands in the United States situated in the State of Montana, which, in his opinion, are chiefly valuable for the production of timber or the protection of watersheds: *Provided,* That the inclusion of such lands within a national forest shall be subject to any claim, entry, or appropriation under the public land laws then valid and subsisting and thereafter legally maintained.

SEC. 2. All previous acts and parts of acts in conflict herewith are hereby repealed insofar as they apply to the State of Montana.

With the following committee amendment:

Page 1, line 7, after the word "Montana", insert "in the counties of Fergus, Lincoln, and Missoula."

The SPEAKER. Without objection, the committee amendment is rejected.

There was no objection, and the committee amendment was rejected.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

Mr. LEWIS of Colorado. Mr. Speaker, I call up House Resolution 250.

The Clerk read as follows:

House Resolution 250

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 281, an act to amend further the Civil Service Retirement Act, approved May 29, 1930. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. LEWIS of Colorado. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

I yield myself 5 minutes, Mr. Speaker.

This is an open rule providing for 1 hour of general debate on the bill S. 281. The matter comes from the Civil Service Committee.

I yield at this time 10 minutes to the author of the bill, the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, this bill passed the Senate sometime back. The House Committee on the Civil Service has stricken out the Senate language and inserted new language amending the civil service retirement law in certain particulars which I will discuss briefly.

Under existing law there are three mandatory retirement ages for different groups of employees who have different occupations. One group retires at the age of 62, another at the age of 65, and another at 70. Under this proposal we eliminate the 62-year group and move them up to the age of 65, leaving only two mandatory retirements, at the ages of 65 and 70.

Under the present law these three groups have the option of retiring at the age of 60, 63, and 68. Under the committee proposal all three groups, or the two that are left after our amendment is adopted, if it is adopted, would have the right of retirement at the age of 60, after 30 years' service.

The present law provides that a person who is retired for disability and thereafter recovers, remains on the retirement rolls only 90 days. We are extending that time to 1 year in order to give the employee who recovers a further opportunity to find reinstatement in the Government service.

Under the present law all claims for disability annuity must be executed prior to the employee's separation from the service, or within 6 months thereafter. We are waiving this 6 months' limitation in the present proposal in the case of employees who at the date of separation or within 6 months thereafter have been adjudged mentally incompetent. We found a few cases where we thought hardship had been worked, and we are attempting to relieve that.

Under the existing law after 45 years of age with 15 years' service an employee may elect to receive an annuity at age 55 of the value that he would receive at age 62. Under the committee proposal we are changing the required service to 5 years and provide that any person may receive an annuity at age 55, if involuntarily separated from the service, which shall be the equivalent of an annuity which he otherwise would receive at age 62.

In addition, we are including in this bill postmasters. They were not included in the original act. In this bill also we are giving the option to Members of Congress and United States Senators to participate in the act if they so desire.

We are raising the contribution required from 3½ to 5 percent of the basic salary. We are also providing that the Government's part of the annuity shall be no less than that purchased by the money contributed to the fund by those who come under the law.

Another change we are making in the act is to provide that any person affected by the act may at the time of retirement elect to receive a lesser annuity and leave the remainder of his annuity to a named beneficiary. No doubt most of you have received letters from people in the Government service advocating the so-called widow's annuity. This bill makes provision by which employees may take care of their widows or other named beneficiaries, but it does not increase the total annuity; it simply means a division of the annuity at the time of retirement.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. DINGELL. I am, of course, mindful of the gentleman's interest in and his very fine service to the Federal workers generally. It has been my policy as a rule to follow the gentleman in matters of legislation almost entirely on faith. I am not familiar with the provisions of the bill as amended by the Senate, but my understanding is that the bill has the almost universal approval of the Federal employees generally. Is that right?

Mr. RAMSPECK. The gentleman is correct. While there may be some details in it that they would prefer to have changed, in the main they approve it. There are three groups of employees who come under this act who are organized. One group is composed of several organizations affiliated with the American Federation of Labor and belong to what is known as the Joint Conference on Retirement. Mr. Robert H. Alcorn is chairman of that group, and he has issued a letter to the Members of Congress endorsing this bill and asking for its passage. Another group, generally speaking, is affiliated with what is known as the National Legislative Council, headed by Mr. Luther Steward. They have likewise asked for the passage of the bill. There is a third group, headed by Mr. Jacob Baker, which has also endorsed the bill. So I can say that so far as I know every group of organized employees in the Government service favor the passage of the bill.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. MURDOCK of Arizona. I wish to second heartily the remarks of my colleague from Michigan to the effect that we recognize the gentleman's [Mr. RAMSPECK's] leadership in work affecting the welfare of the Federal employees. As I understand it, the pending bill includes postmasters.

Mr. RAMSPECK. Yes.

Mr. MURDOCK of Arizona. I am not quite clear about the provision under which Members of Congress and United States Senators may participate in the retirement plan. Will the gentleman elaborate on that?

Mr. RAMSPECK. Some 2 or 3 years ago we amended the Civil Service Retirement Act to permit our secretaries, clerks of committees, and legislative employees generally, at their option, to participate in this law. We are now presenting the same right to Members of Congress and Senators, giving them 6 months after the effective date of the act to notfiy either the Clerk of the House or the Secretary of the Senate. If they desire to participate in it, they must do so upon the same terms and with benefits limited to the same amount which the 540,000 people who now come under this act receive. They would pay in after January 1 of next year 5 percent of their salaries. If they wish to get credit for their back service, their prior service, they would pay for it at the rate applicable at the time of the service: At the present time 3½ percent, and from 1920 to 1926, 2½ percent.

This will not furnish any large annuity to anybody. It is a contributary plan based upon the same principle which has been successfully applied to the Federal employees since 1920, and it embodies the same principle that we find in title II of the Social Security Act where the employee, or the beneficiary, must contribute half of the cost. It will not furnish any great annuity, but it would furnish to a man who served here for 30 years a very nice annuity in the future. For the back service it will not be quite as large, because the deductions required to be paid for back service are less, and that reduces the amount to the person who receives it.

The annuity received is based on an actuarial computation made at the time he retires based on the life expectancy of the man. It is not, therefore, possible for me to tell exactly what amount any particular individual would receive, but I can assure you that it is slightly more beneficial than one would get from a private insurance company, and still it is fair to the taxpayer.

Mr. RANDOLPH rose.

Mr. RAMSPECK. Mr. Speaker, I yield to the gentleman from West Virginia.

Mr. RANDOLPH. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I want to add my word of congratulation to the gentleman who is the distinguished chairman of the House Civil Service Committee. It has been my pleasure to serve under and with him for 7 years on what I consider to be one of the important committees of this House. I am sure the gentleman will agree with me that the civil-service retirement program is designed primarily to effectuate a proper and humane method of retiring those individuals from employment in the Federal Government when they become disabled or who through advanced age are not able to properly perform their duties in the Government. The gentleman, I am sure, feels as I do that this legislation improves the civil service retirement system.

Mr. RAMSPECK. I agree with the gentleman. I think these amendments will be beneficial both to the Government and to the employees.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is retirement at the ages mentioned for the different employees compulsory?

Mr. RAMSPECK. The compulsory age, if this amendment is adopted, will be 65 for the postal groups and those engaged in what might be called hazardous occupations, like the navy-yard workers. It is 70 for all other groups.

Mr. WHITTINGTON. And the age of 70 would apply to postmasters?

Mr. RAMSPECK. Yes; the age of 70 would apply to postmasters.

Mr. WHITTINGTON. Will that age apply to Senators and Members of Congress?

Mr. RAMSPECK. No. There is no mandatory age applied to legislative employees, nor will there be to Members of Congress or Senators. They can serve until they are 100 years of age if they could be reelected for that long.

Mr. PACE. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Georgia.

Mr. PACE. I have two questions to ask. First, what is the reason for and the result of the increase in the contribution from 3½ to 5 percent? Secondly, how will the postmaster retirement feature operate with reference to back years served by a postmaster?

Mr. RAMSPECK. The back years served by a postmaster can be counted for the purpose of receiving an annuity provided he pays up for the back time, just like we will have to do if we come under it.

The reason for the increase is twofold. In the first place, it will produce a larger annuity and a great many of the employees want that because they want to build up a larger annuity so that they can provide for their widows or some named beneficiary. In the second place, it will reduce the Government part of the cost. When this law was drafted in 1930 it was designed largely for the benefit of the lower pay groups and it is quite generous insofar as they are concerned. Because of a minimum annuity provision in the law, the Government must pay and does pay a deficiency cost as to that group of employees.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. DINGELL. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Michigan.

Mr. DINGELL. I would like to ask the gentleman from Georgia a question with regard to permanent and total disability. Is there any provision in this retirement act which grants benefits at an earlier date in case of total or permanent disability?

Mr. RAMSPECK. Yes. Any employee or any person who comes under the act and is totally disabled at any time after 5 years of service can get an annuity. The amount of it, of course, will be based upon length of service and the age of the employee at the time the disability occurs.

Mr. DINGELL. The principle of permanent and total disability is included in the bill?

Mr. RAMSPECK. Yes. There have been a number of employees retired for total disability.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. What is the percentage of increase in the Federal contribution toward the retirement and annuity payments under the provisions of this bill, if there be an increase? Is there an increase in the Federal contribution and if so, how much?

Mr. RAMSPECK. We are providing that the Government's part of the annuity shall not be less than that purchased by the savings of beneficiaries under the act.

Mr. WHITTINGTON. I recall that statement, but is that an increase over the present contribution?

Mr. RAMSPECK. It is an increase in a small percentage of cases. It will affect only those employees who are getting larger salaries. Under the present law they are discriminated against in favor of those who earn $2,000 a year and less.

Mr. WHITTINGTON. What is the percentage of increase for the lower salaries?

Mr. RAMSPECK. It cannot be named in percentages because it varies with different salaries; but in no event will the Government pay to those benefited by that provision more than 50 percent of the cost of the annuity.

Mr. WHITTINGTON. The gentleman cannot give us an estimate of the increased Federal cost?

Mr. RAMSPECK. Does the gentleman mean the amount in dollars?

Mr. WHITTINGTON. Yes.

Mr. RAMSPECK. It would be very little. I have not the exact figures, but it would be a small amount.

Mr. DONDERO. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Michigan.

Mr. DONDERO. Will the gentleman explain to the House what the amount of the annuity would be to a person who became permanently disabled, or would that be determined upon the amount that he had contributed to the fund?

Mr. RAMSPECK. It would be governed by the amount he had contributed to the fund, and his age would be taken into consideration also. Of course, I cannot figure that out unless I have a specific case, and even then I could not do it instantaneously. It is an actuarial computation.

Mr. DONDERO. His contribution to the fund would be one of the determining factors?

Mr. RAMSPECK. Yes.

Mr. SNYDER. And the years of service enter into that also?

Mr. RAMSPECK. Yes; years of service would determine the amount he paid in.

[Here the gavel fell.]

DISTRICT OF COLUMBIA APPROPRIATION BILL—CONFERENCE REPORT

Mr. COLLINS submitted the following conference report and statement on the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 61, 62, 63, 64, 65, 67, 68, 69, 70, and 71.

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$6,000,000"; and on page 2, line 8 of the bill after the word "Columbia," insert the following: "and this Act shall be effective as of July 1, 1939, and any appropriations and authority contained herein shall have the same force and effect between June 30, 1939, and the date of the enactment of this Act as though the same had become law on July 1, 1939; and the acts of any officer or employee performed during such period in anticipation of the appropriations or authority contained herein shall not be invalidated, declared ineffective, or questioned solely because of the lack of such appropriations or authority during such period,"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows: Omit the matter stricken out and inserted by said amendment; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$1,623,000"; and the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "$900,000, and not to exceed 10 per centum of this appropriation and of Federal grants reimbursed under this appropriation shall be expended for personal services, including the employment of one general superintendent of public assistance services at $5,600 per annum, one assistant superintendent of such services at $4,600 per annum, and one stenographer-typist (secretary) at $2,000 per annum, to be appointed without reference to civil-service requirements,"; and the Senate agree to the same.

ROSS A. COLLINS,
GEORGE MAHON,
KARL STEFAN,
FRANCIS CASE,
Managers on the part of the House.

JOHN H. OVERTON,
CARTER GLASS,
ELMER THOMAS,
WILLIAM H. KING,
GERALD P. NYE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1: Appropriates $6,000,000 as a Federal contribution to the operation of the government of the District of Columbia, instead of $5,000,000, as proposed by the House, and $7,750,000, as proposed by the Senate, and provides that the provisions of the act and the action of administrative officers in anticipation of enactment shall be effective as if such act had been approved on July 1, 1939.

On amendment No. 59: Provides $229,000 for the construction of an eight-room addition to the Ketcham School, as proposed by the Senate.

On amendment No. 60: Strikes out the provision of the House appropriating $20,000 for plans and specifications for a new building to house the Abbott Vocational School, and eliminates the provision of the Senate with reference to this school.

On amendments Nos. 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, and 71, relating to school buildings and grounds: Strikes out the Senate amendments providing for plans and specifications for new buildings to replace old elementary schools and for the purchase of land for such new school buildings, and corrects the totals for such items.

On amendment No. 101: Appropriates $900,000 for relief in the District of Columbia, as proposed by the House instead of $1,500,000, as proposed by the Senate, and provides that 10 percent of such sum shall be available for personal services, instead of 8½ percent, as proposed by the House, and the elimination of any limitation on personal services, as proposed by the Senate.

ROSS A. COLLINS,
GEORGE MAHON,
KARL STEFAN,
FRANCIS CASE,
Managers on the part of the House.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill H. R. 5610.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman from Mississippi explain what has happened in connection with this conference report?

Mr. COLLINS. The conferees have agreed on a lump-sum contribution by the Federal Government toward the operation of the government of the District of Columbia of $6,000,000 applicable only to the next fiscal year. No agreement with reference to any future years has been reached, because this bill deals entirely with the fiscal year 1940.

Mr. DINGELL. No commitments of any kind have been made?

Mr. COLLINS. No commitments whatever.

As to the appropriation for relief, the House figure of $900,000 is retained. That is the same amount provided for the last fiscal year with regard to the consolidation of elementary schools, the Senate has yielded on all amendments relating to this proposal.

These three subjects constitute practically all the matters which remain in disagreement between the two Houses.

Mr. RANDOLPH. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. Is my understanding correct that all the House conferees are in agreement on this matter that the chairman presents to us from the appropriations subcommittee?

Mr. COLLINS. I am certain they are all in agreement. All the Members have signed except the gentleman from Massachusetts [Mr. CASEY], who, I understand, is out of the city.

Mr. RANDOLPH. The gentleman has every reason to believe, then, that this is a unanimous report?

Mr. COLLINS. I would say it was unanimous, although I would say that the consent to the $6,000,000 contribution is begrudgingly given.

Mr. RANDOLPH. May I say, because of the gentleman's statement in connection with the lump-sum contribution of $6,000,000, that I imagine this action is predicated on the feeling on the part of the House conferees on the District appropriation bill that there is a critical condition connected with the financial status of the District of Columbia?

Mr. COLLINS. The agreement was reached purely and simply because a critical condition exists in the District of Columbia and the committee felt the necessity of passing an appropriation bill.

Mr. RANDOLPH. I wish to personally congratulate the gentleman because I do feel that this is a critical time, and I am very certain the action of the committee comes at a most opportune time.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, as the chairman of the District of Columbia Subcommittee of the Appropriations Committee has explained, this agreement was reached between your committee and the Senate committee just a little while ago because a critical condition does exist in the District of Columbia. It is so critical that newspaper headlines scream that money must be borrowed from local banks to pay the District bills.

With regard to our yielding on the $6,000,000 figure as compared with the House figure of $5,000,000, I should like to state that we found ourselves in an impasse and yielded begrudgingly to the Senate. I wish to call the attention of the Members of the House to the fact that your committee started out facing a figure of something like $8,000,000 or more as the lump-sum contribution of the Federal Government to the District. We have been opposed to that amount. Had this critical situation not arisen, I am sure we would not have yielded on the $6,000,000 figure. But it is merely your committee's report and it is now up to you—every one of you to vote on this report. You can vote against the report and we will go back and fight some more with the Senate. For one, I am willing to do that, as I feel the House figure is sufficient.

I believe your committee should be credited with a considerable amount of saving. I believe the saving will run over $3,000,000 or $4,000,000, as you will discover if you give some of your valuable time to a reading of the bill as it comes before you today on the conference report.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman from Mississippi yield?

Mr. COLLINS. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I should like to call the attention of the House to the fact that this is merely a report on the District appropriation bill; that in this bill there is absolutely no attempt to direct a mandate to the legislative committee with regard to taxation. There is nothing in this report that tells the District legislative committee what kind of a tax bill they should write. I sincerely hope the District legislative committee will take that example to heart and not in a tax bill attempt to dictate to the Appropriations Committee what it shall appropriate.

The objection that was raised to the report of the conferees on the District tax bill the other day, from the standpoint of some of us, was based on the fact that the report directly and specifically directed an appropriation for the next fiscal year and for each year thereafter a certain amount. I submit to the Members that the appropriation should be based upon the showing of the need for appropriations as this showing is made before the Appropriations Committee.

As has been stated, the conference report comes in here as a unanimous report from the conferees because of the condition existing. We have passed the opening of

the new fiscal year and the semimonthly pay day comes tomorrow. The other body originally asked for $7,750,000; the House had appropriated $5,000,000. The other body then asked for $6,500,000. So we feel that in finally setting the figure at $6,000,000 we had come more nearly to the House figure, which was based on what, in the evidence before the Appropriations Committee, seemed to be what was needed.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I merely wish to emphasize the fact that when we brought in a conference report on the District revenue bill we did seek to emphasize the emergent and critical condition that faced the District of Columbia. It is rather interesting, of course, to hear the members of the Appropriations Committee indicate now that this increase to $6,000,000 was begrudgingly done. There rings in my mind a little couplet from the Vision of Sir Launfal—

> Not what we give, but what we share,
> For the gift without the giver is bare.

I think the givers might have gone along with the gift, since they gave the $6,000,000.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is there any provision in this conference report on the appropriations bill for the collection of taxes for the support of the revenues of the District for the next fiscal year, 1940?

Mr. COLLINS. No; this bill will enable the District Commissioners to levy taxes.

Mr. WHITTINGTON. Just as they have done during the year 1939, even if we do not pass the tax bill.

Mr. COLLINS. That is right.

Mr. Speaker, I yield to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, in reply to what the gentleman from Illinois has said in reference to the words "begrudgingly given," I would like to call the attention of the membership of the House to the fact that your committee has been working many weeks on this appropriation bill, and, so far as I am concerned, I do not believe anybody in Washington or anyone in this House really knows right now whether $2,500,000 or $5,000,000 or $8,000,000 is the correct lump sum which should be given to the District of Columbia by the Federal Treasury. Who really knows what we should give, if anything? We believed after the justifications given to us that $5,000,000 was enough. So far as I am concerned, I believe, from the evidence presented to our committee, that $5,000,000 is more than enough. My chairman believes that. Practically every member of our committee believes that, and yet we are confronted with a critical and a serious condition which the Commissioners of the District of Columbia have to face. We find the Senate, which demands $8,000,000, will not yield further. We were faced with 135 or more amendments by the body at the other end of the Capitol, most of them making increases, most of which we succeeded in eliminating.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield for a question?

Mr. COLLINS. I yield to the gentleman from Kansas.

Mr. REES of Kansas. And yet the fact remains you spent or appropriated $1,000,000 more of the taxpayers' money than the House intended to spend.

Mr. STEFAN. There is no question about that. The gentleman from Kansas knows of my attitude against this spending. I tell him now that every penny of this $6,000,000 represents taxpayers' money from the States of Nebraska, Kansas, Mississippi, and all the other States of the Union. Something should be done in the District of Columbia to give correct information to this body or the members of the Appropriations Committee so that we may be fair to the people of the District of Columbia and yet be fair to the taxpayers of the various States which we represent. Once the lump sum given was far in excess of the amount here. Once it was far less. All of the compromises have been through guesswork. The people of the District believe because we have Government property here and the city renders much service for the Federal Government the lump sum should be equal to the service rendered. Congress wants to be fair. Because no one really knows how much the total should be, there is criticism for both sides. So here is a compromise by Members from both House and Senate. There are only three of us. There are 435 Members of this House. Everyone of you is a member of the council for this town. If you think this amount is too much, all you have to do is vote against this report and cut the amount down. I will go along with you. But in the future let us be furnished with the fair amount to which this city is entitled. I know the people in my State want me to be square with the people of Washington and also protect our Treasury.

Mr. BOREN. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from Oklahoma.

Mr. BOREN. Is it not true that the amount provided in the bill was raised by the Senate to more than $7,000,000?

Mr. COLLINS. It was raised $7,750,000 by the Senate, and this conference agreement fixes the amount to be contributed by the Federal Government at $6,000,000.

Mr. BOREN. Mr. Speaker, I would like to make the observation that I am not going to object to this bill today, but I am serving notice now that any time the Senate raises the District of Columbia appropriation bill from what the House provides from now on, I shall object if the matter is brought up under a similar situation.

Mr. Speaker, inquiries from my colleagues concerning the enormous salaries paid in the motion-picture industry leads me to place in the RECORD this article from the New York Sun. There is still a worse side of the picture, and that is the thousands of legitimate workers in the film industry who are maltreated and paid starvation wages. The situation would more easily be recognized to have opposite each name of these high-paid executives, the list and annual income of those thousands of extras, stand-ins, property men, and so forth.

Mr. Speaker, one phase of the comprehensive program which is being developed for consideration of the Congress is the divorcement of production from exhibition in the motion-picture industry. Some of my colleagues have made particular inquiry as to the constitutionality of such a proposal. I submit a brief memorandum with reference to that question:

[From the New York Sun of April 7, 1939]

LIST OF HIGH-PAID FILM FOLK

WASHINGTON, April 7.—Motion-picture players, directors, and executives who receive $50,000 or more in salary or other compensation, as listed by the Treasury for the House Ways and Means Committee, which made the information public today, included these:

Loew's, Inc.: N. M. Schenck, president, $260,785 in 1936 and $489,602 in 1937; David Bernstein, vice president and treasurer, $151,457 in 1936 and $320,416 in 1937; A. L. Lichtman, vice president, $129,000 in 1936 and $147,000 in 1937; L. Friedman, secretary and general counsel, $57,577 in 1936; C. C. Moskowitz, general manager of theaters, $71,944 in 1936; Louis K. Sidney, talent executive, $71,625 in 1936; A. M. Loew, first vice president, $356,074 in 1937; J. Robert Rubin, vice president, $641,123 in 1937; Louis B. Mayer, Culver City, Calif., production executive, $1,161,753 in 1937; Robert Lynch, district sales manager, $51,450 in 1937; William Rogers, sales manager, $50,900 in 1937; Ludwig Lawrence, Paris office supervisor, $57,000 in 1937; S. Eckman, Jr., London office supervisor, $154,302 in 1937; Howard Dietz, New York, publicity, $52,500.

Metro-Goldwyn-Mayer Corporation: 1936, Louis B. Mayer, vice-president, $168,625; Irving Thalberg, vice president, $167,875; Harry Rapf, vice president, $104,000; Edward J. Mannix, vice president, $130,000; Lionel Barrymore, actor, $129,174; John Barrymore, actor, $33,333; Freddy Bartholomew, actor, $39,833; Wallace Beery, actor, $203,750; Sam Behrman, writer, $57,000; Constance Bennett, actress, $38,125; Richard Boleslawski, director, $78,050; Clarence Brown, director, $156,000; Charles Butterworth, actor, $57,749; Lenore Coffee, writer, $52,616; J. J. John, $55,500; J. W. Considine, Jr., director, $77,875; Jack Conway, director, $147,083; Jacky Cooper, actor, $43,225; Joan Crawford, actress, $302,307; George Cukor, director, $194,166; Nelson Eddy, actor, $47,541; Stuart Erwin, actor, $49,791; Madge Evans, actress, $48,386; Seymour Felix, dance director, $54,291; Victor Fleming, director, $85,500; Sidney Franklin, director, $118,750; Jules Furthman, $81,791; Clark Gable, actor, $235,333; Greta Garbo, actress, $190,000; Cedric Gibbons, art director, $55,750; Edmund Goulding, director, $169,500; Albert Hackett,

writer, $66,791; Jean Harlow, actress, deceased, $146,130; Ted Healy, actor, $57,901; Lucien Hubbard, supervisor, $131,250; Benita Hume, actress, $65,833; B. H. Hyman, supervisor, $129,000; Horace Jackson, writer, $65,500; Talbot Jennings, $51,850; Allan Jones, actor, $63,333; Sam Katz, executive, $119,583; Fritz Lang, director, $59,333.

Vincent Lawrence, $73,666; Robert Z. Leonard, director, $156,000; Albert Lewis, supervisor, $63,375; Louis A. Lighton, producer, $127,083; Myrna Loy, actress, $123,916; Jeannette MacDonald, actress, $219,400; John Lee Mahin, writer, $56,499; Herman Mankiewicz, writer, $51,875; Joseph Mankiewicz, director, $79,066; John Meehan, writer, $59,583; Frances Marion, writer, $79,166; James McGuinness, writer, $51,875; William A. McGuire, writer, $97,000; Robert Montgomery, actor, $142,000; Frank Morgan, actor, $74,367; Paul Muni, actor, $218,750; Edna May Oliver, actress, $71,791; Reginald Owen, actor, $57,391; Cole Porter, writer, $75,000; William Powell, actor, $164,533; Louise Rainer, actress, $54,124; Basil Rathbone, actor, $56,500; Walter J. Rubin, director, $55,541; George Seitz, director, $57,016; Edgar Selwyn, director, $113,208; Norma Shearer, actress, $150,000; Sid Silvers, writer, $51,083; John M. Stahl, producer, $96,250; Barbara Stanwyck, actress, $45,000; Lewis Stone, actor, $51,914; Hunt Stromberg, supervisor, $197,583; Benjamin Thau, executive, $60,283; Franchot Tone, actor, $76,250; Spencer Tracy, actor, $115,000; W. S. Van Dyke, director, $164,500; Hugh Walpole, writer, $50,416; Clifton Webb, actor, $63,000; Lawrence Weingarten, supervisor, $84,125; William Wellman, director, $128,625; Cary Wilson, writer, $52,000; Sam Wood, director, $114,433; Maurice Chevalier, actor, $74,186.

MAYER GOT $134,750

Metro-Goldwyn-Mayer Corporation, New York: 1937, Louis B. Mayer, vice president, $134,750; J. Robert Rubin, vice president and secretary, $53,000; E. J. Mannix, vice president, $157,500; Sam Katz, supervisor, $156,000; Harry Rapf, producer, $110,166; Zoe Akins, writer, $76,500; Dorothy Arzner, director, $50,250; Lionel Barrymore, actor, $132,739; John Barrymore, actor, $34,500; Freddy Bartholomew, actor, $36,899; Wallace Beery, actor, $190,000; Frank Borzage, producer, $87,000; Clarence Brown, producer, $159,000; Nacio Herb Brown, song writer, $53,166; Arlington Brugh (Robert Taylor), actor, $173,352; Joseph Calleia, actor, $55,800; J. J. Cohn, production manager, $63,600; John W. Considine, Jr., producer, $92,750; Jack Conway, director, $168,621; Joan Crawford, actress, $351,538; George Cukor, director, $72,083; Roy del Ruth, director, $148,375; Melvin Douglas, actor, $59,416; Nelson Eddy, actor, $103,166; Madge Evans, actress, $48,196; Seymour Felix, dance director, $51,041; Nat Finston, music department manager, $56,516; Victor Fleming, director, $160,000; Sidney Franklin, director, $128,583; Arthur Freed, song writer, $52,970; Jules Furtham, writer, $84,975; Clark Gable, actor, $289,000; Greta Garbo, actress, $472,499; Cedric Gibbons, art director, $68,250; Ben Goetz, supervisor of foreign productions, $56,500; Leon Gordon, writer, $51,166; Jean Harlow, actress, deceased, $104,967; Ted Healy, actor, $69,998; Samuel Hoffenstein, writer, $64,625; Robert Hopkins, writer, $50,350; Lucien Hubbard, supervisor, $66,250; B. H. Hyman, producer, $165,458; Allan Jones, actor, $83,338; Gus Kahn, song writer, $53,000; Guy Kibbee, actor, $50,333; William Koenig, executive, $31,125; Norman Krasna, producer, $83,000; Robert Z. Leonard, producer, $160,000; Louis Lighton, writer and producer, $158,250; Edmund Lowe, actor, $105,416; Jeannette MacDonald, actress, $238,299; Herman Mankiewicz, writer, $61,250; Joseph Mankiewicz, producer, $66,774; Jack McGowan, writer, $78,350; James K. McGuinness, writer, $66,650; Una Merkel, actress, $50,224; William Anthony McGuire, writer and producer, $102,583; Robert Montgomery, actor, $243,250; Frank Morgan, actor, $84,983; John Lee Mahin, writer, $72,791; Edna May Oliver, actress, $94,458; Cole Porter, song writer, $76,500; Eleanor Powell, actress, $79,125; William Powell, actor, $246,110; Luise Rainer, actress, $61,499; Howard E. Rogers, writer, $60,950; Sigmund Romberg, song writer, $79,000; J. Walter Ruben, director, $70,000; Peter Schmid, producer, $53,000; George Seitz, director, $77,533; Edgar Selwyn, motion picture director, $119,245; John Stahl, director $107,250; Ben Thau, executive, $81,750; Franchot Tone, actor, $107,291; Spencer Tracy, actor, $91,750; Sophie Tucker, actress, $48,888; W. S. Van Dyke, director, $178,916; Ernest Vajda, writer, $76,500; Larry Weingarten, producer, $119,000; Myrna Loy, actress, $152,583; Reginald Owen, actor, $71,525; Jo Swerling, writer, $50,853; Lewis Stone, actor, $48,500; Hunt Stromberg, producer, $265,500; Herbert Stothard, music composer, $59,175; Carey Wilson, writer, $55,350; Sam Wood, director, $134,304; Robert Young, actor, $58,625.

J. Robert Rubin, New York, vice president and secretary, Metro-Goldwyn-Mayer Distributing Corporation, $60,131; Felix Feist, vice president, $57,600; N. M. Schenck, president, Metro-Goldwyn Pictures Corporation, $52,000; David Bernstein, vice president and treasurer, $62,400.

WARNERS GOT $86,666 EACH

Warner Brothers Pictures, Inc.: 1936—H. M. Warner, Albert Warner, and L. L. Warner, $86,666 each; A. C. Thomas, secretary, $77,900; S. P. Friedman, vice president, $52,000; Sam E. Morris, vice president, $78,000; Herman Starr, vice president, $52,000; Jacob Wilk, scenario department manager, $52,000; Robert W. Schless, European sales manager, $51,534; Harold Arlen, song writer, $58,541; Lloyd Bason, director, $113,375; Busby Berkeley, director, $73,750; Sam Bischoff, supervisor, $78,208; Joan Blondell, actress, $84,799; Frank Borzage, director, $109,000; Joe Brown, actor, $201,562; Harry J. Brown, supervisor, $87,875; James Cagney, actor, $49,833; Marc Connelly, writer, $66,500; Michael Curtiz, director, $107,200; Delmar Daves, writer, $60,900; Bette Davis, actress, $43,133; William Dieterle, director, $90,833; Al Dubin, song man $51,016; Ray Enright, director, $53,750; Kay Francis, actress, $227,500; Al Green, director, $95,000; E. Harburg, musician, $58,541; Howard Hawks, director $63,000; Edward E. Horton, actor, $35,208; Leslie Howard, actor, $185,000; Al Jolson, actor, $85,424; Guy Kibbee, actor, $68,500; William Koenig, executive, $52,208; Warren William Kreck, actor, $85,249; Mervyn Leroy, director, $146,000; Robert Lord, executive, $101,466; Archie Mayo, director, $116,708; Victor Moore, actor, $23,333; Paul Muni, actor, $27,777; Pat O'Brien, actor, $108,750; Dick Powell, actor, $96,000; Claude Rains, actor, $60,250; Max Reinhardt, director, $78,000; Edward G. Robinson, actor, $80,000; H. B. Wallis, executive, $184,833; Harry Warren, song writer, $59,666.

Warner Brothers Pictures Inc.: 1937—H. M. Warner, president, $115,833; Albert Warner, vice president, $98,333; J. L. Warner, vice president, $137,333; S. P. Friedman, vice president, $52,000; Sam E. Morris, vice president, $78,000; Herman Starr, vice president, $52,000; Robert W. Perkins, secretary, $52,000; Jacob Wilk, scenario department manager, $52,000; Robert Schless, European sales manager, $51,983; Busby Berkeley, director, $83,416; Sam Bischoff, supervisor, $89,958; Joan Blondell, actress, $74,833; Frank Borzage, director, $66,666; George Brent, actor, $72,374; H. J. Brown, producer, $81,999; Claudette Colbert, actress, $117,500; Ricardo Cortez, actor, $38,208; Michael Curtiz, director, $123,400; Bette Davis, actress, $55,199; William Dieterle, director, $88,667; Al Dubin, song writer, $54,908; R. Enright, director, $51,000; Glenda Farrell, actress, $50,526; Errol Flynn, actor, $94,761; Bryan Foy, producer, $55,583; Kay Francis, actress, $209,100; Hugh Herbert, actor, $57,792; Edward E. Horton, actor, $54,166; Leslie Howard, actor, $140,000; Al Jolson, actor, $109,000; Boris Karloff, actor, $40,000; Ruby Keeler, actress, $60,277; William Keighley, director, $83,000; Mervyn Leroy, producer, $153,517; Anatole Litvak, supervisor, $66,666; Robert Lord, producer, $120,333; Archie Mayo, director, $100,750; S. J. Miller, writer, $53,542; Paul Muni, actor, $50,000; Frank McHugh, actor, $59,800; Pat O'Brien, actor, $119,500; Richard E. (Dick) Powell, actor, $176,249; Claude Rains, actor, $46,083; Max Reinhardt, director, $99,000; Casey Robinson, writer, $52,650; Edward G. Robinson, actor, $50,000; Hal Wallis, production head, $208,083; Harry Warren, song writer, $64,399.

Warner Bros., Circuit Management Corporation: H. Kalmine, zone manager, $55,303; J. E. Coston, zone manager, $56,500; I. J. Hoffman, zone manager, $58,960; Joseph Bernhard, vice president, $97,500.

KENT RECEIVES $179,220

Twentieth Century-Fox Film Corporation: Joseph M. Schenck, chairman, $118,000; S. R. Kent, president, $179,220; W. C. Mitchell, vice president, $52,000; Darryl Zanuck, vice president, $260,000; William Goetz, vice president, $104,000; Robert Kane, producer, $52,000; John D. Clark, $74,800; Fred Allen, actor, $60,000; Don Ameche, actor, $51,833; Warner Baxter, actor, $225,961; Wallace Berry, actor, $68,750; Ben Bernie, actor, $100,000; David W. Butler, director, $134,333; Eddie Cantor, actor, $150,000; Earl Carroll, producer, $17,503; Roy Del Ruth, director, $162,144; Allen Dwan, director, $69,666; Stuart Erwin, actor, $30,000; Alice Faye, actress, $145,499; John Ford, director, $57,708; Gene Fowler, writer, $55,855; Sheridan Gibney, writer, $55,250; Mack Gordon, composer, $114,241; Edwin H. Griffith, director, $64,216; Raymond Griffith, producer, $107,654; Jack Haley, actor, $89,541; Sam Hellman, writer, $67,991; Sonja Henie, actress, $210,729; Rose Louise Hovick (Gypsy Rose Lee), actress, $34,166; Julian Johnson, $65,208; Nunnally Johnson, producer, $106,250; Henry King, director, $157,444; Sidney Lanfield, director, $98,583; Sonya Levien, writer, $73,333; Kenneth MacGowan, producer, $86,833; Gene Markey, producer, $74,125; George Marshall, director, $62,875; Victor McLaglen, actor, $164,325; Annabella Murat, actress, $62,500; Warner Oland, deceased, actor, $89,999; Ernest Pascal, writer, $75,050; William Powell, actor, $43,333; Tyrone Power, actor, $68,691; Gregory Ratoff, actor and producer, $97,308; Al Ritz, actor, $63,923; Harry Ritz, actor, $63,923; James Ritz, actor, $63,923; William Robinson, actor, $53,400; William A. Seiter, director, $132,458; Simone Simon, actress, $110,916; John Stone, producer, $64,161; George A. Somerville, actor, $90,284; Norman Taurog, director, $122,000; Gertrude Temple, guardian, $52,166; Shirley Temple, actress, $110,256; Harry Tugend, writer, $55,083; Walter Winchell, actor, $150,000; Sol M. Wurtzel, producer, $182,583; Jack Yellen, writer, $70,100; Loretta Young, actress, $150,019; Osa Johnson, director, $57,000.

R. K. O. Radio Pictures, Inc.: Ned E. De Pinet, vice president, $94,761; Jules Levy, general sales manager, $51,400; Fred Astaire, actor, $271,711; Milton Berle, actor, $50,500; Pandro S. Berman, producer, $251,347; John Boles, actor, $35,000; Samuel J. Briskin, producer, $197,333; Irene Dunne, actress, $144,888; Douglas Fairbanks, Jr., actor, $81,312; Preston Foster, actor, $51,280; Tay Garnett, director, $105,000; Cary Grant, actor, $115,625; Howard Hawks, director, $130,416; Katharine Hepburn, actress, $203,751; Edward Everett Horton, actor, $55,333; Edward Kaufman, producer, $65,041; Jerome Kern, composer, $72,500; Gregory La Cava, director, $145,916; Jesse L. Lasky, producer, $109,166; S. K. Lauren, writer, $52,500; Rowland Lee, director, $127,533; Albert Lewis, $55,416; Herbert Marshall, actor, $198,166; Nino Martini, actor, $56,000; Victor Moore, actor, $82,785; Paul Muni, actor, $59,285; Dudley Nichols, writer, $54,875; Jack Oakie, actor, $164,416; Joe Penner, actor, $105,333; Lily Pons, actress, $106,023; Gene Raymond, actor, $72,083; Ginger Rogers, actress, $184,583; Mark Sandrich, director, $108,583; Alfred Santell, director, $101,000; Nathaniel Schilkret, music director, $50,416; Edward Small, producer, $62,648; Barbara Stanwyck, actress, $142,499; George Stevens, director, $124,625; Anthony Veiller, writer, $53,562; Frank Wead, writer, $53,566; Bert Wheeler, actor, $89,094; T. J. Wolfson, producer, $51,241; Robert Woolsey, actor, $89,094.

THREE HUNDRED AND SEVENTY THOUSAND DOLLARS FOR MISS DIETRICH

Paramount Pictures, Inc.: N. P. Agnew, vice president, $52,000; Y. F. Freeman, vice president, $59,800; Kirstin Flagstad, singer, $20,000; Jean Arthur, actress, $79,999; Lew Ayres, actor, $52,500; John Barrymore, actor, $113,833; Jack Benny, actor, $60,000; Charles Bickford, actor, $54,500; Claude Binyon, writer, $87,500; John Boles, actor, $50,000; Beulah Bondi, actress, $53,958; A. M. Botsford, producer, $62,191; Charles Brackett, writer, $57,499; Bob Burns, actor, $242,856; Frank Russell Butler, writer, $73,875; Claudette Colbert, actress, $248,055; Gary Cooper, actor, $238,416; Harry L. (Bing) Crosby, actor, $190,000; Walter De Leon, writer, $82,700; Marlene Dietrich, actress, $370,000; Irene Dunne, actress, $114,705; W. C. Fields, actor, $121,333; Howard Estabrook, producer, $125,458; Franciska Gaal, actress, $82,958; Lewis Gensler, producer, $74,958; Benjamin Glazer, producer, $95,370; Samuel Don Hartman, writer, $56,766; Henry Hathaway, director, $101,666; Arthur Hornblow, Jr., producer, $130,833; Edward Everett Horton, actor, $70,000; Lucien Hubbard, Beverly Hills, producer, $134,750; Harold Hurley, producer, $93,494; Fritz Lang, director, $67,763; Jeffrey Lazarus, $51,241; William Le Baron, production executive, $183,929; James Leisen, director, $100,593; Albert Lewin, producer, $88,000; Frank Lloyd, producer, $166,208; Carole Lombard, actress, $164,000; Ernst Lubitsch, producer, $260,833; Ida Lupino, actress, $77,666; Fred MacMurray, actor, $92,000; Thomas Leo McCarey, director, $77,000; Rouben Mamoulian, director, $118,750; Fredric March, actor, $150,000; Edwin Justus Mayer, writer, $68,500; Vincente Minnelli, producer, $64,735; Boris Morros, musical executive, $52,333; Margaret Lavelle (Gail Patrick) Fitzpatrick, actress, $58,333; George Raft, actor, $219,399; Ralph Rainger, composer, $65,416; Leo Robin, lyricist, $65,416; Bogard Rogers, producer, $55,249; Charles Ruggles, actor, $133,236; Wesley Ruggles, producer, $203,051; Alfred Santell, director, $61,583; Randolph Scott, actor, $60,333; Fanchon Simon, producer, $58,742; Preston Sturges, writer, $134,250; Albert Sutherland, director, $88,500; Gladys Swarthout, actress, $61,333; Harlan Thompson, producer, $85,383; Frank Tuttle, director, $143,916; Raoul Walsh, director, $145,000; William A. Wellman, director, $64,840; Adolph Zukor, chairman, $210,479; Dale Van Every, writer, $52,075; King Vidor, director, $21,428.

Columbia Pictures Corporation: Jack Cohn, vice president, $104,240; A. Schneider, treasurer, $84,801; Abraham Montague, general sales manager, $58,000.

Vitagraph, Inc.: S. C. Einfeld, vice president, $71,500; Oradwell L. Sears, vice president, $71,500; Sam Sax, production manager, Vitaphone Corporation, $51,750.

United Artists Corporation: A. H. Giannini, president, $78,000; George J. Schaefer, Jr., vice president, $78,000; Arthur W. Kelly, vice president, $65,000; A. W. Smith, Jr., sales manager, $52,000.

R. H. Cochrane, president, Universal Pictures, $91,825.

Natalie M. Kalmus, Technicolor, Inc., $56,775.

H. J. Yates, president, Consolidated Film Industries, Inc., $75,180.

Marion Douras (Davies), Santa Monica, Calif., president, the Cosmopolitan Corporation, New York, $106,000.

Emanuel Cohen, president, Major Pictures, $104,000 in 1938.

J. E. Brulatour, president, J. E. Brulatour, Inc., of New York, $75,000.

J. E. Brulatour, New York, president, J. E. Brulatour, Inc., Hollywood, $65,000.

Charles Chaplin, Charles Chaplin Film Corporation, $106,000.

Jack Holt, Darmour, Inc., $103,654.

Cecil B. DeMille, president, Cecil B. DeMille Productions, Inc., $51,500.

Walter E. Disney, vice president, Walt Disney Enterprises, $39,750.

Samuel Goldwyn, Inc., Ltd.: Joel McCrea, $106,500; Miriam Hopkins, $130,000; Gary Cooper, $17,647; Samuel Goldwyn, president, $163,000; Merritt Hulburd, production executive, $61,708; George Haight, production executive, $64,716; Mary Astor, $22,791; John Boles, $48,246; Lillian Hellman, writer, $50,000; Raymond Massey, $16,000; Barbara Stanwyck, $56,250; King Vidor, director, $70,000; Brian Aherne, $38,000; Ruth Chatterton, $44,000; Walter Huston, $25,333; Merle Oberon, $20,500.

Edward L. Alperson, president, Grand National Films, Inc., $85,995.

Harold C. Lloyd, president, Harold Lloyd Corporation, $52,166.

Joe E. Brown, David L. Loew Productions, Inc., $267,500.

Zeppo Marx, president, Zeppo Marx, Inc., $78,383; Bobby Breen, Principal Productions, Inc., $18,024; Basil Rathbone, $17,708.

Republic Productions, Inc.: Gene Autry, $29,590; James Gleason, actor and producer, $22,500.

Hal Roach Studios, Culver City: Constance Bennett, $40,000; Cary Grant, $60,000; Oliver Hardy, $101,200; Patsy Kelly, $43,199; Stan Laurel, $75,000; Norman Z. McLeod, director, $70,000; Hal E. Roach, president, $104,000; Lydia Roberti, deceased, $22,350; Roland Young, $26,666.

B. P. Schulberg, president, B. P. Schulberg Pictures, Inc., $50,493.

B. P. Schulberg, president, B. P. Schulberg Productions, Ltd., $102,000.

Selznick International Pictures, Inc.: David O. Selznik, president and executive producer, $203,500; Mary Astor, $17,750; Ronald Colman, $150,000; John Cromwell, director, $110,500; George Cukor, director, $80,000; Douglas Fairbanks, Jr., $32,500; Janet Gaynor, $100,000; Ben Hecht, writer, $51,666; Sidney Howard, writer, $53,500; Carole Lombard, $150,000; Fredric March, $334,687; Adolph Menjou, $27,083; C. Aubrey Smith, $66,458; William Wellman, director, $138,500.

Myron Selznik & Co., Inc.: Myron Selznik, president, $110,825; Albert A. Kaufman, vice president, $65,000.

H. T. Kalmus, Centerville, Mass., president, Technicolor Motion Picture Corporation of Hollywood, $60,000.

Samuel Goldwyn, president, United Artists Studio Corporation, $26,000.

Alfred Newman, musical director, $65,375.

Walter Wanger Pictures, Inc.: Charles Boyer, $265,191; Madeleine Carroll, $114,795; Henry Fonda, $47,583; Joan Bennett, $72,000; Sylvia Sydney, $114,100.

Walter Wanger Productions, Inc.: Walter F. Wanger, president, $130,000; Irving Cummings, Los Angeles, picture director, $50,000.

MEMORANDUM ON THE CONSTITUTIONAL BASIS OF THE BILL TO PROHIBIT THE OPERATION OF MOTION-PICTURE THEATERS WHICH ARE OWNED OR CONTROLLED BY PRODUCERS OR DISTRIBUTORS OR IN WHICH PRODUCERS OR DISTRIBUTORS OF MOTION PICTURES HAVE AN INTEREST

The bill is designed to bring about the separation of the business of producing and distributing motion pictures from the business of exhibiting them in theaters. Its principal substantive provision prohibits the operation of motion-picture theaters which are owned or controlled by producers or distributors or in which producers or distributors have an interest. In aid of enforcement it is required that every exhibitor, as a condition of lawful operation, shall file annually with a designated State officer an affidavit to the effect that the requirements of the law are being complied with. Criminal penalties are imposed for violations, and provision is made for civil proceedings, after the manner of antitrust actions, to prevent and restrain violations. The effective date is deferred until 1 year after enactment.

The aim of the bill is to give each community a better opportunity to have the kind of pictures it wishes to see. This end is to be accomplished in part by freeing the local exhibitor from the compulsion to buy whatever the producers offer, exerted through the existence or threat of producer-owned theaters. The bill is intended by this means to give the local exhibitor freedom to respond to the pressure of community standards of taste in his choice of pictures. There is now pending before Congress a bill designed to contribute to the accomplishment of the same end by forbidding the motion-picture trade practices known as compulsory block booking and blind selling. These two bills complement each other, and have in common the goal of a positive effect, to stimulate the production of better pictures, which goes beyond, and may render less necessary the negative effects of censorship laws.

The important constitutional question involved is whether the bill, if enacted into law, would violate the due-process clause of the fourteenth amendment, and this question in turn depends largely upon the facts, for "underlying questions of fact may condition the constitutionality of legislation of this character." (Brandeis, J., in *O'Gorman & Young* v. *Hartford Fire Ins., Co.*, 282 U. S. 251, 257 (1931).) If the legislature finds from the testimony at the legislative hearings or otherwise that by means of producer-distributor owned or controlled theaters practices are being engaged in contrary to the local public interest and concludes that the breaking up of those practices would give further protection to the morals and welfare of the people, especially of children, then the main foundation will have been laid for the exertion of the legislatures' power. Upon enactment of the bill a presumption of validity will come into play which "must prevail in the absence of some fact foundation of record for overthrowing the statute." (O'Gorman case, supra.)

1. There is nothing novel about the power exerted in the bill, but on the contrary it is merely the application of a long-known and well-recognized power to new conditions.

The bill comes within what is commonly known as the police power of the State. "That power extends to all the great public needs. It may be put forth in aid of what is sanctioned by usage, or held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare" (Holmes, J., in *Nobla State Bank* v. *Haskell*, 219 U. S. 104 (1911)). In one respect the bill is an antitrust law to break the power of the producers not over pocketbooks but over public morals. Antitrust laws are too well known to need further comment; all but seven States have them.[1]

In another respect the bill is an equally well known form of regulation, the enforced separation of two kinds of business when in the combination the public interest is jeopardized by conflicting interests. When it appeared[2] a few years ago that many bankers had engaged in the investment business and in stock trading and that as a result banks had acquired interests in particular securities opposed to the interest of the depositors in having the bank's funds invested in securities of general safety, Congress[3] and at least two States[4] passed statutes requiring separation of the businesses of banking and investment. Conditions in the liquor business have prompted many States to forbid manufacturers and wholesalers of liquor to have any interest in

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[1] For a discussion of these laws and the limitations upon them, see note 32, Colum. Law Rev. 347 (1932).

[2] See note, The Banking Act of 1933, 47 Harv. Law Rev. 325 (1933).

[3] 48 Stat. 188, 12 U. S. C. A. 377 (1933), amended, 49 Stat. 714, 721.

[4] N. C. Laws 1933, ch. 303 (422); N. Y. Laws 1935, ch. 302 (1).

a retail liquor establishment or its fixtures.[5] A widespread investigation in 1930–31 by public-service commissions and legislative committees revealed that gas and electric companies were using their advantageous position in the communities to engage in unfair competitive practices in the retail merchandising of appliances,[6] and resulted in the enactment by Kansas[7] and Oklahoma[8] of statutes forbidding such companies to engage in merchandising. The Supreme Court of Illinois, has held[9] that grain warehousemen are forbidden by the public nature of their calling to engage in grain trading. And when Congress found that the public was being inconvenienced by discriminatory practices of railroads, which favored with special rates goods from mines or factories in which they were interested, it enacted the "commodities clause"[10] of the Hepburn Act, which forced separation of manufacture and mining from transportation of goods.[11]

The police power certainly includes regulations of the kind here proposed, though the validity of its exercise may depend at any given times upon the conditions prevailing in the industry and the public interest manifested in respect of those conditions. In the exercise of that power the States have a wide discretion.

It is primarily, but not solely, a matter of legislative judgment whether such evils exist as should be corrected and whether the means selected for their correction have a real and substantial relation to the ends sought to be attained.[12]

The validity of the bill is not imperiled by any doctrine concerning business "affected with a public interest."

The doctrine of "affectation with a public interest" as laid down in the early United States Supreme Court cases involves two elements: (1) The division of all enterprises into two classes, those strictly private in character and those "affected with a public interest"; and (2) the principle that certain kinds or regulations could constitutionally be applied only to the matter. But the doctrine has seldom been discussed by the Court except in cases involving price fixing,[13] so that it is uncertain what kinds of regulations are limited to the second class of enterprises. This bill does not, of course, involve price fixing. Moreover, the Supreme Court has in recent cases minimized the significance of the doctrine, if not repudiated it altogether. In *Nebbia* v. *New York*,[14] in which, by the way, a price-fixing statute was sustained, the Court said:

"It is clear that there is no closed class or category of business affected with a public interest, and the function of the courts in the application of the fifth and fourteenth amendments is to determine in each case whether circumstances vindicate the challenged regulation as a reasonable exertion of governmental authority or condemn it as arbitrary or discriminatory (citation omitted). The phrase 'affected with a public interest' can, in the nature of things, mean no more than that an industry, for adequate reason, is subject to control for the public good. * * * There can be no doubt that upon proper occasion and by appropriate measures the State may regulate a business in any of its aspects * * *.

"So far as requirements of due process is concerned * * * a State is free to adopt whatever economic policy may reasonably be deemed to promote public welfare and to enforce that policy by legislation adapted to its purpose."

If a State may adopt any economic policy tending to promote the "public welfare," it may certainly adopt an economic policy designed specifically to promote public morals, especially where the morals of children are involved.

3. The motion-picture industry, particularly the operation of motion-picture theaters, is affected with a public interest.

In one of the early Supreme Court cases[15] discussing the doctrine the Court defined businesses "affected with a public interest" as consisting in part of "businesses which, though not public at their inception, may be fairly said to have risen to be such and have become subject in consequence to some Government regulation. They have come to hold such a peculiar relation to the public that this is superimposed upon them. In the language of the cases, the owner by devoting his business to the public use, in effect, grants the public an interest in that use and subjects himself to public regulation to the extent of that interest, although the property continues to belong to its private owner and to be entitled to protection accordingly."

That the motion-picture industry has risen to become the subject of a vast public interest is beyond dispute. Equally certain is it that there is widespread concern about the industry and its influence upon the public. This concern has been manifested in many ways. It is shown by the fact that a group of sociologists, psychologists, and educators recently made a study[16] of the industry in which they found, first, that 77,000,000 persons attended the movies every week in the United States, of whom one-third are minors and 11,000,000 are under 14 years of age; and, second, that the movies constitute for children a separate powerful system of education, affecting their health, attitudes, emotions, conduct, and social philosophy. The Honorable Samuel B. Pettengill, who introduced the block-booking and blind-selling bill in the House of Representatives, listed 25 organizations, including parent-teachers and church organizations, and individuals who are supporting that bill.[17] Writers in newspapers[18] have urged regulation of the movie industry. In 1930–31 the Federal Council of the Churches of Christ in America conducted an investigation and published its findings under the title "The Public Relations of the Motion Picture Industry," in which the investigators say (p. 50): "Theater operation affects the public's interest from several angles. Theater patrons, and also those in the community who do not attend the theater, are interested in the selection of pictures, the make-up of programs. * * * And again (p. 149): "The opinion is widespread that the motion-picture industry should be regulated in the public interest."

The United States Senate Committee on Interstate Commerce reported favorably[19] the Senate block-booking and blind-selling bill. The courts have also recognized the public interest involved; the United States Supreme Court, in a case[20] sustaining an Ohio movie censorship law said: "* * * and not only the State of Ohio, but other States, have considered it to be in the interest of public morals and welfare to supervise moving-picture exhibitions. We would have to shut our eyes to the facts of the world to regard the precaution unreasonable or the legislation to effect it a mere wanton interference with personal liberty."

In view of the many quarters in which concern about motion pictures, particularly the exhibition end of the industry, has been manifested, and in view of the proven influence of pictures upon the manners, dress, and morals of the people,[21] it would be difficult to discover an enterprise more aptly fitted to the category described by the Court in *Wolff Packing Co.* v. *Industrial Court, supra* (footnote 12).

4. Without regard to legal labels, the States have ample power to control the business of the public exhibition of motion pictures to the extent necessary to protect the general welfare.

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[5] See, for example, Ark. Acts 1935 (3d extraordinary sess. 1934); No. 103 (18); Calif. Deering's Codes and Laws, 1933 Supp. Act 3774 (26); Colo. 1935 Stat. Ann., ch. 89 (7); Fla. Comp. Laws 1927, 1934 Cum. Supp. 7648 (15); 12 Jones Ill. Stat. Ann. 68029, 68030; Ind. 1935 Acts 1092, 1096; Carroll's Ky. Stat., Baldwin's 1936 Rev. (25546–25553).

[6] See note, 80 U. of Pa. Law Rev. 900 (1932).

[7] Kansas Laws, 1931, ch. 238 (1–3) held unconstitutional in 137 Kans. 718, 22 p 2d 958 (1933) on ground that it was class legislation designed to benefit the independent retailer at the expense of the gas and electric companies, that it had no relation to the public welfare, and that it was, therefore, a violation of equal protection and due process. This decision carries no weight in regard to the present bill, since the court's findings of fact concerning the purpose of the Kansas statute and its relation to the public welfare required it to reach the result it arrived at.

[8] Okla. Laws, 1931, ch. 46 (2).

[9] *Central Elevator Co.* v. *Peoples*, 174 Ill. 203, 51 N. E. 254 (1898).

[10] 49 U. S. C. A. 1 (8).

[11] The commodities clause was interpreted to forbid control of a coal-mining company by a railroad, exercised through stock ownership (*United States* v. *Lehigh Valley R. R. Co.*, 220 U. S. 257 (1911)).

[12] The substance of the due-process requirement is "that the law shall not be unreasonable, arbitrary, or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained," *Nebbia* v. *New York*, 291 U. S. 502 (1934); *Railroad Retirement Board* v. *Alton R. R. Co.*, 295 U. S. 330 (1935).

[13] *Munn* v. *Illinois*, 94 U. S. 113 (1877) (statute fixing prices for grain warehouse facilities sustained); *German Alliance Ins. Co.* v. *Lewis*, 233 U. S. 389 (1914) (statute fixing rates for fire insurance sustained); *Wolff Packing Co.* v. *Court of Industrial Relations*, 262 U. S. 522 (1923) (statute empowering Board to fix wages in meat-packing plant held invalid); *Ribnick* v. *McBride*, 277 U. S. 350 (1928) (statute fixing fees to be charged by employment agencies held invalid); *Williams* v. *Standard Oil Co.*, 278 U. S. 236 (1929) (statute fixing price of gasoline held invalid).

In *Tyson* v. *Manton*, 273 U. S. 418 (1927), a statute of New York fixing fees to be charged by theater-ticket brokers was held invalid. That statute was directed at the practice of ticket "scalping" in connection with legitimate stage productions in New York City, and has no factual and therefore no legal (in the due-process connection) relevance to the motion-picture problem.

In *New State Ice Co.* v. *Liebmann*, 285 U. S. 262 (1932), the doctrine was sued to invalidate a statute requiring a certificate of convenience and necessity from a State officer as a condition precedent to engaging in the manufacture or distribution of ice. This case has likewise no relevance here, since the statute there held invalid would have restricted competition and erected a monopoly whereas one effect of the bill will be to free motion-picture exhibition from certain monopolistic restrictions now burdening it.

[14] 291 U. S. 502 (1934).

[15] *Wolff Packing Co.* v. *Industrial Court*, 262 U. S. 522 (1923), supra, footnote 13.

[16] The "Payne fund studies." See remarks of Hon. Samuel D Pettengill, in the House of Representatives, CONGRESSIONAL RECORD, August 20, 1935. See also report of the Senate Interstate Commerce Committee on the block-booking and blind-selling bill, Senate Report No. 2378, Calendar No. 2506.

[17] CONGRESSIONAL RECORD, August 20, 1935.

[18] See, for example, Walter Lippmann's column in the New York Herald Tribune of January 12, 1935.

[19] Senate Report No. 2378, Calendar No. 2506.

[20] *Mutual Film Corp.* v. *Ohio Industrial Commission*, 236 U. S. 230 (1915).

[21] See Recent Social Trend (1935), a study conducted by the Motion Picture Research Council. See also testimony of Mr. Stephen P. Cabot, honorary vice president, Motion Picture Research Council, at the hearings before the House subcommittee in charge of the block-booking and blind-selling bill, March 9, 1936.

The power of the States is abundantly illustrated by statutes already on the books. There are laws forbidding certain kinds of pictures,[22] laws setting up licensing or censorship systems,[23] laws regulating the admission of children to theaters. Wisconsin and Ohio [24] forbid the lessor or vendor of a film to dictate the days of the week on which the film shall be shown, and New Mexico,[25] regulates drastically the contracts for and process of distribution of films among exhibitors.

Little, if any, apprehension need be felt in regard to other constitutional objections which may be urged against the bill. Thus it raises no question under the commerce clause, since, designed only to regulate exhibitions within the State, its effect upon interstate commerce will be only indirect (*Mutual Film Corp.* v. *Industrial Commission, supra* (footnote 19)). The contracts clause presents no problem, because, first, to the extent that the distributor-exhibition contracts in the motion-picture business are for terms of 1 year or less, the delay of 1 year in effective date provided in the bill would prevent it affecting those contracts; and, second, all private contracts are subject to the exercise of the State's police power (*Home Building and Loan Assn.* v. *Blaisdell*, 290 U. S. 398 (1933)). Nor is the bill objectionable under the equal-protection clause. "The equal protection of the laws does not mean that all occupations that are called by the same name must be treated in the same way. The power of the State 'may be determined by degrees of evil or exercised in cases where detriment is specially experienced' (citation omitted)." (Holmes, J., in *Dominion Hotel* v. *Arizona*, 249 U. S. 265 (1919).)

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from Pennsylvania.

Mr. RICH. Mr. Speaker, it seems to have been the belief of the members of the House committee that $5,000,000 was enough, but you are going to surrender to the Senate just because the Senate is willing to stand pat. Who is going to be responsible to the taxpayers for this—the House of Representatives or the Senate?

Mr. COLLINS. I am willing for it to rest on both of them.

Mr. RICH. The gentleman from Mississippi has just made the statement that he is not going to permit the Senate in the future to raise this bill. I want to say to the gentleman that the Senate has raised every appropriation bill that the House has sent over there. The Senate is responsible for increasing the amount of these bills more than the House of Representatives. While the House of Representatives has tried to cut down the amount of these bills, they are still way above what they should be, and the Senate is more responsible for this than anybody else, because every appropriation we have sent over there the Senate has been responsible for increasing it.

Mr. DINGELL. And where are you going to get the money?

Mr. RICH. Yes; where are you going to get the money?

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. Mr. Speaker, in view of the interest that is manifested in regard to this very serious situation by the chairman of the subcommittee of the Appropriations Committee and members of the District Committee, which have been trying to settle this question, it is very interesting to me to observe that the opposition to this bill, particularly, is coming from several States represented on the floor of the House by certain Members because they feel that their States are going to contribute such a tremendous sum to the cost of the administration of the District government.

Let me just insert these facts in the RECORD.

The figures represent the revenues collected in each State by the Federal Government and also the direct grants—not loans—by the Federal Government to the various States mentioned.

In the State of Colorado the Federal Government collects $29,000,000, and the Federal Government gives them back $46,000,000.

In the State of Mississippi the Federal Government collects $5,100,000 and returns $41,000,000.

In the State of Nebraska the Federal Government collects $13,000,000 and gives back $44,000,000.

As for Oklahoma, the Federal Government collects $56,000,000 and gives back $60,000,000.

For South Dakota the Government collects $1,400,000 and returns $43,000,000.

In the District of Columbia the Federal Government collects $29,000,000 and returns $21,000,000.

Mr. Speaker, I am wondering what is the basis for this opposition to the people of the Capital City of the Nation, which city is rendering such signal service to the Federal Government.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. COLLINS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. MOSER) there were—ayes 135, noes 13.

Mr. MOSER. Mr. Speaker, I challenge the vote on the grounds that there is no quorum present, and make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Pennsylvania objects to the vote upon the ground that there is no quorum present. The Chair will count.

Mr. MOSER (interrupting the count). Mr. Speaker, I withdraw the point of order.

The SPEAKER. The gentleman from Pennsylvania withdraws the point of order.

So the conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

Mr. COLLINS. Mr. Speaker, notwithstanding the adjournment of the House, I ask unanimous consent that the Clerk of the House be authorized to receive a message from the Senate on H. R. 5610, and that the Speaker be authorized to sign the enrolled bill.

The SPEAKER. Is there objection?

There was no objection.

ADDITIONAL CLERK HIRE—CONFERENCE REPORT

Mr. WARREN. Mr. Speaker, I present a conference report and statement upon the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives, and for other purposes, for printing under the rule.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

Mr. LEWIS of Colorado. Mr. Speaker, I ask the gentleman from Michigan to use some time now.

Mr. MAPES. Mr. Speaker, I yield myself 4 minutes.

As the gentleman from Colorado [Mr. LEWIS] has said, this is an open rule. There is no particular reason why it should not be adopted so that the retirement bill reported by the Committee on the Civil Service may be considered by the House.

As to the bill itself, the chairman of the Committee on the Civil Service, the gentleman from Georgia [Mr. RAMSPECK], has very clearly and fairly explained the provisions of it. There are many provisions in the bill which I would like to support. I am in favor of the provisions that improve and perfect the present Retirement Act. It is difficult for one to think straight when his own personal interests are concerned, and the House is confronted with that situation this

[22] Illinois Revised Statute (Cahill, 1929), c. 38, 457–59; Iowa Code (1927), 13186; Montana Revised Code (Choate, 1921), 11567; North Carolina Code Annotated (Michie, 1927), 4349 (a); Vermont General Laws (1917), 7023; Texas Revised Penal Code (Vernon, 1928), art. 612.

[23] New York Laws (1933), c. 334; Kansas Revised Statute Annotated (1923), c. 51, 101–12, c. 74, 2201–09 (sustained in *Mutual Film Corp.* v. *Hodges*, 239 U. S. 248 (1915)); Kansas Laws (1925), c. 196; Ohio Code Annotated (Throckmorton, 1930), 871 (46–53), 154 (46–57) (sustained in *Mutual Film Corp.* v. *Industrial Commission*, 236 U. S. 230 (1915); Pennsylvania Statutes Annotated (Purdon, 1930), title 4, 41–58, title 71, 12, 62, 119, 356 (first act sustained in *Buffalo Branch Mutual Film Corp.* v. *Breitinger*, 250 Pa. 225, 95 Atl. 433 (1915); Virginia Code Annotated (Michie, 192'), 585 (15–33); Maryland Annotated Code (Bagby, 1924), art. 66A.

[24] Wisconsin Laws (1935), c. 307; Page's Ohio Code Service, No. 18 (1936). 1339, 4–1.

[25] New Mexico Laws (1933), c. 177.

afternoon. My understanding is that the gentleman from Kansas [Mr. REES], a member of the committee, intends to move to strike out the provision in the bill which provides for retirement pay for Members of Congress. Personally I shall support that motion to strike that provision from the bill. If that motion prevails I shall vote for the remainder of the legislation. It seems to me a poor time for Congress to provide retirement pay for its own Members. I am inclined to agree with the statement I heard one Member make, that if Members of Congress cannot take care of themselves, who can? In any event, it seems to me a poor time to be providing for that kind of legislation, and for myself I expect to vote to strike that provision out of the bill. If that motion prevails I shall vote for the rest of the bill. If it does not I shall vote against it.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. MICHENER. Merely to say that I endorse the statement of the gentleman and shall follow his example.

Mr. MAPES. I thank the gentleman. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I doubt if I would have asked time had I known what the gentleman from Michigan was going to say because his views are identical with mine. I have the very highest regard for the chairman of the Committee on the Civil Service. He has brought some excellent legislation to this House. He is most sincere in his belief in the merits of the civil-service system. I have watched the civil-service system for a long time, and the more we see of it in action the more convinced are we that it is good for governmental purposes. We have had too many new establishments set up here wherein the civil-service provisions were omitted from the law. There is no need of touching on that matter today, but I am in hearty accord with the provisions of this bill that offers retirement opportunities to people who regard their occupation under the Government as their life's work.

For instance, letter carriers and all the different persons designated under the employment provisions on page 7, the first section—postal clerks, city, rural, and village letter carriers, post-office clerks, railway postal clerks, sea-post clerks, and all that list—those are men who are definitely engaged in a life work. Civil-service retirement is their protection. We are for it and strongly in favor of it. I think that we, as Members of Congress, are in a very different situation. There is not a man or woman within the sound of my voice now who regards his membership in the House of Representatives as a life occupation. It cannot be so regarded. It is incidental. Political contingencies that arise in our States are variable from time to time. Our stay here is naturally temporary, depending on local conditions. Therefore, there are other provisions for our personal care, both of our own affairs and that of our families.

Mr. DINGELL. Will the gentleman yield?

Mr. TREADWAY. I prefer not to. My time is quite limited.

Further than that, I consider that we are thoroughly recompensed for the service that we render. Take, for instance, the situation as we face it today, here now we are hurrying, and the country wanting Congress to adjourn just as soon as possible. Nevertheless, if we should leave here next week or within a brief period of time, our salaries continue just the same, whether we are in session or not. It is a very different type of employment. In addition, there is the honor that every Member of this House feels in his membership in this body.

It is not in the classified service but we hold our positions by election of the people. Therefore it seems to me that the attitude of the gentleman from Michigan [Mr. MAPES] to favor this measure provided the opportunity of pension status being granted to Members of Congress is stricken out, is the proper attitude, and I shall heartily support the bill if that amendment is carried. The amendment which I understand the gentleman from Kansas [Mr. REES] expects to offer to strike this provision allowing pensions to Members, I shall be glad to vote for.

Mr. COX. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. COX. Does the gentleman know of any Member of this body who seriously contends for the adoption of that provision, making provision for Members of Congress? Does he know anybody here who wants the bill with that provision in it?

Mr. TREADWAY. I have not found anyone, but nevertheless it is in the bill and it is here under consideration. It is so reported by the Civil Service Committee.

Mr. COX. Was the measure put in there as a bait for Congress in order to get them to support the bill as drafted?

Mr. TREADWAY. Well, I do not know anything about the conditions under which the bill was drawn. I know it is in the bill and we want to vote it out.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to have inserted in the RECORD a comparison of the present retirement bill and the bill that is under consideration at the present time, and certain charts and tables.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I earnestly hope this bill will be passed, or certain provisions of it. I believe it will be somewhat of a help to a great many civil-service employees. It has the endorsement of many civil-service groups. I am sorry the provision is in it which provides a pension for the Members of Congress, because I feel that that should be in a separate measure and voted up or down on its merits. I am not going to suggest to the Members of Congress how they shall vote upon that, because that lies within the wishes of each individual Member. I am not going to attempt to dictate to them what they shall do. I personally feel strongly against that provision, and I am very sorry it is in the bill and I shall vote to remove it; but I earnestly hope the other provisions in the bill will be passed. If the bill contains the annuities for Members of Congress, I shall be obliged to vote against the bill. We have a great responsibility to the taxpayers of the country; and I mean by that everyone in the United States, as everyone in the United States pays taxes either directly or indirectly. We have a very serious economic condition in the country today. Our responsibility is greater than ever before in all our history.

	Existing law	*Proposed changes in S. 281*
RETIREMENT AGE GROUP	Three age groups—62, 65, and 70. Retirement compulsory upon attaining age prescribed for group in which employed after completing 15 years of service.	Two age groups—65 and 70, eliminating 62-year group, the employees of which will hereafter be assigned to the 65-year group. Service requirement for compulsory retirement continued at 15 years.
RETIREMENT OPTIONS	Employees who have served at least 30 years may retire at own option 2 years earlier than normal retirement age—that is, at age 60, 63, and 68.	(a) Uniform optional retirement age for all employees regardless of compulsory retirement age groups in which employed. Option to be exercised either by the Government or employee. Employee must have reached age of 60 years and rendered 30 years' service or attained age of 62 years and rendered at least 15 years of service. Government's option limited to those cases in which employee is disqualified for efficient service. Employing office must give notice to employee before requesting his retirement by the Civil Service Commission, which Commission will conduct necessary examination to determine whether request is justified.

Existing law	*Proposed changes in S. 281*
	Employee granted right of appeal from original decision and may appear or be represented by person of his choice in any hearing on his case. (b) Voluntary retirement on part of employee after reaching age 55 and serving 30 years or more on a reduced annuity having a value equal to present worth of annuity at 60 years of age.
DISABILITY RETIREMENT	
In case of recovery from disability, annuitant carried on rolls for 90 days from date of examination showing recovery unless reemployed prior to expiration of such period.	Ninety-day period extended to 1 year.
All claims for disability annuity must be executed prior to employee's separation from service or within 6 months thereafter.	Permits waiver of 6 months' limitation in cases of employees who at date of separation or within 6 months thereafter are adjudged mentally incompetent, the claim in such cases to be executed within 1 year from restoration to competency or appointment of fiduciary, whichever is earlier.
INVOLUNTARY SEPARATION, NOT BY REMOVAL FOR CAUSE ON CHARGES OF MISCONDUCT OR DELINQUENCY	
After 45 years of age with 15 years of service, employee may elect annuity upon attaining retirement age or decreased annuity of equivalent value beginning at 55 years of age. If 55 when separated, deferred annuity at retirement age or immediate decreased annuity. Or employee may elect refund of retirement deductions with interest at 4 percent to date of separation.	At any age with aggregate of 5 years of service, employee may elect annuity at 62 or decreased annuity of equivalent value at 55. Interest at 3 percent allowed on individual account from date of separation to date annuity begins.
VOLUNTARY SEPARATION OR DISCHARGE FOR CAUSE	
Refund of sum to credit of employee's individual account with interest at 4 percent to date of separation.	With aggregate of 5 years of service, annuity allowable at age 62, interest being allowed at 3 percent from date of separation to date annuity begins. (This protects the employee and makes unnecessary any merging of civil service retirement and social-security benefits to insure against want in old age.) If less than 5 years of service, refund of individual account with 4 percent interest to date of separation.
COVERAGE	
Excludes postmasters except those of the first, second, and third classes who have been promoted, appointed, or transferred from the classified civil service.	Includes all classified postmasters, including those of the fourth class. Includes Congressmen, Senators, Delegates, and Resident Commissioners at their option, no requirement for automatic retirement at any age applying to legislative officers.
COMPUTATION OF ANNUITY	
Government's portion of annuity limited to $30 for each year of service, not exceeding 30 years, such amount not to exceed three-fourths of average salary for 5 highest years.	Continues existing Government annuity with the added provision that this portion of the annuity shall not be less than the annuity purchased by the amount credited to employee's individual account with interest.
TYPES OF ANNUITY	
Life annuity, or increased life annuity, with forfeiture of individual account.	Same as existing law, with added option on part of employee retiring on account of age and service to receive a reduced annuity with provision that upon his death payments will continue to a duly designated beneficiary during life of such beneficiary in an amount equal to or one-half the annuity received by the employee. This option not effective if employee dies within 30 days after effective date of retirement.
DEDUCTIONS FOR RETIREMENT FUND	
Three and one-half percent of basic salary.	Five percent of basic salary. Employee accorded privilege of depositing additional sum up to 10 percent of salary in multiples of $25 to purchase additional annuity, 3-percent interest allowable on such additional deposits. Refund of such additional deposits with interest may be made upon death or separation from service before retirement.

Showing on basis of fixed annual salary of $10,000 the approximate accumulations of salary deductions (with interest) and the annuities payable to Members retiring in 1940, 1945, 1950, and 1960 under S. 281, as amended June 14, 1939, at attained ages 62, 65, and 70 after service of 15, 20, 25, and 30 years (male, nonforfeiture plan)

RETIREMENT IN 1940

	Service, 15 years, attained ages—			Service, 20 years, attained ages—			Service, 25 years, attained ages—			Service, 30 years, attained ages—			Fixed salary
	62	65	70	62	65	70	62	65	70	62	65	70	
Accumulations	$6,824.88	$6,824.88	$6,824.88	$9,266.08	$9,266.08	$9,266.08	$9,266.08	$9,266.08	$9,266.08	$9,266.08	$9,266.08	$9,266.08	
Annuity:													
Member	572.85	616.02	705.92	777.75	836.36	958.43	777.75	836.36	958.43	777.75	836.36	958.43	$10,000
Government	572.85	616.02	705.92	777.75	836.36	958.43	777.75	836.36	958.43	900.00	900.00	958.43	
Total	1,145.70	1,232.04	1,411.84	1,555.50	1,672.72	1,916.86	1,555.50	1,672.72	1,916.86	1,677.75	1,736.36	1,916.86	
Salary-deduction period		1925–40			1920–40			1920–40			1920–40		

RETIREMENT IN 1945

Accumulations	$7,732.08	$7,732.08	$7,732.08	$10,999.53	$10,999.53	$10,999.53	$13,969.62	$13,969.62	$13,969.62	$13,969.62	$13,969.62	$13,969.62	
Annuity:													
Member	648.99	697.90	799.76	923.24	992.83	1,137.73	1,172.54	1,260.91	1,444.93	1,172.54	1,260.91	1,444.93	$10,000
Government	648.99	697.90	799.76	923.24	992.83	1,137.73	1,172.54	1,260.91	1,444.93	1,172.54	1,260.91	1,444.93	
Total	1,297.98	1,395.80	1,599.52	1,846.48	1,985.66	2,275.46	2,345.08	2,521.82	2,889.86	2,345.08	2,521.82	2,889.86	
Salary-deduction period		1930–45			1925–45			1920–45			1920–45		

RETIREMENT IN 1950

Accumulations	$8,740.32	$8,740.32	$8,740.32	$12,103.30	$12,103.30	$12,103.30	$16,078.66	$16,078.66	$16,078.66	$19,692.22	$19,692.22	$19,692.22	
Annuity:													
Member	733.62	788.91	904.05	1,015.89	1,092.45	1,251.89	1,349.56	1,451.27	1,663.08	1,652.86	1,777.44	2,036.85	$10,000
Government	733.62	788.91	904.05	1,015.89	1,092.45	1,251.89	1,349.56	1,451.27	1,663.08	1,652.86	1,777.44	2,036.85	
Total	1,467.24	1,577.82	1,808.10	2,031.78	2,184.90	2,503.78	2,699.12	2,902.54	3,326.16	3,305.72	3,554.88	4,073.70	
Salary-deduction period		1935–50			1930–50			1925–50			1920–50		

Showing on basis of fixed annual salary of $10,000 the approximate accumulation of salary deductions (with interest) and the annuities payable to Members retiring in 1940, 1945, 1950, and 1960 under S. 281, as amended June 14, 1939, at attained ages 62, 65, and 70 after service of 15, 20, 25, and 30 years (male, nonforfeiture plan)

RETIREMENT IN 1960

Accumulations	$9,967.01	$9,967.01	$9,967.01	$14,822.45	$14,822.45	$14,822.45	$18,914.02	$18,914.02	$18,914.02	$23,892.06	$23,892.06	$23,892.06	
Annuity:													
Member	836.58	899.63	1,030.93	1,244.12	1,337.89	1,533.15	1,587.55	1,707.20	1,956.35	2,005.38	2,156.52	2,471.25	$10,000
Government	836.58	899.63	1,030.93	1,244.12	1,337.89	1,533.15	1,587.55	1,707.20	1,956.35	2,005.38	2,156.52	2,471.25	
Total	1,673.16	1,799.26	2,061.86	2,488.24	2,625.78	3,066.30	3,175.10	3,414.40	3,912.70	4,010.76	4,313.04	4,942.50	
Salary-deduction period		1945–60			1940–60			1935–60			1930–60		

Examples of superannuation benefits payable under tentative retirement outline for legislation officers

[Illustrations are hypothetical and approximate. Benefits are prospective and are based on a fixed salary of $10,000 per annum, contributions at 5 percent of salary during all service credited, and interest allowed on contributions computed at 4 percent during service and at 3 percent after separation to beginning date of annuity]

	Hypothetical examples														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Age at separation	40	38	44	60	51	70	58	77	68	72	66	82	74	50	58
Period of service in years	6	8	10	14	16	18	20	30	17	38	24	32	34	11	28
Officer's 5 percent contributions	$3,000.00	$4,000.00	$5,000.00	$7,000.00	$8,000.00	$9,000.00	$10,000.00	$15,000.00	$8,500.00	$19,000.00	$12,000.00	$16,000.00	$17,000.00	$5,000.00	$14,000.00
Interest allowed during service, minus tontine	302.20	587.32	977.30	2,106.41	2,824.61	3,767.25	4,824.60	12,921.33	3,446.83	23,799.53	7,197.93	14,909.13	17,446.93	1,405.32	10,620.02
Total account at separation	3,302.20	4,587.32	5,977.30	9,106.41	10,824.61	12,767.25	14,824.60	27,921.33	11,946.83	42,799.53	19,197.93	30,909.13	34,446.93	6,905.32	24,620.02
Interest accretions after separation	2,963.70	4,534.58	4,150.27	556.68	4,162.21	----------	1,497.84	----------	----------	----------	----------	----------	----------	2,941.91	2,355.05
Total individual account at date annuity begins	6,265.90	9,121.90	10,127.57	9,663.09	14,986.82	12,767.25	16,322.44	27,921.33	11,946.83	42,799.53	19,197.93	30,909.13	34,446.93	9,847.23	26,975.07
Benefits:															
Age, when annuity begins	62	62	62	62	62	70	62	77	68	72	66	82	74	62	62
Amount of benefit:															
Officer's purchasable annuity	$525.93	$765.64	$850.06	$811.07	$1,257.92	$1,320.57	$1,370.02	$3,613.47	$1,167.37	$4,698.08	$1,778.08	$4,458.90	$4,032.18	$826.53	$2,264.15
Government annuity	525.93	765.64	850.06	811.07	1,257.92	1,320.57	1,370.02	3,613.47	1,167.37	4,698.08	1,778.08	4,458.90	4,032.18	826.53	2,264.15
Total annuity	1,051.86	1,531.28	1,700.12	1,622.14	2,515.84	2,641.14	2,740.04	7,226.94	2,334.74	9,396.16	3,556.16	8,917.80	8,064.36	1,653.06	4,528.30

Mr. MAPES. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Speaker, during the 5 minutes that have been allotted to me I want to direct attention to the particular portion of the bill, being a part of section 3, which provides that Members of the House and Members of the Senate may take advantage of retirement service if they desire to do so. I take the floor at this time to tell you that I shall expect at the proper time to offer an amendment to strike that particular paragraph from this bill. In the first place, Members of Congress are not under civil service. They are elective officers. It seems to me that we are taking advantage of a situation by adding a clause and trying to get this kind of legislation passed when we seem to fear to bring such legislation in under a separate bill. In other words, this particular piece of legislation should stand or fall on its own merits. If there is demand for it from the Members of Congress or from the people of the country, and I feel sure the people are not asking for it, then let us consider it under a separate bill, but let us not put it in a bill that is simply to modify or amend or change our present retirement system.

A great deal of effort and time has been spent to provide fairer legislation for those in civil service. Then we put in a section which puts in postmasters, who under our system of blanketing in are put under the bill, and then when we go that far we seem to have taken another step and allow Members of Congress to share its benefits. It is not a very good time and it does not come with very good grace to enact this kind of a measure.

Mr. COX. Does the gentleman think we have reached the stage when it would be advisable for Congress to seek to graft upon the General Government by contributing a pension for its Members?

Mr. REES of Kansas. I am glad the distinguished gentleman from Georgia raised the point. I do not think so. I think there never should be a time when that sort of thing could be done.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. MURDOCK of Arizona. Should we call this proposal a pension, or is it a businesslike retirement plan? I agree that if it is in this measure as a bait to draw votes to pass the bill, I am against it; but I wonder from the general tenor of the gentleman's remarks whether he would be in favor of some kind of retirement for Members of Congress if it should be placed in another bill and properly drawn and considered?

Mr. REES of Kansas. I am not in favor of any kind of retirement for Members of Congress where the taxpayers' money is being used to provide for the retirement.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. Gladly.

Mr. RICH. Ultimately we will have everybody on the Government pay roll, either in the form of a salary or a pension. Where are you going to get the money to pay all these bills?

Mr. REES of Kansas. The gentleman from Pennsylvania can answer that just as well as I. I do not know, but nobody seems to care the way we are operating these days.

Mr. RICH. That is the point, nobody cares. What is going to happen to your children and your children's children?

Mr. HOFFMAN. And your children's children's children?

Mr. RICH. And your children's children's children's children's children?

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. BENDER. How can any Member go back and ask his electorate to return him to this body when he votes for a pension for himself? Is it not a signal to the electorate to retire him for his effort to retire himself on pension?

Mr. REES of Kansas. I will let the gentleman answer his own question when he votes on the amendment I shall offer to strike out this particular section of the bill.

Mr. Speaker, I yield back the balance of my time.

Mr. LEWIS of Colorado. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. BOREN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the New York Sun.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CIVIL SERVICE RETIREMENT

Mr. RAMSPECK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1930; and pending that, I ask unanimous consent that it shall be in order to consider the substitute amendment recommended by the Committee on the Civil Service now in the bill, that such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill, and that any Member may demand a separate vote in the House on any of the amendments adopted in Committee of the Whole to the bill or committee substitute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Georgia.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1930, with Mr. CLARK in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. RAMSPECK. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, my friend and colleague, the gentleman from Kansas [Mr. REES], has announced that he proposes to offer an amendment to strike out the language giving an option to Members of Congress and to Senators to participate in this fund. Let me say to the membership that we have provided a social-security plan for 40,000,000 private employees in this country, a civil-service retirement plan for some 550,000 people who draw their pay from the Federal Government; and I see no reason why we should deny to ourselves the protection we have extended to more than 40,000,000 people in this country, especially when it is based upon a contributory plan and is the same in principle as that applied under the Social Security Act, the Railroad Retirement Act, and under the Civil Service Retirement Act to our own employees and other employees of the Federal Government. I hope this Committee will vote down such an amendment. Let us for once have courage to do something for ourselves while we are setting up a social-security system for everybody else in the country.

This is not a political grab bag that we are setting up here. If a man serves here for 15 years under this plan and contributes $500 a year out of his salary he has to reach age 62 before he gets an annuity, and then he will get $1,673.16 a year.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I am glad to yield to my colleague.

Mr. COX. What contribution does the Federal Government make to this annuity?

Mr. RAMSPECK. Exactly the same that the Member of Congress would make.

Mr. COX. How much per year?

Mr. RAMSPECK. It would be $500 per year.

Mr. COX. That is taken out of the pots and pans of the poor people of the gentleman's district as well as mine.

Mr. RAMSPECK. Not any more than the gentleman's salary and my salary. I may say to the gentleman I think it is warranted and it is justifiable and that we have just as much right to do for ourselves the thing we are doing for others as we have to do it for them.

Mr. RICH. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman states that the Federal Government pays in $7,500 and the individual Congressman would pay in $500 a year for 15 years, which would be $7,500. That is a sum total of $15,000.

Mr. RAMSPECK. That is right.

Mr. RICH. And at retirement you will receive back for 15 years' service an annuity of $1,673.16.

Mr. RAMSPECK. That is right.

Mr. RICH. The interest on $15,000 at 4 percent would be $600. You will be short over $1,000 a year over and above the interest that you will receive from the investment of this money at 4 percent. You will be that much short of what you take in. Where in the world are your children's children and your children's children's children going to get the money to pay that additional $1,073.16?

Mr. RAMSPECK. I do not agree that the gentleman's figures are correct. According to the computation made by the actuaries, a person who serves 15 years would have accumulated in the fund $9,967.01. Of course, $7,500 of that would be his actual payments and the balance would be interest. The Government would contribute an equal amount and the annuity would be $1,673.17. Those figures are furnished by the actuaries connected with the Civil Service Commission, and I assume them to be correct.

Mr. RICH. The only thing about that is that the figures we get from these actuaries that come here do not ring true to good sound business. You are going to compel taxes to be paid in the amount that they will receive and you are sinking the ship. You will never get us out.

Mr. RAMSPECK. May I ask the gentleman if he voted for the social-security law?

Mr. RICH. There might be some justification in trying to give social security to some other people so that they can get $40 a month, that would amount to some compensation to them, but here you are trying to give Members of Congress three times as much.

Mr. RAMSPECK. And we are paying in three times as much and more.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I yield myself 5 additional minutes.

Mr. BENDER. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Ohio.

Mr. BENDER. In the biographical index of the Congressional Directory there is listed the vocations of the various Members of Congress. There are listed lawyers, publishers, insurance men, department-store managers, and so forth. Is it not a fact that almost without exception every Member of Congress is engaged in some form of business or profession other than that of being a Member of Congress and that he has some other source of income other than that received as a Member of Congress?

Mr. RAMSPECK. If the gentleman asks my opinion, I would say that I doubt if 15 percent of the Members of this House today have any other source of income than their salaries here. If a man stays here 10 years or more, he will find it very difficult to reestablish himself back home in whatever business or profession he may follow. I am serving my tenth year here. I am a lawyer. If I have to go back home and start practicing all over again, I know I would find it very difficult. I think that if we can furnish some

security for the Members of Congress, they will be more independent in their attitude toward legislation, and it will help to get better legislation for this country.

Mr. PARSONS. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Illinois.

Mr. PARSONS. How many years does a Member have to serve before he would be entitled to any benefit and what age would he have to be before he participates?

Mr. RAMSPECK. He must serve a minimum of 5 years to be a beneficiary under this act. If he serves less than that he gets back all he has contributed, plus 4-percent interest. If he serves 6 years and retires from Congress and is not old enough to receive an annuity—in other words, he is less than 55 years of age—the money he has contributed stays in the trust fund until he reaches 55 and at that time he can draw an annuity which will be based upon his contributions and his age at the time.

Mr. PARSONS. There are different rates for the various ages and for the years of service he has put in the House?

Mr. RAMSPECK. Yes. It is computed upon an actuarial basis.

Mr. PARSONS. If he serves 10 years, then retires from Congress, he cannot draw anything until he reaches the age of 55?

Mr. RAMSPECK. That is the minimum age at which he can get an annuity.

Mr. MASSINGALE. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. I am concerned about one feature of the bill. I am not contending that the bill is not justified, especially as applicable to some Members of Congress; but I think there is a difference in the status of a Member of Congress who goes out and by his wiles or his ability of some sort is able to get himself elected to this position of honor that pays $10,000 a year and the fellow who qualifies himself to do some kind of clerical work for the Government of the United States. In addition to that, there is another thing that would bother me, not because I fear it will have anything to do with my reelection. We are in the midst of a period now where there is a great deal of unrest. The people are depressed. There are hundreds of thousands of people all over this country who would be tickled to death if they could get $10,000 in 20 years. Here we are getting $10,000 a year. Does the gentleman from Georgia think it is really in good taste to insist upon the passage of this provision under the circumstances?

Mr. RAMSPECK. Yes, I do; just as much as it is for us to do that very thing for the man downtown in one of the executive departments who is drawing just as much money as we are and who comes under this law today, and just as much as by title II of the Social Security Act we provide for 40,000,000 people in private employment. We should not deprive ourselves of this opportunity simply because we get elected to the Congress.

As far as I am concerned, I am not afraid to go back home and face my people on this issue and talk to them about it. I believe we are entitled to an annuity system the same as any other person in this country.

Mr. MASSINGALE. I agree with the gentleman in some respects, but my thought is this: Is it right and is it good propriety for us, as representatives of the people of the United States, to vote ourselves an additional salary?

Mr. RAMSPECK. It is not an additional salary; it is an annuity and I believe it is right. [Applause.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I am using this time to discuss again exactly the same proposal I discussed a few minutes ago. I want to express my appreciation to our distinguished chairman, Mr. RAMSPECK, for his fairness and for the fine manner in which he has handled this and other legislation that has been presented to the Committee on the Civil Service. I want to pay tribute to him because of the effort that he has put forth, as well as the earnest consideration he has given such measures. His judgment commands the respect of the membership of this House. Here is a measure that contains a provision that would permit Members of Congress, elective officials if you please, take advantage of civil-service retirement and permit the Federal Government to contribute to the payment of retirement annuities on their behalf. For the life of me, and I am expressing my own opinion, I cannot see why this legislation should ever be brought to the House in connection with a bill to amend the law affecting civil-service employees.

Is the House expected to let it ride through just because it happens to be a part of that bill? We have been following that practice a little too much in this Congress, and there is another body that does it more than we do. If this provision is worth while, and if the Members of the Congress want it, then bring it in as a separate measure, but not as a part of this most important bill.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the distinguished gentleman from Georgia.

Mr. COX. Does not this proposal impress the gentleman with the idea that we are undertaking to take advantage of the position of trust we occupy and to pinch something for ourselves off the fund that passes through our hands? In other words, is it not an abuse of the confidence the people in our respective districts have reposed in us?

Mr. REES of Kansas. I believe the gentleman is correct. Furthermore, I am afraid it is an abuse of authority that has been granted to us as Members of this great body.

Mr. COX. Does not the gentleman believe that the people in the districts back in the country, when informed of what we have done if we adopt this bad proposal, will take action with respect to whipping out of public life every man who votes for this bill?

Mr. REES of Kansas. It is my humble opinion that the people will not only lose respect for this membership but they will likewise be pretty much disappointed in us.

Mr. COX. It will prove to be a retirement bill, and very much more quickly than those sponsoring it now figure.

Mr. REES of Kansas. I am afraid it will.

Mr. ROMJUE. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Missouri.

Mr. ROMJUE. I expect to support the gentleman's amendment when he offers it, but I wish to ask the gentleman if it does not appear to him that there is no need to make this expenditure. Is not this a time when we ought not to make expenditures that are not necessary? And your amendment should be adopted, striking out the annuity for Members of the House and Senate.

Mr. REES of Kansas. This most certainly is a time when we should not be offering a gesture of this kind. It is certainly a time, it seems to me, when we should attempt to cut down expenses, no matter what the amount may be. The very principle of this provision, I believe, is wrong. I will agree with the gentleman from Georgia [Mr. RAMSPECK] that you do not have to take advantage of it if you do not want to. Each Member of Congress can do as he pleases about that. Let us get it straight that you are not compelled to take advantage of it. But I believe what the gentleman from Oklahoma [Mr. MASSINGALE] said a moment ago—that it is not in very good taste.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. For a brief question.

Mr. RICH. Does the gentleman believe that the people who elected the Members of Congress to come here and serve them had any thought that the Members would try to do anything at the expense of the taxpayers that would in any way further their own interests while serving here or after they cease to serve here?

Mr. REES of Kansas. Not intentionally, anyway.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. The gentleman is a member of this committee, and I should like to ask him a question. Is it not true that this bill provides generally for a very material

increase in the contributions from the Federal Treasury toward retirement and annuity benefit payments?

Mr. REES of Kansas. My contention is that this bill does increase such payments. However, our distinguished chairman feels that in the general change in the measure it does not make much difference so far as all the civil-service employees are concerned. It is my own personal judgment that it does create a considerable additional expense on the part of the Government, and with this amendment in the bill there is no question about it.

Mr. WHITTINGTON. I asked the gentleman that question because he is the ranking member of the committee. I have a very high regard for the views of the chairman of that committee, but I believe it is peculiarly unfortunate that, in connection with a bill where there is at least room for the contention that the Federal contribution for retirement is being increased, Members of the House and Members of the Senate should be included.

Mr. REES of Kansas. Of course, that is my contention, too.

Mr. WHITTINGTON. I believe it is in bad taste.

Mr. REES of Kansas. That is my position. It is not right.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. Always glad to yield to my good friend from Nebraska.

Mr. STEFAN. May I say to the gentleman from Kansas that I agree with everything he has said on this question, but may I ask the gentleman if his amendment will be to strike out that section which deals with the retirement of Members of the House and of the Senate?

Mr. REES of Kansas. The gentleman is correct.

Mr. STEFAN. I wish to say I will support the gentleman's amendment.

Mr. REES of Kansas. I am glad to have the opinion of the gentleman from Nebraska, whom I have observed always gives his most careful and earnest consideration on the measures of importance that are presented on the floor of this House.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I am glad to yield to the gentleman from Arkansas.

Mr. TERRY. We have heard the merits of the congressional provision of this bill discussed very fully, but I should like to hear the gentleman discuss the merits of some of the other features of the bill. No one has done that yet.

Mr. REES of Kansas. I should be glad to do so, but I thought the gentleman from Georgia explained the general features of the bill pretty well a while ago.

I would not like to take up too much time on those changes, because I am particularly interested in the amendments I expect to propose in a few minutes.

I am not, on this occasion, offering objections to the portions of the bill. I am directing your particular attention to paragraph G which should be stricken out.

Something was said about our contribution to this fund. We do not even take any chance if we put our money into this fund, even if we go out of office. If we had been here for 2 years and had paid in our money, even then under this section we are entitled to receive our money back with interest on it from the Government. So we are not only protected, but we are getting our money back with interest on it at the proper time. So, I say to you that we do not even take a chance if we make our contribution to the fund.

I say to the Members, just use your own judgment. If you think the Members of Congress are entitled to this, if you think as a matter of right we ought to do this so far as you are individually concerned, well and good, but I do not think now is the time and I cannot think of any other time when Members of Congress, with all of the trust that is imposed in them, or is expected to be imposed in them, should attempt in anywise to dip into the Federal funds in this way. It just is not in good taste. It is not fair to the Government or to the people.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to my distinguished colleague from Oklahoma.

Mr. JOHNSON of Oklahoma. The gentleman does not seriously believe this body is going to pass this bill with a clause in it granting pensions to Members of Congress?

Mr. REES of Kansas. I will say to the gentleman that I do not know. In view of a lot of extravagant legislation that has been passed by this Congress, it is rather difficult to hazard a guess. I certainly hope not.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. COFFEE of Nebraska. I shall be pleased to support the gentleman's amendment, and I may say that I believe the people of this country are expecting Congress to pay more attention to the question of Federal expenditures than they are to providing retirement funds for the Members themselves. [Applause].

Mr. REES of Kansas. I think the gentleman is right in his statement. I appreciate his contribution.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. REES of Kansas. Yes; glad to yield to the distinguished gentleman from New York.

Mr. TABER. Does not the gentleman think that if the House should adopt this provision giving Members of Congress an opportunity to receive a large amount of money from the Federal Government—and it really is that—that we are going back on the duty we owe our constituents at this time?

Mr. REES of Kansas. I think the gentleman is correct, and along with that I have in mind the very principle of the thing—the very idea of doing a thing of this sort. It just will not do, and you know it. [Applause.]

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. BENDER].

Mr. BENDER. I am against the amendment in this measure that provides pensions for Members of Congress.

I know that public life is about as strenuous as any vocation. I know that public service takes more of one's energy, time, and industry than almost any other vocation, but no one drives us to public service. All of us, I believe, are in public life because we enjoy it and, irrespective of the difficulties, the time and energy required, there is not one of us who is not concerned about remaining in public life as long as our people are willing to have us remain there. I never knew a Member of Congress who ever died in the poorhouse; in fact, when Members of Congress leave here, as a rule, if they are lawyers there is a lucrative practice awaiting them at home or they hang up a shingle here in Washington to practice before various Government bureaus. My own United States Senator hung up his shingle after his defeat last year and I am told has a very fine practice here in the city of Washington. I know several Members of the House in my home city who are now practicing law and doing very well. I believe, from an examination of the Congressional Directory, that practically every Member of this House is engaged in some other work.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BENDER. Yes.

Mr. MURDOCK of Arizona. Did I understand the gentleman to say that he feels that a Member of Congress cannot live in Washington on the salary that he is receiving? In that case, unless he has an independent income, he must borrow money to be a Congressman.

Mr. BENDER. I did not say that. I said that in connection with his service and his campaign and the time required by his service here, that it is necessary for him to have some other means of support. I believe, from an examination of the Congressional Directory, that, with the exception of possibly two dozen Members of Congress, the Members do have means of support other than the salary they are receiving.

Mr. MURDOCK of Arizona. I think the gentleman's estimate is far too high on that particular. Would the gentleman be in favor of having a requirement that a member of a lawmaking body such as this should have an independent income in addition to his salary? If so, why not do away with salaries and let rich men write our laws? Do the American people want that?

Mr. BENDER. Frankly, one never knows whether he will be continued here in Congress or not. The great majority of the Members, before they came here, were successful businessmen, lawyers, or publishers, or were engaged in some field of endeavor which distinguished them in their own communities, which provided them with the opportunity to represent their constituents in this body.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. BENDER. Yes.

Mr. JOHNSON of Oklahoma. Permit me to say to the gentleman that I am opposed to the bill with the amendment that would permit Members of Congress to be pensioned, but I feel sure that the gentleman is in error if I understood him correctly in the statement that there are not more than a dozen Members of Congress who have not other means of support. I say to the gentleman that he would come nearer stating the situation correctly if he would say there are not a dozen Members of Congress who have any other means of support than their salary.

Mr. GEYER of California. And does the gentleman believe that a man can properly represent his constituency and have an interest in some other business?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, I rise to speak briefly in favor of the amendment which will be offered by the gentleman from Kansas [Mr. REES] to eliminate the section of this bill which would provide pensions for Congressmen. I expect to support this amendment as I feel I should as a representative of one of the great farm States of the country. Most of the people in my State belong to that thirty-million-odd people of America who are engaged directly or indirectly in agriculture. I want to say just a few words in rejoinder to a statement made by the gentleman from Georgia [Mr. RAMSPECK] that he felt we were justified in voting for this security pension for Members of Congress because it would be doing for Congressmen only what we have done for the rest of the Nation.

I do not believe we have as yet provided a social-security system for the agricultural people of America which would warrant us in appearing before the people of the country and sincerely contending that in providing social security for Congressmen we were simply doing for ourselves what we had done for the rest of America. I submit that until and unless we have been able through our collective thinking and efforts to correct the injustices and inequalities in the present social-security set-up which will enable the farmers of this country to enjoy some of these benefits and social-security privileges that are enjoyed by certain other groups at the present time—until that happy day has come we, as Members of Congress, should not concern ourselves about providing a social-security system for ourselves, but should continue to study the problem in behalf of the agricultural population of America. We should not forget that at present the farmers of this country are already paying in increased taxes and higher prices for a social-security set-up from which they are largely denied the benefits.

Mr. JOHNS. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. Yes.

Mr. JOHNS. Does the gentleman know of any farmer in this country who has any money from social security at the present time.

Mr. MUNDT. No; I do not, and I represent one of the best agricultural States in the country.

I think this is not a reasonable time to approach this problem. There certainly is considerable merit in the contention of those who state that a Congressman who serves here for a long period of time is not able to save any money during his service. I grant that it is an expensive profession, but I believe that social security for Congressmen and Senators should come as the finishing touch to a well-rounded American social-security program enacted by them. Let it come as the last shingle on the roof of the social-security house, and not be inserted as one of the first foundation stones in such a security program. Our first responsibility is to provide an honest and impartial pension and social-security program for others, and until we have solved this problem, at least, we should not in good conscience pass legislation simply providing for ourselves.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. MUNDT. Yes.

Mr. H. CARL ANDERSEN. The gentleman comes from the same section of America that I do. Would the gentleman like to go and face an audience of farmers or small-business men in our section and try to convince them, regardless of the merits of this bill, that Congressmen are entitled to any such consideration from the Government, when the gentleman and I both know that many a farmer is losing his farm today through foreclosure?

Mr. MUNDT. Well, I would not like to do that, because I do not believe we are entitled to it, at least until such time as we have provided a Federal social-security program which includes the agricultural class in its advantages. We have tried on a number of occasions during this session of Congress, by several different methods, to equalize and perfect the advantages of social security for our agricultural groups. Thus far we have conspicuously, definitely, and dismally failed. Until we succeed I urge you to support the amendment which will be offered by the gentleman from Kansas [Mr. REES] and exempt ourselves from these social-security benefits. [Applause.]

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I am rather put out as I listen to some of the remarks of my colleagues on the left side of the aisle and likewise some on this side of the aisle who, in their pharisaical way, say that they are so thankful that they are not like the speaker here, in that they would not think of providing social security for themselves. I think this is a show of sheer, downright demagoguery, and it is an indication that with the most sacred things the Members of this House will play politics. It is pure bunk. It is lack of courage for the Members here to express themselves in that manner. I am willing to take my chances with my people and I think you should. I think they will be fair with you. The people of this land of ours are convinced that social security is essential to the welfare of each and every Member of this House as much as it is essential in the lives of the lowliest of our people.

Insurance figures indicate that 85 percent of our people, and that includes Congressmen, sitting Members of today, at the age of 65 will become totally or more or less dependent on someone else for a livelihood, for support. They will become objects of charity. Why not make some provision for that contingency here and now.

I remember in the Seventy-third Congress talking to an old Republican war horse whom most of you know. I met him in the office of the Whip of the House, and I asked him why it was that he chose to retire. He told me he had served in this House for some 24 years, and it was high time that he got back to private life in order to reestablish himself because he was financially down and out.

I had a colleague from Michigan who in that same session told me he was going to retire. The Lord have mercy on his soul. He never did retire, and he never risked knowing what dependency really meant; but he, too, was going to retire from this House in order that he might provide for himself and his aging wife.

There are men who have served in this House who later became doorkeepers. There are others who have pleaded

for a miserable job in one of the departments. There are Members sitting in this House today who are going to be down and out some time in the future.

Now, you are asking for no charity. You are not the first foundation stone in the plan, as my rookie colleague said a moment ago. We are really the last shingle on this social-security structure, if the gentleman wants to know. We have provided for everybody else but ourselves. The generals and admirals in the armed forces are taken care of by retirement provisions. All Federal judges and Government employees have been similarly protected.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I am sorry. My time is limited.

Mr. MUNDT. The gentleman referred to me.

Mr. DINGELL. I told the gentleman I refuse to yield. He understands English, I presume. He made a misstatement, and I am simply calling it to his attention.

The membership of this House avail themselves of this plan or they do not have to. There is nothing compulsory about it. My good friend from Pennsylvania and my good friend from Massachusetts spoke in favor of this amendment. If I had their incomes, certainly I would be insistent that this House of Representatives be made an exclusive and a rich man's club and that only those who could show so much on the profit side of the ledger would have any right to come here. They will not need any assistance after they retire, but in my position and in the lives of 90 percent of the Members of this House this legislation is very desirable; it is essential. I am wondering how many Members here have confidence in the fairness of their constituents and have the courage to stand up and be counted and take their chances.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DINGELL. I would like to call the attention of the Members of the House to the fact that Congress has provided for full retirement for all Federal judges who have attained the age of 70 years and have served a period of 10 years. They are to receive a full $10,000 a year for the balance of their lives—Supreme Court and circuit court judges even greater amounts for life. These retirements are provided as a gratuity. The Nation has not objected to that. People have not risen in rebellion against the generosity of the Government. I want to say to you that the people of this Nation generally will approve of this action of the House. They are making no distinction between Members of Congress and any other class of Federal employees.

Ninety percent of the Members of this House are employees of the Federal Government. Our businesses as a rule are nonexistent. They have evaporated and we have no industrial enterprise to depend upon. We have no hotels. We have no business of any kind that will sustain us. Therefore this is our only employment. If I am willing to make my contribution on the same basis as any other civil-service employee, I do not believe there is a single, solitary individual in my district who will raise any objection. I am willing to take my chances on that point. I am sure that I could sustain my position.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. My time has about expired.

[Here the gavel fell.]

Mr. DINGELL. If the gentleman will get me more time, I will yield.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Michigan.

Mr. RICH. Does the gentleman think it is good business after a Member has served here, we will say, 15 years, and paid in $7,500, then draw out of the Federal Treasury forever after during his life the amount of $1,673.16 a year?

Mr. DINGELL. That is the same sort of question the gentleman from Pennsylvania asked the gentleman from Georgia. The plan is based on an actuarial study. If the actuaries consider it sound, I think it is good business; yes.

Mr. RICH. The point is that the Government pays 4 percent interest on this money, yet the Government cannot get 4 percent on any of its own money. When the Government pays $600 a year interest on that money the beneficiary is getting $1,073.16 more than the Government can possibly get. It seems to me that after 15 years' service Members of Congress are going to get a lot more than they really deserve.

Mr. DINGELL. The gentleman has asked me a question and has answered it in his own way without giving me the opportunity.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. HARTER].

The CHAIRMAN. The gentleman from New York is recognized for 9 minutes.

Mr. HARTER of New York. Mr. Chairman, I yield to the gentleman from South Dakota who wanted to make a reply to the gentleman from Michigan.

Mr. MUNDT. Mr. Chairman, I merely want to say a word in reply to the somewhat amusing—although I suppose it was intended to be sarcastic—remark of the gentleman from Michigan. I did make the statement that if we were going to provide this social security for Congressmen it would be in the form of a foundation stone in the structure of social security, because we have not yet provided for the 30,000,000 agricultural citizens in this country and call the attention of the committee to the fact that in none of the gentleman's remarks did he show where or how we have provided social security for the farmers of this country. Therefore, while he charges me with misstatement in this connection, he completely fails to answer my argument.

Mr. KERR. Mr. Chairman, will the gentleman yield?

Mr. HARTER of New York. I am sorry; I cannot yield further.

Mr. Chairman, the gentleman from Michigan [Mr. DINGELL] in substance charged everyone who has taken a position against this amendment that will be offered by the gentleman from Kansas [Mr. REES] with demagoguery. I am not inclined to take that view. I do recognize the fact that Members who have spent many years in the House are in such position that should they leave Congress they would have a very hard time to rehabilitate themselves. There is no doubt in the world about that. On the other hand, we must take into consideration the fact that we are being besieged on all sides for social security from all classes of people, people, may I say, who are probably much less able to rehabilitate themselves than most of the Members of this House; and I do feel with those conditions existing throughout the country we would be somewhat remiss in our duties if we at this time voted ourselves into this retirement system.

There is another point I wish to bring to the attention of the membership, and that is that the Members of Congress from the State of New York, and I am one of them, have the right to join the retirement system of the State of New York. May I say that should this amendment which the gentleman from Kansas [Mr. REES], will shortly present by any chance be voted down, I intend to offer an amendment which will preclude the Members from New York State from receiving Federal retirement benefits or joining the retirement system of the Federal Government as well as that of the State; in other words, that they will have to elect between the two systems.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. HARTER of New York. I am sorry; I cannot yield.

Mr. Chairman, with that in mind as a preamble, I say again I think it is not fair for anyone to take the floor and say that a Member who opposes this provision of the bill is a demagogue or is guilty of demagoguery. In opposing it myself, I do so because I feel from my short experience in this House that we should not, particularly at this time, vote ourselves any benefits. I say this, mindful of the fact that I have been here only 6 months and mindful, also, of the fact that many of the Members have given marvelous service to the country through many years of their lives as Members of this body. I take this position, too, knowing

full well that the Senate sent this bill to us without this provision in it. Members of that body have served equally long and, in most instances, equally honorably as Members of this House. They sent this bill to us without this retirement provision for Members of Congress and Senators. Are we not somewhat presumptuous in inserting such a provision in this bill at this time? Are we not setting a bad example to put such a provision in the bill at a time when the Government is spending more Federal money than ever before? Are we not in a rather poor position to come in and try to save some appropriations and then place ourselves in the position of getting additional funds from Uncle Sam.

I voted for the bill. We recently voted on an appropriation bill for W. P. A., and I was in accord with the recommendations of the administration and the W. P. A. Administrator on that and most recommendations of our Appropriations Committee. Can we, after having done that so recently, come in here and say in all good grace that we are willing to take a fund from the Federal Treasury to help ourselves? I admit that the fund will be comparatively small, but nevertheless it is taking something from the Federal Treasury. I do not believe in such actions. I am going to support the amendment to be offered, and I do not believe any one can seriously question my integrity when I say that I am doing that by the dictates of my conscience and there is no demagogy in my action. Nothing would please me more than to favor this for the benefit of some in here whom I love and whom I feel have given of their best years and best talents to the people of this country.

Mr. COX. Will the gentleman yield?

Mr. HARTER of New York. I yield to the gentleman from Georgia.

Mr. COX. With reference to the entire bill, I wonder if the gentleman does not agree with me that the Federal employees constitute the favored class of workers in this country already, that much is being done for them at the expense of the rest of the people, and that this bill as a whole is a proposal to do more for them than has already been done?

Mr. HARTER of New York. I agree with the gentleman to the extent that during these times of stress it would seem that people on the Government pay roll, whether it be of the States or the United States Government, if you please, are in a favored position.

However, I have definitely in mind that men of intelligence, men who have been able to earn in private industry more than they could with the Government have come into the Government service at a pay which was not commensurate with what they could earn in private industry. However, during these depressed times I feel that those who are on the taxpayers' pay roll, if you want to call it that, are rather favored. I may say that I propose to support the balance of the bill.

Mr. HAWKS. Will the gentleman yield?

Mr. HARTER of New York. I yield to the gentleman from Wisconsin.

Mr. HAWKS. Is it not a fact that the average income of the Government employees is about three times the average cash income of the farmers of this country?

Mr. HARTER of New York. The gentleman is speaking of the present time?

Mr. HAWKS. Yes.

Mr. HARTER of New York. The gentleman has in mind the economic stress that exists today?

Mr. HAWKS. Yes.

Mr. HARTER of New York. I assume that is correct.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, I think there are certain features of this bill that are very important, and I am frank to say I do not think they are the ones that have been discussed today. I would like to ask the able and devoted chairman of the Civil Service Committee a question, if I may. I have been very much interested in the problem faced by the people in our country beyond the age of 50 and the matter of their employment. I think there should be no discrimination against them in Government employment. I realize the problem of retirement provisions is serious in connection with the older age group. Therefore, I am anxious to know what this bill will do with regard to those Government employees who are not now covered by any existing retirement law? Does it have any provisions that will cover them?

Mr. RAMSPECK. I may say to the gentleman it does not. As a matter of fact, a committee, composed of Senator NEELY, myself, and some Government officials, is studying that question now, and I think there will be some effort made to take care of them at an early date. However, they are not included in this bill.

Mr. VOORHIS of California. Does the gentleman think that can be done during this session?

Mr. RAMSPECK. I doubt it, unless the session lasts longer than I think it will.

Mr. VOORHIS of California. What does the language at the top of page 12 and at the bottom of page 11 mean? I refer to subsection (i). Does that not give the President the power to extend the benefits of the retirement system to people who are not now covered? Could that not be done by Executive order?

Mr. RAMSPECK. Yes; I think the President could extend it if he sees fit to do so.

Mr. VOORHIS of California. May I ask the gentleman if he will explain a little bit further for my benefit at least the meaning of subsection (d) at the bottom of page 13, which I believe, if I understand it correctly, is a most important provision of this bill.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I yield the gentleman 1 additional minute. I may say to the gentleman we wrote that provision in here so that it will be possible for an employee or other person coming under the benefits of this act to divide his annuity with a named beneficiary, sometimes called a widow's annuity, although it is not that. It does not increase the annuity. It simply gives the option of dividing the annuity.

Mr. VOORHIS of California. The man who is entitled to the annuity can take a smaller amount during his lifetime, then extend the benefits of it to somebody who survives him?

Mr. RAMSPECK. Yes. It is safeguarded so that the total amount paid out will not exceed the amount which would have been received by the single person.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, in concluding the general debate, may I remind my colleagues that this Congress not long ago voted retirement at full pay for judges of the United States courts after 10 years of service without any contribution; that we have provided retirement benefits to retired officers of the Army, Navy, Coast Guard, and Marine services, which are more generous than can be given Members of Congress under this proposal and without requiring any contribution whatsoever. May I also remind the Members of the fact that we propose here to give ourselves nothing more than has been given for nearly 20 years to people who draw their pay from the same employer—the United States Treasury. May I say to my friend who talked so feelingly about the farmers that while it is true they do not come under title II of the Social Security Act, they have received a great many financial benefits from the United States Treasury. I am in favor of them getting that, but that is no reason why we should deny ourselves some protection for our later years when we may be retired from service here. I feel that we are justified in making this provision, and I can remind you that no Member of Congress and no Senator is required to exercise the option conferred in this bill.

[Here the gavel fell.]

The Clerk read as follows:

Be it enacted, etc., That section 1 of the Civil Service Retirement Act approved May 29, 1930, as amended, is amended by striking out the whole thereof and substituting in lieu thereof the following:

"(a) All employees to whom this act applies who shall have attained, or shall hereafter attain the age of 70 years and have rendered at least 15 years of service computed as prescribed in section 5

of this act shall be eligible for retirement on an annuity as provided in section 4 hereof: *Provided*, That city, rural, and village letter carriers, post-office clerks, railway postal clerks, sea-post clerks; laborers and mechanics generally, mechanics and laborers in navy yards, and such supervising mechanics and laborers, master mechanics, leadingmen, quartermen, and foremen who perform mechanical or manual work in connection with their supervisory duties; those employees engaged in pursuits whose occupation is hazardous or requires great physical effort, or which necessitates exposure to extreme heat or cold; employees of the Indian Service at large excluding clerks; and those employees whose terms of service shall include 15 years or more of such service rendered in the Tropics, shall, under like conditions, be eligible at 65 years of age; the classification of employees for the purpose of assignment to the various age groups shall be determined jointly by the Civil Service Commission and the head of the department, branch, or independent office of the Government concerned: *Provided further*, That the term 'mechanics,' as used in this act, shall include all employees in the Government Printing Office whose duties are to supervise, perform, or assist in apprentice, helper, or journeyman work of a recognized trade or craft, as determined by the Public Printer.

"(b) Any employee to whom this act applies who shall have attained, or shall hereafter attain the age of 60 years and have rendered at least 30 years of service computed as prescribed in section 5 of this act, or who shall have attained, or shall hereafter attain the age of 62 years and have rendered at least 15 years of such service may, upon his own option, retire and shall be paid an annuity computed as provided in section 4 of this act.

"(c) The head of a department or independent Government agency concerned may request the retirement of any such employee described in subsection (b) of this section who, by reason of a disqualification is unable to perform satisfactorily and efficiently the duties of his position or some other position of the same grade or class as that occupied by the employee and to which he could be assigned. No such request shall be submitted to the Civil Service Commission unless and until the said employee has been notified in writing of the proposed retirement. Each such employee shall, upon request by him, have opportunity for a hearing before the Civil Service Commission, at which hearing the employee may appear in person or he may be represented by a person of his choice. No such employee shall be so retired unless the Civil Service Commission after examination finds that he is so disqualified. The determination of the Civil Service Commission as to whether the employee shall be retired under this subsection shall be final and conclusive. Any person so retired shall be paid an annuity computed as provided in section 4 hereof.

"(d) Any employee who has completed 30 years of service computed in accordance with the provisions of section 5 hereof and who has reached or may hereafter reach the age of 55 years may voluntarily retire and shall be paid an immediate life annuity beginning on the 1st day of the month following the date of separation from the service having a value equal to the present worth of a deferred annuity at the age of 60 years computed as provided in section 4 of this act.

"If none of the options provided in this section is exercised prior to the date upon which the employee would otherwise be eligible for retirement from the service, the provisions of this act with respect to automatic separation from the service shall apply."

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 7, after the word "concerned" in line 23, add the following: "*Provided, however*, That those employees who at the date of approval of this act are serving in the 62-year-age group and those supervisory employees who by the provisions of this act would fall within the 70-year-retirement-age group, shall be and they hereby are exempted from the provisions of any law relating to the automatic retirement of civilian employees until the effective date of this act after which such employees shall be subject to automatic separation from the service in accordance with the terms of this act upon reaching the retirement age for the group to which assigned.

Mr. RAMSPECK. Mr. Chairman, in explanation of this amendment I should like to point out that we are raising the compulsory age of retirement for one group from 62 to 65. This deals primarily with the Railway Mail Service and the navy-yard workers. A great many of them who will reach the age of 62 between now and January 1, which is the effective date of this act, have asked that an extension of 3 years in the permissible time of service be given to them. That is the only change this amendment makes. It simply would provide that any person in the 62-year age group reaching that age before the effective date of this act would get the benefit of the change in the compulsory age.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that a very small group is involved?

Mr. RAMSPECK. Yes; it is a rather small group. Of course, it will involve only a few people, those who may reach the age of 62 between now and January 1 of next year.

Mrs. ROGERS of Massachusetts. The Civil Service Commission advises that this change be made, as I understand?

Mr. RAMSPECK. Yes; they drafted this amendment for me.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. Strike out all of section 2 of the act of May 29, 1930, as amended, and insert in lieu thereof the following:

"(a) Except as provided in section 204 of the act of June 30, 1932 (47 Stat. 404), section 3 of the act of July 13, 1937 (Public, No. 206, 75th Cong., 1st sess.), and section 3 (g) of this act, all employees to whom this act applies shall, on the last day of the month in which they attain retirement age as defined in the preceding section; and having rendered at least 15 years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify each such employee under his direction of the date of his separation from the service at least 60 days in advance thereof.

"(b) No person separated from the service who is receiving an annuity under the provisions of section 1 of this act shall be eligible again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia."

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 10, line 14, after the word "any", insert the word "permanent."

Mr. DIRKSEN. Mr. Chairman, I shall take no great amount of time in discussing the proposed amendment. The amendment merely provides for the insertion of the word "permanent" in line 14 between the words "any" and "appointive." The reason for this amendment is simply that lots of these annuities will run from $15 to $20 a month, or $30 or $40 a month, but they will certainly not be enough by themselves to sustain any individual. Under the language carried in the bill providing that an annuitant shall not be eligible again for appointment to any appointive office, such an individual could not even accept a job as a census enumerator for 2 weeks. It would mean that he could do no temporary work of any kind. Surely it is not the intent of the Congress of the United States to preclude an annuitant from accepting temporary or emergency work that may provide a bit of funds to supplement an otherwise meager annuity. For this reason I believe the word "permanent" should be inserted in the bill.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Georgia.

Mr. RAMSPECK. I may say to the gentleman, speaking only for myself and not for the committee, that I have no objection to having the gentleman's amendment adopted and letting it go to conference.

Mr. DIRKSEN. I submit it to the wisdom and good grace of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. Section 3 of the act of May 29, 1930, as amended, is amended by striking out all of that portion thereof beginning with paragraph (g) and continuing to the end of the section and inserting in lieu thereof the following:

"(g) All persons duly elected as Senators, Members of and Delegates to Congress, and the Resident Commissioners in the legislative branch of the United States Government: *Provided, however*, That this act shall not apply to any person described in this paragraph until such person gives notice in writing to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, of his or her desire to come within the purview of this act. Said notice must be given in the case of any such person in the legislative branch of the Government on the

effective date of this act, within 6 months from such effective date, and in the case of any such person elected and serving after the effective date of this act, within 6 months from the taking of the oath of office: *Provided further*, That no provision of this or any other act relating to automatic separation from the service shall have any application whatever to any person described in this paragraph.

"(h) This act shall not apply to such employees of the Lighthouse Service as come within the provisions of section 6 of the act of June 20, 1918, entitled "An act to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes,' nor to members of the police and fire departments of the municipal government of the District of Columbia, nor to such employees or groups of employees as may have been before the effective date of this act excluded by Executive orders from the benefits of the act of May 22, 1920, and amendments thereof.

"(i) The provisions of this act may be extended by Executive order, upon recommendation of the Civil Service Commission, to apply to any employee or group of employees in the civil service of the United States not included at the time of its passage. The President shall have power, in his discretion, to exclude from the operation of this act any employee or group of employees in the civil service whose tenure of office or employment is intermittent or of uncertain duration.

"(j) Any officer or employee to whom the act of July 13, 1937 (Public, No. 208, 75th Cong., 1st sess.), applies who has failed to exercise the option provided thereby to come within the terms of the Retirement Act of May 29, 1930, as amended, may exercise such option within 6 months from the effective date of this act."

Mr. REES of Kansas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REES of Kansas: On page 10, line 21, strike out all of paragraph (g) of section 3 of the bill.

Mr. REES of Kansas. Mr. Chairman——

Mr. RAMSPECK. Mr. Chairman, I wonder if we can get an agreement as to time.

Mr. WHITTINGTON. Mr. Chairman, I make the point of order that an agreement cannot be made because there has been no debate on this section.

Mr. REES of Kansas. Mr. Chairman, I do not believe it should be necessary for me to take the floor for the third time this afternoon on the subject of this particular amendment, but I wish to say again that in my judgment it is an extremely important one.

The gentleman from Michigan offered some suggestions and I would like to answer in a brief way some of the things that he said. The gentleman said that, after all, the vote on this bill was a matter for demagogues, I believe. If you want to classify yourselves as demagogues, go to it, but there is not any demagogy about voting against this particular portion of the bill as I see it. It is a matter of keeping faith with the folks at home. If you figure it out in that way, then it is all right with me. You vote your own opinion on it because that is a matter which is up to you. I hope there is no one here who does not use his own judgment as to how he should vote, and let us not call it demagogy.

The gentleman has said that he is willing to take his chances. We are all willing to do that or we ought to be, but let us not forget the fact that we are elective members. We are not appointive members, and we are going clear out of the classification of civil service in this matter and you and I know it. You are saying that here is a group of Members of Congress who happen to have this authority in their hands and they want to use it and they have decided this afternoon that they will not only use this authority, but usurp it, if you please.

We have not even begun in this Congress to take care of the thousands, yea, millions, if you please, of aged persons in this country who actually, honestly, and fairly need assistance, and it is just too bad that living in a great democracy that there are 435 Members here and 96 Members in another body who, regardless of party affiliation, have not been able to solve the problem by even providing the necessities of life for the aged people of this country; yet we come in here this afternoon and say that so far as we are concerned we are going to at least take care of ourselves; that we are going to see to it that so far as we are concerned, as Members of Congress, we are going to be protected, anyway, in our old age, and we are going to ask the taxpayers of this country to help us in that respect. If you feel that way about it, as Members of Congress, or if you feel that the taxpayers of this country owe us what we are asking this afternoon, it is perfectly all right with me; go ahead and support it; but I just do not believe you want to do that sort of thing. I do not think it is right. I do not think it is fair to the taxpayers of this country in your district and in mine.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield for a question?

Mr. REES of Kansas. I yield for a question; yes.

Mr. MARTIN of Colorado. How did the gentleman vote on the Townsend bill?

Mr. REES of Kansas. I voted against the Townsend bill.

Mr. MARTIN of Colorado. Well, you had a chance there to do something for the old folks of the country.

Mr. REES of Kansas. That is a matter of judgment. If you think that is the kind of bill that ought to be passed by this Congress, well and good, but you and I know that so far as the Ways and Means Committee is concerned, they have not recommended any measures yet that would have done much along that line. They submitted that bill under a gag rule to us and we voted it down. It might have been amended or worked out in such fashion that it could be used, but as it came before the House I voted against it, and the RECORD shows it.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield for a question.

Mr. HILL. To be consistent the gentleman ought to favor an amendment to retire all judges without pay because they can now retire after 10 years of service on full pay. The gentleman ought to be consistent and offer such an amendment.

Mr. REES of Kansas. If the gentleman wants to be consistent, he will vote against this bill, anyhow, and then if he wants to bring in that sort of measure he can bring that up separately.

Mr. HILL. Will the gentleman support that kind of amendment or that kind of bill? To be consistent the gentleman ought to do so.

Mr. REES of Kansas. If the gentleman wants to support that kind of bill, bring it in separately. We will be glad to discuss it on its merits. But I just do not see how the distinguished gentleman can support a measure with this kind of a provision in it.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. WHITTINGTON. In all fairness, are not all judges appointed for life just as civil-service employees are hired for life, and are not judges in a different position from those holding elective positions?

Mr. REES of Kansas. Yes. Certainly they are appointive offices.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes.

Mr. WHITTINGTON. Mr. Chairman, reserving the right to object, I would like to have 5 minutes.

Mr. HARTER of New York. Mr. Chairman, reserving the right to object, I have an amendment to this amendment.

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

Mrs. ROGERS of Massachusetts. Would the gentleman amend that and make it 30 minutes?

Mr. RAMSPECK. We are anxious to get through, and it seems to me this would give us enough time.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that all debate on this section and all amendments thereto close in 20 minutes. Is there objection?

Mr. HARTER of New York. I object, Mr. Chairman.

Mr. RAMSPECK. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. KNUTSON. Mr. Chairman, I rise in opposition to the amendment. The late Speaker Clark on a number of occasions in this House said that if there is anything in the world that is more cowardly than a Congressman it is two Congressmen, and the debate this afternoon has demonstrated beyond peradventure of a doubt that Mr. Clark knew what he was talking about. In his long, distinguished, and patriotic service in this body he learned what goes to make up a Congress. I presume that time has proven that it is no more possible for a Congress to change its modus vivendi than it is for a leopard to change its spots. The gentleman from Georgia [Mr. RAMSPECK] deserves credit rather than censure for bringing this measure before the House. [Applause.] I recall some years ago, when a member of long and distinguished service in this body passed away after having been defeated and retired to private life. When he died it was necessary for our delegation to make up a purse of $1,000 to send his remains home for burial and make some provision for his widow. Members of Congress rarely lay aside anything. We are beseiged on all sides for contributions for this and that and every 2 years have expensive campaigns to go through.

I think this is about the only country in the world that makes no provision for its legislators when they retire. We make generous provisions for those who have served in the Military and Naval Establishments when they retire, either as a result of long service or for disability. We have made generous provision for the judicial and civil lists, but nothing for those who give up their business or practice to come here and probably serve for 8 or 10 or 12 or 15 or 18 years and then go back home, to find that all of their connections are broken. Then they are in the sunset of life and for them there is no such thing as a new start. I appeal to the membership of the House to lay aside their fears of what the people back home will say and face this thing in a realistic and a manly manner. [Applause.] The best investment the American people can possibly make is to provide for their National Legislators in their old age so that they may face every issue and measure fearlessly and honestly. In my own case, after 23 years of service I would only draw $775.75 annually unless I can pay into the retirement fund $9,266.08. If I had that much cash I would not be concerned.

I believe in old-age pensions. It should be on a contributory basis and it should apply to all.

Mr. Chairman, sooner or later we must remove the fear of dependent old age, whether it be for the high or the lowly.

Mr. CREAL. Mr. Chairman, should this bill pass in this form, I presume it would be the first time in the history of America that any legislative body, be it a city council, a State legislature, or Congress, which had the power to appropriate money, voted themselves a pension. Of course, I know there is a certain amount of demagoguery about this, but in spite of what you say, we are all here as a matter of choice, because we prefer to be here to doing something else. There is no dispute about that, and at this time of financial crisis, with so many people demanding aid, it is the wrong time of the year, the wrong time of the moon, for Congressmen to vote themselves a pension, and then go back to have hurled in their teeth some particular thing that did not get through that somebody else wanted. People would say that we had voted a pension for ourselves and had failed to do so for somebody else. Talk about retirement. God knows that as far as retirement is concerned you will get it pretty quick—those of you who vote for this bill. You will get it and you will get it without pay besides. This is a nice issue with which to go before the people in 1940, is it not? What about the Democratic Party? Remember if this bill passes, it will have to pass through a majority of Democrats voting for it. Then I say especially again that it is the wrong time of the moon to take this question up.

Further, there are certain sections of the country where the political party on one side or the other is predominant and where Members come back to Congress year after year, but more than half of the districts waver back and forth as between the two parties, and it is not fair to those men who live in doubtful districts, as compared with those who live in districts where the politics is one way and where Members have opportunity for coming back year after year. I shall be quite well satisfied if I can come here the required length of time to which I might be eligible to get an annuity, without the annuity, and please do not forget that there are lots of people just as able as you are, just as smart as you are, regardless of who you are, who are ready and willing to take your places at any time you indicate that you are through—and sometimes when you do not. This is laden with political dynamite, and lots of you who cast your vote for this bill will get retirement without annuity.

The CHAIRMAN. The gentleman from Mississippi [Mr. WHITTINGTON] is recognized.

Mr. WHITTINGTON. Mr. Chairman, the bill under consideration is a bill for more generous treatment of Federal employees. That can mean but one thing. This bill cannot be more generous than the existing law unless it provides for larger contributions and appropriations from the Federal Treasury for the retirement and pensioning of Federal employees. I follow the committee and the distinguished chairman of that committee respecting Federal employees because I believe in adequate salaries for Federal employees; but I think that in a bill that increases the Federal contribution for Federal employees it is most unwise that provision should be made for retirement for Members of the House and Senate, even if such retirement were desirable. Moreover, if such provision is to be made by the Congress it should be made in a separate measure, and should not be effective until the succeeding Congress, just as an increase in salaries of Members of Congress has not been effective until the following Congress.

Mr. Chairman, whatever else may be said with respect to spending and appropriating in excess of the revenues of the Government, this must be admitted: That finally whether recommended by the Executive, whether requested by our constituents, the responsibility for continued borrowing in order that we may spend more and appropriate more lies at the door of the Congress of the United States. We have made provision for increasing the efficiency of our office during this term. We voted for an additional clerk. Personally I opposed the increase and personally I voted against it, but it is not fair to say that we have not made any provision this session for the Members of Congress. Additional provision has also been made for Senators under the conference report that is now pending.

I respectfully submit that if elective officers, not appointed by the Executive either as employees of the Government or judges of the courts, but elective officers, Senators and Representatives, are to be retired, it should be at another time when there are not so many demands from those who are in need, from the suffering, from those out of employment; when there is no grave emergency that confronts the country, but in normal times. The case of Senators and Representatives is not parallel with Federal judges and Federal employees. They serve until they reach the age of retirement and are usually dependent upon their salaries. Federal judges often serve long after they have reached the three score years and ten. Generally they make sacrifices to accept positions on the bench. Who would deny Justice Brandeis retirement when he was earning many times the salary when he was appointed to the Bench? All thoughtful patriots know that borrowing and spending cannot continue. If there is to be economy and retrenchment, Congress must set the example and make the necessary sacrifices. If we provide any additional benefits to Members of Congress when there is widespread unemployment, we estop ourselves from maintaining that Congress will reduce public expenditures so that they will not exceed public revenues. So far as I am concerned, I oppose the principle of retirement for Senators and Members of Congress. They

should be impartial and not embraced in legislation that provides for additional Federal benefits for Federal employees. I trust that this amendment to eliminate Senators and Representatives from the retirement benefits of the pending bill may be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. HARTER].

Mr. HARTER of New York. Mr. Chairman, mention has been made here of retirement and pension for judges. Some speaker this afternoon said he had heard no complaint of that. Let me say to you that I believe New York State is probably as generous in its care and treatment of government employees as any State, and I do receive considerable complaint from my district concerning these very same pensions for judges. It so happens that in our legislature, which has just adjourned, effect was given to a reduction, not to the present judges, but those who were retired and acting as referees. I just make that comment in passing.

If this amendment should not be agreed to, then I have an amendment which in substance will require Congressmen who do come from States where they have a State-retirement system, to elect to enter one or the other but not both. By that amendment or by my opposition, I do not intend to keep any Congressman who has been here longer in service than I have from getting any benefit; but I do urge that you Members who come from States which have no retirement system, to see to it that your States provide a retirement system and then recognizing the sterling service you are giving to the State and to the national Government, you be included in that retirement system, the same as New York has done. Do you not believe that if you were in a State retirement system rather than in a Federal-retirement system you might give better and freer attention to matters having to do with the retirement system than you could if you were a member of it? Not that I feel that we would be consciously affected by it, but naturally when we have something at stake we are unconsciously affected. We might be affected in favor of it or we might sit up so straight that we would fall over backwards, as the saying goes. Do you not think that gives you something to think about? Go back to your States and if they follow your advice, see that not only a retirement system is given which will include you, but will take care of the lower salaried people in your State as well. Let us see that they get something. I understand that New York State is one of the very few, if not the only one in the Nation, which gives retirement benefits not only to employees of the State but to Congressmen as well. It strikes me that when we sum up this whole picture it not only affects you in your actions in your district, but it affects all of us in our actions that we will give to legislative matters, particularly legislative matters having to do with the retirement system of the Federal Government.

I appreciate that the amount which would go into this is insignificant when you take into consideration the amount of money we have been spending, which, by the way, we do not have, but some of us seem immune to any plea along the line of curtailed spending. I admit that if this amendment is passed we will be curtailing very, very slightly, but I, for one, want to see that we curtail to the greatest possible extent. The taxpayers of the Nation pay into the Federal retirement system, while your State taxpayers only take care of the State's share in a State system.

I pause to call to the attention of the Nation that if benefits from the Federal Treasury, or debt, whichever you will, measured by States against the taxes paid State by State determined the issue of Congressmen being permitted to join their State retirement system, New York Congressmen should be about the last to be so rewarded.

The record of Federal tax moneys collected State by State, and Federal moneys paid out State by State, is well known to all. If not, go to a Representative from a State which pays more to Uncle Sam in taxes than it receives and you will quickly get the figures.

I have been here a little over 6 months, during which time I have listened to many beautiful memorials in this House in honor of Members passed away, Members who gave of their exceptional talents for their State and Nation services that money, in most instances, could not buy, services given early and late, day in and day out for their State and for their Nation. Yes; the press also recognized the value of their services. The same thing can and will happen to practically each Member of this body should he survive, politically or otherwise, for a reasonable time, because he sincerely carries out the oath of his office.

This is an age of security-mindedness and as the affairs of our country are being handled with continuing and astounding increases in our Federal debt and deficiencies, it might well be argued that the additional claim upon Uncle Sam's Treasury required to put Congressmen under the Federal retirement system not only means little but is far more justified than many of the bills passed in the last few years which have taken so many of Uncle Sam's millions and billions that he just does not have. However, that cannot justify our action, and we well know it. You can well point out that as a Congressman you are serving not only your district but your State and Nation as well. This is recognized when we are paid our salary from the Federal Treasury, given offices at Federal expense, and so forth. I frankly admit the weight of that argument, but I believe other matters I am attempting to point out make the amendment the more advisable course for us to follow.

If we by legislation place ourselves under the Federal retirement system we must justify our action, at least to ourselves. Probably it would be comparatively easy to justify our action in our own minds, but let us look carefully.

Again I repeat the truth that Members in the past have and in the future will continue to give their all for their Government, irrespective of action on this bill. However, your State should not object to making some "flowers" available to you while you are serving, rather than leaving all until you are dead. That being so, the enactment of State retirement systems for State employees, including recognition of your service by permitting you to join, is the answer, and not the section of this bill subject to this amendment. Such State retirement systems will help to give security to you and your fellow employees of your State, and at the same time help you to give freer attention to your duties as a national legislator and Representative.

I hope this amendment will be adopted.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I assure the House and the country that I will not ask or receive any benefit under this act. In the first place, I expect to remain in service until it will not be necessary for me to draw any retirement. [Applause.] I feel that most freshmen on the Republican side—I do not blame them for being opposed to the bill—I fear that they will not be the beneficiaries of this bill, because it provides that they must be in service for 5 years before any benefits can be derived under its terms. [Applause.] I have not heard any of the older Members on the Republican side, however, or on our side, with the exception of one or two, oppose this bill.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SABATH. No, no, no!

Mr. RICH. I want the gentleman to hear from somebody who is opposed to the bill.

Mr. SABATH. Rich men do not need it. This legislation is designed to help the poorer men and the poorer Congressmen.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I do not yield. Please do not interrupt me.

Mr. RICH. The poor are those who will have to pay for it.

Mr. SABATH. Mr. Chairman, when Members oppose this provision they are making a great deal of noise about very little. This will apply to only a few who will be retired. I realize there will not be more than 40 or 50 Members retired on the Republican side, and very few on this side. [Laughter.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I do not yield.

So for the first few years this will affect only a very small number, not more than 60, I should say.

The amount involved is very small, indeed. I, as one Member who for many years has advocated old-age pensions, naturally cannot oppose this proposition. I am in favor of it because it will not apply to those rich Senators and Congressmen trained in the law who have a lucrative practice. It will apply to the Members who have devoted years of honest effort in behalf of the country; Members who, when retired involuntarily, find themselves financially embarrassed. I can say in all sincerity that if I have helped one Member in my many years of service I have helped 50 who have been retired, men who have appealed to me for aid. I have done it because they were deserving. Many of them did not deserve to be retired. They served their country well; but, unfortunately, when a man serves his people well, the vested interests dislike him and make every effort to bring about his retirement; and I am for those Members, whether they serve on the Republican or the Democratic side. I want to be helpful to them, and this provision will be.

[Here the gavel fell.]

Mr. McGRANERY. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Illinois be extended 2 minutes.

The CHAIRMAN. The time has been fixed by unanimous consent.

Mr. McGRANERY. Mr. Chairman, I submit the further unanimous-consent request that notwithstanding that, the gentleman from Illinois may proceed for 2 additional minutes.

Mr. RICH. Mr. Chairman, reserving the right to object, will the gentleman yield out of those 2 minutes?

Mr. SABATH. I will if I can.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SABATH. We provide retirement for judges. Private industry takes care of many men at much greater rates of retirement. We take care of the Army and the Navy splendidly. We take care of the officers from childhood when we send them to the Naval and Military Academies. I do not see why we should not do something for Members of this House who are deserving and who are in need of it. I maintain that those who do not need it will not apply for it, and I have given you my word that I will at no time ask for any benefit under this bill. I plead, however, in behalf of those who may be retired who have served the country well. I feel that this legislation is a step in the right direction.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Pennsylvania.

Mr. RICH. According to the Treasury statement of July 12, the Government is going in the red about $25,000,000 a day. This means its expenditures exceed by $25,000,000 the revenue it receives. In spite of this, however, you add to the taxpayers' burden by a new bill. How are you going to get the money?

Mr. SABATH. I will answer the gentleman. This bill will not increase taxes by one red cent, not by the thousandth part of a cent. The charge that this will increase taxes is not well taken.

As to the farmers, I know what you are trying to ask. We have been taking care of the farmers through bills we have passed here year after year. Unfortunately you Republicans failed to vote for social security, and today you regret that we have not gone further. I am with you at any and all times to increase old-age pensions.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MOSER] is recognized for 2 minutes.

Mr. MOSER. Mr. Chairman, Thomas Paine met Benjamin Franklin in a London coffee shop, and by him was urged to come to America where thinkers were needed, and with letters of introduction became the editor of the Pennsylvania Gazette, later to write Common Sense, proceeds from the sale of which he donated to the cause of American freedom and liberty.

As a soldier in General Greene's ragged army, leaving its bloody footprints in the snow on the retreat from Fort Lee to Newark, N. J., by the light of the campfire's embers at night he wrote The Crisis, which General Washington had read to every company.

When Benjamin Franklin, in Paine's presence, made the statement: "Where liberty is, there is my country," Paine immediately replied: "Where liberty is not, there is my country." Having been in the unrivaled position of contributing to, being present during, and sharing in the struggle for liberty on the part of the people of three nations, it was Robespierre who had condemned him to be beheaded because he pleaded to save the life of the conquered, degraded, and completely subdued French King Louis XVI, but the assassination of Robespierre before Paine's execution was accomplished left him to languish ultimately in destitution in a garret in Paris.

Here it was that James Monroe, as Minister to France, a future President of the United States, found him; revived, restored, rejuvenated, and thus resurrected, sent him back to America, where he immediately became politically insistent that President Jefferson appoint him Postmaster General.

It was a grateful Congress that provided for his old age at a place near New Rochelle, in New York State, where he died. When a predecessor of mine lay dying in an attic in his district, forgotten by all, there was no Congress that looked after him. When his widow died in a bathtub of a rooming house some months thereafter there was no one to look after that destitute family, whose only offense toward society was poverty after years of public service and sacrifice in rendering it. There is now a living predecessor of mine and successor of the former, whom the court has committed to an institution. These are some of the vicissitudes that have overtaken men who preceded me.

Let me say to my colleagues that if I am to be retired, as has been suggested here by those supporting to those opposing the pending amendment to this bill on the ground of demagoguery, if we support this measure, I will willingly submit to retirement at the hands of the constituency that trusted in my judgment to represent them here. I know the class of people I represent; they expect frugality; they counsel it; they practice it; and want the Government to practice it. They are more apt to applaud than condemn, emulating by legislation if necessary, their example as set. I have never heard of the Government's system of compulsory saving on the part of its employees toward their old age and retirement challenged, criticized, or condemned by any but its own employees who would prefer to spend their portions like prodigals and have the public taxed to provide liberally for their retirement in old age that they might evade any share in their own responsibility. I have never heard a word of criticism from the public against the retirement of rural carriers, city letter carriers, post-office clerks, or any other employee of the Government. I have yet to hear the first word of criticism raised or voiced against Congress for having extended the Retirement Act to legislative employees at their option. On the contrary, you have under the pending bill an answer to the appeal to permit those who did not avail themselves of the privilege within the time limit in giving further opportunity to embrace it.

The proposal to permit Members of Congress to exercise their own option of availing themselves of the Retirement Act is not novel. It has been extended to all others of the legislative branch of the Government. The demagoguery that has been practiced in predecessor Congresses should the more readily apply to that act which created retirement to the employees of the Government, who receive gratuitous retirement benefits exclusively at the hands of the taxpayers of the Nation through the several acts of Congress bringing it about, without compulsory or optional contribution from their salaries, which are high, yea, very high as contrasted to those coming within the arbitrary, compulsory, or optional

classifications. To those who charge demagoguery today, I can only inquire, what could it possibly have been termed when retirement without contribution or assessment was extended to judges, and officers of the Army, Navy, and Marine Corps, and by what term can it be styled that individuals so retired at public expense, without forfeiting retirement pay or rights, continuing physically and mentally active, are permitted to fill appointive positions at salaries higher than available to them under their series of promotions or politically sponsored appointments? I make the challenge to all who condemn this proposal to state publicly whether they would vote to stop the practice I have just cited. If it is supposedly wrong to encourage a Member of Congress to accept Uncle Sam's reassuring suggestion of thrift and frugality to provide against old age and destitution, how much further wrong is the other course in the sight of the public demand that Congress practice frugality?

It was deemed advisable as well as necessary, to provide for the integrity of the courts, to also provide for the security of the judges, who are permitted to retire optionally at full pay, without contributing anything to a retirement fund as herein proposed to the legislative branch. With 303 judges of record who are receiving full pay for active and retired pay, at rates up to $20,000 per annum for an Associate Justice of the Supreme Court, if this security is necessary for the integrity of those who judge the law, recent evidence to the contrary notwithstanding, how much more desirable should it be determined that those enacting the law should have the right to contribute to their own security under the terms of the pending bill? Note that no member of the judiciary contributes one penny to his own security from his salary.

Mr. Chairman, I am going to support this bill and oppose the pending amendment. May I say further that in the State of Pennsylvania the judges have a very liberal retirement law. People who are otherwise employed by the State do not have such latitude under the retirement law. A very eminent judge who was defeated later got himself appointed by a Governor to subsequent public employment, and by the most clever and adroit manipulation of the application of the retirement law of the Commonwealth of Pennsylvania was retired with a very substantial bounty. Though the press widely publicized the skillful application of this retirement to the act, there was no public criticism. The man was a particular friend of mine; his uncle served with me in the classified civil service. I shall not refer to individuals by name, because I would not want to embarrass anybody.

From the standpoint of the classified civil service, as has been referred to this afternoon by one of my colleagues on the committee who did not oppose bringing this bill out for the action of the House that we are safe if we elect to make our contributions to the retirement fund; that we cannot lose because the money contributed will be paid back if retirement precedes the date of eligibility. It is optional. He failed to distinguish, however, there is not a single person in the classified service of the United States now having the compulsory benefit of the retirement fund, nor anyone having exercised the optional privilege, who, on retirement, does not have compulsory or optional contributions to the fund reimbursed to the person so retiring from the public service.

I believe this is a proposition we should face fairly and squarely, as the gentleman from Minnesota [Mr. KNUTSON] stated when he was quoting the late Champ Clark. I could not possibly know Champ Clark made the statement. But I have heard it said by many of my colleagues in the House that if every Member of the Congress could be guaranteed to retire at the end of his term, at full salary in the same manner and form with which the judiciary has been provided with financial security, we would have representative government in the interest of the public good and general welfare of the Nation under the Constitution, and there would not be any demagoguery such as has been referred to here this afternoon. Catering to articulate and clamoring minorities as organized to the prejudice of the unorganized would cease, and there is not one among you who does not believe and know it to be true. [Applause.]

Who is there to condemn or decry the optional and voluntary action of a Member of Congress to elect to have 5 percent of his salary deducted and held by the Government against his retirement? If he retires early, his money is refunded; and if he serves his district long and well and retires in advanced age, where is there anyone to deny he has well earned his retirement pay to which he has long contributed voluntarily?

Mr. Chairman, I shall support the bill, and yield back the balance of my time. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Georgia [Mr. RAMSPECK] is recognized.

Mr. SIROVICH. Will the distinguished chairman of the Civil Service Committee yield to me?

Mr. RAMSPECK. I yield to the gentleman from New York.

Mr. SIROVICH. As ranking member of the Civil Service Committee I want to call the attention of every Member of the House to the fact that the great State of New York has 45 Members of Congress in this distinguished body, all loyal, patriotic Members. Fifteen years ago the Legislature of the State of New York passed a retirement act, which included every Member of Congress, and provided that they had the right to optional retirement by paying in 5 percent of their salary. No one has ever questioned that and every Member here has observed what the great, progressive State of New York has done. We can all do the same thing here today by voting for this fine measure of the gentleman from Georgia [Mr. RAMSPECK], that will give to the Congressmen of the other 47 States, the rights, privileges, prerogatives, and immunities that the great State of New York has given to its Members of Congress.

Mr. RAMSPECK. I thank the gentleman for the contribution. May I say to the Members of the House that certainly I am not going to quarrel with anybody who does not see this matter as I do. I shall not accuse anybody of being a demagogue. You have a right to vote your convictions and I presume you will. But sitting right in front of me is one of my colleagues who succeeded to the representation of a district here, although he was not the direct successor, of a fine gentleman who served in this Congress for 26 years. He rendered a faithful service to his people. He gave his salary away to the people in his district who made requests of him. When he left here, after having given more than a quarter of a century of the best years of his life to the public service, I doubt seriously whether he had enough money to live on for 30 days.

That is what I am trying to stop by making it possible for the men who come here and serve faithfully, who stay here for years, who do not accumulate any money and who have no outside source of income, to put aside some money through this saving plan, which does not provide a large amount. It does not entail any large cost to the taxpayers of this country, but it would contribute not only to the peace of mind, the happiness, and the welfare of the Members after they leave this body, but it would also inspire many of them to have more confidence when they cast their votes to do what they think is for the best interests of the country. [Applause.] I hope that we will not be swayed in this matter by a fear that some demagogue back home may charge us with having done something for ourselves. Of course, there are many people who would like to have these jobs. There are many people who would like to have any Government job in the United States. It is also true there are not many people who make as much salary as we make. But it is likewise true that we have to spend most of that money in living expenses and in campaign expenses. I do not know of a single Member who has been here during the 10 years it has been my privilege to serve in the House who has accumulated anything out of the salary he has drawn as a Member of Congress.

Mr. Chairman, I think the time has come when we might well make some provision by way of savings for ourselves so that when we reach old age or we retire from this service, we

might find it possible at least to prevent ourselves from facing want and misery in our old age.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The question is on agreeing to the amendment offered by the gentleman from Kansas [Mr. REES].

The question was taken; and on a division (demanded by Mr. REES of Kansas) there were—ayes 104, noes 71.

Mr. RAMSPECK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RAMSPECK and Mr. REES of Kansas.

The Committee again divided; and the tellers reported that there were—ayes 119, noes 73.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 4. Strike out all of section 4 of the act of May 29, 1930, as amended, and insert in lieu thereof the following, so that this section shall read:

"(a) The annuity of an employee retired under the provisions of the preceding sections of this act shall be a life annuity, terminable upon the death of the annuitant, and shall be composed of (1) a sum equal to $30 for each year of service not exceeding 30: *Provided*, That such portion of the annuity shall not exceed three-fourths of the average annual basic salary, pay, or compensation received by the employee during any 5 consecutive years of allowable service at the option of the employee; nor shall such portion be less than an amount equal to the employee's purchasable annuity as provided in (2) hereof; and (2) the amount of annuity purchasable with the sum to the credit of the employee's individual account as provided in section 12 (a) hereof, together with interest at 4 percent per annum compounded on June 30 of each year, according to the experience of the civil-service retirement and disability fund as may from time to time be set forth in tables of annuity values by the Board of Actuaries.

"(b) The total annuity paid shall in no case be less than an amount equal to the average annual basic salary, pay, or compensation, not to exceed $1,600 per annum, received by the employee during any 5 consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding 30 years, and divided by 40.

"(c) Any employee at the time of his retirement may elect to receive, in lieu of the life annuity herein described, an increased annuity of equivalent value which shall carry with it a proviso that no unexpended part of the principal upon the annuitant's death shall be returned.

"(d) Any employee retiring under the provisions of section 1 of this act may at the time of his retirement elect to receive in lieu of the life annuity described herein a reduced annuity payable to him during his life, and an annuity after his death payable to his beneficiary, duly designated in writing and filed with the Commission at the time of his retirement, during the life of such beneficiary (a) equal to or (b) 50 percent of such reduced annuity and upon the death of such surviving beneficiary all payments shall cease and no further annuity shall be due or payable. The amounts of the two annuities shall be such that their combined actuarial value on the date of retirement as determined by the Civil Service Commission shall be the same as the actuarial value of the single life increased annuity with forfeiture provided by this section: *Provided*, That no election in lieu of the life annuity provided herein shall become effective in case an employee dies within 30 days after the effective date of retirement, and in the event of such death within this period, such death shall be considered as a death in active service.

"(e) For the purpose of this act all periods of service shall be computed in accordance with section 5 hereof, and the annuity shall be fixed at the nearest multiple of 12.

"(f) The term 'basic salary, pay, or compensation,' wherever used in this act, shall be so construed as to exclude from the operation of the act all bonuses, allowances, overtime pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation."

SEC. 5. Section 6 of the act of May 29, 1930, as amended, is hereby amended as follows:

"(a) At the end of the first paragraph add the following: 'The time limitation for execution of claims for retirement under the terms of this section may be waived by the Civil Service Commission in cases of employees who at the date of separation from service or within 6 months thereafter are adjudged mentally incompetent, but the application in such cases must be filed with the Civil Service Commission within 1 year from the date of restoration of any such person to competency or the appointment of a fiduciary whichever is the earlier. In the case of any such person heretofore separated from service application may be filed within 1 year after the effective date of this act.'

"(b) The second paragraph of section 6 of such act of May 29, 1930, as amended, is amended by striking out the words '90 days from the date of the medical examination showing such recovery' and inserting in lieu thereof the following: '1 year from the date of the medical examination showing such recovery.' "

SEC. 6. Section 7 of the said act of May 29, 1930, as amended, is hereby repealed, and in lieu thereof the following is substituted:

"(a) Should any employee to whom this act applies, after having served for a total period of not less than 5 years and before becoming eligible for retirement become separated from the service, such employee shall be paid a deferred annuity beginning at the age of 62 years, computed as provided in clauses (1) and (2) of section 4 of this act: *Provided*, That any such person involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency may elect to receive an immediate annuity beginning at the age of 55 or at the date of separation from the service if subsequent to that age having a value equal to the present worth of a deferred annuity beginning at the age of 62 years, computed as provided in section 4 of this act.

"(b) Should an annuitant under the provisions of this section be reemployed in a position included in the provisions of this act, the annuity and any right to an immediate or deferred annuity as provided herein shall cease as of the date of such employment. If such annuitant is reemployed in any position in the service of the United States or the District of Columbia, not within the provisions of this act, annuity payments shall be discontinued during the period of such employment, and resumed in the same amount upon termination of such employment.

"(c) Interest shall be allowed on the amount credited to such separated employee's individual account in the retirement fund at 3 percent compounded on June 30 of each year until the beginning date of annuity."

SEC. 7. That in section 9 of the act of May 29, 1930, as amended, after the words "and also 3½ percent of the basic salary, pay, or compensation for services rendered from and after July 1, 1926" insert the following: "and prior to January 1, 1940, and also 5 percent of such basic pay, salary, or compensation for services rendered on and after January 1, 1940."

SEC. 8. Add to the first sentence of section 10 of the act of May 29, 1930, as amended, the following: "*Provided*, That after December 31, 1939, there shall be deducted and withheld from the basic salary, pay, or compensation of any employee to whom this act applies a sum equal to 5 percent of such employee's basic salary, pay, or compensation."

SEC. 9. The following paragraph shall be inserted after the first paragraph of section 10 of the act of May 29, 1930, as amended:

"Any employee may at his option and under such regulations as may be prescribed by the Civil Service Commission deposit additional sums in multiples of $25 but not to exceed 10 percent per annum of his annual basic salary, pay, or compensation, for service rendered since August 1, 1920, which amount together with interest thereon at 3 percent per annum compounded as of June 30 of each year, shall, at the date of his retirement, be available to purchase, as he shall elect and in accordance with such rules and regulations as may be prescribed by the Civil Service Commission with the approval of the Board of Actuaries, in addition to the annuity provided by this act, an annuity according to the experience of the civil-service retirement and disability fund as may from time to time be set forth in tables of annuity values by the Board of Actuaries based on an interest rate of 4 percent. In the event of death or separation from the service of such employee before becoming eligible for retirement on annuity, the total amount so deposited with interest at 3 percent per annum compounded on June 30 of each year shall be refunded in accordance with the provisions of section 12 of this act."

SEC. 10. Strike out paragraph (b) of section 12 of the act of May 29, 1930, as amended, and insert in lieu thereof the following:

"In the case of any employee to whom this act applies who shall be transferred to a position not within the purview of this act, or who shall become absolutely separated from the service before he shall have completed an aggregate of 5 years of service computed in accordance with section 5 of this act, the amount of deductions from his basic salary, pay, or compensation credited to his individual account, together with interest at 4 percent compounded on June 30 of each year shall be returned to such employee: *Provided*, That when an employee becomes involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency before completing 5 years of creditable service the total amount of deductions from his basic salary, pay, or compensation with interest at 4 percent compounded on June 30 of each year shall be returned to such employee: *And provided further*, That all deductions from basic salary, pay, or compensation so returned to an employee must, upon reinstatement, retransfer, or reappointment to a position coming within the purview of this act be redeposited with interest at 4 percent compounded on June 30 of each year before such employee may derive any benefits under this act, except as provided in this section, but interest shall not be required covering any period of separation from the service."

SEC. 11. Nothing in this act shall be so construed as to affect any rights of employees separated prior to the effective date of this act, but all such rights shall continue and may be enforced in the same manner as though this act had not been made.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 16, line 10, strike out the period, insert a colon and the following: "*Provided further*, That any such person separated from the service not by removal for cause on charges of misconduct or delinquency may elect to receive

a refund of the aggregate of all payments made hereunder along with interest computed at the rate of 4 percent per annum compounded to the date of separation from the service."

Mr. DIRKSEN rose.

Mr. RAMSPECK. Mr. Chairman, if the gentleman will yield, if I correctly understand the reading of the amendment, persons who have served and not reached their retirement age but have separated from the service shall get the money contributed?

Mr. DIRKSEN. Yes; with interest.

Mr. RAMSPECK. The purpose of having a person who has served more than 5 years leave his money in the fund until he reaches an age at which he can get an annuity is to tie this system in, if possible, with the social security. It is recommended by the Commission. For that reason, while I understand the gentleman's motives and his purpose in offering the amendment, I really believe that we would be better off to leave the money in the fund so that a person who goes out of the Government service can have that "backlog" of annuity, because he would not have time to build up much annuity under title II of the social security if he went out.

Mr. DIRKSEN. I may say to the gentleman from Georgia that, irrespective of the reason for which one might be separated—it might be voluntary or it might be involuntary—it would appear to me to be a very poor practice for him, having paid into the fund and then separating himself from the service of the country, not to be able to regain his money with interest compounded to the date of separation. That would follow out only good practice followed by every insurance company in the country. Certainly the Federal Government ought not to be barred from that good, settled, actuarial practice.

Mr. RAMSPECK. Under title II of the Social Security Act a person might work in industry, we will say, for 18 years and reach the age of 45, and then quit his job and buy a farm and retire to it for the purpose of engaging in farming. He would not get back the money he had paid in under title II of the Social Security Act. The money would stay there until he was 65 years of age, and then he would get an annuity. It is the purpose of this provision to tie in with that principle established in the Social Security Act.

Mr. DIRKSEN. Of course, I would say in answer to the contention of the gentleman from Georgia that one who separates himself from the service might have money in the fund and might need that money, but it would be frozen there under the provisions of this bill unless there was the right of election to receive a refund.

On page 18 of the bill, where an employee makes a separate contribution in order to make the annuity come at an earlier date, there is provision for a refund, but where he has served for more than 5 years but not for the retirement period which would make him eligible for the annuity the money is frozen. He ought to be entitled to take that money out, as would be the case if he had an annuity in an insurance company.

Mr. Chairman, I believe the amendment commends itself to fairness, to common sense, and to good practice, and should be adopted.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the amendment.

I have the highest regard for my friend from Illinois. I believe he is one of the most able and conscientious Members of this House. However, I really believe that in order to tie in with the principle established under title II of the Social Security Act a person who has worked in the Government service 5 years or more ought to have his payment left in this trust fund to accumulate interest. The purpose of all these laws dealing with the question of an annuity or social security is to make it possible for a person to have some income when he gets past the earning age of life.

Mr. Chairman, I hope the Committee will vote down this amendment.

Mr. CROWTHER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I offer this pro forma amendment not because I have any objection to the amendment offered by the gentleman from Illinois but for the purpose of reading into the RECORD a little incident that happened on a similar occasion, on February 26, 1925, when the question was before this House of raising the salaries of Members of Congress. The action then was very similar to that taken today, many Members arguing and intending to vote against the proposition with their fingers crossed and hoping to God it would pass. A man who had the real courage of his convictions was the Honorable Frank Clark, of Florida, who was succeeded by the gentleman from Florida, the Honorable LEX GREEN. He came down into the Well of the House and said this:

Mr. Speaker, $10,000 is not commensurate with the service performed here. Some of my good friends opposed this increase and I know they did it conscientiously and sincerely. They did not want it but sometimes it is necessary to make people, for their own good, do th'ngs against their will. The action of some of my good friends reminds me of a story told me by a colleague only a few days ago, and I will repeat it here because I think it illustrates the point.

"An old gentleman who had been a drinking man in his day, had finally concluded to quit, and he did quit. A few months later he was taken deathly ill, and lying upon his bed of pain and sickness, and as everybody said, his last illness, he called his wife to him one day and he said, 'Mary, down in the hall is an old hair trunk of mine. Many months ago I hid in that trunk a bottle of good old peach-brandy. I hid it from you, Mary, and I have not touched it since. I want you to go down there and get that bottle of peach brandy; I want you to take a glass, pour it about half full, put a little sugar in it, and stir it; then put a little piece of ice in it, Mary, and then bring it up here, and, Mary, no matter what I do or say, you make me take it."

[Laughter and applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the committee substitute for the Senate bill.

The substitute amendment was agreed to.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CLARK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration Senate bill 281, and pursuant to House Resolution 250, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate still further insists upon its amendment to the bill (H. R. 6577) entitled "An act to provide revenue for the District of Columbia, and for other purposes"; that it agrees to the still further conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. OVERTON, Mr. KING, Mr. GLASS, Mr. TYDINGS, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5610) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House

to the bill (S. 1796) entitled "An act to amend the Tennessee Valley Authority Act of 1933."

The message also announced that the Senate had ordered Mr. WALSH and Mr. CONNALLY be appointed additional conferees on the part of the Senate to the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6635) entitled "An act to amend the Social Security Act, and for other purposes."

The message also announced that the Senate recedes from its amendment, disagreed to by the House, to the bill (H. R. 5748) entitled "An act to amend the Second Liberty Bond Act, as amended."

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S. J. Res. 118. Joint resolution to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

EXTENSION OF REMARKS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement of the National Advisory Committee on Aeronautics by Dr. Bush, and also to extend my remarks and include therein a statement on the wool industry.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement by Gov. Frank M. Dixon, of Alabama, who testified at the hearing on the wage and hour textile code.

The SPEAKER. Is there objection?

There was no objection.

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MASSINGALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the cost of production of farm products, and the attacks that have been made on the bill during this session of Congress.

The SPEAKER. Is there objection?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article from a magazine on Japan and the United States.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on Wednesday next, after the disposition of matters on the Speaker's table, and the legislative business of the day, I be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks and to include a letter addressed to the managing editor of the United States Daily News relative to my view on neutrality, and also a brief editorial on the same subject.

The SPEAKER. Is there objection?

There was no objection.

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Michigan [Mr. CRAWFORD], be permitted to extend his remarks in the RECORD and to include therein a letter from the German Embassy.

The SPEAKER. Is there objection?

There was no objection.

Mr. REES of Kansas asked and was granted permission to revise and extend his remarks.

Mr. FENTON. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an article by Henry DeSoto, combustion engineer, the article appearing in Anthracite Tri-District News.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a joint resolution by the Wisconsin State Legislature.

The SPEAKER. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting a brief editorial appearing in the Washington Times on the Wagner-Rogers children-refugee bill.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

There was no objection.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the business on the calendar for Wednesday next may be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Under special order of the House heretofore made, the gentleman from Pennsylvania [Mr. VAN ZANDT] is entitled to recognition for 20 minutes.

THE HIGH COST OF CHEAP TRANSPORTATION

Mr. VAN ZANDT. Mr. Speaker, there are few, if any, congressional districts in this country with a larger proportion of population dependent on the railroad industry than the Twenty-third District of Pennsylvania, which I have the honor to represent. For that reason it is only natural that I take a keen interest in legislation to afford a measure of relief to the railroads, which contribute directly and indirectly to the economic welfare of so many of my constituents.

Aside from such practical considerations, I have a deep personal interest in railroad-relief legislation. I come from a family of railroaders. I am a railroader myself, with 24 years of service. Most of my friends in my home town of Altoona, one of the great railroad centers of the country, are railroaders. So I have a sentimental feeling about railroading and a sympathetic understanding of the railroaders' problems, which are bound up with the general railroad problem.

For these reasons I am doubly anxious to contribute anything I can to the solution of the railroad problem; and, aside from these personal and practical considerations, my knowledge and experience in railroading convinces me that this problem must be solved in the interest of the national welfare. The railroad employee, the management, and the investor in railroad securities are not the only parties interested in a sound solution of the problem. Primary consideration must be given to the public—the passenger and the shipper. Any legislation which fails to consider all the factors involved in this problem is neither just nor in the national interest.

And, inasmuch as the railroads constitute a vital part of the national defense, the Government itself has an interest of paramount importance in the efficiency of the rail-transportation systems. The break-down of the railroads in a war crisis would be disastrous. We had a sad experience in Government operation of the railroads during the World War. We should profit by that experience in the face of danger in the future.

Fortunately, the American public realizes the railroad problem must be approached from a broad, national standpoint. The people understand the human side of the railroad problem. They know the high wages paid to the army of skilled workers who man the roads constitute an important factor in our national economic well-being. They know the numerous investors in railroad securities must receive a fair return on their money or the funds will be diverted to other industries and enterprises. They know the roads cannot be expected to produce revenue to pay dividends unless the rail carriers are given something approaching equality with competitors in matters of taxation and regulation.

In fact, the crux of the railroad problem is the unequal and economically wasteful competition for traffic among the various modes of transportation. This unequal and economically wasteful competitive problem has been growing more acute with each passing year. No other industry in the country is confronted with such a difficult competitive situation as the railroads. Most of the other modes of transportation enjoy some sort of Government subsidy not granted to the railroads. This favoritsm has resulted in the creation of transportation facilities beyond the ability of the traffic to support them all. The favoritism to the competitors of the railroads in matters of subsidies, taxation, and regulation has produced the present crisis in the railroad industry. The only sound way to meet this crisis is to adopt a policy of equal rights for all modes of transportation and special privileges for none in matters of regulation, taxation, and subsidies. That policy should be pursued so as to preserve the special advantages of each mode of transportation.

Whether the legislation now in the making will accomplish this result remains to be seen, but at least a somewhat tardy recognition of this crisis has come from the administration, and, in response to public demand for action, the President has called upon Congress to enact remedial legislation to solve some of the more pressing railroad problems. It is encouraging that railroad-relief legislation is among the important matters remaining for Congress to complete before this session adjourns sine die.

Already the Senate has passed a bill designed to reach and correct some of the factors contributing to the railroad problem. For several months the House Committee on Interstate and Foreign Commerce has been working on the legislation, and a measure is expected to be reported to the House within a few days. I wish to call attention to certain activities from without Congress in connection with that legislation.

Everyone who takes even a casual interest in this matter knows the railroad-relief bill passed by the Senate provides that the transportation facilities on inland waterways shall be placed under the supervision and regulation of the Interstate Commerce Commission for the first time in our history. And despite the fact that these inland waterways transportation facilities enjoy subsidies and taxation advantages over the railroads and some other land carriers, in addition to a great difference in the cost of equipment and numerous items of overhead and maintenance, these interests are raising a great row about the provision in the Senate bill.

The railroad employees and the investors in railroad securities, as well as the people who pay for the Government subsidies, have a legitimate complaint about unjust discriminations which affect their bread and butter, their investments, and their taxes. But certainly, the inland-waterway interests have no right to complain. Even under the strict regulation of the Interstate Commerce Commission, these interests still will enjoy many advantages over the railroads.

Not content to rest their case on a solid foundation of fact, some of the inland-waterway interests are inspiring false and misleading information in an effort to fool Congress and the country. As might be expected under the circumstances, the farmer is being used as a foil to fight the battle of the water lines. All too frequently the farmer is used for such purposes without his knowledge or consent, and it seems this case is no exception to that rule.

Certain statements have been made to the effect that the farmers are opposed to the regulation of the water lines by the Interstate Commerce Commission. It is very doubtful whether some of those who assume to speak for the agricultural industry really are authorized to do so. And here is a case in point.

Recently, Mr. Harry Feltus, who claimed to speak for 400,000 farmers, appeared before a Senate committee in opposition to regulations of waterway transportation facilities. On the heels of his appearance there came a denial from the very association which this gentleman claimed to represent and a disclaimer that he spoke for the members. There appears in the CONGRESSIONAL RECORD of May 22, 1939, page 5876, a complete repudiation of Mr. Feltus and his views on this issue. Mr. Feltus had opposed regulations of waterways, but the Farmers' Union, which he claimed to represent, wrote to Senator WHEELER, of Montana, chairman of the Senate Interstate Commerce Committee, and condemned his statement. This repudiation stated, in part:

> So far as the regulation of traffic on the river is concerned, there is no more reason why traffic thereon should not be regulated than as applied to railroads. In any important branch of our industry, bad practices, such as discrimination, rates, rebates, preferences, or what not, can only be minimized through governmental regulation.

That statement leaves no room for doubt as to whether Mr. Feltus speaks for the farmers or whether that group of farmers speaks for itself.

More recently, Mr. Brenckman, the Washington representative of the National Grange, issued a statement in which he opposed any legislation which would subject the water carriers to regulation by the Interstate Commerce Commission. He indicated that his statements reflected the sentiments of the farmers of the country.

Now, let me call attention to certain resolutions of the Farm Bureau and Grange organizations. These do not indicate that Mr. Brenckman really voices the sentiments of the farmers of the Nation.

The Indiana State Grange declared:

> Corresponding regulation of rates and service should extend to all other agencies—water, highway, and air—to the extent that they are competitive with railroads.

The Iowa State Grange declared that—

> Federal regulation of rates and service should be extended to truck lines, waterways, and pipe lines.

The Ohio State Grange recommended—

> Equality and fairness in regulation of rates and service.

The development and improvement of inland waterways have cost the American taxpayers hundreds of millions of dollars. There is a question about the wisdom of these huge outlays of the taxpayers' money. Now, let us apply the test that must be applied to the essential problem in dealing with any agency of transportation: Does the consumer get the benefit of vast expenditures of his tax money?

The only valid reason that can be given for spending millions and millions of dollars of the taxpayers' money every year on inland waterways is to provide transportation at more reasonable rates than can be furnished by other carriers. This saving in transportation costs is supposed to be passed on to the taxpayers who pay for the facility. So, unless the rates for water transportation actually result in a saving to the taxpayers, then the only reason and excuse for the waterways is gone. Now, let us apply the test.

Senator WHEELER, speaking before the Senate and basing his remarks upon extended hearings on this subject, said:

> The fact of the matter is that when the oil companies, the steel companies, or any of the rest of them ship their products by water they receive a benefit, but the consuming public does not get one 5-cent piece benefit out of it. As a matter of fact, when the companies ship oil or steel on the Mississippi River they charge the railroad rate from Pittsburgh to the particular point, whether the commodity is shipped by water or whether it is shipped in any other way.

That statement appears in the CONGRESSIONAL RECORD of May 22, 1938, page 5872.

The Senator also referred to hearings before the Interstate Commerce Commission, held in Memphis, Tenn., in February 1939. It involved rates on gasoline and kerosene from Baton Rouge to Alabama points. In that case, Mr. A. M. Stephens, general traffic manager of the Standard Oil Co. of Kentucky, testified thus:

We exercise our judgment and foresight in consideration of all these matters. We have found that none of the other companies are passing any of this money on to the consuming public.

Now, as an instance in mind, I have before me at the present time a statement of the market price delivered to points in northern Georgia, to which you move gas out of Guntersville, for instance, at Dalton when you first began operation the market price at Dalton was 18 cents; that is, the posted market on May 8, 1938. In December 1938 it was 17.5, reflecting a reduction in the refined market at Shreveport and the Gulf coast, and it represents one-half cent reduction entirely in the tank price so far as dollars are concerned. In other words * * * we have not seen any passage of this savings to the consuming public. * * * We have not found that any of that has been passed on to the consumer.

Recently Mr. W. H. Reed, an oil dealer in Memphis, Tenn., made an address in which he said:

Taxpayers are fed the baloney that the Mississippi River is a wonderful thing for the people of Memphis. * * *

As to the oil business, the truth is "the Mississippi River is the curse of Memphis."

On the one hand, public taxes keep the river highway open for oil barges of the oil corporations. On the other hand, water transportation, made possible by millions of dollars of public money, has crucified the railroads and there would be thousands of jobs for railroad men if they got the freight that now moves by water.

The question is * * * if the public pays millions in taxes to get the benefit of cheap water transportation, does the public get the benefit of water transportation or what?

The answer is that the oil corporations get the benefit of cheap water transportation. And the oil corporations keep the profits themselves. The public pays the bills to make water transportation possible. The oil corporations get richer.

When I buy a tank of gasoline I pay the spot market price for the gasoline. But in addition I have to pay the oil company as freight the railroad freight rate on gasoline from Shreveport, La., to Memphis. Understand that the gasoline I get never saw Shreveport, La. It came to Memphis by water from the New Orleans refining district. The actual water charge on this gasoline is about one-half cent per gallon, but I have to pay a railroad rate from Shreveport, which is over 2 cents a gallon. In other words, the oil corporation takes me for a buggy ride to the extent of 1½ cents per gallon. In money, this means that every time I get a 10,000-gallon car of gasoline the oil company makes $150.

The Federal Trade Commission has just finished a study of the motor-vehicle industry. In summarizing their conclusions, the Commission said:

Some manufacturers often bill their dealers for transportation in amounts in excess of the actual cost of delivering automobiles to the dealers. * * * The Ford Motor Co.'s transportation charges are based on the carload rate from Detroit, Mich., to destination. Both General Motors Corporation and the Ford Motor Co. have assembly plants in various parts of the country.

Transportation charges in excess of the actual amount paid apparently are not confined to deliveries from assembly plants.

Both these companies use water as well as highway operations, and yet charge the purchaser the rail rate, whatever the savings may have been on subsidized waterways and highways.

Much has been said in support of waterway improvement to the effect that it would benefit the producer, especially the farmer, in his production of grain. On this point Mr. M. W. Thatcher, of the Farmers' Union Grain Terminal Association at St. Paul, has written to Senator WHEELER as follows (CONGRESSIONAL RECORD, May 22, 1939, p. 5876):

Years ago we built a terminal elevator at St. Paul, on the river. I have managed that elevator, with over 2,000,000-bushels capacity, for several past years. I have made many attempts to secure facilities and rates of transportation that would permit us to put farmers' wheat through that elevator and ship it abroad in competition with others. I have not once been quoted a rate on the river that would enable us to ship any grain in foreign commerce because the rate was just too high. We have been able to move a little oats and barley in domestic commerce down the river, and all in the world that accomplishes is to put us into competition with producers in other areas who had a railroad advantage over us. That sort of business, which would give us an advantage by river over another group of farmers in the United States using rail service, tends to bear down on price of the agricultural product. It certainly doesn't enhance the income to agriculture.

Our entire group has historically been for development of waterway transportation. The theory back of our support rests upon an excess charge by the railroads, but, since railroads are generally in the "red," the question now comes to our mind as to whether or not there is a great deal of value in our old position. We believe that water transportation is desirable as a means of competition against railroads, which might otherwise have a monopoly. It is generally believed amongst our group that with some of the products moved up the river to our consumers, that gain from lower transportation is sometimes retained by the shipper and not of any material benefit to the consumer.

As further proof of my statement that the farmers and the farm organizations are being used in a deliberate effort to mislead Members of Congress as to their true position on the question of regulation of inland waterways, I wish to place some documentary evidence in the RECORD at this point. I am submitting statements and resolutions made and adopted by various farm organizations to show that the farmers favor the regulation of the water lines and other methods of transportation in competition with the railroads. These statements and resolutions come from North Carolina, Montana, Arkansas, California, Ohio, Mississippi, Wisconsin, Nevada, Minnesota, Louisiana, Indiana, Iowa, and Virginia.

I believe there can be no doubt of these documents reflecting the views of a representative cross section of the American farmers on this issue of equality and fairness in regulation of transportation facilities. I would be very happy to have the gentlemen representing districts in those States to examine these resolutions in case there is any question in their minds about the position of the farmers in their own district on this important national question. It might set some of these gentlemen straight on this question.

Statement of position on behalf of the North Carolina Farm Bureau by its executive committee, meeting at Wilson, N. C., Wednesday, August 31, 1938, with respect to transportation

1. We believe that an adequate and efficient railway system is essential in the interest of agriculture's development and prosperity.

2. We believe that the best interests of agriculture will be served by a continuation of private ownership and operation of our railroads.

3. We believe that our railroads should continue under reasonable regulation of rates and service to assure to agriculture a fair consideration as to reasonableness of rates and adequacy of service. Reasonable freedom and flexibility should be left to management to enable it to explore all avenues to economy, all improvements in service, and every advancement in methods. A reasonable element of competition should be retained between railroads themselves. Corresponding regulation of rates and service should extend to all other agencies—water, highway, and air—to the extent that they are competitive with railroads and for that reason. Competition as to every agency should be fair.

4. While the interests of agriculture require adequate, dependable, and efficient transportation service, with a reasonable element of healthy competition, an excess of facilities and unnecessary duplication will prove to be a burden in which agriculture must share. The Farm Bureau has always stood for improvement of farm-to-market roads to reduce cost of initial movement of produce from the farm, and we believe that expenditures on such roads should be stressed rather than on expensive through highways duplicating existing agencies, or on waterway improvements of doubtful usefulness. Proper coordination of service can best be secured this way and total cost of transportation be kept down.

5. We believe that Government should not compete unfairly with private business in transportation. Government barge lines now operating do not have to meet all costs paid by private companies in competition, such as interest, taxes, damage claims, telegraph, workmen's compensation, unemployment insurance. In fairness, Government should dispose of its waterway facilities to private interests on all inland waterways, where they compete with privately owned and operated facilities.

6. Abandonment of unprofitable mileage and consolidation of lines should be permitted where, in the first instance, other transportation is available and, in the second, public interest is served.

7. Under reasonable regulation of rates and service railroads should be permitted to become transportation agencies, utilizing all agencies to best advantage, and to develop to the fullest the inherent advantages of each.

8. There should be adopted a fair and comprehensive national transportation policy with full consideration given to the needs and usefulness of each agency so as to bring about a genuine coordination and a smoothly working relationship among them all. This will result in the best service at the lowest cost.

Resolutions adopted by Montana State Farm Bureau and associated women of the Farm Bureau at annual meeting, November 15, 1938

Whereas the railroads of the Nation have come to a place where definite changes must be made in their policies of operation and revenue income: Therefore be it

Resolved, That we support the railroads in this matter:

1. Railroads are the most important and essential means of transportation. Other agencies have developed more recently. All are useful and should be sustained within their bounds of usefulness. The growth of all agencies has been without plan or program or policy. The situation in the transportation field today, and especially with respect to railroads, demands a sound, consistent national policy covering all agencies, so that the people of the country will be given an efficient, smoothly working system at the lowest level of cost. In framing this policy organized agriculture must have a voice.

2. In determining a national transportation policy, provision should be made for a continuance of railroads under private ownership and operation.

3. With adequate protection to public interest, provision should be made for a fair and reasonable coordination of facilities and service, for consolidation and unifications found to be in the public interest in reducing costs and improving service, and for eliminating unproductive investment.

4. Regulation of rates and service should apply fairly to all agencies engaged in the business of transportation for hire and competing for the same traffic, and with ample protection to shippers and the public, should leave management the necessary freedom to seek out every practical possibility for improved service and lower costs and to make required adjustments to meet changing conditions.

5. We go on record as being opposed to government going into business in competition with private enterprise, including transportation.

6. Since hazards at rail-highway grade crossings are now largely created by highway operations, the financial burden of crossing protection and elimination should be removed and the present policy, now an emergency policy, should be made permanent. A fair principle is for each agency to pay in proportion to benefits received.

7. State and Federal policies should be harmonized with fair and consistent treatment to every means of transportation. This includes fair treatment with respect to taxation, as well as other policies.

Resolution of the Arkansas Farm Bureau Federation in Little Rock, November 17 and 18, 1938

We believe that the regulation of all forms of transportation—railways, waterways, highways, pipe lines, and airways—should be under one Government agency.

We favor the enactment of new laws or amendments of existing laws that will give the railroads greater freedom in making rates to meet competition.

We think that the railroads should be permitted to remain under private ownership, and continue to pay taxes so necessary for the maintenance of our State and local governments and our public schools.

Resolution adopted by California Farm Bureau Federation at State convention, Sacramento, Calif., November 17, 1938

Resolution No. 11

NATIONAL TRANSPORTATION LEGISLATION

Resolved, That the public interest demands that, in order to preserve an adequate rail transportation system, helpful legislation must be enacted relative to the rate-making power of the railroads, land-grant rates repealed, increased tolls established for inland waterways, restrictions removed to enable the securing of governmental or other loans, the revision of the long-and-short-haul rules, and other remedial legislation passed in connection with taxation, consolidations, grade crossings, coordinated and allied transportation on highways, construction of bridges, labor relations, and other important matters materially affecting the ability of the railroads to operate and to render effective service to the public, and be it further

Resolved, That agriculture be represented on all governmental or quasi-governmental bodies or groups organized for the purpose of recommending remedial action in connection with rail matters, or formulating rules or regulations in connection therewith.

Resolution regarding transportation passed at the annual meeting of the Ohio Farm Bureau Federation, Columbus, Ohio, November 17 and 18, 1938

1. The great majority of farmers, being located at points not adjacent to seaports or navigable inland waters, are dependent in large measure upon rail transportation in sending their products to market. We believe that every increase in general traffic carried by the railroads will have a tendency to minimize the burden upon the farmers and to lower the rates upon agricultural products. In order to obtain volume of traffic, the railroads should be permitted to adjust their rates promptly to meet the needs of commerce and to meet competition. Therefore, subject to the power of the Interstate Commerce Commission to suspend tariffs, to fix maximum and minimum rates, and to prohibit unreasonable discrimination, we favor the repeal of the long-and-short-haul clause of the fourth section of the Interstate Commerce Act.

2. Recognizing that an economical and a speedy interchange of commodities between farm and market is necessary to agricultural prosperity, we believe that an adequate and efficient system of railway transportation, privately owned and operated under reasonable regulations, is essential. In furtherance of this belief, we think the following principles should be recognized by the public, the Government, the railroad employees, and the railways:

a. Equality and fairness of treatment in regulation of rates and service and in taxation among all competing forms of commercial transportation agencies—air, highway, pipe line, rail, and water.

b. An immediate abandonment by State and Federal legislative bodies of expensive, make-work, or unnecessary transportation legislation.

c. A state and national transportation policy providing for such consolidation, coordination, private ownership, and public regulation of all competing forms of commercial transportation agencies as may best promote adequate and more economical service to agriculture.

3. We oppose any further increase in freight rates on fertilizer or fertilizer materials at this time.

Resolution with respect to transportation, by Mississippi Farm Bureau, November 30 to December 3, 1938, Jackson, Miss.

We believe that an adequate, efficient, and dependable system of railway transportation is vitally necessary to Mississippi agriculture, and that a continuation of private ownership and operation of our railroads is to the best interest of agriculture. Regulation of rates and service should be extended to all forms of transportation alike, and safety to life and property be required and assured by all transportation agencies. Finally, we believe that there should be adopted a fair and comprehensive national transportation policy with full consideration given to the needs of each agency so as to bring about a genuine coordination and smoothly working relationship among all.

Resolution adopted by Wisconsin Farm Bureau Federation in convention at Madison, Wis., December 6, 1938

In view of the fact that large sums of money are being expended for the construction of new highways to accommodate today's traffic, much of which is commercial hauling, be it resolved by the Wisconsin Farm Bureau Federation in convention assembled, That further studies be made by our legislative bodies in order that we may establish a sound policy of transportation legislation, which will give a fair chance for each form of transportation to compete in that field of service for which it is best adapted; and that the practice of subsidizing certain forms of transportation to the detriment of others be discontinued.

Resolution adopted by Nevada State Farm Bureau in annual convention at Reno, Nev., January 31–February 3, 1939

1. The time has come for the adoption of a sound national transportation policy, including all agencies engaged in competition for interstate commerce, and for a corresponding policy within the States, recognizing all agencies are useful, each should be developed to the extent of its usefulness, fully protecting the inherent advantages of each, avoiding excess facilities and making possible a proper coordination of both facilities and service.

2. Railroads should continue in private ownership and operation.

3. With proper public safeguards, provision should be made for coordination of facilities and service under one management, unification of lines for improvement of service and reduction of cost, and for the abandonment of unproductive mileage where other agencies exist.

4. Regulation of rates and service of competing agencies that is fair to all and with ample protection to shippers and the public and such necessary freedom to management as to enable it to seek out every practical possibility for lower costs and improved service, and to make necessary adjustments to changing conditions.

5. The law creating a government corporation to operate in interstate commerce and in competition with private business intended the sale of these Government facilities to private business. The intent of the law should be carried out and the Government operations disposed of to private interests.

6. Each transportation agency should bear its own burden for protecting persons and property. No higher standards should be set up for one agency than for another. In respect to rail-highway grade-crossing protection and elimination, each agency should bear the cost in proportion to benefits received.

7. State action relating to transport agencies, like Federal action, should be fair to all, and should be in harmony with Federal action, the State preserving fully its essential rights and authority. This includes fair treatment with respect to taxation.

Resolution of Minnesota Farm Bureau

To the end that each form of transportation shall be enabled to do the work for which it is best suited and that agriculture may be adequately served at lowest level of cost, we recommend the adoption of a sound national transportation policy that will give to each form of transportation:

1. The right to meet competition on equal terms;
2. The opportunity to coordinate facilities and service;
3. Equality in the matters of regulation, taxation for general governmental purposes;
4. Repeal of the long-and-short-haul clause;
5. Repeal of land-grant rates.

The Minnesota Farm Bureau further goes on record opposing any legislation, either State or national that will increase the cost of transportation.

Resolution adopted by American Farm Bureau Federation at New Orleans, La., December 13–15, 1938

American farmers are vitally interested in the maintenance of a highly efficient transportation system. We reaffirm the comprehensive resolution on transportation adopted at the annual meeting in 1936.

We recognize that American railroads constitute an essential transportation agency and believe their continued operation under private ownership will best assure the highest degree of efficient and improved service to the public.

Rules and regulations causing enforced costs entering railroad operations and transportation rates of the railroads should be adjusted to the extent necessary under efficient operations to permit improvement of services and a reasonable return on prudent investment.

On the other hand, the railroads must continue under such reasonable regulation as will assure the public fair and reasonable rates and adequate service; but the underlying purposes of such regulation should be to foster and encourage, rather than to restrict, sound and orderly development and operation, of an efficient and economical railroad system. Reasonable freedom and flexibility should be left to railroad management in fixing rates and in exploring all avenues to economy, including consolidation and elimination, all improvements in service, and every advancement in methods.

To accomplish this end requires immediate readjustment of governmental policies to provide relative treatment of different types of transportation without limiting any natural advantages accruing to any particular type where such advantages are being reflected to the public interest.

Report of Resolutions Committee at Indiana State Grange Annual Meeting, Goshen, Ind., October 20, 1938

A TRANSPORTATION PROGRAM

1. We believe an adequate and efficient railway system is essential to the interest of agriculture's development and prosperity.

2. We believe the best interests of agriculture will be served by a continuation of private ownership and operation of our railroads.

3. We believe our railroads should continue under reasonable regulations assuring agriculture fairness in rates and adequate service.

4. Corresponding regulation of rates and service should extend to all other agencies—water, highway, and air—to the extent that they are competitive with railroads.

5. Organized farmers have always stood for improvement of farm-to-market roads, and we believe that expenditures on such roads should be stressed, rather than on expensive through highways duplicating existing transportation agencies or on waterway improvements of doubtful usefulness. Proper coordination of service can be helpful in keeping the cost of transportation to a minimum.

6. Abandonment of unprofitable mileage and consolidation of lines should be permitted where other transportation is available and the public's interest is not impaired.

Report of the legislative committee, Iowa State Grange, 1938 session, Newton, Iowa

The time is here for organized agriculture to take a stand for farmers and demand just treatment of the Government toward all agencies of transportation so that agriculture and industry may be well and efficiently served and real progress made toward a more sound and better transportation policy. Such a policy should include:

1. Continuation of railroads as privately owned and operated enterprises.

2. More flexibility in rates and service of common carriers based on general price levels and density of traffic.

3. Federal regulation of rates and service should be extended to truck lines, waterways, and pipe lines.

4. Safety to life and property should be required and assured by all agencies.

5. Preferential rates based on old land grants should be repealed.

6. Government subsidized transportation agencies should not be continued so long as taxpayers must support them.

Be it

Resolved, That we favor the enactment of a law limiting the speed of motor vehicles to 50 miles per hour; be it

Resolved, That we are opposed to recipients of relief from either Federal, State, or local funds being holders of liquor permits; be it

Resolved, That we are opposed to additional hard surfacing of primary roads until at least all existing mail-route roads are graveled and all farm-to-market roads brought to grade; be it

Resolved, That we advocate legislation requiring the registration of all unnaturalized foreign born, with deportation of those refusing to become naturalized within a reasonable time.

RALPH LONGLEY, *Chairman*.

Adopted.

Report of transportation committee, Virginia State Grange Meeting, Marion, Va., October 26 and 28.

Recognizing that an adequate, efficient, and dependable system of railway transportation is vitally necessary to Virginia agricultural development and prosperity, we believe that—

The best interests of agriculture can be served by maintaining the railroads in their full vigor and usefulness; and also recognizing that fair and equitable competition and regulation in transportation are essential to the economic well-being of the Nation, we favor a national transportation policy which will treat all agencies of transportation fairly and impartially.

We favor the coordination and unification of all Federal activities in the field of common-carrier transportation developments to the end that costly and unnecessary duplication of transportation system and overproduction of transportation facilities may be avoided.

We believe that amendments should be made to existing transportation laws and regulations to permit railway management, under proper regulatory supervision, all proper freedom of judgment and action in meeting changing conditions and competition. We believe that under present conditions the best interests of agriculture and the Nation at large will be served by a continuation of private ownership and operation of our railroads.

Ohio State Grange, adopted Thursday, December 15, 1938

Maintaining a speedy and economical transportation is a vital necessity to agriculture, our national defense, and prosperity: Therefore be it

Resolved, That we stand for just treatment by the Government toward all agencies of transportation.

We recommend:

1. Continued private ownership of railroads.

2. Equality and fairness in regulation of rates and service, based on general price levels and density of traffic.

3. All agencies should be required to assure safety to life and property.

One of the popular fallacies of a few decades ago to the effect that inland waterways furnish "cheap transportation" also has been exploded. Even a casual examination of this question reveals that what once may have been "cheap transportation" is now dear. And the cost, as usual, falls on the taxpayers. They are paying for service they do not receive. And that is a fraud on the taxpayers.

For example, let us take the old Erie Canal. That was a genuinely cheap and useful public project in its time, but that time has long since passed. The Erie Canal now is a "white elephant" and a very expensive one on the hands of the American taxpayers.

When the Erie Canal was dug the shippers who used it were willing to pay for its use. Later the shippers were unwilling to pay tolls for the use of the canal. More than 50 years ago we relieved the users of the payment of tolls and added the cost of maintaining and operating the canals and improved waterways to the general tax burden. Thus did we cast free from the only true test of economic justification and embark upon a program of so-called "cheap transportation." It was "cheap transportation" for a very few shippers at the expense of all the American taxpayers.

Now, let us take another look at this so-called "cheap transportation" with the old Erie Canal, now the New York State Barge Canal, as an example. Since 1903, when its rebuilding started, this particular piece of "cheap transportation" has cost the American taxpayers in construction work alone about $337,000 a mile. It is costing nearly another $5,300 per mile per year to maintain and operate it. And that figure does not take into consideration anything at all for interest on the enormous investment per mile. This waterway, created at such a cost and used without any toll payments, has only a fraction of the annual freight-carrying capacity of a good single-track railroad. But this was done and is being continued in the name of "cheap transportation."

Now let us consider the cost of an improved natural waterway. Take the Ohio River. It is regarded as the most successful of the long-distance inland river transportation projects. The improvement of the Ohio River amounted to the virtual building of that waterway. It cost the taxpayers approximately $142,000 per mile for that job. Now it is costing them about $3,880 per mile per year in maintenance and operating charges. And all that is provided free of charge to the comparative few who are in a position to make use of this "cheap transportation."

We find the same story of "cheap transportation" on the Mississippi River. No sooner was the Mississippi improved with a 9-foot channel up to St. Louis then a demand came from Minneapolis and St. Paul for an extension of the channel up to them. That was done at a cost so far of $228,000

per mile for construction and of $2,300 per mile per year for maintenance and operation. And all the American taxpayers are paying for it day in and day out, year after year.

Now, let us compare those costs with the investment in rail roadway. The average for a mile of rail roadway is about $61,000 for each mile of line. That includes the cost of sidings, yard tracks, and second, third, and fourth, and other additional main tracks. Maintenance of track and structures averages $1,733 a year for each mile of line, less than half the cost of maintaining the channel of the Ohio River.

And—do not overlook this fact—the total economic cost of doing the job on the railroads is less than it is on the rivers and canals—even when it is considered that, besides paying their own costs, the railroads pay taxes averaging more than $1,400 per mile of line each year.

Go down the list of river building and the development, improvement, and maintenance of all the inland-waterway projects in the country and you will find the same story in a slightly varying degree. The result will be the inescapable conclusion that this so-called cheap transportation is a myth, a delusion, and a snare and a fraud upon the American taxpayers. If the American taxpayers were getting their money's worth, you would hear no protest from me. But the facts show they are not even getting a good run for their money and therefore I protest.

The gentlemen of this House would do well to scrutinize closely all of this false and misleading propaganda being put out in the name of the American farmers and their falsely alleged opposition to the regulation of the water lines. Gentlemen would do well to remember there is no substitute for rail transportation. But no matter how economically and how efficiently the railroads may be run, they cannot be expected to compete with subsidized transportation facilities of all sorts, which also go untaxed and unregulated. At any rate, none of the competing modes of transportation is regulated as rigidly as the railroads and none of them pay taxes comparable with the levies imposed upon the railroads by Federal and State governments and municipalities.

If gentlemen look sharply, they will find these fake farmers wearing false whiskers in an effort to perpetrate further fraud upon the American taxpayers and ruin the best, cheapest, and safest means of transportation yet devised for weight and distance. And probably the unkindest cut of all is the use of the taxes paid into the Treasury by the railroads themselves to create and subsidize unregulated and untaxed competition.

The railroads are not asking for any special concessions. All they ask is that Congress place subsidized, unregulated, and untaxed competitors, such are the water carriers, upon a footing nearer an equality. Absolute competitive equality is impossible because even with the proposed regulations, the water carriers still would enjoy extra breaks in many respects.

The railroads long have been one of the best business barometers in this country. Railroad prosperity means national prosperity. Sound public policy with respect to the railroads, economic statesmanship, and fair dealing will have more effect than any other single factor in restoring prosperity in this country. There is economic advantage to the country at large in other modes of transportation, but let us assess them at their true value to the American people. Let every transportation facility stand on its own feet, on an equality with all others so far as subsidy, taxation, and regulation are concerned. Do that and you will hear no complaint from the railroaders, the investors, or the public.

After all, the public—the taxpayer—is the chief sufferer from this economic nonsense. The public is learning the fallacy of "cheap transportation." The taxpayer is learning that he is paying two prices for his "cheap transportation." He is paying for the subsidies and he finds no saving in the rates charged for "cheap transportation." It is only a matter of time before the taxpayers make this discovery in sufficient numbers to bring about a change in our national transportation policy. When that time comes some gentlemen will be retired from public office by the voters and we will establish a policy of just and equal opportunity for all transportation agencies, for all will be free to render their best service at the lowest true cost. Then and only then will we have truly cheap transportation in the United States of America.

The SPEAKER. Under special order of the House the gentleman from Michigan [Mr. HOFFMAN] is recognized for 5 minutes.

THE WRECKERS ARE AT WORK

Mr. HOFFMAN. Mr. Speaker, the wreckers are at work destroying the economic structure of our country; depriving the citizen of his property, his liberty; tearing out the very foundations of our constitutional government.

John L. Lewis, his C. I. O. with its communistic methods and leaders, assisted by this administration, using the N. L. R. A. and the National Labor Relations Board, on the background prepared by the activities of the Senate Civil Liberties Committee, are making good the prophecy of Wilson's Secretary of State, Bainbridge Colby, when, in 1934, of the President's advisers, he said:

> The overthrow of our institutions, including the Constitution, is their avowed goal.

DENIAL OF CIVIL LIBERTIES

In Harlan County, Ky., are coal mines. Twenty-two of the companies operating these mines belong to the Harlan County Coal Operators Association, and for years there was comparatively little labor trouble. Steadfastly they refused to submit to the demands of John L. Lewis that all miners join his United Mine Workers Union.

Remember, now, that John L. Lewis' United Mine Workers is the organization which contributed $470,000 to the New Deal campaign fund and that it is the organization which loaned the Democratic National Committee $50,000. Do not forget that other sympathetic organizations contributed other sums, swelling the grand total of the campaign contributions from these labor organizations to $1,700,000.

With this in mind, consider the attempt of the Senate Civil Liberties Committee, the so-called La Follette committee, to brand Harlan County, Ky., as "bloody Harlan." Recall its strenuous efforts to stigmatize the operators of those mines who had refused to yield to Lewis' demands as greedy, lawless, and the instigators of violence. Do not forget that at the instigation of that committee one of the operators, Ted Creech, was charged by the agents of the La Follette committee with giving false testimony before it; forced him to trial for perjury, where he was acquitted by a jury of his peers.

Keep in mind, if you will, the fact that many of the companies and many of the operators who rejected Lewis' demands were indicted and tried at London, Ky., for a criminal conspiracy; that the jury disagreed; and as they filed out of the courtroom the five jurors who voted for conviction were met and warmly greeted by Government agents, thus indicating that the Government officials who prepared and assisted in the trial of the case had some knowledge of the deliberations of the jury.

Keep in mind, also, the fact that some of the companies operating these mines were charged by the National Labor Relations Board with unfair labor practices, and that one was charged and convicted by the N. L. R. B., and that in at least one instance a heavy money judgment was about to be rendered against it.

UNION CONTRACT SIGNED

Under these circumstances, in September of 1938, the operators signed a contract with the United Mine Workers union. The contract, however, did not provide for a closed shop although it provided for the check-off. The contract expired on the last day of March 1939.

Lewis then demanded the execution of a closed-shop contract, under the terms of which only those miners who joined and remained members of his organization would be permitted to work in the mines of Harlan County.

MINERS LOSE

Under these contracts the miners, in some instances at least, received less than they did prior to the making of the contracts.

Let me give you this illustration taken from the books of one operator, from the statement of miners who worked prior to the date of the contract and who worked after the contract was made.

In this particular mine, when the contract was signed in September of 1938, there were less than 10 union men of the 369 employed. The lowest wage, and that was the wage paid to the old men and the boys—the slate pickers—was $4 a day. Many of the miners made $33 a week. Under the union contract, the maximum they could hope to earn was $20 a week. The tonnage of the mine dropped from 33 to 35 cars a day to 22 to 24 cars a day.

Before the contract was entered into with the union, the miners were paying from $6 to $6.50 per month for house rent. The contract was signed. Under its terms, a charge of $2.25 per room was made, which raised the rent to $9 for a four-room house, which, prior to the making of the contract, rented for from $6 to $6.50.

MINERS' PAY CUT

In this particular mine, working under the union contract, the miners, instead of receiving 65 cents a ton, took a cut to 59 cents a ton. The cutting machine operator was cut from 10 cents a ton to 8 cents a ton on over two-thirds of the mine's operation.

One miner, and I have his name and saw his record on the books, made, in October of 1937, $306.71; in the corresponding month in 1938, he made $111.48. In November of 1937, this miner made $300.57; in November of 1938, he made $54.04. In December of 1937, he made $242.37; in December of 1938, he made $89.92. In January of 1939, he made $156.16; in February, $149.72; and in March, $152; and since April has been on strike, earning nothing.

The books disclose that the miners made less. Now what of the operators?

OPERATORS LOSE

In 1937, the company mined 455,000 tons, and they made 4½ cents per ton on the coal mined. In 1938, they mined but 270,000 tons and they had a net loss of 26.4 cents per ton. This year, up to June 1, they had a net loss of 47 cents on every ton mined, and they now have 145 men working.

LEWIS CAUSES LOSS TO MINERS AND TO OPERATORS

The foregoing is an illustration of what happened to the miners and to the operators in this one mine after Lewis, the wage and hour law, and the social-security law began operating.

In June 1939, not working under a union contract, a 19-year-old boy, a coal loader working 6 days a week, made $146.40, while his father, a small man, during the same month and loading coal, made $200.49. Another young man 22 years of age, a coal loader, in June of 1939 made $151.63.

This mine had been operated without a strike from 1922 until April 1, 1939, and the relations between management and workers had always been good.

MINER WHO IS AN ECONOMIC ROYALIST

I talked with one man who has worked for this company since June of 1920. He is now a tipple man, 56 years of age, married; has raised an adopted son now 25 years old. This miner told me he had never been overworked, never forced to put in any excessive number of hours, and that for most of his work he was paid by the ton. That he had been sick off and on for 3 years; that an operation performed last March cost him $425. That his wife had been operated on at a cost of $300. That he never drew relief money of any kind.

That when he began working at the mine he had about $700. He now has in excess of $19,000, all of which he has saved from the earnings he has made from working for this coal company. He never at any time has denied his wife or adopted son anything they needed, and never performed any work except manual labor.

MINERS DO NOT WANT TO JOIN U. M. W.

At the time that the so-called La Follette committee was making its charges that these operators were denying the civil liberties of the miners, the union claimed that, if given 60 days, it could and would organize all of the miners in the district. It was given an unrestricted opportunity for more than 60 days to organize the miners in this county. At one time it had as many as 60 organizers in the district. It had 12 additional weeks in which to carry on its organizing activities.

Some of its organizers, or those acting in its behalf, told the miners that if they joined they would get unemployment insurance in 9 days from the time they became unemployed. They told the men that unless they joined the union they would not be eligible for unemployment insurance, and they made many other statements which were not justified by the facts.

LABOR BOARD ATTEMPTS INTIMIDATION

Leonard Shore, a Labor Board representative, on one occasion, in the presence of Charles Ryan, attorney for the Board, told an operator that it was foolish for the Harlan operators to attempt to buck the United States Government; that the Government intended to see that everyone signed with the United Mine Workers and that, if they did not sign, the Labor Board would bankrupt them, and, for good measure, he made the added statement:

We may also put some of you behind penitentiary bars.

This man, Turnblazer, whose speech on Sunday last may well be termed the inciting cause for the attack which on Wednesday last resulted in the death of one man and the serious wounding of four others, from a sound truck in front of one of the mine offices, on June 30, 1939, made the statement in substance that, if the company did not sign up with the U. M. W. A., "Phillips—regional director for the N. L. R. B.—has promised me to take up the Labor Board case just as soon as he returns from his vacation."

COLLUSION BETWEEN UNION HEAD AND REGIONAL DIRECTOR OF LABOR BOARD

Early this last spring the members of the Harlan County Coal Operators Association, with one exception, refused to sign a United Mine Workers' closed-shop contract.

Forthwith, Turnblazer, president of the local union, made a complaint to Phillips, regional director of the National Labor Relations Board, and Phillips forthwith notified the companies that charges had been preferred against them.

The Wagner law does not require an employer to sign a contract with his employees. All that it requires, and the Supreme Court in at least two cases has so held, is that he negotiate in good faith. The Supreme Court of the United States has twice held that a failure of the employer to agree to the terms demanded by the employees or by the union does not render the employer guilty of an unfair labor practice.

Notwithstanding the fact that the Harlan County Coal Operators Association and individual members of that association have negotiated time and again—yes; almost continuously—with representatives of the United Mine Workers; notwithstanding the fact that they have been told that the operators will not sign a closed-shop contract, the operators have, on several occasions, been charged by Turnblazer with refusing to negotiate.

And following that charge, and acting in conjunction, it might be said, with Turnblazer, Phillips, regional director, has on occasion notified the mine operator that he has been charged with an unfair labor practice because he has refused to negotiate, this notwithstanding the fact—known to both Turnblazer and to Phillips and to the members of the Board itself, if it is cognizant of the proceedings of its directors—that such a charge had no foundation; in fact, was false.

NATIONAL LABOR RELATIONS BOARD PRACTICES COERCION

Thus you will see how the National Labor Relations Board has lent itself to the organizing activities and to the contract-making efforts of the United Mine Workers. You see how, working hand in glove with the United Mine Workers' officials, it threatens the mine operator with ruinous, expensive

legal proceedings in order to bludgeon him into signing a contract which the law itself does not require him to sign.

RACKETEERING CONTRACTS

These contracts, as we have seen, are of no advantage to anyone except to the officials of the United Mine Workers. These contracts result in a lessening of the miners' wages. They result in a loss of profits to the operator. But they enable the union, as an organization, to collect for political and other purposes $1.50 each month from the pay checks of the miners, and to collect such other special assessments as John L. Lewis and his executive board may see fit to levy.

LEWIS' FLYING SQUADRONS

As so often when persuasion and peaceful picketing fail, Lewis called upon his flying squadrons of wreckers, who, answering his call, appeared by the thousand in Harlan County, where, outnumbering the resident miners, they kidnaped the son of a mine owner and operator and held him for hours; threw George Hobbs, when he refused to sign a union application, in the river and then, while he was in the water, threw rocks at him, and as he emerged from the river, again caught him and forced him to sign a union application.

They shot Bob Blevins. They caught a miner named Mills and in the presence of his wife beat him, and, when George Whitfield, Jack Whitfield, and William Whitfield, mine operators, attempted to rescue him from the mob, they beat the three; and the sound truck bravely pealed out to its more than a thousand pickets who were opposed by less than 200 workers, the message, "Get every damned Whitfield off the hill"—this, although the Whitfields owned the mine and the hill.

What investigation, if any, will the Senate Civil Liberties Committee make of this incident? We know the answer. It will follow its former course and pass by all deprivations of civil liberty when instigated and carried out by union men, by strikers, "goon" squads, and flying squadrons.

Lewis got away with his rule of violence, his intimidation and coercion, as administered by his subordinates, Turnblazer from Tennessee, and Titler, both officers of the local, until Governor Chandler called out the troops and this particular period of violence ended.

ADMINISTRATION AND LEWIS UNABLE TO FORCE COMPLIANCE WITH HIS DEMANDS

Notwithstanding the fact that United Mine Workers closed these mines in Harlan County by calling in armed pickets from other States until Governor Chandler, recognizing his duty under the constitution of the State, called out the National Guard to protect the property of the operators and to safeguard the miners in their attempts to work, Lewis was unable to organize the miners of Harlan County, and last week the mines of that district were operating quietly, peacefully, under the protection of the National Guard of Kentucky.

Notwithstanding all of the activities of John L. Lewis, the N. L. R. B., the Senate Civil Liberties Committee, the prosecutions instituted and the trials carried on by the Department of Justice, in June of 1939 the car loadings of coal out of Harlan County exceeded by more than 5,000 cars of 50 tons each the output of June of 1938.

SO LEWIS RESORTS TO FORCE, AND DEATH AND BLOODSHED FOLLOW

The fact that these mines were operating in spite of Lewis' demands; that miners were going to and from their work earning a livelihood for themselves and their families without paying tribute to him was gall and wormwood to John L. Lewis and his subordinates.

On May 15, 1939, at Lenarue, 6 miles south of Harlan, at a union rally, among other things, Turnblazer, who is cognizant of the violence which occurred in April of this year when these mines were closed by pickets, many of whom came armed from other States, said—

> No miners will go hungry and, if they are evicted from their homes, the United States Government will give you tents and we will feed you.
>
> G-men are here watching the operators and we have more on them now than ever before.
>
> If they (the operators) want to spend another 6 or 8 weeks at London, that's up to them to decide.

A direct threat by William Turnblazer, head of the local U. M. W. union, to use an agency of the Federal Government—the Department of Justice—in a criminal prosecution if the operators did not yield to his demand for a closed-shop contract.

INTIMIDATION AND COERCION FAIL—THEN CAME VIOLENCE

In spite of all the organizing efforts put forth by the United Mine Workers; in spite of the intimidation practiced by the agents of the National Labor Relations Board; in spite of the threats made by William Turnblazer, head of the local United Mine Workers union, and notwithstanding the bringing into the county of thousands of armed pickets, who by force prevented the residents of Harlan County following their daily tasks, the liberty-loving miners of that county refused to submit to John L. Lewis' demands; refused to join his union; and the operators, although it might have been to their financial advantage—although certainly it would have saved them from prosecution by the National Labor Relations Board and some of them from trial on criminal charges by the Department of Justice, steadfastly refused to sell their men to John L. Lewis—refused to compel them to join a union which they did not want to join.

John L. Lewis was demanding not only that the men join his organization in order to work, but he insisted, and he attempted to make good that demand by force, that the Harlan County Coal Operators' Association and the individuals belonging to it, violate the National Labor Relations Act by compelling their men to join his organization before they could be given work.

Lewis, arbitrary tyrant that he is, causes complaints to be filed against those employers who advise their men that they do not need to join a union; and then, on the other hand, demands that other operators tell their employees they must join his union—a plain violation of the act which in so many instances he has used to enforce his demands.

A GOVERNOR WHO BELIEVES IN CIVIL LIBERTIES

Undoubtedly, John L. Lewis and his United Mine Workers would have closed all the mines in Harlan County by force, had it not been for the action of Governor Chandler. Unlike the Senate Civil Liberties Committee and Attorney General Frank Murphy, who talk so much about guaranteeing civil liberties but who by their acts do much to destroy them, Governor Chandler called out the National Guard so that men who wanted to work, who desired to exercise their civil liberties, might do so.

Frank Murphy, when Governor of Michigan, called out that State's National Guard to prevent men from working. Governor Chandler of Kentucky called out the National Guard so that men might work. Governor Murphy violated his oath of office. Governor Chandler kept his oath of office.

LEWIS BRINGS DEATH AND VIOLENCE TO A PEACEFUL COMMUNITY

On Monday and Tuesday last it was my privilege to visit Harlan County and the city of Harlan; to go from mine to mine; to talk with miners and with operators. It was my first visit to Harlan and I found the people there to be the same as in other average American communities.

A beautiful little city and high in the surrounding mountains, the rich coal veins from which the community derives its livelihood. The people mostly of English ancestry, native Americans; few, if any, foreigners; not many colored folks. Homes clean and comfortable, as were the streets and public places of the city. In short, a typical American community, with no evidence of intolerance or violence or disregard for the law in sight; nothing, in fact, which would distinguish it from any one of a thousand cities in our land, except for the fact that around and about some of the mines were National Guardsmen on duty, and up and down the highways were patrolling trucks, in which rode National Guardsmen.

This was on Monday and Tuesday of this week, but on Sunday last, according to the Harlan Daily Enterprise, William Turnblazer, of Jellico, Tenn., president of District No. 19, United Mine Workers, addressing a union mass meeting, called for the re-forming of picket lines to "curtail production" at nonunion mines, and to "get the strikebreakers

out." Turnblazer declared that such action should be taken "while the lake trade is going on" and as a move to break the deadlock between the union and the Harlan County Coal Operators Association holding out against signing the union closed-shop contract.

The men working in the Harlan mines are residents of Harlan County, most of whom have always worked in the coal mines. That is their only occupation. Under the Constitution of our Federal Government and the Constitution of their State, they have the right to work and they have the right to work without signing a contract prescribed by William Turnblazer or John L. Lewis.

In utter disregard of the rights of these men; denying to them their civil liberties, Turnblazer, of Tennessee, called upon his listeners to get these free-born American citizens, exercising their constitutional right, out of the mines.

Early Wednesday morning, following his demand and his advice, pickets formed around the mine of the Mahan-Ellison Coal Co. and attempted to prevent Harlan County citizens entering the mine to toil at their daily tasks. Among those pickets was Dock Caldwell, 31-year-old miner, a member of the union, who undoubtedly believed, from what Turnblazer said, that he had the right to prevent other men going into the mine to work.

Dock Caldwell undoubtedly was familiar with the demands of John L. Lewis that all must join his organization before they would be permitted to work. Dock Caldwell undoubtedly had heard that the National Labor Relations Board, the New Deal administration, stood back of John L. Lewis.

And so Dock Caldwell, ill-advised, attempted to folow the directions of William Turnblazer; attempted to pull a fellow worker from a car which was taking him into the mine. Dock Caldwell was shot. Dock Caldwell died, and he died because of the un-American, the unlawful, demands made by John L. Lewis.

The responsibility for his death rests not only upon the shoulders of John L. Lewis, of William Turnblazer, who incited him to take part in these unlawful activities, but upon the shoulders of the members of the National Labor Relations Board, who in Harlan County have given the people to understand that, unless they yield to the demands of the United Mine Workers, the operators are guilty of a violation of the National Labor Relations Art.

Here today we have in Harlan County, Ky., a community attempting to carry on in the soft-coal industry, an industry which has been almost ruined by John L. Lewis and his United Mine Workers, by the Guffey Coal Act, by the activities of the National Labor Relations Board.

Here we have a community where the mine owners and operators, under the Wagner Act, the wage-hour law, the social-security law, have suffered almost continuous losses; where the miners, under these laws, have from day to day seen their yearly earnings diminishing; a community where the mine owners and the operators, where the miners themselves, are denied the right to go about their daily tasks.

Here we have a community, the members of which, unwilling to give up the liberties won by their forefathers in bloody battle, are today willing to face and meet not only violence and bloodshed, but death itself, in order to preserve those liberties so dearly won for them.

And here in Washington we have an administration which extends the hand of friendship to John L. Lewis and his communistic allies, who would deny a fundamental constitutional right to American-born men and women.

Here we have an administration lauded, praised by the Communists and the Communist Party, which seek the destruction by force of our form of government, extending aid and comfort to those who are seeking to forge the shackles which deny liberty to the citizens of Harlan.

If we in Congress sit idly by and permit this situation to continue, upon us rests a part of the responsibility if violence, bloodshed, and death follow our failure to extend a helping hand to those patriotic citizens of Harlan who are fighting an uphill battle without Federal aid.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SPECIAL ORDER

The SPEAKER. Under special order of the House, the gentleman from Missouri [Mr. ANDERSON] is entitled to recognition for 15 minutes. The Chair does not see the gentleman from Missouri in the Chamber.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 1882. An act for the relief of Otis M. Culver, Samuel E. Abbey, Joseph Reger, and August H. Krueger.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 18 minutes p. m.), pursuant to the order heretofore made, the House adjourned until Monday, July 17, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

On Saturday, July 15, 1939, Dr. C. E. R. Sherrington, British railroad expert, will testify before the Committee on the Judiciary with respect to the bills H. R. 6369 and S. 1869, to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a railroad reorganization court, and for other purposes. The hearing will be public, and will begin at 10 a. m. in the Judiciary Committee room, 346 House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building at 10 a. m., on the bills and dates listed below:

On Tuesday, July 18, 1939, at 10 a. m., hearings will be held on H. R. 7090, to amend section 4488 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 481), and H. R. 7091, to amend section 4471 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, 464).

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs on Monday, July 17, 1939, at 10: 30 a. m., on House Joint Resolution 207, to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes.

The Foreign Affairs Committee will start hearings on Tuesday, July 18, 1939, at 10 a. m., on proposed legislation dealing with treaty violations, with special reference to the Orient: H. R. 4232 (Mr. VOORHIS of California), H. R. 5432 (Mr. COFFEE of Washington), H. R. 6837 (Mr. EATON of New Jersey), H. R. 7159 (Mr. IZAC), House Joint Resolution 42 (Mr. CRAWFORD), House Joint Resolution 113 (Mr. FISH), House Joint Resolution 254 (Mr. FISH), House Joint Resolution 318 (Mr. WALLGREN).

COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Committee on the Public Lands on Monday, July 17, 1939, at 10 a. m., in room 328, House Office Building, to consider H. R. 6668.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization on Wednesday, July 19, 1939, at 10:30 a. m., for the consideration of H. R. 6443 and H. R. 7066. Public hearing.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

999. A communication from the President of the United States, transmitting a schedule of claims amounting to $123,944.96, allowed by the General Accounting Office, as covered by certificates of settlement, under appropriations, the balance of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (H. Doc. No. 418); to the Committee on Appropriations and ordered to be printed.

1000. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Labor for the fiscal year 1940 amounting to $2,000,000 (H. Doc. No. 419); to the Committee on Appropriations and ordered to be printed.

1001. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers, on reexamination of Charlotte Harbor, Fla., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted May 12, 1938; to the Committee on Rivers and Harbors.

1002. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers, on a preliminary examination of Allapatchee River (Alligator Creek), Fla., authorized by the River and Harbor Act approved June 20, 1938; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1150. Report on the disposition of records of the United States District Court for the Southern District of California. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1151. Report on the disposition of records in the Department of the Treasury in the custody of the National Archives. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1152. Report on the disposition of records in the Veterans' Administration. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1153. Report on the disposition of records in the Department of the Treasury. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1154. Report on the disposition of records in the Farm Credit Administration. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1155. Report on the disposition of records in the Department of the Interior. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1156. Report on the disposition of records in the Department of State. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1157. Report on the disposition of records in the Department of Labor. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1158. Report on the disposition of records in the Department of Commerce. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1159. Report on the disposition of records in the Department of the Navy. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1160. Report on the disposition of records in the Post Office Department, Postal Service. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1161. Report on the disposition of records in the Department of Agriculture. Ordered to be printed.

Mr. ELLIOTT: Committee on the Disposition of Executive Papers. House Report No. 1162. Report on the disposition of records in the Department of the Treasury. Ordered to be printed.

Mr. MAGNUSON: Committee on Naval Affairs. H. R. 6045. A bill to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon; with amendment (Rept. No. 1165). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES of Texas: Committee on Agriculture. H. R. 7171. A bill to amend section 22 of the Agricultural Adjustment Act; with amendment (Rept. No. 1166). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLLINS: Committee of conference. H. R. 5610. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes (Rept. No. 1167). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. KELLER: Committee on the Library. House Concurrent Resolution 32. Concurrent resolution establishing a commission to be known as the Virginia (Merrimac)-Monitor Commission; without amendment (Rept. No. 1168). Referred to the Committee of the Whole House on the state of the Union.

Mr. WARREN: Committee of conference. H. R. 6205. A bill to provide for additional clerk hire in the House of Representatives, and for other purposes (Rept. No. 1170). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DARDEN: Committee on Naval Affairs. H. R. 5634. A bill granting 6 months' pay to Sidney M. Bowen; without amendment (Rept. No. 1163). Referred to the Committee of the Whole House.

Mr. MOTT: Committee on Naval Affairs. S. 1901. An act to extend to Sgt. Maj. Leonard E. Browning, United States Marine Corps, the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; without amendment (Rept. No. 1164). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. S. 2370. An act for the relief of Corinne W. Bienvenu (nee Corinne Wells); with amendment (Rept. No. 1169). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 7050. A bill for the relief of certain former disbursing officers for the Civil Works Administration; without amendment (Rept. No. 1171). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 7049. A bill for the relief of John L. Summers, former disbursing clerk, Treasury Department, and for other purposes; without amendment (Rept. No. 1172). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 6641. A bill for the relief of the Arkansas State Penitentiary; without amendment (Rept. No. 1173). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. H. R. 5931. A bill for the relief of Elizabeth Hessman; with amendment (Rept. No. 1174). Referred to the Committee of the Whole House.

Mr. HALL: Committee on Claims. H. R. 5557. A bill for the relief of V. H. Scheuring, Elmer Eggers, and Thomas Fahey; without amendment (Rept. No. 1175). Referred to the Committee of the Whole House.

Mr. GATHINGS: Committee on Claims. H. R. 5348. A bill for the relief of certain postmasters; without amendment (Rept. No. 1176). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 5259. A bill for the relief of Mrs. Layer Taylor; with amendment (Rept. No. 1177). Referred to the Committee of the Whole House.

Mr. THOMAS of New Jersey: Committee on Claims. H. R. 5211. A bill for the relief of D. L. Mason; with amendment (Rept. No. 1178). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 4085. A bill for the relief of certain disbursing agents and employees of the Indian Service; without amendment (Rept. No. 1179). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 2860. A bill for the relief of Ben Willie Jones; with amendment (Rept. No. 1180). Referred to the Committee of the Whole House.

Mr. SASSCER: Committee on Claims. H. R. 2344. A bill for the relief of James McConnachie; with amendment (Rept. No. 1181). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 377. A bill for the relief of Harry Bryan and Alda Duffield Mullins, and others; with amendment (Rept. No. 1182). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. S. 2275. An act for the relief of Floyd M. Dunscomb; without amendment (Rept. No. 1183). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. S. 2114. An act for the relief of Virginia Pearson; without amendment (Rept. No. 1184). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. S. 2082. An act for the relief of Hugh A. Smith; without amendment (Rept. No. 1185). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. S. 1905. An act for the relief of Elizabeth E. Burke; with amendment (Rept. No. 1186). Referred to the Committee of the Whole House.

Mr. GATHINGS: Committee on Claims. S. 1882. An act for the relief of Thomas A. Ross; with amendment (Rept. No. 1187). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 1816. An act for the relief of Montie S. Carlisle; without amendment (Rept. No. 1188). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. S. 1722. An act for the relief of Hannis Hoven; without amendment (Rept. No. 1189). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. S. 1467. An act for the relief of the Standard Oil Co., Inc., in Kentucky; without amendment (Rept. No. 1190). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 1429. An act for the relief of Earl J. Reed and Giles J. Gentry; with amendment (Rept. No. 1191). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 821. An act for the relief of Charles L. Kee; with amendment (Rept. No. 1192). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims: S. 765. An act for the relief of Hugh McGuire; without amendment (Rept. No. 1193). Referred to the Committee of the Whole House.

Mr. SASSCER: Committee on Claims. S. 683. An act for the relief of Fae Banas; without amendment (Rept. No. 1194). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DURHAM:

H. R. 7231. A bill to authorize the fiscal agent of the director of the Civilian Conservation Corps to permit certain persons compensated from Civilian Conservation Corps funds to make pay allotments; to the Committee on Labor.

By Mr. LEWIS of Colorado:

H. R. 7232. A bill authorizing an appropriation for the construction and equipment at Denver, Colo., of a technical aeronautics laboratory and other facilities for aeronautical research; to the Committee on Interstate and Foreign Commerce.

By Mr. TOLAN:

H. R. 7233. A bill to amend the act entitled "An act to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes," approved August 27, 1935 (Public, No. 351, 74th Cong.), and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. CARLSON:

H. R. 7234 (by request). A bill to provide a civil government for Puerto Rico; to the Committee on Insular Affairs.

By Mr. CELLER:

H. R. 7235. A bill to prohibit the maintenance of gambling establishments within the admiralty and maritime jurisdiction of the United States, and for other purposes; to the Committee on the Judiciary.

H. R. 7236. A bill to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. HARRINGTON:

H. R. 7237. A bill to amend the Revenue Act of 1932 by imposing an excise tax on pork and pork products; to the Committee on Ways and Means.

By Mr. HENNINGS:

H. R. 7238 (by request). A bill creating the General Mexican Claims Commission; to the Committee on Foreign Affairs.

By Mr. MARCANTONIO:

H. R. 7239. A bill to authorize the naturalization of Filipinos who are permanent residents of the United States; to the Committee on Immigration and Naturalization.

By Mr. RANSAUT:

H. R. 7240. A bill to exempt certain persons with dependents from the provisions requiring separation from Work Projects Administration rolls at the end of 18 months; to the Committee on Appropriations.

By Mr. BRADLEY of Pennsylvania:

H. R. 7241. A bill to provide additional compensation for flying duty by civilian employees of the Government; to the Committee on Interstate and Foreign Commerce.

By Mr. HORTON:

H. R. 7242. A bill giving preference in the appointment of employees in the taking of the sixteenth decennial census to persons on relief and work relief of the Work Projects Administration; to the Committee on the Census.

By Mr. STARNES of Alabama:

H. R. 7243. A bill making appropriations for public-works projects, and authorizing the carrying out of such projects; to the Committee on Appropriations.

By Mr. ANDERSON of California:

H. J. Res. 361. Joint resolution to provide for an investigation by the Administrator of the Federal Works Agency of the feasibility and desirability of the acquisition by the United States of certain property in Burlingame, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. KRAMER:

H. J. Res. 362. Joint resolution to authorize the admission into the United States of a limited number of German refugee children; to the Committee on Immigration and Naturalization.

By Mr. BURDICK:

H. Res. 259. Resolution providing for the appointment of a special committee to investigate the conditions of the Indians of the United States; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FOLGER:

H. R. 7244. A bill authorizing Maj. Caleb V. Haynes, United States Army, to accept and wear the decoration tendered him by the Government of Chile; to the Committee on Military Affairs.

By Mr. HENNINGS:

H. R. 7245. A bill for the relief of Henry Gideon Schiller; to the Committee on Immigration and Naturalization.

By Mr. KRAMER:

H. R. 7246. A bill for the relief of Madeline Vera Bucholz; to the Committee on Immigration and Naturalization.

By Mr. MYERS:

H. R. 7247. A bill for the relief of Harry Solomon; to the Committee on Military Affairs.

By Mr. ROUTZOHN:

H. R. 7248. A bill granting a pension to William Lennox; to the Committee on Invalid Pensions.

By Mr. SUTPHIN:

H. R. 7249. A bill to correct the discharge of Kenneth A. Cranmer; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4665. By Mr. GEYER of California: Petition of Joe Williams and 135 others, asking that House bill 5994, the Geyer antilynching bill, or a similar measure, be enacted into law at this session of Congress; to the Committee on the Judiciary.

4666. Also, petition of Herbert Anderson and 121 others, asking that House bill 5994, the Geyer antilynching bill, or a similar measure, be enacted into law this session of Congress; to the Committee on the Judiciary.

4667. Also, petition of Mrs. Crystal Haiden and 89 others, asking that House bill 5994, the Geyer antilynching bill, or a similar measure, be enacted into law this session of Congress; to the Committee on the Judiciary.

4668. Also, petition of Tom Azoon and 43 others, asking that House bill 5994, the Geyer antilynching bill, or a similar measure, be enacted into law this session of Congress; to the Committee on the Judiciary.

4669. Also, petition of Bob Hillyer and 65 others, asking that House bill 5994, the Geyer antilynching bill, or a similar measure, be enacted into law this session of Congress; to the Committee on the Judiciary.

4670. Also, petition of C. H. Stojewa and 75 others, asking that House bill 5994, the Geyer antilynching bill, or a similar measure, be enacted into law this session of Congress; to the Committee on the Judiciary.

4671. By Mr. MICHAEL J. KENNEDY: Petition of the New York Chapter American Society of Landscape Architects of New York City, opposing House bill 6880, pertaining to an easement for the Battery-Brooklyn Bridge; to the Committee on Public Buildings and Grounds.

4672. Also, petition of the United States Independent Telephone Association, expressing approval of House bill 7133, which contains comprehensive exemptions to the Wage-Hour Act; to the Committee on Labor.

4673. Also, petition of the Travelers Protective Association of St. Louis, Mo., protesting against un-American activities by certain organizations, advocating balancing of the National Budget, advocating that this country maintain strict neutrality, and recommending that our immigration laws be made more rigid; to the Committee on Ways and Means.

4674. Also, petition of the Municipal Art Society of New York, opposing House bill 6880, the Cullen bill pertaining to an easement for the Battery-Brooklyn Bridge; to the Committee on Public Buildings and Grounds.

4675. By Mr. KEOGH: Petition of the E. W. Bliss Co., Brooklyn, N. Y., urging consideration of the Smith resolution (H. J. Res. 229); to the Committee on the Judiciary.

4676. Also, petition of George D. Brown, Jr., secretary, New York State Division of Housing, New York City, urging consideration and passage of House bill 2888; to the Committee on Banking and Currency.

4677. Also, petition of Hon. Edward J. Kelly, mayor of Chicago, favoring the passage of House bill 7120, the Steagall bill, and Senate bill 2758, the Barkley bill; to the Committee on Banking and Currency.

4678. Also, petition of United Electrical, Radio, and Machine Workers of America, New York City, concerning the restoration of prevailing trade-union rates for Works Progress Administration; to the Committee on Appropriations.

4679. Also, petition of the United States State Independent Telephone Association, Washington, D. C., concerning the Barden bill (H. R. 7133); to the Committee on Labor.

4680. Also, petition of the American Federation of Labor, Washington, D. C., concerning the Works Progress Administration situation; to the Committee on Appropriations.

4681. By Mr. KRAMER: Petition of residents of California relative to the Works Progress Administration; to the Committee on Appropriations.

4682. By Mr. PFEIFER: Petition of the New York State League of Savings and Loan Associations, New York City, urging consideration and passage of House bill 6971; to the Committee on Banking and Currency.

4683. Also, petition of the United States Independent Telephone Association, Washington, D. C., urging consideration of the Barden bill (H. R. 7133); to the Committee on Labor.

4684. Also, petition of the American Federation of Labor, Washington, D. C., concerning the Works Progress Administration situation; to the Committee on Appropriations.

4685. Also, petition of Edward J. Kelly, mayor of Chicago, Ill., urging consideration and support of House bill 7120 and Senate bill 2759; to the Committee on Roads.

4686. Also, petition of employees of the Northport, N. Y., post office, urging support and passage of House bill 5479 with Senate amendments; to the Committee on the Post Office and Post Roads.

4687. By Mr. WHITE of Idaho: Petition signed by 95 citizens of Caldwell, Idaho, calling upon Congress to do something for the correction of the present economic conditions due to the control by international bankers over credits and thence over wages and prices of farm products and industrial output; to the Committee on Banking and Currency.

4688. By the SPEAKER: Petition of the Walker County Board of Revenue, Jasper, Ala., petitioning consideration of their resolution with reference to Works Progress Administration relief legislation; to the Committee on Appropriations.

4689. Also, petition of the city of Garfield Heights, Cuyahoga County, Ohio, petitioning consideration of their resolution with reference to Works Progress Administration relief legislation; to the Committee on Appropriations.

4690. Also, petition of W. H. Hariman, Waterloo, Iowa, and others, petitioning consideration of their resolution with reference to Works Progress Administration relief legislation; to the Committee on Appropriations.

4691. Also, petition of the District of Columbia Council, United Federal Workers of America, Washington, D. C., petitioning consideration of their resolution with reference to work-relief legislation; to the Committee on Appropriations.

SENATE

MONDAY, JULY 17, 1939

(Legislative day of Monday, July 10, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O God of Peace, who hast taught us that in returning and rest we shall be saved, in quietness and confidence shall be our strength: Come Thou and dwell amongst us as Thou wert in the midst of Thy disciples, and with Thy great might succor us; that, standing in Thy presence and Thou in our midst, our labors may be prospered in all godliness and

quietness, righteousness, and peace, so that at the last we may come to those unspeakable joys which Thou hast prepared for those that love Thee. Through Thy Son our Saviour Jesus Christ. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, July 14, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Johnson, Colo.	Reed
Andrews	Donahey	King	Russell
Ashurst	Downey	La Follette	Schwartz
Austin	Ellender	Lee	Schwellenbach
Bankhead	Frazier	Logan	Sheppard
Barbour	George	Lucas	Shipstead
Barkley	Gerry	Lundeen	Slattery
Bilbo	Gibson	McKellar	Stewart
Bone	Gillette	McNary	Taft
Borah	Glass	Maloney	Thomas, Okla.
Bridges	Green	Miller	Thomas, Utah
Bulow	Guffey	Minton	Townsend
Burke	Gurney	Murray	Truman
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norris	Vandenberg
Capper	Hatch	Nye	Van Nuys
Chavez	Hayden	O'Mahoney	Walsh
Clark, Idaho	Hill	Overton	Wheeler
Clark, Mo.	Holman	Pepper	White
Connally	Hughes	Pittman	Wiley
Danaher	Johnson, Calif.	Radcliffe	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from North Carolina [Mr. BAILEY], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Iowa [Mr. HERRING], the Senator from West Virginia [Mr. HOLT], the Senator from Nevada [Mr. MCCARRAN], and the Senators from New York [Mr. MEAD and Mr. WAGNER] are absent on important public business.

Mr. AUSTIN. I announce that the Senator from Massachusetts [Mr. LODGE] is necessarily absent on official business.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

UNVEILING OF STATUE OF WILL ROGERS—PRINTING OF PROCEEDINGS

The VICE PRESIDENT laid before the Senate House Concurrent Resolution 29, which was read, as follows:

Resolved, etc., That there be printed with illustrations and bound, in such form and style as may be directed by the Joint Committee on Printing, the proceedings in Congress at the unveiling in the rotunda, together with such other matter as the joint committee may deem pertinent thereto, upon the occasion of the acceptance of the statue of Will Rogers, presented by the State of Oklahoma, 5,200 copies; of which 1,000 copies shall be for the use of the Senate, and 2,700 copies for the use of the House of Representatives, and the remaining 1,500 copies shall be for the use of and distribution by the Senators and Representatives in Congress from the State of Oklahoma.

SEC. 2. The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer, who shall provide suitable illustrations to be bound with these proceedings.

Mr. HAYDEN. I move that the Senate concur in the House resolution.

The motion was agreed to.

ENROLLED BILL SIGNED DURING RECESS

Under authority of the order of the 14th instant,

On July 15, 1939, the enrolled bill (H. R. 5610) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes, which had previously been signed by the Speaker of the House of Representatives, was signed by the Vice President.

SPECIAL COMMITTEE ON CONSERVATION AND UTILIZATION OF AQUATIC LIFE—RESIGNATION OF MEMBER

The VICE PRESIDENT laid before the Senate the following letter of resignation, which was ordered to lie on the table:

UNITED STATES SENATE,
July 14, 1939.

To the PRESIDENT OF THE SENATE:

I hereby tender my resignation as a member of Committee on Conservation and Utilization of Aquatic Life.

Sincerely yours,

FRANCIS T. MALONEY,
United States Senate.

FINANCIAL AND OTHER DATA PERTAINING TO SUNDRY GOVERNMENTAL AGENCIES AND CORPORATIONS (S. DOC. NO. 96)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, in partial response to Senate Resolution 150 (76th Cong.), copies of the last annual reports of certain agencies, except for the following agencies or corporations: Reconstruction Finance Corporation, RFC Mortgage Co., Disaster Loan Corporation, Federal National Mortgage Association, Public Works Administration, Federal Crop Insurance Corporation, and Tennessee Valley Associated Cooperatives, Inc., and stating that the financial reports and statements called for by the resolution will require several months to compile, and that they will be transmitted promptly upon completion, which, with the accompanying paper, was referred to the Committee on Banking and Currency and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution in the nature of a petition of the Legislature of Wisconsin, praying that the various Federal departments, institutions, and agencies which have made loans upon real estate in the State of Wisconsin submit to that State's moratorium and mediation laws relative to foreclosures, which was referred to the Committee on Banking and Currency.

(See resolution printed in full when presented today by Mr. WILEY.)

He also laid before the Senate a resolution of the Westchester Council of Industrial Unions, of Yonkers, N. Y., favoring the making of sufficient appropriations to maintain prevailing wage standards on all relief work for skilled employees, and the elimination of the policy of lengthening the hours of work under the W. P. A., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the District of Columbia Council, United Federal Workers of America, C. I. O., praying for the enactment of the bill (S. 2765) to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the prevailing rates of pay for persons employed upon work projects, which was referred to the Committee on Appropriations.

He also laid before the Senate a petition of sundry citizens of San Francisco, Calif., praying for the repeal of clauses in the recently enacted W. P. A. joint resolution to the effect that W. P. A. workers work 130 hours per month for the same monthly wage they received for 68 hours or less; that all workers employed for 18 months or more take an enforced 30-day vacation; and that the Federal theater be eliminated and Federal sponsorship of the writers, art, music, and historical records projects be withdrawn, which was referred to the Committee on Appropriations.

He also laid before the Senate a motion adopted by the City Council of Quincy, Ill., to the effect that the prayer of the Illinois Workers Alliance be granted requesting the city council to go on record as having made protest to Congress against the new law which has been placed in force governing the W. P. A., forcing workers to work 130 hours for the same amount of pay; also, to protest against the ruling of the 30-day lay-off of all W. P. A. workers who have been on the rolls for 18 months or more, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a cablegram from the Puerto Rico General Anti-Tuberculosis Association, San Juan, P. R., praying for the enactment of the bill (S. 2547) to impose

additional duties upon the United States Public Health Service in connection with the investigation, treatment, and control of tuberculosis, which was referred to the Committee on Finance.

He also laid before the Senate a resolution of the Council of the City of Newport News, Va., favoring the prompt enactment without amendment of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, which was ordered to lie on the table.

He also laid before the Senate petitions of sundry citizens of the United States praying for the prompt enactment of legislation to withdraw the protection of the interstate-commerce laws from liquor advertising crossing State lines with the view that State regulations and laws on the subject may be made adequate and effective, which were ordered to lie on the table.

Mr. VANDENBERG presented petitions, numerously signed, of sundry citizens of the State of Michigan, praying that the traffic in arms and munitions to Japan for use in operations in China may be stopped, which were referred to the Committee on Foreign Relations.

Mr. WALSH presented a resolution of the National Paperboard Association, Chicago, Ill., protesting against the loan of public funds by the R. F. C. or other agencies to promote the construction of any additional paper mills, which was referred to the Committee on Banking and Currency.

Mr. SCHWELLENBACH presented numerous telegrams, resolutions, and letters in the nature of petitions, praying that the subcommittee of the Committee on Education and Labor investigating violations of civil liberties, etc., be continued and that adequate funds be allotted for the work of the subcommittee, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

WAGES OF W. P. A. RELIEF WORKERS

Mr. MALONEY. Mr. President, I desire to call the attention of the Members of the Senate very briefly at this time to what appears to me to be the crystallization of a serious situation. I quote an article by Bruce Catton which appeared in many newspapers of the country on Friday. Under a Washington date line, the article reads:

PAY CUTS PROMISE STILL MORE W. P. A. DISCORD ON SEPTEMBER 1

(By Bruce Catton)

WASHINGTON.—The W. P. A. authorities are saying privately that if you think they are having trouble now with Nation-wide strikes against the abolition of the prevailing-wage rule for relief work, you should just try looking ahead to next September. Then, they say, is when the real trouble is likely to begin.

Under the new W. P. A. bill the differential hitherto paid between North and South is abolished, effective September 1.

Taking the country as a whole, the average monthly wage for W. P. A. work has been $52.50. The new law provides that this shall not substantially be changed, but that no more may be paid for any type of work in one locality than is paid for the same type of work in another locality, except where some change is justified by differences in the cost of living.

This provision, say the W. P. A. authorities, is simply going to mean that relief workers throughout the Northern and Middle Western States are going to get a substantial pay reduction on September 1. At the same time, they say, relief workers in the South will get a pretty substantial increase.

COST OF LIVING JUST CONFUSING

The cost-of-living provision doesn't help much, because so far W. P. A. hasn't found any way of figuring out exactly what the cost of living is. It has some figures compiled by the Bureau of Labor Statistics, but these are kept up to date only on some thirty-odd selected cities in the country, whereas W. P. A. has projects just about everywhere. How the cost is to be worked out for all W. P. A. cities and towns nobody knows; but in any case, it is predicted that the differences between different localities won't amount to enough to avert the sweeping pay reductions.

Right now the relief workers who are on strike are getting as much money as they did before. The only difference is that they have to work longer to get it. The ironic part about it is that whereas the other changes in the W. P. A. bill were made over the administration's objection, this particular change was made with Administrator Harrington's full approval.

The prevailing-wage rule, as Harrington saw it, resulted in inefficiency in W. P. A. building projects; a foreman on a given job might have one crew putting in 60 hours a month, another crew doing 75, another doing 90, and still another doing 110. Under those circumstances, he was likely to have a terrible time getting his job done smoothly.

In addition, Harrington felt that the prevailing-wage rule paved the way for a good deal of chiseling. There were cases in which a relief worker enjoying a high hourly pay rate would finish his weekly W. P. A. stint in 15 hours, and would use his spare time to get a part-time job somewhere else, so that his total earnings came to more than many workers in private industry were getting.

SOUTH'S NONRELIEFERS MAY SQUAWK

At any rate, W. P. A. has its hands full of trouble now and expects that the trouble it will get next fall will make the present difficulties look mild. For, as one official expressed it, if thousands of relief workers angrily strike because they have to work more hours but still get just as much money, what aren't they likely to do when they find that their pay will be cut, too?

A flare-back from the nonrelief people in the South is perfectly possible, too; for W. P. A. figures that in some sections of the South under the new rule relief pay will actually be higher than the pay scale in private industry. If that happens, energetic action by some of the very Congressmen who voted the new rule into effect can be looked for.

Just to make the September horizon look worse, at the same time that the pay cuts go into effect all W. P. A. workers who have been on the rolls for 18 months or more must be laid off for 30 days without pay.

All in all, the W. P. A. high command isn't looking forward to the autumn with any noticeable degree of enthusiasm.

Mr. President, I shall not read longer from this article at this particular time, because the time for debate this afternoon is limited; but I should like to impress upon Senators, if I can, that this threatens to be a very serious situation. If I read aright the articles which seem to come from the head of the W. P. A. and the W. P. A. agencies, it is the intention very seriously and substantially to cut the wages of more than a million relief workers in the North and in the West.

In an endeavor to offset this threatened wage cut, I have communicated with Colonel Harrington. I have been over the law rather carefully, and because I am familiar, I think, with what Congress intended, I have endeavored to show Colonel Harrington that it was not the intention of any Member of the Senate that this wage cut of the relief worker be put into effect.

Anxious to permit the debate on the unfinished business to proceed, but intending to discuss this matter at some length, probably at a little later date, I now ask unanimous consent that there be published in the RECORD as a part of my remarks a copy of the letter which I have written to Colonel Harrington upon this subject.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 14, 1939.

Col. F. C. HARRINGTON,
Administrator, Work Projects Administration,
Washington, D. C.

MY DEAR COLONEL HARRINGTON: Because I am so much concerned with the possible reduction of the wages of W. P. A. relief workers in the North, I am taking the liberty of calling your attention to subsection (a) of section 15 of Public Resolution No. 24. The language therein provides that "the Commissioner shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1 which shall not substantially affect the current national average labor cost per person of the Work Projects Administration." The section further reads: "After August 31, 1939, such monthly earning schedule shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by differences in the cost of living."

My hope that the wages of relief workers in the North may be maintained is based upon the word substantially in the quotation above, and further upon the references in the differences in the cost of living. It is my feeling, because the relief workers of the South are comparatively few in number, that the maintenance of the present relief-worker wage in other parts of the country would not substantially affect the current national average labor cost per person.

I think that the language of the law might allow you a sufficient leeway and authority to maintain the wage which has been paid in the North. I know that was the intent of the committee and the Senate.

While I feel that in at least a few instances the salaries of nonrelief administrative employees are too high, I do not think that the wages paid to the certified relief workers are in any instance too high. Actually these men receive a subsistence wage, and to cut it down as the result of the amended law would work a terrible hardship on thousands of families.

I shall appreciate such consideration as you may give this suggestion, and I will be additionally grateful if I may have some word from you concerning the matter.

Sincerely yours,

FRANCIS T. MALONEY,
United States Senate.

DAIRY INDUSTRY OF WISCONSIN

Mr. WILEY. Mr. President, I desire to make a few remarks, and in connection therewith I offer first to be printed in the RECORD and appropriately referred a joint resolution of the Assembly and Senate of Wisconsin, part of which I desire to read. The resolution reads in part:

Resolved by the senate (the assembly concurring), That this legislature respectfully petitions and urges the Federal Surplus Commodities Corporation to purchase dairy and cheese products of Wisconsin for distribution to relief agencies, so that the market and prices for the farmer will be protected and restored and will not be cudgeled by adverse surpluses.

I offer the entire resolution for the RECORD.

The resolution was referred to the Committee on Agriculture and Forestry, as follows:

Senate Joint Resolution 22

Joint resolution memorializing the Federal Surplus Commodities Corporation to purchase dairy and cheese products of Wisconsin

Whereas the production of milk is the most important part of Wisconsin agriculture, leading all States by supplying 19 percent of the milk used in the manufacture of dairy products in the United States; and

Whereas thousands of Wisconsin farmers and their families labor for their livelihood and depend upon the administration to maintain favorable marketing conditions for their dairy and cheese products; and

Whereas during the last year there has been an unprecedented quantity of cheese and butter held in cold storage which has been wielded by the unscrupulous to beat down the prices of these food products to a level that will not cover the cost of production; and

Whereas these inventories should be reduced and released in order to make available large supplies of food to the undernourished babies and children and stinted and peaked underprivileged men of the country; and

Whereas the Federal Surplus Commodities Corporation is authorized and enabled to strike a direct blow at the economic paradox which has choked the farmers of the country with a superabundance of food products while many of the unemployed and persons on relief have gone hungry; and

Whereas these supplies of cheese and butter and milk should be procured and distributed immediately so as to scotch and eliminate these price-depressing surpluses from the usual and ordinary course of business by encouraging and developing the consumption of these dairy products and thereby restore a fair level of return to the dairy farmer: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature respectfully petitions and urges the Federal Surplus Commodities Corporation to purchase dairy and cheese products of Wisconsin for distribution to relief agencies so that the market and prices for the farmer will be protected and restored and will not be cudgeled by adverse surpluses; and be it further

Resolved, That properly attested copies of this resolution be transmitted to the President of the United States, the Federal Surplus Commodities Corporation, and to each Wisconsin Member of Congress.

Mr. WILEY. Mr. President, I was particularly interested in the remarks of the Senator from Connecticut [Mr. MALONEY], who referred to the situation of the W. P. A. workers. I wish to say that the wage paid to the W. P. A. workers provided by the act of Congress is a great deal higher than the average farmer in Wisconsin is making from his farm. We must not forget the folks who produce and the folks who are paying the taxes and carrying the load.

FARM MORATORIUMS

Mr. President, at this time I also wish to present for the RECORD and have referred and printed as a part of my remarks a joint resolution of the Assembly and Senate of Wisconsin relating to the matter of farm moratorium.

Away back in March, I introduced into the Senate of the United States a joint resolution in which I asked that the Federal Government treat the farmers of the United States in a decent manner, asking, in other words, that a moratorium statute be put into effect to the end that the mortgages which were held by the Government be not put into a squeeze play, so to speak, thus depriving the farmers of their homes. That resolution has died, apparently. We have asked the committee for action. We have received none. Recently the Senate and Assembly of Wisconsin passed a joint resolution in which they called the attention of the country to this situation.

I offer at this time the resolution in connection with my remarks, and ask that it be printed in the RECORD.

The joint resolution of the Legislature of Wisconsin, was referred to the Committee on Banking and Currency, as follows:

Assembly Joint Resolution 117, A

Joint resolution relating to petitioning Federal departments, institutions, and agencies which have made loans upon real estate in this State to submit to this State's moratorium and mediation laws relative to foreclosures

Whereas chapter 5, laws of the special session of 1937, repealed subsection (1) of section 281.21 of the statutes which subsection had exempted Federal departments, institutions, and agencies from the provisions of the moratorium and mediation laws; and

Whereas on May 9, 1939, the supreme court of our State in the case of *Home Owners' Loan Corporation* v. *R. W. Robinson and wife* held that the repeal of said subsection (1) could not be upheld as emergency legislation; that the legislature was without power to pass a law which would retroactively affect loans made by Federal agencies during the time they were not subject to moratorium and mediation laws; and

Whereas such holding will result in the heaping of additional hardships upon home, farm, and other real estate owners of this State where such property has been given as security for loans from Federal departments, institutions, or agencies unless the latter submit to the provisions of this State's moratorium and mediation laws: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature hereby petitions the various Federal departments, institutions, and agencies foreclosing or contemplating the foreclosing of loans held by them and secured by homes, farms, and other real estate in this State, to voluntarily submit to the provisions of the moratorium and mediation laws of this State relating to foreclosures; be it further

Resolved, That duly attested copies of this resolution be sent to the President of the United States, to both Houses of Congress, and to each Wisconsin Member thereof, and to the Federal departments, institutions, and agencies which have lent money upon real estate in this State.

REPORTS OF COMMITTEES

Mr. ELLENDER, from the Committee on Claims, to which was referred the bill (S. 2408) for the relief of Russell B. Hendrix, reported it with amendments and submitted a report (No. 807) thereon.

Mr. BURKE, from the Committee on Claims, to which was referred the bill (S. 1376) for the relief of Cothran Motors, Inc., reported it without amendment and submitted a report (No. 798) thereon.

Mr. O'MAHONEY, from the Committee on the Judiciary, to which was referred the bill (S. 2478) to limit the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases, reported it with an amendment and submitted a report (No. 799) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2769) to amend section 55, National Defense Act, as amended, to provide for enlistment of men up to 45 years of age in technical units of the Enlisted Reserve Corps, reported it without amendment and submitted a report (No. 800) thereon.

He also, from the same committee, to which was referred the bill (H. R. 5735) to authorize the acquisition of additional land for military purposes, reported it with an amendment and submitted a report (No. 812) thereon.

Mr. JOHNSON of Colorado, from the Committee on Military Affairs, to which was referred the bill (H. R. 2168) to authorize the Secretary of War to make contracts, agreements, or other agreements for the supplying of water to the Golden Gate Bridge and Highway District, reported it without amendment and submitted a report (No. 801) thereon.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (H. R. 2967) to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation, reported it without amendment and submitted a report (No. 802) thereon.

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (H. R. 3305) for the relief of Charles G. Clement, reported it without amendment and submitted a report (No. 803) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 2511) to correct the military

record of John W. Bough, reported it with an amendment and submitted a report (No. 805) thereon.

Mr. GURNEY, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2288. An act for the relief of John H. Balmat, Jr. (Rept. No. 811); and

H. R. 6870. An act to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the General Clarence R. Edwards Memorial Bridge, bridging Watershops Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass. (Rept. No. 804).

Mr. ASHURST, from the Committee on Indian Affairs, to which was referred the bill (S. 432) to provide for the public auction of certain town lots within the city of Parker, Ariz., reported it with an amendment and submitted a report (No. 809) thereon.

Mr. KING, from the Committee on Territories and Insular Affairs, to which was referred the bill (S. 2738) to ratify and confirm Act 58 of the Session Laws of Hawaii, 1939, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935, reported it without amendment and submitted a report (No. 806) thereon.

He also, from the same committee, to which was referred the bill (S. 2784) to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936, reported it with amendments and submitted a report (No. 808) thereon.

Mr. RUSSELL, from the Committee on Immigration, to which was referred the bill (H. R. 5494) for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos, reported it without amendment.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (H. R. 3321) to provide allowances for uniforms and equipment to certain officers of the Officers' Reserve Corps, reported it without amendment and submitted a report (No. 810) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which were referred the following resolutions, reported them each without amendment and submitted reports thereon:

S. J. Res. 130. Joint resolution referring the claims of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma to the Court of Claims for finding of fact and report to Congress (Rept. No. 813); and

Senate Resolution 165 (submitted by Mr. BONE on the 14th instant), requesting a temporary stay of proceedings for adjudication of water rights for irrigation of Ahtanum Creek Valley in the State of Washington (Rept. No. 814).

INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER (S. DOC. NO. 95)

Mr. O'MAHONEY presented a letter from the chairman of the Temporary National Economic Committee (signed by himself as chairman), submitting a preliminary report on the investigation of the committee made pursuant to Public Resolution 113 (75th Cong., 3d sess.), authorizing and directing a select committee to make a full and complete study and investigation with respect to the concentration of economic power in, and financial control over, production and distribution of goods and services, which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH:

S. 2809. A bill for the relief of Ernest H. Steinberg; to the Committee on Claims.

By Mr. SHEPPARD:

S. 2810. A bill for the relief of James Henry Mayes; to the Committee on Claims.

S. 2811. A bill to amend section 9 of the act approved February 28, 1925, reclassifying the salaries of postmasters and employees of the Postal Service; to the Committee on Post Offices and Post Roads.

By Mr. ASHURST:

S. 2812 (by request). A bill to extend the terms of judges of the District Courts in Alaska, Hawaii, and the Virgin Islands to 8 years; to the Committee on the Judiciary.

By Mr. THOMAS of Oklahoma:

S. 2813. A bill for the relief of the surviving dependents of James R. McCoy; to the Committee on Claims.

S. 2814. A bill for the relief of the dependent children of the late Frank M. Eaton; to the Committee on Naval Affairs.

By Mr. PEPPER:

S. 2815. A bill making an appropriation to reimburse the Fort Pierce Port District, of Fort Pierce, Fla., for work done in improving the Fort Pierce Harbor; to the Committee on Appropriations.

S. 2816. A bill for the relief of G. C. Barco; and

S. 2817. A bill for the relief of J. H. Churchwell Wholesale Co., of Jacksonville, Fla.; to the Committee on Claims.

S. 2818. A bill granting a pension to Olivia Stebbins; to the Committee on Pensions.

By Mr. NEELY:

S. 2819. A bill granting a pension to James C. Neff;

S. 2820. A bill granting a pension to Mary Pauline Payne; and

S. 2821. A bill granting an increase of pension to Sarah V. Ashcraft; to the Committee on Pensions.

By Mr. BARKLEY:

S. 2822. A bill granting a pension to Mabel Turner; to the Committee on Pensions.

By Mr. LUNDEEN:

S. J. Res. 175. Joint resolution to provide for the observance and celebration of the four hundredth anniversary of the discovery of the Mississippi River by Hernando De Soto; to the Committee on the Library.

THE CONSTITUTION AND THE WILL OF THE PEOPLE—ADDRESS BY SENATOR BYRNES

[Mr. HARRISON asked and obtained leave to have printed in the RECORD an address on the subject, The Constitution and the Will of the People, delivered by Senator BYRNES at the assembly of the American Bar Association, San Francisco, Calif., July 12, 1939, which appears in the Appendix.]

ANTISEMITISM—STATEMENT BY SENATOR TAFT

[Mr. BARBOUR asked and obtained leave to have printed in the RECORD a statement by Senator TAFT entitled "Laying Ghosts of Ignorance," accompanying a book by Samuel Walker McCall, which appears in the Appendix.]

THE GRADUATE AND THE GOVERNMENT—ADDRESS BY JAMES A. FARLEY

[Mr. MILLER asked and obtained leave to have printed in the RECORD an address entitled "The Graduate and the Government," delivered by Hon. James A. Farley, Postmaster General, to the graduating class of Hendrix College, Conway, Ark., on June 4, 1939, which appears in the Appendix.]

WARS OF ENGLAND AND FRANCE—ARTICLE FROM SEATTLE STAR

[Mr. BONE asked and obtained leave to have printed in the RECORD an article published in the Seattle Star of July 10, 1939, entitled "England and France: Are They for Peace or War?", and giving a list of the wars of England and of France from 1778 to date, which appears in the Appendix.]

BUSINESS CONDITIONS—EDITORIAL FROM WASHINGTON TIMES-HERALD

[Mr. MINTON asked and obtained leave to have printed in the RECORD an editorial entitled "Business Better—No Summer Slump," published in the Washington Times-Herald, which appears in the Appendix.]

SILVER PURCHASE PROGRAM—EDITORIAL FROM MINNEAPOLIS TRIBUNE

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial from the Minneapolis Tribune of July 11, 1939, entitled "Our Foreign Silver Purchases," which appears in the Appendix.]

FREE COMPETITION—EDITORIAL FROM CHICAGO DAILY NEWS

[Mr. WILEY asked and obtained leave to have printed in the RECORD the second of a series of editorials from the Chicago Daily News of July 11, 1939, relating to the economic system of the United States, which appears in the Appendix.]

EMIL SCHRAM

Mr. LUCAS. Mr. President, under the reorganization plan adopted by the Congress the Honorable Jesse Jones, of Texas, has been selected by the President as Administrator of the Federal Loan Agency. I doubt if there is a Member of the Senate who does not applaud that appointment.

However, I rise today to talk about the Honorable Emil Schram, who has been selected as Chairman of the Board of Directors of the Reconstruction Finance Corporation to fill the vacancy created by the promotion of Mr. Jones.

It has been my good fortune to know Mr. Schram for a number of years. His home is in my congressional district. I know of his success as a farmer and overseer of a large drainage district in the Illinois Valley. Perservance and industry in what at times seemed an almost hopeless task finally conquered the elements, and today he owns some of the finest lands in the Illinois Valley.

The same perserverance, courage, and industry are the characteristics which have made him a success as a member of the board of directors of the Reconstruction Finance Corporation. Courteous but firm, sympathetic but careful, he has made an enviable record in the handling of loans and credit for the rehabilitation of drainage districts throughout the Nation. As managing director of the Disaster Loan Corporation he disbursed millions upon millions of dollars in the flooded areas of the Mississippi and Ohio Valleys and other parts of the country. In addition to this, he has given his time and energy to his duties as President of the Board of Trustees of the Electric Home and Farm Authority, as a member of the Board of Trustees of the Federal National Mortgage Association, and as a member of the Board of Directors of the Federal Prisons Industries representing agriculture.

I prophesy that as Chairman of the Board of Directors of the Reconstruction Finance Corporation Mr. Schram will be a worthy successor to Mr. Jones, and will carry out the program laid down by the Congress of the United States in a highly efficient, economical, and businesslike manner.

Mr. President, in this morning's New York Times there appears an article written by Joseph Alsop and Robert Kintner entitled "Schram a Link for Businessmen with New Deal as Head of R. F. C." I ask unanimous consent that this article be placed in the RECORD following these remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of July 17, 1939]

SCHRAM A LINK FOR BUSINESSMEN WITH NEW DEAL AS HEAD OF R. F. C.—URGED BY JESSE JONES AS SUCCESSOR, INDIANAN HAS HAD SUCCESS AS A FARMER AND IN MANAGING FEDERAL LOAN AGENCIES

(By Joseph Alsop and Robert Kintner)

WASHINGTON, July 16.—Kipling's line "East is east and west is west, and never the twain shall meet" rather accurately describes the relations between the New Dealers and their rivals, the orthodox Democrats, and old-line Government officials. Casual encounters are rare enough, except when Harry Hopkins plays bridge with Jesse Jones; and it is almost unheard of for any individual to keep a foot in both camps.

However, Emil Schram, slated to be the new chairman of the Reconstruction Finance Corporation, manages to combine a good many of the best qualities of each group of his friends. He is probably the only man in the Government whose work is admired equally warmly by Jesse H. Jones and Thomas Corcoran, and he is certainly the only one whose career has been jointly fostered by this ill-assorted pair.

Mr. Schram's elevation to the R. F. C. chairmanship is significant for that very reason. With regard to general policy, he may be expected to follow the liberal principles dear to New Deal hearts. With regard to specific methods he will imitate the businesslike habits of his extremely able and successful predecessor in the chairmanship. Meanwhile, lowering of R. F. C. interest rates, which is likely to be carried through by him, will intimately affect all business and particularly banking.

Mr. Schram is a tall, middle-aged, slightly bald man, with a deep voice, a pleasant manner, and a gift for self-containment. He looks like a businessman from a small city, but the truth is that he first made his mark as a farmer.

TURNED SWAMP INTO FARM

He is the third generation in a family of German immigrants. The grandfather, a skilled wood carver, settled in Peru, Ind., a woodworking center. There Emil Schram was born, got his schooling, and after high school went to work in the office of J. O. Cole, coal and timber operator. Mr. Cole was impressed by the boy. First he made him bookkeeper. When young Schram was 21 Mr. Co'e chose him to develop a 5,000-acre tract of semiswampland on the banks of the Illinois River.

The land was exceedingly rich but almost under water. Emil Schram, who knew nothing of farming, had first to get it drained, protected from the river by levees, and prepared for planting. Then he had to make it produce.

In the first year the land yielded 6,000 bushels of corn; in the second, 13,000 bushels; and, in the third, 100,000 bushels. Last year the yield was 140,000 bushels of corn and 35,000 of wheat. Many of its 20 tenant families had celebrated their thirtieth anniversary on the property, and the land was still making a fair return.

The fact that his farm was on swampland was what brought Emil Schram into the New Deal. Drainage and irrigation districts and their problems are an old story in Washington. During the Hoover administation they got into trouble by the score and Mr. Schram, who was chairman of the National Drainage Association, used to struggle to get something done for them. His own levee had been "topped" by the turbulent Illinois, and he desperately needed help himself.

GOT LOAN FOR LAND DRAINAGE

The New Deal, always more susceptible to such pleas, gave in to Mr. Schram. Loans for the drainers and irrigators were arranged at the Reconstruction Finance Corporation, and Jesse Jones asked Mr. Schram to take charge of the program. It was a difficult job, for many of the districts were broke already, but Mr. Schram carried it through with complete success.

Then the Electric Home and Farm Authority, a Tennessee Valley Authority subsidiary financing sales of electrical equipment to home owners, got itself into serious difficulties. It was adopted, as a sort of foster child, by Tommy Corcoran, who still calls it "Little Eva." Brought over to the Reconstruction Finance Corporation, it was put under Mr. Schram, who actually managed to put it on a paying basis. Currently Electric Home and Farm Authority's depleted capital has been restored, electrical appliances are selling like hot cakes, and its $10,000,000 in loans outstanding are in first-class shape.

This second success was quickly noted by Jesse Jones, who had Mr. Schram named to the Reconstruction Finance Corporation board sometime ago. Last year, managing the Reconstruction Finance Corporation's Business Loan Department as well as Electric Home and Farm Authority, Mr. Schram doubled the department's previous business.

Thus, when Mr. Jones was promoted to be Federal Loan Administrator, he needed no prompting to tell the President that Emil Schram was "the best man available" to succeed him at the Reconstruction Finance Corporation. His Reconstruction Finance Corporation regime will serve as an immensely interesting test of whether strictly businesslike methods and New Deal policies can be effectively combined.

PROHIBITION OF BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

The Senate resumed consideration of the bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. KING. Mr. President, I inquire to what bill does the Chair refer?

The VICE PRESIDENT. To Senate bill 280, known as the anti-block-booking and blind-selling bill.

Mr. KING. Mr. President, we are not ready for a vote now.

The VICE PRESIDENT. Does the Senator from Utah desire the floor on the bill?

Mr. KING. I should like to have the floor, but I promised to yield to the Senator from Louisiana for a conference report.

DISTRICT OF COLUMBIA TAXATION—CONFERENCE REPORT

Mr. OVERTON. Mr. President, I submit the conference report on House bill 6577, the District of Columbia tax bill, and ask unanimous consent that it be immediately considered.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—FEDERAL PAYMENT

"For the fiscal year ending June 30, 1940, and for each fiscal year thereafter, there is hereby authorized to be appropriated, as the annual payment by the United States toward defraying the expenses of the Government of the District of Columbia, the sum of $6,000,000.

"TITLE II—INCOME TAX

"This title divided into sections and paragraphs according to the following table of contents, may be cited as the 'District of Columbia Income Tax Act':

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"APPLICATION OF TITLE

"SECTION 1. The provisions of this title shall apply to the taxable year 1939 and succeeding taxable years, except that in the case of a taxable year beginning in 1938 and ending in 1939 the income taxable under this title shall be that fraction of the income for the entire fiscal year equal to the number of days remaining in the fiscal year after January 1, 1939, divided by three hundred and sixty-five: *Provided, however,* That if the taxpayer's records properly reflect the income for that part of the fiscal year falling in the calendar year 1939, then the portion of the fiscal year's income taxable hereunder shall be the portion received or accrued during the calendar year 1939.

"IMPOSITION OF TAX

"SEC. 2. (a) Tax on individuals: There is hereby levied for each taxable year upon the taxable income of every individual domiciled in the District of Columbia on the last day of the taxable year a tax at the following rates:

"One per centum on the first $5,000 of taxable income.

"One and one-half per centum on the next $5,000 of taxable income.

"Two per centum on the next $5,000 of taxable income.

"Two and one-half per centum on the next $5,000 of taxable income.

"Three per centum on the taxable income in excess of $20,000.

"(b) Tax on corporations: There is hereby levied for each taxable year upon the taxable income from District of Columbia sources of every corporation, whether domestic or foreign (except those organizations expressly exempt under paragraph (d) of this section), a tax at the rate of 5 per centum thereof.

"(c) Definition of 'taxable income': As used in this section, the term 'taxable income' means the amount of the net income in excess of the credits against net income provided in section 9 of this title.

"(d) Exemptions from tax: There shall be exempt from taxation under this title the following organizations: Corporations, including any community chest, fund, foundation, cemetery, association, teachers' retirement fund association, church, or club, organized and operated exclusively for religious, charitable, scientific, literary, educational, or social purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation; and labor organizations, trade associations, boards of trade, chambers of commerce, citizens' associations or organizations, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual; banks, insurance companies, building and loan associations, and companies, incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, all of which pay taxes upon gross premiums or earnings under existing laws of the District of Columbia; voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (1) no part of their net earnings inures (other than such payments) to the benefit of any private shareholder or individual, and (2) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses; and corporations organized under Act of Congress, if such corporations are instrumentalities of the United States.

"NET INCOME

"SEC. 3. Definition: The term 'net income' means the gross income of a taxpayer less the deductions allowed by this title.

"GROSS INCOME AND EXCLUSIONS THEREFROM

"SEC. 4. (a) Of individuals: The words "gross income", as used in this title, include gains, profits, and income derived from sal-

aries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees to the extent the same is not immune from taxation under the Constitution, or income derived from professions, vocations, trades, businesses, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in, such property; also from rent, royalities, interest, dividends, securities, or transactions of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

"(b) Of corporations: In the case of any corporation, gross income includes only the gross income from sources within the District of Columbia. The proper apportionment and allocation of income with respect to sources of income within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners.

"(c) Exclusions from gross income: The following items shall not be included in gross income and shall be exempt from taxation under this title:

"(1) Life insurance: Amounts received under a life-insurance contract paid by reason of the death of the insured, whether in a single sum or otherwise (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income).

"(2) Annuities, and so forth: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 per centum of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title in respect to such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

"(3) Gifts, bequests, and devises: The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income).

"(4) Tax-free interest: Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under Act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions

"(5) Compensation for injuries or sickness: Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement on account of such injuries or sickness.

"(6) Ministers: The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

"(7) Income exempt under treaty: Income of any kind to the extent required by any treaty obligation of the United States.

"(8) Dividends from China Trade Act corporations: In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China Trade Act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him.

"(9) Income of foreign governments.

"DEDUCTIONS FROM GROSS INCOME

"SEC. 5. (a) Items of deduction: In computing net income there shall be allowed as deductions:

"(1) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

"(2) Interest: All interest paid or accrued within the taxable year on indebtedness.

"(3) Taxes: Taxes paid or accrued within the taxable year, except—

"(A) income taxes;

"(B) estate, inheritance, legacy, succession, and gift taxes;

"(C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges; and

"(D) taxes paid to any State or Territory on property, business, or occupation the income from which is not taxable under this title.

"(4) Losses in trade or business: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in trade or business, the income from which is subject to taxation under this title.

"(5) Losses in transactions for profit: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit would be subject to taxation under this title, though not connected with the trade or business.

"(6) Intercompany dividends: In the case of a corporation, the amount received as dividends from a corporation which is subject to taxation under this title.

"(7) Bad debts: Debts ascertained to be worthless and charged off within the taxable year or, in the discretion of the assessor, a reasonable addition to a reserve for bad debts; and when satisfied that a debt is recoverable only in part, the assessor may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction.

"(8) Insurance premiums: All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or business.

"(9) Depreciation: A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate.

"(10) Charitable contributions: Contributions or gifts actually paid within the taxable year to or for the use of any corporation, or trust, or community fund, or foundation, maintaining activities in the District of Columbia and organized and operated exclusively for religious, charitable, scientific, literary, military, or educational purposes, no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided*, That such deductions shall be allowed only in an amount which in all of the above cases combined does not exceed 15 per centum of the taxpayer's net income as computed without the benefit of this subparagraph.

"(11) Wagering losses: Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

"(b) Allocation of deductions: In the case of a taxpayer, other than an individual, the deductions allowed in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District and taxable under this title to a nonresident taxpayer; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the District shall be determined by processes or formulas of general apportionment under rules and regulations to be prescribed by the Commissioners. The so-called charitable contribution deduction allowed by subparagraph (10) of paragraph (a) of this section shall be allowed whether or not connected with income from sources within the District.

"(c) Corporations and nonresident individuals to file return of total income: A corporation shall receive the benefits of the deductions allowed to it under this title only by filing or causing to be filed with the assessor a true and accurate return of its total income received from all sources, whether within or without the District.

"GAINS OR LOSSES FROM SALE OF ASSETS

"SEC. 6. (a) Gain or loss in capital assets not recognized: No gain or loss from the sale or exchange of a capital asset shall be recognized in the computation of net income under this title. For the purpose of this title, 'capital assets' means property held by the taxpayer for more than two years (whether or not connected with his trade or business) but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of a taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

"(b) Gain or loss in assets other than capital: Gains or losses from the sale or exchange of property other than a capital asset shall be treated in the same manner as other income or deductible losses, and the basis for computing such gain or loss shall be the cost of such property or, if acquired by some means other than purchase, the fair market value thereof at the date of acquisition.

"EXCHANGES

"SEC. 7. Where property is exchanged for other property, the property received in exchange for the purpose of determining the gain or loss shall be treated as the equivalent of cash to the amount of its fair market value; but when in connection with the reorganization, merger, or consolidation of a corporation a taxpayer receives, in place of stock or securities owned by him, new stock or securities or the reorganized, merged, or consolidated corporation, no gain or loss shall be deemed to occur from the exchange until the new stock or securities are sold or realized upon and the gain or loss is definitely ascertained, until which time the new stock or securities received shall be treated as taking the place of the stock and securities exchanged; provided such reorganization, merger, or consolidation is a 'reorganization' within the meaning of the term 'reorganization' as defined in section 112 (g) of the Federal Revenue Act of 1936.

"DEDUCTIONS NOT ALLOWED

"SEC. 8. (a) General rule: In computing net income no deductions shall be allowed in any case in respect to—

"(1) personal, living, or family expenses;

"(2) any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

"(3) any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; and

"(4) premiums paid on any life-insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy.

"(b) Holders of life or terminable interest: Amounts paid under the laws of any State, Territory, District of Columbia, possession of the United States, or foreign country as income to the holder of a life or terminable interest acquired by gift, bequest, or inheritance shall not be reduced or diminished by any deduction for shrinkage (by whatever name called) in the value of such interest due to the lapse of time, nor by any deduction allowed by this Act (except the deductions provided for in subsections (l) and (m) of section 23 of the Federal Revenue Act of 1926 as amended) for the purpose of computing the net income of an estate or trust but not allowed under the laws of such State, Territory, District of Columbia, possession of the United States, or foreign country for the purpose of computing the income to which such holder is entitled.

"PERSONAL EXEMPTIONS AND CREDIT FOR DEPENDENTS

"SEC. 9. (a) Credits: There shall be allowed to individuals the following credits against net income:

"(1) Personal exemption: In the case of a single person or married person not living with husband or wife, a personal exemption of $1,000; in the case of the head of a family or a married person living with husband or wife, a personal exemption of $2,500; a husband and wife living together shall receive but one personal exemption, the amount of such personal exemption shall be $2,500. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them.

"(2) Credit for dependents: $400 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under 18 years of age or is incapable of self-support because mentally or physically defective.

"(b) Change of status: If the status of the taxpayer, insofar as it affects personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned under rules and regulations prescribed by the Commissioners, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional portion of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

"(c) In return for fractional part of year: In the case of a return made for a fractional part of a year, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which the return is made bears to 12 months.

"ACCOUNTING PERIODS

"SEC. 10. The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the assessor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 43 or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a Federal income-tax return, his income shall be computed, for the purposes of this title, on the basis of the same calendar or fiscal year as in such Federal income-tax return.

"PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED

"SEC. 11. The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under section 10, any such amounts are to be properly accounted for as of a different period. In the case of the death of a taxpayer there shall be included, in computing net income for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly includible in respect to such period or a prior period.

"PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN

"SEC. 12. The deductions and credits provided for in this title shall be taken for the taxable year in which 'paid or accrued' or 'paid or incurred', dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly allowable in respect to such period or a prior period.

"INSTALLMENT BASIS

"SEC. 13. (a) Dealers in personal property: Under regulations prescribed by the Commissioners, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed bears to the total contract price.

"(b) Sales of realty and casual sales of personalty: In the case of (1) a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year) for a price exceeding $1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 30 per centum of the selling price, the income may, under regulations prescribed by the Commissioners, be returned on the basis and in the manner above prescribed in this section. As used in this section the term 'initial payments' means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

"(c) Change from accrual to installment basis: If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his net income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually received during any such year on account of sales or other disposition of property made in any prior year shall not be excluded.

"(d) Gain or loss upon disposition of installment obligations: If an installmnt obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result in the extent of the difference between the basis of the obligation and (1) in the case of satisfaction of other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect to which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This paragraph shall not apply to the transmission at death of installment obligations if there is filed with the assessor, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment in such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

"INVENTORIES

"SEC. 14. Whenever in the opinion of the assessor the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

"INDIVIDUAL RETURNS

"SEC. 15. (a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

"(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

"(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife; and

"(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income.

"(b) Husband and wife: If a husband and wife living together have an aggregate net income for the taxable year of $2,500 or over, or an aggregate gross income for such year of $5,000 or over—

"(1) Each shall make a return, or

"(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

"(c) Persons under disability: If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

"(d) Fiduciaries: For returns to be made by fiduciaries, see section 23.

"CORPORATION RETURNS

"SEC. 16. Every corporation not expressly exempt from the tax imposed by this title shall make a return and pay a filing fee of $25 which shall be credited against the tax. Such returns shall state specifically the items of its gross income and the deductions and credits allowed by this title, and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer, assistant treasurer, or chief accounting offi-

cer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

"TAXPAYER TO MAKE RETURN WHETHER RETURN FORM IS SENT OR NOT

"SEC. 17. Blank forms of returns for income shall be supplied by the assessor. It shall be the duty of the assessor to obtain an income-tax return from every taxpayer who is liable under the law to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

"TIME AND PLACE FOR FILING RETURNS

"SEC. 18. All returns of income for the preceding taxable year shall be made to the assessor on or before the 15th day of March in each year, except that such returns, if made on the basis of a fiscal year, shall be made on or before the 15th day of the third month following the close of such fiscal year, unless such fiscal year has expired in the calendar year 1939 prior to the approval of this Act, in which event returns shall be made on or before the 15th day of the third month following the approval of this Act.

"EXTENSION OF TIME FOR FILING RETURNS

"SEC. 19. The assessor may grant a reasonable extension of time for filing income returns whenever in his judgment good cause exists and shall keep a record of every such extension. Except in case of a taxpayer who is abroad, no such extension shall be granted for more than six months, and in no case for more than one year. In the event time for filing a return is deferred, the taxpayer is hereby required to pay, as a part of the tax, an amount equal to 6 per centum per annum on the tax ultimately assessed from the time the return was due until it is actually filed in the office of the assessor.

"ALLOCATION OF INCOME AND DEDUCTIONS

"SEC. 20. In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District of Columbia, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the assessor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application to any case of a common carrier by railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by two or more common carriers by railroad subject to said Act.

"PUBLICITY OF RETURNS

"SEC. 21. (a) Secrecy of returns: Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return under this title.

"(b) When copies may be furnished: Neither the original nor a copy of the return desired for use in litigations in court shall be furnished where the District of Columbia is not interested in the result whether or not the request is contained in an order of the court: *Provided*, That nothing herein shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of $1.

"(c) Reciprocal exchange of information with States: Notwithstanding the provisions of this section, the assessor may permit the proper officer of any State imposing an income tax or his authorized representative to inspect income-tax returns, filed with the assessor or may furnish to such officer or representative a copy of any income-tax return provided such State grants substantially similar privileges to the assessor or his representative or to the proper officer of the District charged with the administration of this title.

"(d) Publication of statistics: Nothing herein shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or of the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the assessor may assist in the collection of such delinquent taxes.

"(e) Penalties for violation of this section: Any offense against the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding $1,000 or imprisonment for six months, or both, in the discretion of the court.

"RETURNS TO BE PRESERVED

"SEC. 22. Reports and returns received by the assessor under the provisions of this title shall be preserved for six years and thereafter until the assessor orders them to be destroyed.

"FIDUCIARY RETURNS

"SEC. 23. (a) Requirement of return: Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

"(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband and wife;

"(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife;

"(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income;

"(4) Every estate or trust the net income of which for the taxable year is $1,000 or over;

"(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income.

"(b) Joint fiduciaries: Under such regulations as the Commissioners may prescribe, a return by one of two or more joint fiduciaries and filed in the office of the assessor shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made, to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct.

"(c) Law applicable to fiduciaries: Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

"ESTATES AND TRUSTS

"SEC. 24. (a) Application of tax: The taxes imposed by this title upon individual shall apply to the income of estates or of any kind of property held in trust, including—

"(1) income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

"(2) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

"(3) income received by estates of deceased persons during the period of administration or settlement of the estate; and

"(4) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

"(b) Computation of tax: The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary, except as provided in paragraph (e) of this section (relating to revocable trusts) and paragraph (f) of this section (relating to income for benefit of the grantor).

"(c) Net income: The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that—

"(1) there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (2) of this section in the same or any succeeding taxable year;

"(2) in the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

"(3) there shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by section 5 (a) (10)) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in section 5 (a) (10) or is to be used exclusively for the purposes enumerated in section 5 (a) (10).

"(d) Different taxable year: If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under subparagraph (1) of paragraph (c) of this section, to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within or with his taxable year.

"(e) Revocable trusts: Where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

"(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

"(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom,

then the income of such part of the trust shall be included in computing the net income of the grantor.

"(f) Income for benefit of grantor: Where any part of the income of a trust—

"(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

"(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

"(3) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 5 (a) (10), relating to the so-called 'charitable contribution' deduction);

"then such part of the income of the trust shall be included in computing the net income of the grantor.

"(g) Definition of 'in discretion of grantor': As used in this section, the term 'in the discretion of the grantor' means 'in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question.'

"(h) Income from intangible personal property held by trust: Income from intangible personal property held by any trust company or by any national bank situated in the District (with or without an individual trustee, resident or nonresident) in trust to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of the District, shall not be taxable hereunder if—

"(1) such beneficial owner or cestui que trust was at the time of the creation of the trust a nonresident of the District; and

"(2) the testator, settlor, or grantor was also at the time of the creation of the trust a nonresident of the District.

"PARTNERSHIPS

"SEC. 25. (a) Partners only taxable: Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity, and no income tax shall be assessable hereunder upon the net income of any partnership. All such income shall be assessable to the individual partners; it shall be reported by such partners as individuals upon their respective individual income returns; and it shall be taxed to them as individuals along with their other income at the rate and in the manner herein provided for the taxation of income received by individuals. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

"(b) Partnership return: Every partnership shall make a return for each taxable year stating specifically the items of its gross income and the deductions allowed by this title, and shall include in the return the names and the addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

"PAYMENT OF TAX

"SEC. 26. (a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return shall be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year, except a fiscal year which expired in the calendar year 1939 prior to the approval of this act, in which event the tax shall be paid on the 15th day of the third month following the approval of this act.

"(b) Extension of time for payments: At the request of the taxpayer the assessor may extend the time for payment by the taxpayer of the amount determined as the tax, for a period not to exceed six months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

"(c) Voluntary advance payment: A tax imposed by this title, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

"(d) Fractional part of cent: In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

"(e) Payment to collector and receipts: The tax provided under this title shall be collected by the collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for the credit of the District in the same manner as other revenues are turned over to the United States Treasury for the credit to the District. The collector shall, upon written request, give to the person making payment of any income tax a full written or printed receipt therefor.

"TAX A PERSONAL DEBT

"SEC. 27. Every tax imposed by this title, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the District, and shall be entitled to the same priority as other District taxes; and the taxes levied hereunder and the interest and penalties thereon shall be collected by the collector of taxes in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection.

"INFORMATION FROM THE BUREAU OF INTERNAL REVENUE

"SEC. 28. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed by this title.

"ASSESSOR TO ADMINISTER

"SEC. 29. (a) Duties of assessor: The assessor is hereby required to administer the provisions of this title. The assessor shall prescribe forms identical with those utilized by the Federal Government, except to the extent required by differences between this title and its application and the Federal Act and its application. He shall apply as far as practicable the administrative and judicial interpretations of the Federal income-tax law so that computations of income for purposes of this title shall be, as nearly as practicable, identical with the calculations required for Federal income-tax purposes. As soon as practicable after the return is filed the assessor shall examine it and shall determine the correct amount of the tax.

"(b) Statements and special returns: Every taxpayer liable to any tax imposed by this title shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the Commissioners from time to time may prescribe. Whenever the assessor judges it necessary he may require any taxpayer, by notice served upon him, to make a return, render under oath such statements, or keep such records as he deems sufficient to show whether or not such taxpayer is liable to tax under this title and the extent of such liability.

"(c) Examination of books and witnesses: The assessor, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making an estimate of the taxable income of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the assessor shall have power to administer oaths to such person or persons. Such summons may be served by any members of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the assessor may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than $300. All prosecutions under this section shall be brought in the police court of the District of Columbia on information by the corporation counsel of the District of Columbia in the name of the District of Columbia.

"(d) Return by assessor: If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the assessor shall make the return from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the assessor shall be prima facie good and sufficient for all legal purposes.

"ASSESSMENT AND COLLECTION OF DEFICIENCIES

"SEC. 30. Definition of 'deficiency': As used in this title in respect of a tax imposed by this title 'deficiency' means—

"(1) the amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

"(2) if no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

"DETERMINATION AND ASSESSMENT OF DEFICIENCY

"SEC. 31. If a deficiency in tax is determined by the assessor, the taxpayer shall be notified thereof and given a period of not less than thirty days, after such notice is sent by registered mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the assessor, and a final decision thereon shall be made as quickly as practicable. Any deficiency in tax then determined to be due shall be assessed and paid, together with any addition to the tax applicable thereto, within ten days after notice and demand by the collector. The taxpayer may appeal from such assessment to

the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title VI of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938.

"JEOPARDY ASSESSMENT

"SEC. 32. (a) Authority for making: If the assessor believes that the collection of any tax imposed by this title will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

"(b) Bond to stay collection: The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties as the collector deems necessary, conditioned upon the payment of the amount, the collection of which is stayed, at the time at which, but for this section, such amount would be due.

"PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION

"SEC. 33. (a) General rule: Except as provided in paragraph (b) of this section—

"(1) The amount of income taxes imposed by this title shall be assessed within two years after the return is filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

"(2) In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within twelve months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of two years after the return is filed. This subparagraph shall not apply in the case of a corporation unless—

"(A) such written request notifies the assessor that the corporation contemplates dissolution at or before the expiration of such twelve-month period; and

"(B) the dissolution is in good faith begun before the expiration of such twelve-month period; and

"(C) the dissolution is completed.

"(3) If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 per centum of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within five years after the return was filed.

"(4) For the purposes of subparagraphs (1), (2), and (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

"(b) False return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

"(c) Waiver: Where before the expiration of the time prescribed in paragraph (a) for the assessment of the tax, both the assessor and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

"(d) Collection after assessment: Where the assessment of any income tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (A) within three years after the assessment of the tax or (B) prior to the expiration of any period for collection agreed upon in writing by the assessor and the taxpayer before the expiration of such three-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

"REFUNDS

"SEC. 34. Except as otherwise provided in section 31 of this title, where there has been an overpayment of any tax imposed by this title, the amount of such overpayment shall be refunded to the taxpayer. No such refund shall be allowed after two years from the time the tax is paid unless before the expiration of such period a claim therefor is filed by the taxpayer. The amount of the refund shall not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim, or, if no claim was filed, then during the two years immediately preceding the allowance of the refund. Every claim for refund must be in writing, under oath; must state the specific grounds upon which the claim is founded, and must be filed with the assessor. If the assessor disallows any part of a claim for refund, he shall send to the taxpayer by registered mail a notice of the part of the claim so disallowed. Within ninety days after the mailing of such notice, the taxpayer may file an appeal with the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938. The remedy provided to the taxpayer under this section shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law; but no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court if the taxpayer has elected to file an appeal in accordance with this section.

"CLOSING AGREEMENTS

"SEC. 35. The assessor is authorized to enter into an agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any income tax for any period ending prior to the date of the agreement. If such agreement is approved by the Commissioners within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—the case shall not be reopened as to the matters agreed upon or the agreement modified; and in any suit or proceeding relating to the tax liability of the taxpayer such agreement shall not be annulled, modified, set aside, or disregarded.

"COMPROMISES

"SEC. 36. (a) Authority to make: Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this title any doubt as to the liability of the taxpayer or the collectibility of the tax for any reason whatsoever the Commissioners may compromise such tax.

"(b) Concealment of assets: Any person who, in connection with any compromise under this section or offer of such compromise or in connection with any closing agreement under this title or offer to enter into any such agreement, willfully (1) conceals from any officer or employee of the District of Columbia any property belonging to the estate of the taxpayer or other person liable with respect of the tax, or (2) receives, destroys, mutilates, or falsifies any book, document, or record or makes under oath any false statement relating to the estate or the financial condition of the taxpayer or to the person liable in respect of the tax, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year, or both.

"(c) Of penalties: The Commissioners shall have the power for cause shown to compromise any penalty arising under this title.

"FAILURE TO FILE RETURN

"SEC. 37. In case of any failure to make and file a return required by this title, within the time prescribed by law or prescribed by the Commissioners in pursuance of law, 25 per centum of the tax shall be added to the tax, except that when a return is filed after such time and it is shown that the failure to file it was due to reasonable cause and not due to willful neglect, no such addition shall be made to the tax. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

"INTEREST ON DEFICIENCIES

"SEC. 38. Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 1 per centum per month from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed.

"ADDITIONS TO THE TAX IN CASE OF DEFICIENCY

"SEC. 39. (a) Negligence: If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 per centum of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency.

"(b) Fraud: If any part of any deficiency is due to fraud with intent to evade tax, then 50 per centum of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid.

"ADDITIONS TO THE TAX IN CASE OF NONPAYMENT

"SEC. 40. (a) Tax shown on return:

"(1) General rule: Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 1 per centum a month from the date prescribed for its payment until it is paid.

"(2) If extension granted: Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 41 is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subparagraph (1) of this paragraph, interest at the rate of 1 per centum a month shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

"(b) Deficiency: Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 38, or under section 39, or any addition to the tax in case of delinquency

provided for in section 37 is not paid in full within ten days from the date of notice and demand from the collector, there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 per centum a month from the date of such notice and demand until it is paid.

"(c) Fiduciaries: For any period an estate is held by a fiduciary appointed by order of any court of competent jurisdiction or by will, there shall be collected interest at the rate of 1 per centum per month in lieu of the interest provided in subparagraphs (a) and (b) of this section.

"TIME EXTENDED FOR PAYMENT OF TAX SHOWN ON RETURN

"SEC. 41. If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of section 26 (c), there shall be collected, as a part of such amount, interest thereon at the rate of 1 per centum per month from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

"PENALTIES

"SEC. 42. (a) Negligence: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply information, who fails to pay or collect such tax, to make such return, to keep such records, or supply such information, at the time or times required by law or regulations shall, upon conviction thereof (in addition to other penalties provided by law), be fined not more than $300 for each and every such failure, and each and every day that such failure continues shall constitute a separate and distinct offense. All prosecutions under this paragraph shall be brought in the police court of the District of Columbia on information by the corporation counsel or his assistants in the name of the District of Columbia.

"(b) Willful violation: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of this title, who willfully refuses to pay or collect such tax, to make such returns, to keep such records, or to supply such information, or who willfully attempts in any manner to defeat or evade the tax imposed by this title, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than $10,000 or imprisoned for not more than one year, or both, together with costs of prosecution.

"(c) Definition of 'person': The term 'person' as used in this section includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under duty to perform the act in respect to which the violation occurs.

"DEFINITIONS

"SEC. 43. For the purpose of this title and unless otherwise required by the context—

"(1) The word 'person' means an individual, a trust or estate, a partnership, or a corporation.

"(2) The word 'taxpayer' means any person subject to a tax imposed by this title.

"(3) The word 'partnership' includes a syndicate, group, pool, joint adventure, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the word 'partner' includes a member in such a syndicate, group, pool, joint adventure, or organization.

"(4) The word 'corporation' includes associations, joint-stock companies, and insurance companies.

"(5) The word 'domestic' when applied to a corporation other than an association, means created under the law of United States applicable to the District of Columbia; and when applied to an association or partnership means having the principal office or place of business within the District of Columbia.

"(6) The word 'foreign' when applied to a corporation or partnership means a corporation or partnership which is not domestic.

"(7) The word 'fiduciary' means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

"(8) The word 'individual' means all natural persons, whether married or unmarried; and also all trusts, estates, and fiduciaries acting for other persons; it does not include corporations or partnerships acting for or in their own behalf.

"(9) The words 'taxable year' mean the calendar year or the fiscal year ending during such calendar year upon the basis of which the net income is computed under this title. The term 'taxable year' includes, in the case of a return made for a fractional part of a year under the provisions of this title, the period for which such return is made.

"(10) The words 'fiscal year' mean an accounting period of 12 months and ending on the last day of any month other than December.

"(11) The words 'paid or incurred' and 'paid or accrued' shall be construed according to the method of accounting upon the basis of which the net income is computed under this title.

"(12) The words 'trade or business' include the engaging in or carrying on of any trade, business, profession, vocation or calling, or commercial activity in the District of Columbia; and include the performance of the functions of a public office.

"(13) The word 'stock' includes a share in an association, joint-stock company, or insurance company.

"(14) The word 'shareholder' includes a member in an association, joint-stock company, or insurance company.

"(15) The words 'United States' when used in a geographical sense include only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(16) The word 'dividend' means any distribution made by a corporation out of its earnings or profits to its stockholders or members whether such distribution be made in cash, or any other property, other than stock of the same class in the corporation. It includes such portion of the assets of a corporation distributed at the time of dissolution as are in effect a distribution of earnings.

"(17) The word 'include', when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"(18) The word 'Commissioners' means the Commissioners of the District of Columbia or their duly authorized representative or representatives.

"(19) The word 'District' means the District of Columbia.

"(20) the word 'assessor' means the assessor of the District of Columbia.

"(21) The word 'collector' means the collector of taxes of the District of Columbia.

"TITLE III—FEES AND FINES

"On and after July 1, 1939, there shall be credited to the District of Columbia that proportion of the fees and fines collected by the District Court of the United States for the District of Columbia, including fees and fines collected by the offices of the clerk of that court and of the United States marshal for the District of Columbia, as the amount paid by the District of Columbia toward salaries and expenses of such court and of the offices of the United States district attorney for the District of Columbia and of the United States marshal for the District of Columbia bears to the total amount of such salaries and expenses; and such proportion of the fees and fines, if any, collected by the United States Court of Appeals for the District of Columbia, including fees and fines, if any, collected by the office of the clerk of that court, as the amount paid by the District of Columbia toward the salaries and expenses of such court bears to the total amount of such salaries and expenses.

"TITLE IV—AMENDMENTS TO AND REPEAL OF PRIOR ACTS

"INTANGIBLE PERSONAL PROPERTY

"SEC. 1. The tax on intangible personal property imposed by any law relating to the District shall not apply with respect to any year subsequent to the fiscal year ending June 30, 1939.

"TAX ON CERTAIN UTILITIES

"SEC. 2. (a) Paragraph 5 of section 6 of the Act entitled 'An Act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and three, and for other purposes,' approved July 1, 1902, is hereby amended to read as follows:

"'PAR. 5. Each national bank as the trustee for its stockholders, through its president or cashier, and all other incorporated banks and trust companies in the District of Columbia, through their presidents or cashiers, and all gas, electric lighting, and telephone companies, through their proper officers, shall make affidavit to the board of personal-tax appraisers on or before the 1st day of August each year as to the amount of its or their gross earnings or gross receipts, as the case may be, for the preceding year ending the 30th day of June, and each national bank and all other incorporated banks and trust companies respectively shall pay to the collector of taxes of the District of Columbia per annum 6 per centum on such gross earnings and each gas company, electric lighting company, and telephone company shall pay to the collector of taxes of the District of Columbia per annum 4 per centum on such gross receipts, from the sale of public utility commodities and services within the District of Columbia. And in addition thereto the real estate owned by each national or other incorporated bank, and each trust, gas, electric-lighting, and telephone company in the District of Columbia shall be taxed as other real estate in said District: *Provided*, That street-railroad companies shall pay 3 per centum per annum on their gross receipts and other taxes as provided by existing law, and insurance companies shall continue to pay the 2 per centum on premium receipts as provided by existing law. Each gas, electric-lighting, telephone and street railroad company shall pay, in addition to the tax herein mentioned, the corporate income tax imposed by title II of the District of Columbia Revenue Act of 1939, and the personal property tax on merchandise stock in trade. So much of the Act approved October 1, 1890, entitled "An Act to provide for the incorporation of trust, loan, mortgage, and certain other corporations within the District of Columbia" as is inconsistent with the provisions of this section is hereby repealed.'

"(b) This section shall not apply to gross earnings or gross receipts for the fiscal year ending the 30th day of June prior to the fiscal year ending June 30, 1940. Taxes shall be levied and collected for the fiscal years preceding the fiscal year ending June 30, 1940, under said paragraph 5 of section 6 of said Act of July 1, 1902, as if this title had not been enacted.

"(c) Section 6 of the Act of July 1, 1902, (c. 1352, 32 Stat. 619), is amended by striking out paragraph 8, so that the corporate excess tax therein provided shall become inoperative.

"TAX ON REAL PROPERTY

"SEC. 3. Title VII of the District of Columbia Revenue Act of 1937, as amended, is amended to read as follows: 'For the fiscal year ending June 30, 1940, the rate of taxation imposed on real and tangible personal property in the District of Columbia shall be 1.75 per centum of the assessed value of such property.'

"TAXABLE STATUS OF MOTOR VEHICLES AS TANGIBLE PERSONAL PROPERTY

"SEC. 4. Notwithstanding any other provision of law, the tangible personal-property tax on motor vehicles, except when consisting of stock in trade of merchants, shall be prorated according to the number of months such property has a situs within the District; and all such motor vehicles shall be assessed at their value as of April 1 each year: *Provided, however,* That where a motor vehicle shall be registered in the District of Columbia for the first time on a date between April 1 of one year and April 1 of the succeeding year, such motor vehicle shall be assessed, for taxation for the period ending with the succeeding April 1, at its value as of date of application for such first registration.

"TAX APPEALS

"SEC. 5. (a) The first sentence of the second paragraph of section 2 of title IX of the District of Columbia Revenue Act of 1937, as amended by the Act approved May 16, 1938, is amended to read as follows: 'The salary of such person so appointed shall be $8,000 per annum.' This amendment shall be effective on and after July 1, 1939.

"(b) Section 3 of title IX of the District of Columbia Revenue Act of 1937, as amended, is amended as follows:

"'SEC. 3. Any person aggrieved by any assessment by the District against him of any personal-property, inheritance, estate, business-privilege, gross-receipts, gross-earnings, insurance-premiums, or motor-vehicle-fuel tax or taxes, or penalties thereon, may, within ninety days after notice of such assessment, appeal from such assessment to the Board, provided such person shall first pay such tax, together with penalties and interest due thereon, to the collector of taxes of the District of Columbia under protest in writing. The mailing to the taxpayer of a statement of taxes due shall be considered notice of assessment with respect of such taxes. The Board shall hear and determine all questions arising on said appeal and shall make separate findings of fact and conclusions of law, and shall render its decision thereon in writing. The Board may affirm, cancel, reduce, or increase such assessment.'

"(b) Subsections (a), (b), and (c) of section 5 of title IX of the District of Columbia Revenue Act of 1937, as amended, are amended to read as follows:

"'(a) The assessor and deputy assessor of the District and the board of all of the assistant assessors, with the assessor as chairman, shall compose a Board of Equalization and Review, and as such Board of Equalization and Review they shall convene in a room to be provided for them by the Commissioners, on the first Monday of January of each year, and shall remain in session until the first Monday in April of each year, after which date no complaint as to valuation as herein provided shall be received or considered by such Board of Equalization and Review. Public notice of the time and place of such session shall be given by publication for two successive days in two daily newspapers in the District not more than two weeks or less than ten days before the beginning of said session. It shall be the duty of said Board of Equalization and Review to fairly and impartially equalize the value of real property made by the board of assistant assessors as the basis for assessment. Any five of said Board of Equalization and Review shall constitute a quorum for business, and, in the absence of the Assessor, a temporary chairman may be selected. They shall immediately proceed to equalize the valuations made by the board of assistant assessors so that each lot and tract and improvements thereon shall be entered upon the tax list at their value in money; and for this purpose they shall hear such complaints as may be made in respect of said assessments, and in determining them they may raise the valuation of such tracts or lots as in their opinion may have been returned below their value and reduce the valuation of such as they may believe to have been returned above their value to such sum as in their opinion may be the value thereof. The valuation of the real property made and equalized as aforesaid shall be completed not later than the first Monday of May annually. The valuation of said real property made and equalized as aforesaid shall be approved by the Commissioners not later than July 1 annually, and when approved by the Commissioners shall constitute the basis of taxation for the next succeeding year and until another valuation is made according to law, except as hereinafter provided. Any person aggrieved by any assessment, equalization, or valuation made, may, within ninety days after October 1 of the year in which such assessment, equalization, or valuation is made, appeal from such assessment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"'(b) Annually, on or prior to July 1 of each year, the board of assistant assessors shall make a list of all real estate which shall have become subject to taxation and which is not then on the tax list, and affix a value thereon, according to the rules prescribed by law for assessing real estate; shall make return of all new structures erected or roofed, and additions to or improvements of old structures which shall not have been theretofore assessed, specifying the tract or lot of land on which each of such structures has been erected, and the value of such structure, and they shall add such valuation to the assessment made on such tract or lot. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause, the said board of assistant assessors shall reduce the assessment on said property to the extent of such damage: *Provided,* That the Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments between September 1 and September 30 and determine the same not later than October 15 of the same year. Any person aggrieved by any assessment or valuation made in pursuance of this paragraph may, within ninety days after October 15 of the year in which said valuation or assessment is made, appeal from such assessment or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"'(c) In addition to the annual assessment of all real estate made on or prior to July 1 of each year there shall be added a list of all new buildings erected or under roof prior to January 1 of each year, in the same manner as provided by law for all annual additions; and the amounts thereof shall be added as assessment for the second half of the then current year payable in the month of March. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause prior to January 1 of each year the said board of assistant assessors shall reduce the assessment on said property to the extent of said damage for the second half of the then current year payable in the month of March. The Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments for the second half of said year between March 1 and March 31 and determine said complaints not later than April 15 of the same year. Any person aggrieved by any assessment made in pursuance of this paragraph may, within ninety days after April 15 of the year in which such assessment is made, appeal from such assessment in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.'

"(c) Title IX of the District of Columbia Revenue Act of 1937, as amended, is amended by adding thereto a new section reading as follows:

"'SEC. 13. In any matter affecting taxation, the determination of which is by law left to the discretion of the Commissioners, the Commissioners may, if they so elect, refer such matter to the Board to make findings of fact and submit recommendations, such findings of fact and recommendations, if any, to be advisory only and not binding on the Commissioners, and shall be without prejudice to the Commissioners to make such further and other inquiry and investigation concerning such matter as they in their discretion shall consider necessary or advisable.'

"TANGIBLE PERSONAL PROPERTY STORED IN TRANSIT

"SEC. 6. Nothing in this Act contained, nor shall any prior Act of Congress relating to the District of Columbia be deemed to impose upon any person, firm, association, company, or corporation a tax based upon tangible personal property owned and stored by such person in a public warehouse in the District of Columbia for a period of time no longer than is necessary for the convenience or exigencies of reshipment and transportation to its destination without the District of Columbia.

"TITLE V—INHERITANCE AND ESTATE TAXES

"Title V of the District of Columbia Revenue Act of 1937, as amended by an Act entitled 'An Act to amend the District of Columbia Revenue Act of 1937, and for other purposes,' approved May 16, 1938, is amended to read as follows:

"'Taxes shall be imposed in relation to estates of decedents, the shares of beneficiaries of such estates, and gifts as hereinafter provided:

"'ARTICLE I—INHERITANCE TAX

"'SEC. 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom), to the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal descendants or lineal ancestors of the decedent, shall be subject to a tax as follows: 1 per centum of so much of said property as is in excess of $5,000 and not in excess of $50,000; 2 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 3 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 4 per centum of so much of said property as is in excess of $500,000 and not in excess of $1,000,000; 5 per centum of so much of said property as is in excess of $1,000,000.

"'(b) So much of said property so transferred to each of the brothers and sisters of the whole or half blood of the decedent shall be subject to a tax as follows: 3 per centum of so much of said property as is in excess of $2,000 and not in excess of $25,000; 4 per centum of so much of said property as is in excess of $25,000 and not in excess of $50,000; 6 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000;

8 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 10 per centum of so much of said property as is in excess of $500,000.

"'(c) So much of said property so transferred to any person other than those included in paragraphs (a) and (b) of this section and all firms, institutions, associations, and corporations shall be subject to a tax as follows: 5 per centum of so much of said property as is in excess of $1,000 and not in excess of $25,000; 7 per centum of so much of said property as is in excess of $25,000 and not in excess of $50,000; 9 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 12 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 15 per centum of so much of said property as is in excess of $500,000.

"'(d) Executors, administrators, trustees, and other persons making distribution shall only be discharged from liability for the amount of such tax, with the payment of which they are charged, by paying the same as hereinafter described.

"'(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes within the District of Columbia, shall be exempt from any and all taxation under the provisions of this section.

"'(f) Where any beneficiary has died or may hereafter die within six months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

"'(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

"'(h) The transfer of any property, or interest therein, within 2 years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death.

"'(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

"'(j) Whenever any person shall exercise a general power of appointment derived from any disposition of property, made either before or after the passage of this title, such appointment, when made, shall be deemed a transfer taxable, under the provisions of this title, in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power; and whenever any person possessing such power of appointment so derived shall omit or fail to exercise the same, within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this title shall be deemed to take place to the extent of such omissions or failure in the same manner as though the person or persons thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by the will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

"'(k) The doctrine of equitable conversion shall not be invoked in the assessment of taxes under this article.

"'SEC. 2. The tax provided in section 1 shall be paid on the market value of the property or interest therein at the time of the death of the decedent as appraised by the assessor, or, in the discretion of the assessor, upon the value as appraised by the probate court of the District. The taxable portion of real or personal property held jointly or by the entireties shall be determined by dividing the value of the entire property by the number of persons in whose joint names it was held.

"'SEC. 3. The appraisal thus made shall be deemed and taken to be the true value of the said property or interest therein upon which the said tax shall be paid, and the amount of said tax and the tax imposed by article II of this title shall be a lien on said property or interest therein for the period of ten years from the date of death of the decedent: *Provided, however,* That such lien shall not attach to any personal property sold or disposed of for value by an administrator, executor, or collector, of the estate of such decedent appointed by the District Court of the United States for the District of Columbia or by a trustee appointed under a will filed with the register of wills for the District or by order of said court, or his successor approved by said court, but a lien for said taxes shall attach on all property acquired in substitution therefor for a period of ten years after the acquisition of such substituted property: *And provided further,* That such lien upon such substituted property shall, upon sale by such personal representatives, be extinguished and shall reattach in the manner as provided with respect of such original property.

"'SEC. 4. The personal representative of every decedent, the gross value of whose estate is in excess of $1,000, shall, within fifteen months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose an itemized schedule of all the property (real, personal, and mixed) of the decedent, the market value thereof at the time of the death of the decedent, the name or names of the persons to receive the same and the actual value of the property that each will receive, the relationship of such persons to the decedent, and the age of any persons who receive a life interest in the property, and any other information which the assessor may require. Said personal representative shall, within eighteen months of the date of the death of the decedent and before distribution of the estate, pay to the collector of taxes the taxes imposed by section 1 upon the distributive shares and legacies in his hands and the tax imposed by section 1 hereof against each distributive share or legacy shall be charged against such distributive share or legacy unless the will shall otherwise direct.

"'SEC. 5. The personal representative of the decedent shall collect from each beneficiary entitled to a distributive share or legacy the tax imposed upon such distributive share or legacy in section 1 hereof, and if the said beneficiary shall neglect or fail to pay the same within fifteen months after the date of the death of the decedent such personal representative shall, upon the order of the District Court of the United States for the District of Columbia, sell for cash so much of said distributive share or legacy as may be necessary to pay said tax and all the expenses of said sale.

"'SEC. 6. Every person entitled to receive property taxable under section 1 hereof, which property is not under the control of a personal representative, and is over $1,000 in value, shall, within six months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all property (real, personal, and mixed) received or to be received by such person; the market value of the same at the time of the death of the decedent and the relationship of such person to the decedent; and any other information which the assessor may require. The tax on the transfer of any such property shall be paid by such person to the collector of taxes within nine months after the date of the death of the decedent: *Provided, however,* That with respect to real estate passing by will or inheritance such report shall be made within fifteen months after the death of the decedent, and the tax on the transfer thereof shall be paid within eighteen months after the date of the death of the decedent.

"'SEC. 7. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years, the donee for life or years shall pay a tax only on the value of his interest, determined in a manner as the Commissioners by regulation may prescribe, and the donee of the future interest shall pay a tax only on his interest as based upon the value thereof at the time of the death of the decedent creating such interest. The value of any future interest shall be determined by deducting from the market value of such property at the time of the death of such decedent the value of the precedent life interest or term of years. Where the future interest is vested the donee thereof shall pay the tax within the time in which the tax upon the precedent life interest or term of years is required to be paid under the provisions of sections 4 and 6 of this article, as the case may be. Where the future interest is contingent the personal representative of such decedent or the persons interested in such contingent future estate shall have the option of (1) paying, within the time herein provided for the payment of taxes due upon vested future interests, a tax equal to the mean between the highest possible tax and the lowest possible tax which could be imposed under any contingency or condition whereby such contingent future interest might be wholly or in part created, defeated, extended, or abridged; or (2) paying the tax upon such transfer at the time when such future interest shall become vested at rates and with exemptions in force at the time of the death of the decedent: *Provided,* That the personal representative or trustee of the estate of the decedent or the persons interested in the future contingent interest shall deposit with the assessor a bond in the penal sum of an amount equal to twice the tax payable under option (1) hereof. Such bonds shall be payable to the District and shall be conditioned for the payment of such tax when and as the same shall become due and payable. The tax upon the transfer of future interests or remainders shall be a lien upon the property or interest transferred from the date of the death of the decedent creating the interests and shall remain in force and effect until ten years after the date when such remainder or future interest shall become vested in the donee thereof. If the tax upon the transfer of a contingent future interest is paid before the same shall become vested, such tax shall be paid by the personal representative out of the corpus of the estate of the decedent, otherwise by the person or persons entitled to receive the same.

"'ARTICLE II—ESTATE TAXES

"'SEC. 1. In addition to the taxes imposed by article I, there is hereby imposed upon the transfer of the estate of every decedent who, after this title becomes effective, shall die a resident of the District, a tax equal to 80 per centum of the Federal estate tax imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted.

"'SEC. 2. There shall be credited against and applied in reduction of the tax imposed by section 1 of this article the amount of any estate, inheritance, legacy, or succession tax lawfully imposed by any State or Territory of the United States, in respect of any property included in the gross estate for Federal estate-tax purposes as prescribed in title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted: *Provided, how-*

ever, That only such taxes as are actually paid and credit therefor claimed and allowed against the Federal estate tax may be applied as a credit against and in reduction of the tax imposed by section 1.

" 'SEC. 3. In no event shall the tax imposed by section 1 of this article exceed the difference between the maximum credit which might be allowed against the Federal estate tax imposed by title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, and the aggregate amount of the taxes described in section 2 of this article (but not including the tax imposed by section 1) allowable as a credit against the Federal estate tax.

" 'SEC. 4. The purpose of section 1 of this article is to secure for the District the benefit of the credit allowed under the provisions of section 301 (c) of title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, to the extent that the District may be entitled by the provisions of said Revenue Act, by imposing additional taxes, and the same shall be liberally construed to effect such purpose: *Provided,* That the amount of the tax imposed by section 1 of this article shall not be decreased by any failure to secure the allowance of credit against the Federal estate tax.

" 'SEC. 5. A tax is hereby imposed upon the transfer of real property or tangible personal property in the District of every person who at the time of death was a resident of the United States but not a resident of the District, and upon the transfer of all property, both real and personal, within the District of every person who at the time of death was not a resident of the United States, the amount of which shall be a sum equal to such proportion of the amount by which the credit allowable under the applicable Federal revenue Act for estate, inheritance, legacy, and succession taxes actually paid to the several States exceeds the amount actually so paid for such taxes, exclusive of estate taxes based upon the difference between such credit and other estate taxes and inheritance, legacy, and succession taxes, as the value of the property in the District bears to the value of the entire estate, subject to estate tax under the applicable Federal revenue Act.

" 'SEC. 6. Every executor or administrator of the estate of a decedent dying a resident of the District or of a nonresident decedent owning real estate or tangible personal property situated in the District, or of an alien decedent owning any real estate, tangible or intangible personal property situated in the District, or, if there is no executor or administrator appointed, qualified, and acting, then any person in actual or constructive possession of any property forming a part of an estate subject to estate tax under this title shall, within sixteen months after the death of the decedent file with the assessor a copy of the return required by section 304 of the Revenue Act of 1926, verified by the affidavit of the person filing said return with the assessor, and shall, within thirty days after the date of any communication from the Commissioner of Internal Revenue, confirming, increasing, or diminishing the tax shown to be due, file a copy of such communication with the assessor. With the copy of the Federal estate-tax return there shall be filed an affidavit as to the several amounts paid or expected to be paid as taxes within the purview of section 2 of this article: *Provided, however,* That in any case where the time for the filing of such return as required by section 304 of the Revenue Act of 1926 is extended without penalty by the Bureau of Internal Revenue, then the copy thereof verified as aforesaid may be filed with the assessor within thirty days after the expiration of said extended period.

" 'SEC. 7. The assessor shall, upon receipt of the return and accompanying affidavit, assess such amount as he may determine, from the basis of the return, to be due the District. Upon receipt of a copy of any communication from the Commissioner of Internal Revenue, herein required to be filed, the assessor shall make such additional assessment or shall make such abatement of the assessment as may appear proper.

" 'SEC. 8. The estate taxes imposed by this article shall be paid to the collector of taxes within seventeen months after the death of the decedent: *Provided, however,* That in any case where the time for the payment of taxes imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, is extended by the Bureau of Internal Revenue, then the tax imposed by this article shall be paid within sixty days after the expiration of such extended period, together with interest as provided in section 4 of article IV of this title: *Provided further,* That any additional assessment found to be due under section 7 of this article shall be paid to the collector of taxes within thirty days after the determination of such additional assessment by the assessor.

" 'ARTICLE III—GENERAL

" 'SEC. 1. The bond of the personal representative of the decedent shall be liable for all taxes and penalties assessed under this title, except inheritance taxes and penalties imposed in relation to the transfer of property not under the control of such personal representative: *Provided,* That in no case shall the bond of the personal representative be liable for a greater sum than is actually received by him.

" 'SEC. 2. The register of wills of the District shall report to the assessor on forms provided for the purpose every qualification in the District upon the estate of a decedent. Such report shall be filed with the assessor at least once every month, and shall contain the name of the decedent, the date of his death, the name and address of the personal representative, and the value of the estate, as shown by the petition for administration or probate.

" 'SEC. 3. The Commissioners shall have supervision of the enforcement of this title and shall have the power to make such rules and regulations, consistent with its provisions, as may be necessary for its enforcement and efficient administration and to provide for the granting of extension of time within which to perform the duties imposed by this title. The assessor shall determine all taxes assessable under this title and immediately upon the determination of same, shall forward a statement of the taxes determined to the person or persons chargeable with the payment thereof and shall give advice thereof to the collector of taxes. The assessor is hereby authorized and empowered to summon any person before him to give testimony on oath or affirmation or to produce all books, records, papers, documents, or other legal evidence as to any matter relating to this title, and the assessor is authorized to administer oaths and to take testimony for the purposes of the administration of this title. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event the assessor may report that fact to the District Court of the United States for the District of Columbia or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

" 'SEC. 4. If the taxes imposed by this title are not paid when due, 1 per centum interest for each month or portion of a month from the date when the same were due until paid shall be added to the amount of said taxes and collected as a part of the same, and said taxes shall be collected by the collector of taxes in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection: *Provided, however,* That where the time for payment of the tax imposed by this title is extended by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, interest shall be paid at the rate of 6 per centum per annum from the date on which the tax would otherwise be payable.

" 'SEC. 5. If any person shall fail to perform any duty imposed upon him by the provisions of this title or the regulations made hereunder the Commissioners may proceed by petition for mandamus to compel performance and upon the granting of such writ the court shall adjudge all costs of such proceeding against the delinquent.

" 'SEC. 6. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners, shall become liable in his own person and estate to the District in an amount equal to 10 per centum of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 per centum of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

" 'SEC. 7. Any person required by this title to pay a tax or required by law or regulation made under authority thereof to make a return or keep any records or supply any information for the purposes of computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make any such return, or supply any such information at the time or times required by law or regulation shall, in addition to other penalties provided by law, be guilty of a misdemeanor and upon conviction thereof be fined not more than $1,000 or imprisoned for not more than one year, or both.

" 'SEC. 8. When the assessor is satisfied that the tax liability imposed by this title has been fully discharged or provided for, he may, under regulations prescribed by the Commissioners, issue his certificate, releasing any or all property from the lien herein imposed.

" 'SEC. 9. No person holding, within the District, tangible or intangible assets of any resident or nonresident decedent, of the value of $300 or more, shall deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, unless notice of the date and place of such intended transfer be served upon the assessor of the District of Columbia at least ten days prior to such delivery or transfer, nor shall any person holding, within the District of Columbia, any assets of a resident or nonresident decedent, of the value of $300 or more, deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by said District Court without retaining a sufficient portion or amount thereof to pay any tax which may be assessed on account of the transfer of such assets under the provisions of articles I and II without an order from the assessor of the District of Columbia authorizing such transfer. It shall be lawful for the assessor of the District, personally, or by his representatives, to examine said assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain as herein required a sufficient portion or amount to pay the taxes imposed

by this title shall render such person liable to the payment of such taxes. The assessor of the District may issue a certificate authorizing the transfer of any such assets whenever it appears to the satisfaction of said assessor that no tax is due thereon: *Provided, however,* That any corporation, foreign or domestic to the District having outstanding stock or other securities registered in the sole name of a decedent whose estate or any part thereof is taxable under this title, may transfer the same, without notice to the assessor and without liability for any tax imposed thereon under this title, upon the order of an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, or by a trustee appointed under a will filed with the register of wills of the District, or appointed by said court, or his successor approved by said court: *Provided further,* That the lessor of a safe-deposit box standing in the joint names of a decedent and a survivor or survivors may deliver the entire contents of such safe-deposit box to the survivor or survivors, after examination of such contents by the assessor or his representative, without any liability on the part of the said lessor for the payment of such tax.

"'SEC. 10. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title or relative to any person whose estate is subject to the provisions of this title.

"'SEC. 11. If any return required by this title is not filed with the assessor when due, the assessor shall have the right to determine and assess the tax or taxes from such information as he may possess or obtain.

"'SEC. 12. The assessor is authorized to enter into an agreement with any person liable for a tax on a transfer under article I of this title, in which remainders or expectant estates are of such nature or so disposed and circumstanced that the value of the interest is not ascertainable under the provisions of this title, and to compound and settle such tax upon such terms as the assessor may deem equitable and expedient.

"'SEC. 13. In the interpretation of this title unless the context indicates a different meaning the term "tax" means the tax or taxes mentioned in this title.

"'(a) The term "District" means the District of Columbia.

"'(b) The term "Commissioners" means the Commissioners of the District of Columbia, or their duly authorized representative or representatives.

"'(c) The term "assessor" means the assessor of the District of Columbia or his duly authorized representative or representatives.

"'(d) The term "collector of taxes" means the collector of taxes for the District of Columbia, or his duly authorized representative or representatives.

"'(e) The term "Metropolitan Police Department" means the Metropolitan Police Department of the District of Columbia.

"'(f) The term "include" when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"'(g) The term "resident" means domiciled and the term "residence" means domicile.

"'SEC. 14. The provisions of this title shall become effective at 12:01 antemeridian, the day immediately following its approval.'"

"TITLE VI—ADVANCEMENT OF MONEY BY TREASURY

"Until and including June 30, 1940, the Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary from time to time to meet the general expenses of said District as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of taxes and revenue collected for the support of the government of the said District of Columbia."

"TITLE VII—EXTENSION OF CERTAIN TAX PROVISIONS

"The laws authorizing the imposition by the District of Columbia of intangible personal property taxes and business privilege taxes are hereby extended from and after June 30, 1939, for the following purposes in connection with the taxes accrued or due under such laws prior to July 1, 1939—

"(1) For the imposition of assessments and penalties, civil and criminal, for the violation of or failure to comply with such laws and the regulations issued thereunder;

"(2) For requiring the making, filing, and submission of returns and reports required by such laws;

"(3) For the examination of all books, records, and other documents, and witnesses; and

"(4) For the assessment and collection of such taxes, and the filing of liens therefor.

"TITLE VIII—GENERAL PROVISIONS

"SEPARABILITY CLAUSE

"SEC. 1. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"RULES AND REGULATIONS

"SEC. 2. The Commissioners shall prescribe and publish all needful rules and regulaions for the enforcement of this Act."

And the Senate agree to the same.

JOHN H. OVERTON,
WILLIAM H. KING,
CARTER GLASS,
MILLARD E. TYDINGS,
ARTHUR CAPPER,
Managers on the part of the Senate.
JENNINGS RANDOLPH,
AMBROSE KENNEDY,
EVERETT M. DIRKSEN,
GEORGE J. BATES,
Managers on the part of the House.

The VICE PRESIDENT. Is there objection to the immediate consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. OVERTON. Mr. President, I wish to make a brief explanation with reference to the conference report. The conference report is the same as the report submitted the other day to the Senate with the following changes:

The Federal payment to the expenses of the District of Columbia is fixed in the sum of $6,000,000 annually, instead of $6,500,000, as was provided in the original conference report.

The provisions with reference to the appointment of a joint committee for a further study of the tax structure and tax problems of the District of Columbia have, by agreement between the conferees, been eliminated.

There is a provision authorizing the collection of taxes and penalties which have accrued with respect to the tax on intangible personal property and with respect to the business-privilege tax, both of which taxes have been eliminated in the bill as agreed to between the conferees.

The total revenue which it is estimated will be raised by the bill is for the fiscal year 1940 the sum of $41,770,000. That is the total amount which will be raised for general-fund appropriations. The general-fund appropriations for the District of Columbia as provided for in the Appropriation Act of 1940 are $41,859,978. There will, therefore, be a deficit of $89,978. This deficit, however, is practically overcome by a general-fund surplus carried over from the fiscal year 1939.

At this point I ask unanimous consent to have inserted in the RECORD a memorandum relating to the general fund of the District of Columbia for the fiscal years 1939 and 1940, and a memorandum of the general-fund appropriations of the District of Columbia for the fiscal year 1940, which have been prepared by the Auditor of the District of Columbia.

The VICE PRESIDENT. Without objection, it is so ordered.

The memoranda are as follows:

Memorandum relating to the general fund of the District of Columbia for the fiscal years 1939 and 1940—Revenue collections for 1939 and estimated revenue collections for 1940, the latter based upon the District tax bill as agreed to July 7, 1939, by the Senate and House conferees

Source of revenue	Fiscal year 1939	Fiscal year 1940
Tax on real estate, $1.75 rate	$20,940,032	$21,200,000
Tax on tangible personal property, $1.75 rate	1,529,437	1,450,000
Tax on intangible personal property	2,810,623	[1] 50,000
Tax on public utilities, banks, building associations, etc.	2,138,153	2,150,000
Personal tax on motor vehicles	626,429	650,000
Interest and penalties on taxes	319,180	350,000
Alcoholic beverages, licenses, and taxes	1,927,981	1,950,000
Business privilege tax	1,884,773	[1] 200,000
Inheritance and estate taxes	430,641	500,000
Miscellaneous revenue	3,740,860	3,500,000
Credit arising from unexpended balances of appropriations	789,158	600,000
Personal net income tax		800,000
5-percent corporation net income tax		2,200,000
Prorating personal-property tax on motor vehicles		20,000
Change in rates in taxes on public utilities		50,000
Part of fines and fees, United States District Court and United States Court of Appeals		100,000
Federal payment	5,000,000	6,000,000
Total	42,137,277	41,770,000

[1] Estimated collection during 1940 of unpaid taxes on June 30, 1939.

NOTE.—Estimates for 1940 subject to revision.

Memorandum—General fund of the District of Columbia, fiscal year 1940

District of Columbia appropriation bill for 1940 (general-fund items)	$40,402,192
General-fund items to be provided for in other appropriation bills:	
60 percent of United States District Court; 30 percent of United States Court of Appeals	555,575
One-half of appropriation for Freedmen's Hospital ($484,840)	242,420
Executive office (special salary item)	1,800
Supplementals, deficiencies, judgments, settlements of claims, etc	600,000
Assessor's office (additional personnel, etc., under new tax bill)	57,991
Total estimated charges against District of Columbia general fund, fiscal year 1940	41,859,978
Total estimated revenue collections, general fund, fiscal year 1940	41,770,000
Deficit	89,978
General-fund surplus from 1939	89,763

Mr. OVERTON. I move the adoption of the conference report .

The report was agreed to.

ORDER OF BUSINESS

Mr. BARKLEY. Mr. President, I have been asked by a number of Senators about the call of the calendar, and I wish to state for the information of all Senators that following the disposition of the pending bill the Senator from Massachusetts [Mr. WALSH] desires to have the Senate take up the amendments to the Walsh-Healy Act, which will require only an hour or so, and following that I hope that we may have a call of the calendar for the consideration of unobjected-to bills.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate, by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On June 30, 1939:

S. 2618. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; and

S. 1805. An act to establish a lien for moneys due hospitals for services rendered in cases caused by negligence or fault of others and providing for the recording and enforcing of such liens.

On July 13, 1939:

S. 1018. An act to authorize the procurement, without advertising, of certain aircraft parts and instruments or aeronautical accessories, and for other purposes.

On July 14, 1939:

S. 216. An act for the relief of A. C. Williams, administrator of the estate of his wife, Julia F. Williams;

S. 875. An act for the relief of Andrew J. Crockett and Walter Crockett;

S. 884. An act for the relief of disbursing officers and other officers and employees of the United States for disallowances and charges on account of airplane travel;

S. 1181. An act to provide for the status of warrant officers and of enlisted men of the Regular Army who serve as commissioned officers;

S. 1307. An act authorizing the Secretary of War to grant a revocable license to the Union Pacific Railroad Co. to maintain certain railroad trackage on the Fort Leavenworth Military Reservation;

S. 1452. An act for the relief of Loyd J. Palmer;

S. 1487. An act for the relief of the Postal Telegraph Cable Co.;

S. 1847. An act for the relief of Naomi Straley and Bonnie Straley;

S. 2126. An act authorizing the Comptroller General of the United States to adjust and settle the claim of E. Devlin, Inc.;

S. 2222. An act to provide for a deputy chief of staff, and for other purposes;

S. 2237. An act to amend the Taylor Grazing Act;

S. 2353. An act to authorize appropriation for the construction of a medical school building at Carlisle Barracks, Pa.; and

S. J. Res. 124. Joint resolution authorizing the President to invite foreign countries to participate in the San Diego-Quadricentennial Celebration, to be held in 1942.

On July 15, 1939:

S. 12. An act for the relief of Dica Perkins;

S. 129. An act for the relief of Howard Arthur Beswick;

S. 221. An act for the relief of Anthony Coniglio;

S. 431. An act for the relief of Mrs. Quitman Smith;

S. 510. An act to authorize certain officers and enlisted men of the United States Army to accept such medals, orders, and decorations as have been tendered them by foreign governments in appreciation of services rendered;

S. 633. An act for the relief of Ray Wimmer;

S. 746. An act to authorize Maj. Andrew S. Rowan, United States Army, retired, to accept the Order Carlos Manuel de Céspedes tendered him by the Government of Cuba in appreciation of services rendered;

S. 840. An act to amend and clarify the provisions of the act of June 15, 1936 (49 Stat. 1507), and for other purposes;

S. 1001. An act for the relief of Albert Pina Afonso, a minor;

S. 1020. An act to authorize the purchase of equipment and supplies for experimental and test purposes;

S. 1021. An act to extend the benefits of the United States Employees' Compensation Act to members of the Officers' Reserve Corps and of the Enlisted Reserve Corps of the Army who are physically injured in line of duty while performing active duty or engaged in authorized training, and for other purposes;

S. 1118. An act to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore, located outside the continental limits of the United States;

S. 1186. An act for the relief of Herbert M. Snapp;

S. 1387. An act for the relief of Ida May Lennon;

S. 1517. An act for the relief of F. E. Perkins;

S. 1523. An act to authorize the payment of burial expenses and expenses in connection with last illness and death of native employees who die while serving in offices abroad of executive department of the United States Government;

S. 1692. An act for the relief of J. Vernon Phillips;

S. 1778. An act authorizing the Secretary of the Interior to issue to Martha Austin a patent to certain land;

S. 1894. An act for the relief of Ivan Charles Grace;

S. 1895. An act for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes;

S. 2096. An act to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended;

S. 2167. An act to provide for the reimbursement of certain members or former members of the United States Coast Guard for the value of personal effects lost in the hurricane of September 21, 1938, at several Coast Guard stations on the coasts of New York, Connecticut, and Rhode Island;

S. 2503. An act to amend an act entitled "An act to authorize the establishment of a permanent instruction staff at the United States Coast Guard Academy," approved April 16, 1937;

S. 2539. An act to amend section 1223 of the Revised Statutes of the United States;

S. J. Res. 2. Joint resolution providing for consideration of a recommendation for decoration of Sgt. Fred W. Stockham, deceased; and

S. J. Res. 126. Joint resolution to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939.

MESSAGE FROM THE HOUSE

The message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House

had passed without amendment the bill (S. 26) to empower the President of the United States to create new national-forest units and make additions to existing national forests in the State of Montana.

The message also announced that the House had passed the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1939, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6746. An act to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes; and

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H. R. 5748. An act to amend the Second Liberty Bond Act, as amended; and

H. J. Res. 329. Joint resolution consenting to an interstate oil compact to conserve oil and gas.

HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were each read twice by their titles and referred, or ordered to be placed on the calendar, as follows:

H. R. 6747. An act relating to the retirement of employees to whom the provisions of section 6 of the act approved June 20, 1918 (40 Stat. 608; U. S. C., 1934 ed., title 33, sec. 763), as amended, apply; to the Committee on Commerce.

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy; to the calendar.

PROHIBITION OF BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

The Senate resumed the consideration of the bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

Mr. CAPPER. Mr. President, in taking the floor today in support of the bill to prohibit and prevent the trade practices known as compulsory block booking and blind selling of motion-picture films in interstate and foreign commerce, I wish to say at the outset that I do not pretend to have any profound or intimate knowledge of the details of the motion-picture industry.

So far as the pending legislation is concerned, the separate reports filed by the majority and minority of the Committee on Interstate Commerce indicate divergent views on certain technical questions relative to the production and distribution of films. I do not feel qualified to discuss these questions.

As I see the matter, however, the solution of these technical problems is not the major question raised in this legislation. My support of the bill is based on broader, and to my mind more compelling, reasons.

In the first place, I do not believe it is sound policy that any distributor of motion pictures—or of other commodities, for that matter—should say to the prospective buyers:

"You must take things I have for sale that you do not want in order to get the things you do want."

That seems to me to be in restraint of trade, and an unfair practice. It restrains the freedom of the buyer, whether he be an exhibitor or one who buys for resale, to select the products best calculated to please his customers. It also restrains the prospective buyer from dealing with other distributors, whose products are crowded out of the buyer's theater or store to the extent that such distributor's products are forced on the theater or store management.

If this manner of handling films were practiced by only one or two distributors, comprising a small part of the industry, it might not be necessary to enact Federal legislation to correct the evil; but to me it seems contrary to the public interest when it is the practice of a group of distributors who, together, handle such a large part of the products the buyer must have.

My information is that some eight corporations handle about 80 percent of the quality films of the country, and that these corporations combine to force block booking and blind selling upon the operators of film theaters.

Obviously, exhibitors must depend upon these corporations for pictures. To the extent that those corporations use this full line, forcing the films upon exhibitors "sight unseen," they practice a form of coercion that has no place in American industry.

I gather from the hearings, Mr. President, that there is little dispute that block booking is imposed upon exhibitors. If it were not, there would not be the Nation-wide demand for remedial legislation that there undoubtedly is; nor would there be such determined opposition to this legislation from those interests accused of the practice.

I believe this phase of the matter was well covered by the Senator from Idaho [Mr. BORAH] and the Senator from West Virginia [Mr. NEELY] in a colloquy on the Senate floor preceding the passage of the bill last year. I quote:

Mr. BORAH. We all have had letters from independent exhibitors all over the country complaining about that, and even if the practice is not so great as has been stated, yet it certainly is a great evil. I cannot see any harm, and I can see much good, in prohibiting it, even if it is not so great an evil.

Mr. NEELY. Mr. President, if compulsory block booking does not exist, can any Senator suggest how anyone in the motion-picture business could be injured by our making it unlawful?

However, my interest in this bill is not primarily an interest in the business of the exhibitors. It goes farther than that. It goes to the public interest involved. My interest is the interest of the many religious, educational, welfare, and farm bodies which are actively supporting the measure.

These groups maintain, and I think with good reason, that local exhibitors should not have to run all pictures released them by the distributors, but should have some freedom of selection.

It seems to me the exhibitors should be allowed some freedom in selecting the films they believe to be best suited for the communities in which they operate. When the local exhibitors have no choice, there is nothing they can do when objectionable or poor films are sent to them except to run them. Nor can they go elsewhere and get outstanding films when their operating time is filled with pictures which they consider it inadvisable to run.

Mr. President, I am particularly impressed by the deep interest taken in this measure by such organizations as the National Congress of Parent-Teachers' Associations, the American Home Economics Association, the American Association of University Women, the Catholic Daughters of America, the National Grange, and many others. Their position and the extent of their interest are shown in the transcript of the hearings and in the committee report on the bill.

In this connection I desire to call attention to the statement of Fred Brenckman, legislative representative of the National Grange, whom I have known for many years and for whose opinions I have great respect. Mr. Brenckman said, in part:

The National Grange has long been in favor of legislation which will abolish the practice of compulsory block booking and blind selling of motion pictures. In our opinion, this practice is far more destructive of the American principle of freedom of choice in the field of entertainment in rural communities than in our cities and towns.

In our urban centers there usually is more than one theater, so that if the seeker for relaxation or entertainment is unable to find that for which he is looking in one theater, he may at least have a second or third choice.

In villages or small towns where the rural folks seek entertainment, there is not usually more than one motion-picture theater, and that is operated by an independent exhibitor. If complaints are made to him regarding the type of picture shown, his answer invariably is that in order to furnish any program he must lease his pictures in large blocks long prior to the date when they are shown and usually before they are produced. This practice makes it impossible for him to meet the demands of the local patrons.

Believing as we do that this domination of the purchaser or the exhibitor by the producer is wholly contrary to the American principle of fair play and a square deal, besides being frequently destructive of the character of plastic youth, the Grange strongly favors the passage of legislation to abolish block booking and blind selling of motion pictures.

Mr. President, it certainly seems to me that these small-town exhibitors ought not to have to play whatever pictures the producers and distributors send them, but that they should be in a position to cooperate with their local patrons in selecting good pictures if that is the kind they and their patrons desire.

It seems to me it is essential that the exhibitors should have a right of selection, and also the proper information on which to exercise that right intelligently. I am all the more convinced that this is true when I reflect upon the tremendous influence which the "movies" have on children, as shown in the statements summarized on pages 4 to 6 of the committee report. I desire to read a brief passage from a letter published in the hearings—page 69—written by Dean Claude A. Shull, of the San Francisco Motion Picture Council, under date of March 13, 1939:

I have been an educator for 26 years, and am at present teaching in one of the State colleges of California. We have invested in this country over $10,000,000,000 in school buildings and equipment, which we are operating at a cost of about $3,000,000,000 a year. To some considerable degree this educational system is meeting competition in the motion-picture theater. In an article released to the newspapers of this State on July 29, 1934, State Superintendent Vierling Kersey wrote: "Eventually it is to be hoped that the motion-picture theater will become the ally rather than the rival of the schoolroom in the education of youth." A letter from Superintendent Harold G. Campbell, of New York City, contained the following: "There is no doubt in my mind that much of the good the schools are doing, especially in the field of character training and in the development of the right social attitudes, is being thwarted and undermined by substandard motion pictures." Prof. Ben Wood, of Columbia University, has pointed out that when a questionnaire was sent by Roger W. Babson to the school principals asking which had the greatest influence in molding the character of our young children—the school, the church, or the home—70 percent of the principals scratched out all three and wrote in "the movies."

The Tenth Yearbook of the Department of Superintendence of the National Education Association contains a report of a commission on character education, as follows:

"Here (speaking of motion pictures) is obviously an agency of moral education of tremendous power. That it is living up to its possibilities as a cultural institution, however, few would maintain. * * * In fact, at present, the thesis might well be defended that it is more of a liability than an asset."

Mr. President, as I view this bill, its purposes are twofold and its provisions seem to give them effect.

First. The bill is designed to prohibit the compulsory block booking of motion-picture films. The language of the bill leaves no doubt as to its purpose in this respect. The bill recognizes that this prohibition may be evaded by charging prohibitive prices for films sold individually or in groups less than blocks as compared with the prices for films sold in blocks; so it undertakes to prevent differentials between block prices and less than block prices which would be so disproportionate as to compel the exhibitors to forego their rights under the legislation and continue to submit to the practices which the bill condemns.

Another declared purpose is to prevent blind selling. This is sought to be accomplished by requiring the distributors, when offering pictures to the exhibitors, to supply synopses showing the contents of the pictures. The reason for this requirement is that an exhibitor will be unable to exercise his rights under the provisions against compulsory block booking unless he is supplied with sufficient information concerning the pictures to be released on which to base his selections.

These declared purposes, and the provisions calculated to effectuate these purposes, are the important things in the measure. The rest is detail. If opponents of the measure can suggest changes in wording which will not affect the efficacy of the measure in attaining these two main objectives, by all means they should do so. If the bill is enacted, and is found to work undue hardships in actual practice, it can be modified. For my part, I have noticed that as a rule the dire predictions which are always made when remedial legislation is being considered rarely are borne out in actual experience. Once desirable remedial legislation is enacted, the industries affected conform thereto, and in time all recognize that an advance has been made in human progress.

It is my belief that this will happen when this measure is enacted. In the interest of fair play in the motion-picture industry and in the higher interest of the welfare of children, and particularly of the small towns and rural communities, I hope the Senate will pass the bill promptly, that it will also be passed by the House, and that it will become the law of the land.

Mr. President, I ask that a telegram I have received from the American Association of University Women and 12 other national women's organizations, in support of the pending bill, be printed in the RECORD as a part of my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *July 5, 1939.*

Hon. ARTHUR CAPPER,
Senate Office Building, Washington, D. C.:

Undersigned committee, representing 29 national organizations, keenly interested in passage by Senate of Neely motion-picture bill, S. 280. Your assistance in securing enactment of this measure will be regarded as invaluable public service to the youth of America through the preservation of local freedom and responsibility.

Harriet Ahlers Houdlette, American Association of University Women; Helen W. Atwater, American Home Economics Association; Mary E. Leeper, Association for Childhood Education; Sina M. Stanton, Council of Women for Home Missions; Margaret C. Maule, Girls Friendly Society of the United States of America; Elizabeth Eastman, Motion Picture Research Council; Mrs. E. E. Danly, National Board of Young Women's Christian Associations; Mary T. Bannerman, Chairman, National Congress of Parent and Teachers; Agnes Regan, National Council of Catholic Women; Fred Brenckman, National Grange; Izora Scott, National Woman's Christian Temperance Union; Elizabeth Christman, National Women's Trade Union League; Mrs. R. Kirkpatrick Noble, Service Star Legion.

MESSAGE FROM THE HOUSE

A message from the House of Represenatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives, and for other purposes.

PROHIBITION OF BLOCK BOOKING AND BLIND SELLING OF MOTION-PICTURE FILMS

The Senate resumed the consideration of the bill (S. 280) to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce.

Mr. KING. Mr. President, the bill under consideration was introduced by the able Senator from West Virginia [Mr. NEELY] and he has with great zeal and earnestness sought to secure its enactment into law. It contains substantially the same provisions as are found in a number of bills which have been introduced in the Senate during the past few years. Former Senator Brookhart, as I recall, offered a measure containing substantially the same provisions. In the Seventy-fifth Congress, my recollection is that the Senator from West Virginia [Mr. NEELY] introduced a bill, the terms of which were almost identical with the pending measure.

Last Friday the Senator from West Virginia delivered, in support of the bill, an able address and the same day the Senator from Maine [Mr. WHITE] presented a strong argument against the bill. The Senator from South Carolina [Mr. SMITH] was compelled to leave the Senate without having full opportunity to present his views. He did submit, however, a short address which was eloquent and persuasive. I was denied the opportunity of hearing the addresses of the three Senators owing to the demands made upon my time by committees of which I am a member. However, I have read, rather hastily may I say, the several hundred pages of testimony taken at the hearings upon the bill and also the addresses referred to. At the conclusion of the hearings a majority report was submitted by the Senator from West Virginia and a minority report by the

Senators from Maine [Mr. WHITE] and South Carolina [Mr. SMITH].

The reports which I have examined present the conflicting views of the proponents and opponents of the bill. After examining the testimony and the reports I reached the conclusion that the bill before us ought not to be enacted into law. In my opinion it contains provisions in contravention of principles and policies upon which rest our industrial and economic system, and also provisions which I believe to be unconstitutional.

It seeks to interfere with legitimate private enterprise and to control and regiment an important industry of our country.

May I say in passing that in view of the importance of the measure it is regrettable that so few Senators had the opportunity of hearing the able addresses made by the Senators referred to. Unfortunately, numerous committees of the Senate are engaged in hearings during the meetings of the Senate, and thus they are prevented from obtaining such information, if not enlightenment, as would result from hearing discussions of the measures receiving the attention of the Senate.

Mr. President, while realizing the importance of free enterprise and the dangers resulting from bureaucratic control and the exercise of paternalistic authority, I have upon various occasions expressed opposition to all forms of monopoly, and a few years ago introduced bills for the purpose of strengthening the antitrust laws. I have for years entertained the view that competition in our economic and industrial life was essential to the preservation of what we call our capitalistic system, and I have insisted that antitrust laws should be enforced

I approached the consideration of the bill before us with strong feelings against all forms of monopoly, and in the examination of the record I have sought to ascertain whether there were facts developed indicative of monopolistic practices or conduct violative of antitrust laws in the business activities of the so-called motion-picture industry. After such examination, as I have indicated, I have reached the conclusion that no facts were presented which justified the enactment of the bill now before the Senate.

I invite attention to some of the outstanding provisions of the bill. Section I declares that block booking and blind selling are contrary to public policy in that they:

(1) Interfere with the free and informed selection of films by exhibitors and local communities; and,

(2) Tend to create a monopoly and burden commerce.

Therefore, the bill proposes to make it unlawful to lease pictures in a group of two or more, requiring the exhibitor to take the whole group or none; or to offer films individually at such prices, in ratio to the price for a group, that the effect will be to require the exhibitor to lease the entire group or to restrict his freedom in selecting such films as he may desire. It is also made unlawful to transport or cause to be transported in interstate commerce, with knowledge, films that have been leased in violation of this provision.

The bill further makes it illegal to lease or offer to lease a film unless at or before the time of entering into the lease, the distributor supplies the exhibitor with a synopsis of such film, including a general outline of the story and principal characters, and of the manner of treatment of scenes depicting vice, crime, or suggestive of sexual passion.

The Senator from West Virginia [Mr. NEELY], before adjournment last Friday, offered several amendments to the bill. I have hastily examined them; but in my opinion they do not modify the bill in any material respect. They do not remove any of the injustices of the bill or relieve it of its oppressive and, as I believe, unconstitutional features.

The purposes of this proposed legislation, according to the Senate report, are two. The alleged primary purpose of the bill is to establish "community freedom in the selection of motion-picture films." A secondary purpose, as claimed, is to relieve independent interests in the motion-picture industry—producers, distributors, and exhibitors—of monopolistic and burdensome trade practices.

I should like to dispose of this second purpose at the beginning—the argument that block booking and blind selling should be made unlawful because they tend toward a monopoly. There is no denying the fact that the bill, if enacted, will seriously interfere with the freedom of distributors in marketing their films; and, while there is no immunity from legitimate congressional interference, our economy is based upon freedom of competitive enterprise.

May I add that though we are in the grip of powerful bureaucratic forces which impinge upon individual rights and restrict rights of sovereign States, we are not like peoples in some other lands subject to a dictator. I am free to confess, however, that there is a powerful centralizing movement which seeks to reduce the States to shadowy forms, and to concentrate in the Federal Government and its bureaucratic organizations, not only political authority, but the economic control of the Nation. There are Federal agencies which seek to restrain legitimate competition and interfere with the immutable rights which belong to citizens under a democratic form of government.

Unfortunately there are Communists and followers of the philosophy of nazi-ism, who seek to insinuate their views and policies into the political, industrial, and economic life of our country.

We daily witness the extension of Federal authority into private fields of endeavor, and into legitimate industries which are promotive of the welfare of the people. As indicated, socialistic policies are being advocated with no little vigor, not only by individuals and groups, but by agencies and organizations of the Federal Government.

Mr. President, the record, as I have indicated, does not disclose that the practices of the industry which the bill seeks to condemn are monopolistic or tend towards monopoly. If this were so, the persons to be most injured thereby would be the independent producers.

It is conceded that Congress has the power to regulate commerce among the several States, but that is not a grant of power to interfere with legitimate business, to take over and control the lives of the American people, or control and dictate their business activities. There are those who under this clause of the Constitution would superimpose upon business of every form the heavy hand of the Federal Government and inaugurate policies destructive of individual initiative and private enterprise, and which would culminate in national socialism.

The contest here and elsewhere is to preserve free enterprise and individual rights and freedom in all that that word implies. As indicated, strong forces here and elsewhere are opponents of this philosophy. In my opinion the rights of individuals under our form of government are not to be subjected to autocratic or bureaucratic control, and the freedom of individuals is to be curtailed only when it is manifest that the public interest demands, and then, only to the extent necessary to protect the public interest. There is no proof whatever that the policies and practices of those engaged in the motion-picture industry, and which the bill seeks to condemn, tend toward monopoly. If this were so, the so-called independent producers of motion pictures would be most injured thereby.

There are, as I recall, more than 100 such independent producers, and if there were a monopoly by the large producers the independent producers would encounter difficulty in marketing their films. Perhaps I should state that there are the so-called eight large producers against whom apparently this measure is aimed.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. NEELY. It is true, as the Senator has just stated, that there are a number of independent producers; but let me invite the able and eloquent Senator's attention to the fact that Mr. Pettijohn, the spokesman for the so-called motion-picture trust, and general counsel for the Hays organization, as shown at page 27 of the RECORD, testified that the Big Eight distribute at least 85 percent of all the pictures produced in this country. In other words, the trust enjoys

a monopoly in the distribution of American made films—no matter what companies produce them.

Mr. KING. Mr. President, I do not assent to the interpretation which my friend places upon the testimony adduced at the hearings. In my opinion the record does not disclose the existence of a trust, but on the contrary it indicates that there is active rivalry and keen competition among the producers and also upon the part of the distributors. Certainly if 100 or more of the so-called independents do not constitute a trust (and I infer from the Senator's statements that he does not claim that they are a trust) then there is no foundation for the claim that the eight so-called big producers constitute a trust.

As I read the record, these 100 or more so-called independents produce approximately 25 percent of the pictures which are sold, distributed, and exhibited. These producers dispose of their pictures in the same territory and field in which the pictures of the large producers are sold and exhibited. There is no understanding or agreement among the independent producers, so-called, to limit production or to restrict the fields within which they will operate. The so-called "big producers" are competitors in the motion-picture industry. The large producers, so often called by the Senator a "trust," do not, in my opinion, have any of the characteristics of a trust. They are competing with each other and with the independents. Their products are for sale as are the products of the so-called "independent" 100 producers to any person, group, or association desiring to purchase the same. As I read the record, there is great rivalry between the large producers in every branch or department of the industry. There is rivalry and keen competition in the matter of production, leasing, selling, distributing, and exhibiting. Certainly the record does not show any conspiracy in restraint of trade or agreement to monopolize the industry or any branch of the industry. Mere bigness does not constitute a monopoly. The number of automobile manufacturers is limited, and the overwhelming production of automobiles and, for that matter, steel, and many products of industry, is in the hands of a limited number of corporations and individuals. It is true, as indicated by the Senator, that the eight largest producers in the motion-picture industry produce 75 and possibly 80 percent of the films which are released and exhibited by more than 17,000 exhibitors in every part of the United States. I repeat when I state that there is no evidence whatever to indicate that there is any agreement or combination among the eight producers or by any of the producers of the so-called independents, which in any manner affects production, distribution, or exhibition. If the large producers did have monopolistic control of the motion-picture industry, then the so-called independent producers would have experienced the monopolistic power and control of the large producers.

However, if the so-called practice of block booking is to be condemned solely upon the ground that it constitutes a monopoly, then there is no need for the pending measure. If the independents as well as the large producers lease and handle to a large degree their output, and if their practices constitute a monopoly, then they come within the terms of the Sherman Act or the Clayton Act. If the selling of motion pictures in groups or singly, is unlawful, and constitutes a tying restriction within the meaning of section 3 of the Clayton Act, such practice may be forbidden under existing laws.

In the hearings and in the address of the Senator from West Virginia, the word "compulsory" is often used in connection with the words "block booking." As I interpret the record there is nothing to indicate compulsion. Lessors and exhibitors are at liberty to exercise their own free will. If they lease pictures singly or in groups, there is no evidence of compulsion. It seems to me that the proponents of the measure have employed the word compulsory for the purpose of arousing prejudice against the producers, and to attach to any process in connection with the leasing of pictures an opprobrious connotation. It is known that a suit has been brought by representatives of the Department of Justice against some of the producers in which it is charged that the defendants have violated the antitrust laws. May I repeat that if any of the practices of the producers, distributors, or exhibitors are in violation of any Federal antitrust law, then the broad terms of the Federal statutes are sufficient to punish any monopolistic organization. I venture to suggest that pending the outcome of the suit instituted by the Government against any of the producers because of practices alleged to be violative of the antitrust laws, Congress should not enact laws which deal with the same alleged monopolistic practices. It seems to me that by the bill before us we are attempting to indicate to the courts what their course shall be and to shape their decisions to meet certain views, and to give to the Sherman Act a meaning of which it is not susceptible.

An important factor in this connection, is section 3 of the bill which seeks to make it unlawful to sell or lease films by the method called block booking, and which is an elaboration of the words found in the complaint of the Federal Trade Commission against the Paramount Co.—a member of this alleged trust. In that case (brought by the Federal Trade Commission) block booking, so-called, was attacked as a violation of section 5 of the Federal Trade Commission Act, as being an unfair method of competition, and also as being an illegal tying clause under section 3 of the Clayton Act. It was contended that block booking created a monopoly. The courts found otherwise. In the pending bill it is again charged that block booking is a monopolistic practice, notwithstanding the Federal courts, under, as I understand, substantially the same character of evidence as produced before the committee reporting this bill, found otherwise. I repeat when I say that the record in my opinion clearly shows that the practices of the large or small producers are not illegal or monopolistic. The case which was brought by the Federal Trade Commission reached the Federal courts and the facts there disclosed were practically a duplicate, with some elaboration, of the hearings upon the bill under consideration.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. KING. I yield to my dear friend.

Mr. NEELY. Does the able Senator contend that if there is block booking and it results in monopoly, it can be prohibited by existing law?

Mr. KING. My position, in brief, is that the antitrust laws are so broad, and the courts have so interpreted them, that if there be a monopoly or a combination or agreement or conspiracy in restraint of trade, or if there be practices which tend to monopoly or restraint of trade, then if block booking is monopolistic or will result in monopoly, the antitrust laws may effectively deal with the same.

Mr. NEELY. Mr. President, I invite the Senator's attention to a memorandum concerning this matter which was prepared by Judge Stephens in behalf of the Department of Justice.

Mr. KING. I have read the memorandum.

Mr. NEELY. Let me entreat the Senator to permit me to read it for the benefit of other Members who may not be familiar with it.

Mr. KING. I can only say that after it has been read I shall contend that it is not relevant, and further, that I am not in agreement with the conclusion reached by Judge Stephens if that conclusion is that the record before us (and it was not before him) shows that the antitrust laws have been violated by the motion-picture producers.

Mr. NEELY. Mr. President, the memorandum contains the following:

It has been held by the Circuit Court of Appeals for the Second Circuit that where one distributor refused to lease films other than in groups or blocks, there was no violation of the Federal Trade Commission Act, since the distributor of motion-picture films may select its own customers and sell such quantities at given prices or refuse to sell to any particular person for personal reasons without being subject to charges of unfair competition (*Federal Trade Commission v. Paramount Famous Lasky Corporation, et al.*, 57 Fed. (2d) 152). In view of this decision, in order to successfully attack such practices under the antitrust laws, it would be incumbent upon the plaintiff to demonstrate concerted action among two or more of the producer-distributors, and because of the type of practices involved, it is difficult to obtain legally sufficient evidence

of a combination among the motion-picture companies to impose such terms on exhibitors. Nevertheless, the practices of block booking, blind selling, and blind booking appear to have curbed independence of action by exhibitors.

This statement by Judge Stephens in which the proponents concur, clearly indicates the necessity for legislation to prohibit block booking and blind selling.

Mr. KING. Mr. President, reference has been made to Judge Stephens. Parenthetically, may I say that I had the honor to support him for judge in my own State and to endorse him for a position in the Department of Justice.

Mr. NEELY. Mr. President, of all the good things the Senator from Utah has ever done, his presentation of this great liberal and humanitarian judge to the American people is the best.

Mr. KING. I will say "amen" to any eulogy which my friend may pronounce upon Judge Stephens. However, sometimes Homer nods, and no judge or lawyer is always right. Many of the ex-parte opinions submitted by lawyers in various Government departments are not entitled to the claim that they are sound and invulnerable. As I interpret the statement read by the Senator, it is not relevant to the issue presented by the bill before us. But if it is claimed that it is relevant, and that it holds in effect that the facts disclosed by the record before us prove monopolistic practices and violations of the antitrust laws, then I feel constrained to dissent from my able and distinguished friend, Judge Stephens.

The weakness of the argument of the proponents becomes apparent in the statement upon which they rely. The contention is that the Congress should declare that block booking and blind selling are monopolistic practices because it is impossible to prove that they are monopolistic. I confess my inability to see the validity of such a contention. In my opinion, if the practice of block booking is monopolistic, it falls within the condemnation of the present laws; if it does not, it is not a monopolistic practice, and I am unwilling to accept the type of proof offered at the hearing as a basis for declaring that the practice is what a competent court found it not to be.

As I gathered from the statement read by the Senator, the view was entertained that the Government had failed to prove its case; i. e., that a conspiracy in restraint of trade had been alleged but that proof was insufficient to sustain the averments. It would appear that the Government contended that the conduct of the defendant company in its so-called block-booking and blind-selling practices constituted a violation of the antitrust laws. The memorandum seems to indicate that the facts did not sustain the charge, that block booking or blind selling, so called, or both, tended to constitute a monopoly.

When indictments are brought against defendants by the Government, the burden of proof rests upon the Government to prove the allegations of the indictment. If the Government institutes a suit against individuals or corporations alleging conspiracy in restraint of trade or monopolistic practices, the burden of proof rests upon the Government to establish the proof of the charges made.

As I have stated, the memorandum read seems to be the contention that the Government failed to prove that there had been an infraction of any antitrust law. Certainly, if the organizations against which the bill before us is leveled are guilty of monopolistic practices and violations of the antitrust laws, then they would be subject to such punishment as is provided in such laws.

As I have stated, the Government has already launched an attack upon the so-called large producers, charging, as I understand, that they have violated the antitrust laws. Apparently the Government believes these acts sufficiently broad and comprehensive to justify the initiation of the proceedings under which they are to be hailed into court. The charges, as I understand, are that the defendants—that is, the so-called Big Eight producers—have engaged in practices monopolistic in character and violative of the Sherman Act.

In the case to which I have referred and which was brought against the Paramount Co., it appears that an investigation was made of the motion-picture industry; and upon such investigation, the Federal Trade Commission instituted proceedings such as they believed were authorized by law. From its findings the case went to the Circuit Court of Appeals for the Second Circuit, and that court found that the charges preferred were without foundation.

Mr. President, permit me to quote a few passages from the court's opinion in the case to which my friend has referred. The opinion of the Circuit Court of Appeals is found in volume 57F, second edition, page 152, decided in 1932:

There is no finding by the Commission that the method of negotiation in block booking, which it condemns, was generally successful in the distribution of their pictures to the detriment of respondent's competitors; nor is there a finding in respect to the existence or absence of free and active competition in the industry generally. The record discloses that the respondent's releases in 1923 were but 12 percent of the total releases, and this shows a decline in percentage since 1919. The small producer or distributor, as distinguished from the larger companies, has not been shown to have been affected by any combination between the large companies.

I repeat what I suggested a few moments ago, that there are at least 100 independent producers, and complaints have not been made by them that they have suffered from monopolistic practices on the part of the eight large producers or that they believe that there is monopolistic control of the moving-picture industry.

Returning to the Court's opinion:

The respondent's sales methods have not been shown to have any effect upon its competitors.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. NEELY. In response to the able Senator's statement that there has been no complaint by the independent producers against the monopolistic practices of the Big Eight, may I not invite his attention to page 9117 of the RECORD for July 14 at which the following appears:

Phil Goldstone, an independent producer of motion pictures and president of the Independent Motion Picture Producers' Association, telegraphed:

"Block booking has gradually killed off and almost eliminated independent production. If independent producers had a fair opportunity to market their product it would cause a complete revival of their industry and the employment of additional hundreds."

I. E. Chadwick, a distiguished producer, who expects the enactment of the bill to enable him to resume activity, says:

"Abolition of block booking will emancipate the independent producer, distributor, and exhibitor, encourage competition and new capital, and reemploy hundreds now inactive and unemployed."

E. B. Derr, an independent producer, says:

"I believe the elimination of block booking is a good thing for the industry in general, and it should surely improve the quality of independent production, as it should open the screens not now available to us for our product."

There are in my possession many telegrams and letters from independents, in protest against block booking and blind selling.

Mr. KING. An examination of the record may disclose that there have been a very few complaints by independent producers; but I insist that there is no substantial evidence to justify the conclusion that block booking has interfered with the independent producers or that any of the practices of the large producers have been other than beneficial to exhibitors, distributors, and indeed to the so-called independents. There are now, as I remember the record, more independent producers than there were 10 or 15 years ago. There has been no reduction in their number, nor has there been any decrease in the output of their production. Indeed, I judge from the record that they have increased their output and have extended their clientele. Certainly, the hearings indicate that some of the persons who, a number of years ago, were trying to obtain the passage of the bill containing substantially the same terms as the bill before us, are still in business and apparently are conducting prosperous operations.

I should add that the so-called independent producers have participated in the same plan of distribution which is followed

by the large producers. In other words, they have joined with the large producers in the method of distributing the films which are manufactured. As to the telegram which my friend read, I venture to say that if an examination were made of the facts, they would indicate that the sender of the telegram has been producing pictures for a number of years and has found no obstacles to the sale of the commodities which he has placed upon the market.

Mr. NEELY. Mr. President, if the Senator will forgive another interruption, Mr. Chadwick's business has apparently been destroyed by the practices of block booking and blind selling.

Mr. KING. It may be that his productions were so unworthy of exhibition that people would not patronize them. The evidence is clear that complaints against some of the productions because they were alleged to be indecent were lodged against films produced by some of the hundred independent producers. So there is nothing to indicate that they have suffered. They are still producing, and are finding no obstacles to the sale or leasing of their pictures. So far as I can understand or interpret the record, there is no justification for their complaints.

Mr. NEELY. Mr. President, there is nothing in the record to indicate that pictures made by Mr. Chadwick were objectionable or inferior in any particular. My information on the point is to the effect that his productions were exceptionally good.

Mr. KING. Perhaps Mr. Chadwick is to be complimented, in view of the statement as to the merit of his productions. However, we are furnished with no facts which would explain the reason for his lack of success.

I repeat what I said a moment ago, however, that the record indicates that the complaints against certain pictures—and I shall not name them, though reference is made to them in the record—were against the so-called independent producers who are found within the list of 100 referred to.

After these digressions, I return to the opinion of the circuit court for the purpose of reading into the record a few additional paragraphs.

> The respondent's sales methods have not been shown to have any effect upon its competitors—the small producers—when the whole field is surveyed, and it is impossible to say on the evidence that the effects of block booking, as practiced by the respondent, or its cumulative effect, as practiced independently by the respondent and others, has unfairly affected competition. On the other hand, it may fairly be said that all persons engaged in the production of pictures have been able successfully to distribute their product. This has permitted fair competition in the industry.

The court further stated:

> A distributor of films by lease or sale has the right to select his own customers and to sell such quantities at given prices or to refuse to sell them at all to any particular person for reasons of his own. * * *
>
> The commission may not interfere with the respondents' attempt to effectively dispose of their products as a whole before entering upon negotiations for the disposition of less than all. Nor is this method of negotiation and sales creative of a dangerous tendency to unduly hinder competition or to create a monopoly. We see nothing in the method of salesmanship involved in the respondents' business which has or can have any dangerous tendency unduly to hinder competition or create a monopoly.

Later on in its opinion, the Court said:

> The evidence in the record discloses that the effect of this method of negotiation has not been to unduly restrain the exhibitor's freedom of choice. It is only a small percentage of contracts made which are for blocks offered. The greater number are shown to be for a few pictures only.

In expressing this opinion, the court was considering the very language that is incorporated in section 3 of the bill under consideration. It must be conceded that a court of justice is the body best suited to determine whether the practices complained of lead to monopoly. There is at present a suit under the Sherman Act, filed by the Department of Justice, against the major companies in the motion-picture industry. This complaint alleges that block booking is a violation of the antitrust laws. In my opinion, Congress should not legislate upon this question during the pendency of that suit. Why should the proponents of this measure be so anxious to declare that block booking is unlawful when the court, through regular judicial procedure, is determining that very issue?

It would seem that the desire is to secure a legislative declaration, which would, in effect, attempt to overrule the Circuit Court of Appeals. The court in that case determined the issue adversely to the position taken by the proponents of the bill. Is it, perhaps, because of a fear that the practice of block booking will be found by the court not to be a monopolistic practice—a finding after a review of the complete evidence connected with the controversy? If there is such a fear, should Congress, without the evidence which a court of law can have presented to it as to whether this practice leads to monopoly, declare that the practice does this, and thus remove the issue from judicial tribunals, or, at any rate, impose its views upon the court so that the court might be constrained, if not coerced, to adopt the legislative declaration with respect to certain practices? Manifestly, that should not be done.

The Department of Justice alleges that the practice of block booking suppresses competition. That is the suit to which I have just referred. The industry denies it. The court will not be content with mere allegations—allegations which are now put forward as a basis for the action of Congress on Senate bill 280. The court will ascertain the facts as to just exactly what effect block booking does have. There is no sufficient evidence upon which Congress can base a just and intelligent decision regarding this question, or make a finding that block booking contravenes the antitrust laws. In the absence of sufficient proof on one side or the other—and by "proof" I mean something more definite than the statements of conclusions by the proponents of the bill, or any of the witnesses appearing in behalf of the bill—I am not willing to pass judgment upon a matter that is now pending determination before the courts of the country.

Mr. President, the minority report on this question at page 3 is as follows; and I think this statement, coming from the Senator from South Carolina [Mr. SMITH] and the Senator from Maine [Mr. WHITE] of the minority upon the committee, deserves consideration. They state:

> Moreover, the charges of monopolistic and burdensome trade practices are subject to proof in the courts, which have adequate facilities for weighing evidence and testimony of this nature and the power to correct any abuses found, and such charges and complaints are being tried in court actions constantly. It is not contended that the present laws are defective to prohibit monopolies.

Those connected with the producing and distributing of motion pictures deny any monopolistic practices, and they allege that the enactment of this bill will not abolish monopolistic practices, if there are such; but will, upon the contrary, tend to monopoly. I shall refer presently to the adverse effect upon the small exhibitors of motion pictures which the record shows will follow the enactment of the bill. The Department of Justice in its suit is attacking the practice of producing companies' owning or operating their own theaters. It is the view of many persons that the enactment of the pending bill will increase the percentage of theaters that are owned and controlled by producing and distributing companies. There is reason to believe that this result will follow the penalties that are imposed upon distributors by the terms of the bill.

I shall say more in a moment as to the uncertainty that this bill will place upon the distributor of motion pictures—uncertainty as to whether, in offering to lease a film at a certain price, he will be haled into court as a criminal. Due to the vague standard as to whether he is violating the law, he will be taking a chance every time he offers to lease a picture singly at a price higher than that picture would cost in a group. There can be no minimizing the chance that he will take, nor the fact that he will not know in any instance whether he has violated the law.

What will the result of this uncertainty be? If the producer-distributor owns the theater, he does not lease to himself, and so he does not take this chance. In other words, the chance of being a criminal is not present if he merely supplies his own theaters with films. It seems, therefore, that

the direct result of the enactment of this bill will be to increase the percentage of theaters that are owned or controlled by the distributors and producers. In other words, the alleged evil that is receiving attention at the hands of the Department of Justice will be aggravated.

It is difficult to understand how the charge of monopoly can be sustained.

So far as the record shows, there is absolutely no combination or conspiracy between the large producers, or, for that matter, between the hundred small producers. Each is independently engaged; and there is, as I have indicated, intensive competition between the big producers and the little producers, between the little producers as against themselves and against the big producers, and between the big producers as against each other. There is no claim that the so-called Big Eight have entered into any combination or conspiracy in restraint of trade. The theater-owning exhibitors are in keen competition one with another. Surely no monopoly exists there. There is no evidence that the independent producers have any difficulty in marketing their films; and it is important to remember that the system of marketing or distribution is what is under attack in the pending bill. If the method of distribution does not adversely affect the independent producers in distributing their products, it seems strange that that method should be characterized as monopolistic and burdensome. If there is a monopoly, or if monopolistic and burdensome practices are being used, existing laws are surely adequate to cope with the situation. Indeed, they are being exerted at the present moment. And if practices not now deemed to be monopolistic are to be made unlawful by legislative declaration, in my opinion that declaration should be supported by conclusive evidence that the practices are contrary to some definite public interest. That evidence, from all that I can learn from the record, is lacking in this instance.

THE UNCERTAINTY OF THE MEASURE

The provision in the bill under discussion which is most objectionable is found in section 3. After providing that it shall be unlawful to require an exhibitor to lease a group of pictures, it is provided that the distributor cannot offer the films individually at such prices, in relation to the lump-sum price for the group, "as to operate as an unreasonable restraint upon the freedom of the exhibitor to select and lease" only such films as he may desire, or as tends to require him to take the group instead of individual pictures.

This provision is utterly indefensible. It requires a distributor to project himself into the mental operations of the exhibitor, to endeavor to ascertain whether a certain price quotation will operate upon such a mind as to restrict its freedom of choice. It calls for metaphysical research, for a psychological investigation. We are to project ourselves into the mind of the person making the lease and the person obtaining the lease to determine whether certain influences exist or do not exist, and the weight those influences may have upon the determination of the choice.

There can be no disputing the fact that there is economy in mass selling. That is recognized in all lines of business. Surely a distributor can offer pictures at a cheaper price if he sells 40 in one contract than if he must negotiate separate contracts for each picture. Keeping in mind the fact that there are 17,000 or more houses in which pictures are shown, to sell singly, or to attempt retail dissemination of the product, would compel such enormous expense as to result in bankruptcy of some of the producers. It now costs 26 percent of the gross receipts for the machinery and the execution of the same involved in the distribution of the films which are produced.

The sponsors of the bill acknowledge that some price differential between group and single leasing is justifiable. Just when does that price difference become such as to restrain the exhibitor in his freedom of selection? What test is to be used? The bill sets no standard. And it must be remembered that a distributor who is found to have unreasonably "restrained" the exhibitor's freedom in this respect is a criminal and is subject to a $5,000 fine, or a year in prison, or both. How can an honest, conscientious, businessman conduct his affairs under such a threat for violating such an indefinite standard? How is a distributor to know whether his price quotation will "tend to require the exhibitor" to take the entire group? Is not the very essence of mass selling the fact that savings are offered to the buyer if he will buy more at a lower price than he would otherwise have bought at individual prices? Is not every wholesale price offered as an inducement to buy more and avoid the higher retail price? Under the pending bill, just when does this inducement become criminal?

If that policy and principle were applied in the business activities of life between wholesalers and retailers in the sale of the commodities of our great manufacturing plants, there would be chaos and destruction in our industrial life.

I digress for a moment to submit an illustration of the effects if the policy referred to were applied to other activities. I recall as a boy the method employed in disposing of animals for slaughter. Several hundred would be gathered and driven from the ranges to eastern markets.

I recall upon one occasion when we were driving a herd of animals to market, a number of purchasers were encountered. Some of them desired to make selections of the best and most suitable animals for immediate slaughter, and offered much better prices for each of the selected ones. We declined to sell under a selective process, because we believed it would not be advantageous, and that after the best animals were selected from the group, the residue would bring a very much smaller price per animal. Accordingly, we disposed of the herd en bloc, receiving an average price for each animal that was less than we would have obtained for the selected animals, but the same price for the entire herd.

Returning to the minority report, it proceeds as follows:

It would appear to be an obvious fact that motion pictures which are licensed in groups may be more economically licensed at lower prices than those which are licensed singly. It would also appear to be obvious that there is a variation in the position in which various exhibitors are placed in determining whether in their business judgment they can afford to pay more for certain motion pictures separately than when purchased in combination with other motion pictures, and that how much more they could afford to pay would vary with each exhibitor and with each picture. Some exhibitors might believe they could afford to pay 150 percent in excess of the wholesale price for selection of a choice picture. Others might believe that they could not afford to pay more than 25 percent or even 10 percent. It is obvious, too, that the increase which a distributor may in the first instance ask for, and more or less insist upon as to separate pictures taken out of a group, would depend upon the ability of the distributor's salesman readily to sell the pictures not taken by other theaters in the same area and would depend also upon the varying numbers which the exhibitor offers to take or accepts. A quotation on separate individual pictures is indicative that the salesman is attempting to conclude a transaction.

How then could a salesman ever know that the price at which he at first offers or later insists upon as a condition of agreement for an individual picture in relation to the prices for the picture offered in a group, is such a price as makes his conduct a crime?

No matter how honestly or carefully a salesman would weigh these very circumstances in each individual case, he could never know that he had not violated the law as long as he offered a motion picture separately at a price higher than such motion picture in a group.

Can any salesman ever be sure that the prices he quoted were such that the exhibitor felt himself free from restraint to select only such films as he may desire and prefer? Does the exhibitor himself know definitely and surely that fact? Can the salesman get into the exhibitor's mental operations to know which he desires and prefers? What makes the exhibitor desire and prefer motion pictures to be exhibited to the public as entertainment for profit, if not mainly the profit that the exhibitor believes may be derived from such exhibition, a factor which is dependent in good measure upon the price at which he is able to conclude a deal for a picture? Moreover, even if the distributor's salesman should feel finally that he has offered a price which gives the exhibitor absolute freedom to take those which he desires and prefers, can the salesman ever be sure that the price he has quoted did not tend to substantially lessen competition or tend to create a monopoly in production, distribution, and exhibition of motion-picture films? This would be a rule of law which no salesman could safely know is not being infringed by the prices he quoted at the time he was trading with an exhibitor for a deal as to number and prices of motion pictures to be mutually agreed upon between them.

Let us look at this situation in other industries. A man enters a grocery store, intending to buy three grapefruit. He is quoted a price—three for a quarter; but the proprietor announces that if he buys a case of grapefruit, he will be buying them at a rate of about five for a quarter. The purchaser

regards this as a good bargain, and leaves the store with a case of grapefruit. Was it wrong for the vendor to offer to sell him a larger quantity at a lower price than for the quantity he had originally intended to purchase?

Mr. NEELY. Mr. President——

The PRESIDING OFFICER (Mr. LEE in the chair). Does the Senator from Utah yield to the Senator from West Virginia?

Mr. KING. I yield.

Mr. NEELY. The Senator's illustration is impressive, but I hope that he will pardon me for observing that it is not applicable; additional factors should be included in the hypothesis. For example, the principle of block booking in the grocery business would operate in this manner. When the Senator's hypothetical customer asked the grocer for grapefruit the latter would have replied, in the language of the moving-picture producers, I have grapefruit, but in order to obtain it you must buy a quantity of everything else in my store—regardless of its quality, utility, or price. In such case, the grocer would be treating the customer as the Big Eight treats the motion-picture exhibitors.

In the circumstances, is it surprising that the independent exhibitors and their patrons demand legislative relief from compulsory block booking?

Mr. KING. Mr. President, I do not concede the parallel invoked by the Senator from West Virginia. A distributor of motion pictures sells only one product; namely, films. To be sure, there are good and indifferent individual pictures, but they all constitute one type of product. A grocer, in selling a crate of grapefruit, may not offer grapefruit of the same quality; some may be good, others inferior. But, the purchaser, in buying the crate, takes the inferior with the choice, and in so doing avails himself of the lower price. The analogy is apparent. An exhibitor is not required to take a different type of goods in order to get pictures. He wants films, and films are all he is required to take.

In answer to the statement of the Senator from West Virginia that the independent exhibitors demand legislative relief from block booking, may I say that in a moment I shall refer to the fact that at least one association of motion-picture exhibitors, numbering some 5,000, testified at the hearings as being opposed to the pending measure.

The conduct of the grocer should not be regarded as criminal. And that is just what is proposed by the bill under consideration, in the motion-picture industry. If inducing a prospective purchaser to buy more at a lower price than he otherwise would buy is to be regarded as restricting the purchaser's freedom of selection and is to be made criminal, then, indeed, every seller of merchandise restricts the buyer's freedom of selection and would be liable to criminal sanctions if the policy embodied in this bill should be extended to trade in general.

THE CIVIC ORGANIZATIONS SUPPORTING THE BILL

Much is said by the proponents of the bill concerning the great number of civic organizations which urge its enactment. The report, in listing these organizations, states that "Rarely, if ever, before has purely remedial legislation received such widespread public support." Surely there can be no quarrel with the ideals of these groups. Their sincerity is not questioned.

In my opinion, however, their approval of this bill is based upon an approval of its stated purposes and upon a belief that the bill will bring about the production of better pictures, rather than upon a study of the manner in which the bill, if enacted, will operate.

It is claimed, among other things, that there is no community freedom in the selection of motion-picture films, and that compulsion and coercive tactics are employed to secure markets for the products of the industry. It would seem that there has been an attempt to color, and indeed distort, the situation, and to mislead as to the true situation and the achievements of those who have led the way in the establishment of one of the great industries of our country—an industry which has met the demands of more than 80 millions of people each week. I submit that the facts do not justify the claim that the purpose of the bill is to establish community freedom in the selection of motion-picture films. Such freedom now exists, and no industry exemplifies more of the spirit of democracy and home rule and freedom of competition than the motion-picture industry.

I might add that the term "Community freedom," used by some of the witnesses, seems to have been a sort of a slogan, and to have been a basis for the views which they expressed, or at least it influenced them in the conclusions they reached.

My impression from reading the statements of these groups is that they are influenced by such remarks as "The bill is founded upon the American principle of home rule," quoting from the majority report. Most of these organizations, if not all, have actively aided in the elimination of what they regarded as improper pictures. Their work has been of benefit to the industry. They claim that the bill now being considered will further their endeavors and raise the tone of motion pictures still higher.

I cannot believe, however, that they have considered the effect of the bill in practical operation. They admit that there is nothing in the bill which requires the production of better films. "Better pictures will naturally follow freedom of selection," is their argument. But they do not consider the position of the distributor if this bill becomes law, trying to arrive at a price at which to offer his product which will not place him in jail, his only guide being whether his prices will so affect an exhibitor that he will feel bound to buy a group of pictures rather than only a few.

These groups seem to minimize the fact that many of the highly objectionable pictures from their point of view are not distributed by the eight leading companies, and are not leased as part of a block. It was pointed out during the hearings that the most objectionable type of sex and vice pictures that have been produced have been sold one at a time and not in blocks. There was no contradiction of the statement that this type of picture is not produced or distributed by the eight big companies. They are produced by small, independent producers who cater to a taste that, unfortunately, exists to some extent, and which is very objectionable to the civic and educational organizations supporting the bill.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. NEELY. Does not the able Senator know that the pictures in which a certain woman starred are said to have been responsible for the formation of a League of Decency to protect theatergoers against the obscenities of the screen and that these pictures were made not by an independent producer but by one of the Big Eight?

Mr. KING. Apparently the Senator from West Virginia desires to condemn the large producers because the pictures of a certain person proved attractive. We must recognize that the tastes of all persons are not alike. There are many exhibitions of prize fights, brutal wrestling matches, and pictures of a rather low order, which attract a large number of our citizens. Undoubtedly, there have been pictures exhibited that were offensive to people of refinement and good taste. As stated, there are more than 17,000 exhibitors, and I think that the record will show that the pictures most offensive and characterized as being most obscene are produced by some of the 100 so-called independent producers. At any rate, much as we might desire that all pictures possess the highest artistic and moral quality, our experience demonstrates that that desirable standard has not been reached. The record shows that some pictures of the highest quality are canceled by exhibitors in order to exhibit pictures of a lower standard.

I recall that some of the testimony indicated that a gangster picture was received with wider acclaim than pictures which met the highest standards of excellence both in theme, production, and in the moral and spiritual lessons which they taught. It has taken years to build the motion picture industry, and as one of the witnesses, Mr. Charles C. Pettijohn, stated, in substance, there have been important improvements in the industry; pictures have been taken from what he called the "peep show" business shown in shops and restaurants, and developed into an

industry which provides enjoyment and entertainment for millions of Americans.

As I recall his testimony, it was to the effect that notwithstanding the tremendous expenditures in the production of the highest grade of pictures, under the present system and within 30 to 60 days after the first exhibition, they are available for exhibition to the smallest theaters and in the most remote parts of our country at a rental of from $5 to $10.

There are organizations in various parts of the United States in which men and women of character and standing in their respective communities are cooperating with the motion-picture industry for the purpose of improving the public taste and eliminating the exhibition of improper or undesirable pictures. These organizations, I believe, realize that the enactment of the measure under consideration will not prevent the making and showing of some types of pictures that do not meet standards which should be maintained. I think the record proves that the most offensive pictures exhibited are produced by the independent producers, and are sold or leased to whom they please, in blocks or singly as they desire. The demand for these films will perhaps exist so long as does the taste for them. And just so long will the demand be satisfied even if this bill were enacted into law. The Senators, in their minority report, stated:

> It appears from the testimony that many of the organized public groups who have been persuaded to endorse the bill relied entirely upon this statement of purpose without attempting to analyze or understand the enforceable sections of the bill upon which the carrying out of these purposes depend. It is not surprising that these earnest people should be in favor of the stated purposes of the bill, set forth in the first section. It is our responsibility in voting upon the bill to examine the more important sections, however, that will be applied to this industry under the penalties of the bill.

Some groups are supporting this bill upon the theory that it will bring about what they call "community freedom", in the selection of films. They object to so-called block booking because when they go to a local exhibitor to complain about a certain picture that is being shown, the exhibitor in some cases says, "I can do nothing about it. I am forced to take all these pictures; and having taken them, I must play them or lose money." It was repeatedly brought out at the hearings that this answer is merely an alibi—the easiest way to answer a group of public-minded citizens. The facts, as presented at the hearing, show that the exhibitor is not forced to present objectionable pictures.

In the first place, the exhibitors have between a 10- and 20-percent cancelation privilege, depending upon the prices they pay for their pictures. That is, the exhibitor will contract for the entire block of pictures which one company will produce during the following year. When they are actually delivered, he may exercise the right of rejecting 10 or 20 percent of such films for any reason he desires. And he is not required to pay for films rejected.

As an added element of freedom in selection, a new trade-practice code, which is being promulgated by the producers-distributors at the present time contains another cancelation privilege. It is provided:

> An exhibitor shall have the right to exclude from any license agreement any feature which may be locally offensive on moral, religious, or racial grounds.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. NEELY. Mr. President, the Senator has been very indulgent, and I thank him sincerely for his generosity in yielding. May I call his attention to certain language that appears in the record on the subject of the so-called cancelation privilege. I read, with the eminent Senator's permission, from an article by E. E. Witte, which was carried in the Catholic Digest for September 1938, as follows:

> It has always been believed that if a theater owner did not like his block of pictures he could cancel 10 percent of them. Let it be stated, however, that the 10-percent cancelation privilege is a fiction. According to the motion-picture code, exhibitors are allowed to cancel 1 picture in each group of 10. The code, however, does not allow the exhibitor the right to reject 4 or 5 pictures in one group of 10 and leave the remaining groups of 10 to be played in order. Thus the privilege may be defeated by the simple device of putting all the poor pictures in a particular group of 10.
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> That is one way of circumventing the cancelation clause. Another way is to make the cheap, quick pictures first. On these the producer knows quite certainly that cancelation will be used. When the movie houses have exhausted their right of cancelation only then will the other pictures be released, some of which may be in class B or C. But at this point your theater can do nothing about it as its right of cancelation has been used up.
>
> It seems that the little-theater owner has certain grounds for complaint against the big producer.

The excerpt just read may be found at page 165 of the Senate hearings.

Mr. KING. Mr. President, I am not familiar with the matter stated in what has just been read by the Senator from West Virginia, but my information from Mr. Kent and those who testified is in harmony with what I have stated, that the new code will permit cancelation of from 10 to 20 percent, and in addition, where pictures are immoral or are regarded as obnoxious, cancelation would be permitted in addition to the 10 to 20 percent of cancelation.

The new code of trade practices appears in the hearings. On page 218 this provision of the code is found:

> Exclusions shall be made proportionately among the several price brackets provided for in the license agreement; but any number of exclusions to which an exhibitor is entitled may be made from the lowest price bracket.

On the same page is an example which indicates the interpretation placed upon the provision and in my opinion supports the views which I have just expressed.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. NEELY. Does the Senator know that the independent moving-picture exhibitors of the country met in convention at Minneapolis 4 weeks ago, carefully considered this so-called code, and by resolution rejected its proposals in their entirety; and that a reason for the rejection was that it appeared that the producers intended to exact higher rentals from the exhibitors in return for the limited additional cancelation privileges proposed?

Mr. KING. Mr. President, I do not know anything about the resolutions referred to, but if I correctly interpret the statement of the Senator, the action of those present was based primarily, if not solely, upon the ground that it was understood that the producers intended to increase the rental prices for pictures leased to exhibitors. It would seem, therefore, that those present regarded it as a fact that the cancelation privilege of from 10 to 20 percent had been accorded to exhibitors, and that there was no sufficient justification for whatever action they took.

This right is in addition to his cancelation privilege of 10 or 20 percent for any reason. Under this exclusion clause, what greater freedom on the part of the local communities could be desired? Any exhibitor may reject any picture upon moral grounds. Does not this squarely meet the objections raised by the various civic and educational organizations to the so-called block-booking practice? My understanding is that these groups object to pictures which may have a deleterious effect upon their children—pictures dealing with sex, vice, and crime. It seems obvious that any picture which offended the taste of these organizations upon such grounds could very well be excluded upon the ground that it was contrary to local morals. The provision allowing cancelation on moral grounds would seem to answer the objections of these groups and destroy the alibi which has been attempted by certain exhibitors.

Motion pictures, like all entertainment, by their very nature invite criticism. With the continuous stream of films that pours out of the studios all year, it is not surprising that anyone can easily find items that he or she may dislike, the number and proportion of such items depending upon personal taste and critical attitude as much as upon the quality, artistic standards, or popular appeal of the motion pictures. Despite the criticism of individual pictures, there was agreement by all who testified at the hearings that there has been remarkable improvement in the moral, edu-

cational, and artistic qualities of motion pictures during the past 8 or 9 years.

During the past quarter of a century there have been remarkable developments in all industries. This age by some has been called the Machine Age. That term is too restrictive; this has been an age of scientific development and of great intellectual and artistic development. The arts have made their contributions to the moral and intellectual and spiritual awakening of the people. There has been a remarkable flowering in literature, in music, poetry, painting, and in those movements which have given to this period a proud preeminence.

The motion-picture industry has made its contribution to the intellectual, educational, and cultural development of the past and present generations. With all of its imperfections, it has furnished wholesome entertainment to millions; it has stimulated thought and inquiry; it has associated itself intimately with what might be called the fine arts and the artistic spirit of the world. It has brought to the people the great dramas of life and the most important historical events and many of the greatest figures in history. It has brought to us not only visions, but also the equivalent of realities. It has brought to us not only pictures, but reproductions of the lives, habits, and customs of the peoples of the world. It has indeed been a democratic force which has contributed to the leveling of international barriers and the removal of unfounded racial prejudices and the development of a broader and more catholic spirit promotive of world fellowship.

And in a material way it has added to the wealth and prosperity of our country. Not only hundreds of millions, but billions of dollars have been expended in this great development. It now brings to the people approximately a billion dollars a year, of which between six and seven hundred million dollars are expended in local communities throughout the United States. The record shows that this is the fourth or fifth greatest industry in our country, employing approximately 300,000 persons.

The record shows that various organizations, including guilds and the American Federation of Labor, are beneficiaries of this industry, and are in opposition to the bill under consideration. There are many statements in the record from men and women of character, and from various walks of life, expressing their appreciation of the accomplishments of this great industry and registering opposition to this measure which, they contend, would prove disastrous to an industry of such magnitude and such widespread benefits.

Referring again to the development of the industry, it may be said, I think, that its growth and improvement have been, in part, due to the active work of public organizations, among them the so-called Legion of Decency. The majority report (p. 15) lightly puts aside the results of these labors with these words:

> Experience as recounted at the hearing teaches that, as a rule, such reforms are sporadic, are always forced by outbursts of public indignation, and are usually of short duration.

In this manner, coupled with the voluntary cooperation of the industry itself, as appears from the testimony at the hearing, and as illustrated in the trade-practice code, it is evident that the American people will, or at least should be, protected against the exhibition of improper pictures.

It is rather singular that the proponents of the bill, basing so much of their argument upon the support of such bodies, regard their work so lightly and seem to think that their good will be of short duration. In my opinion these groups, supported by public opinion in America, will uphold the standards of the motion pictures and will carry them to still higher levels.

Mr. President, a distinguished member of this body—the junior Senator from California [Mr. DOWNEY]—appeared before the committee reporting this bill and made a statement which, because of its comprehensiveness and sanity, I feel, should be brought to the attention of the Senate. I shall take the liberty of reading his testimony.

> I want to say that as to certain issues presented by this bill I speak with a great deal of reservation, because I know, Senator NEELY, that you have very patiently and exhaustively listened to testimony here covering every phase of this bill and you know a great deal more about it than I can hope to know at this time.
>
> There are certain phases of this discussion, however, in relation to which I have very definite feelings, and if you will pardon me, I will make a few remarks so that you may understand why it is that I do believe I speak with some authority. I am fortunate enough to be the father of five children.
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> My oldest son is now practicing law, and my youngest daughter is 12 years of age. We have been rather enthusiastic movie fans, and with my wife and five children, I suppose we have probably attended almost as many movies as any other family in the United States, because we have enjoyed the shows that have appeared.
>
> We have used a certain amount of discrimination, it is true, in taking our children to the movies, but I am positive in my own statement that in spite of the fact that my children have seen a great many movies, they have grown up just as normally and just as well and just as highly moral as they would have grown and matured if they had not seen any movies.
>
> Te. or fifteen or twenty years ago we did see a good many movies, either with or without the children, that were offensive. Occasionally we now see certain movies that I would rather not see produced, but, Senator NEELY, I am very, very positive in this statement: That in the last 5 years there has been a tremendous turn of the films away from indecency and suggestive features that we should not see.
>
> I am not urging here that the movies are perfect. Far from it. Man is not perfect. I would say, however, that compared with the radio and compared with the comics which appear in the papers, the movie is in the lead.
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> I notice that when it is desired to suggest in the movies some situation concerning sexual relationship, or something of that kind, it is suggested in a subtle way so that the young person does not perhaps understand its implication, so that it has only a meaning for the adult. But I cannot recall that in the last 2 or 3 years I have accompanied my children to a single picture that I would regret their having seen.
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> When I was present here the first day of the hearings I heard Mrs. Bannerman, who is very ably leading this fight, read from some critic in New York who stated that out of the first 50 films issued this year only 10 were first class and only 5 were memorable. I suppose, Senator NEELY, that out of 50 books or magazine articles or speeches or even sermons it would be difficult to find 10 first-class ones and 5 memorable ones.

I agree with that statement. I wonder if some of the moralists desire the motion pictures to be more perfect than our preachers, our writers, or the radio, and to set an example in moral and spiritual development which would be imitated by all.

Nearly all the pictures exhibited by the so-called Big Eight motion-picture organizations are reproductions of books which are either best sellers or have won their way in critical circles and among those who have high moral and spiritual concepts. As we all know, there will soon be produced a motion picture based upon a great book written by a southern woman. Undoubtedly, there will be some criticism of it for various reasons; but it will give to the American people a picture of the South during a tragic and dramatic era, which picture will be indelibly impressed upon their minds.

Mr. NEELY. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from West Virginia?

Mr. KING. I yield.

Mr. NEELY. Mr. President, in response to the distinguished Senator's statement relative to the high quality of the moving pictures which he has seen, let me invite his attention to page 9119 of the CONGRESSIONAL RECORD for July 14, on which appears the following quotation from the May 13, 1939, issue of Harrison's Reports—a moving-picture trade paper:

> Let us glance at the crime pictures that have been reviewed in Harrison's Reports since the first week in January: In the 19 weeks since the first week in January, 142 pictures have been reviewed. Of these 82 * * * have been founded on some kind of crime theme—either murder or stealing. Of course, not all of them are demoralizing—perhaps one-third of this number is harmless; but when one takes into consideration the extraordinary high percentage of vicious crime pictures, one wonders whether the Hollywood producers realize what the outcome may be.

Mr. KING. I would prefer to have the Senator's statement appear at the conclusion of the statement made by the Senator from California [Mr. DOWNEY]. Undoubtedly, pictures have been exhibited which depicted crime. For

that matter, the daily press of the country contains descriptions of crimes, as well as pictures of various criminal acts, from simple assaults to homicides.

The record discloses that there have been exhibited pictures of crimes by those in the motion-picture industry, but as I have stated, and the record clearly supports this view, there has been great improvement in the industry, and the number of pictures which are obscene and of a low order has greatly decreased.

I have commented upon the fact that there have been pictures of crimes which have been exhibited even in the very best parts of the United States in preference to pictures of a high moral and artistic value. It is said that human beings are imperfect, and they may not rise to great ethical, moral, and spiritual heights as rapidly as might be desired. Reformations do not come overnight. They belong to the evolutionary processes of life. The churches themselves have discovered the weakness of the flesh, the infirmity of the people, and the lack of understanding of many of the great moral, ethical, and spiritual things of life. We read that churches in various parts of the United States are losing their supporters, and some are being abandoned. Notwithstanding the constant efforts of the churches and of our religious leaders to lead the people from materialism to higher forms of spiritual life, it is discovered that their efforts do not always meet with success. It is the work, not of years, but perhaps of centuries, to emancipate man from the drab materialism in which he lives. It is a long struggle to reach the heights of spiritual power and the realization of the benefits and results of true religion.

I return to the statement made by Senator DOWNEY, which is more interesting than anything I might say.

He states:

I am, myself, amazed at the number of good pictures. I know that I would feel a marked sense of inadequacy if I had to produce a good film. I think it requires tremendous talent, genius, and ability to produce a great film. It is not amazing to me that perhaps only 1 out of 10 becomes a memorable film. It is amazing to me that within 30 years, a totally new industry has come to be one of our greatest industries.

It is, I may add parenthetically, the fifth greatest in the United States, furnishing employment to nearly 300,000 people and distributing, directly and indirectly, more than a billion dollars among the people of the United States.

In the history of the world we have not had a similar development in any art.

I recently saw the picture Alexander Graham Bell, a truly great film which in a great way portrays the life of Mr. Bell and his struggle to bring the telephone patent into existence.

Senator NEELY, let me suggest this. If, as I think would be conceded by almost any parent with whom I have talked, the movies at the present time are improving their output from the standpoint of standards of morality, should not serious consideration be given to leaving it in their hands? Is it tremendously difficult for any government to impose a censorship upon art and to secure a better or a more moral output through that sort of censorship.

The work which Mrs. Bannerman and her groups have done has undoubtedly been a strongly motivating influence in helping to produce cleaner and better films; but when it is hoped that by changing a business arrangement between producers and exhibitors you will increase the value and the morality and the art of the film, I do not believe that is possible.

I cannot conceive how our films are going to be made any greater films or any better films because we compel the movie producers to desist from certain business practices that their opponents call monopolistic. As far as I can see, the exhibitor is going to continue to give the people what they want; and the people are going to continue to want the same class of films that they have right now. It is my opinion that in many cases the movies do not produce a certain class of films that they should not produce, and yet those films would undoubtedly appeal to large segments of the theatergoing public.

I think when it is suggested that this change of business practice would produce a more moral and a more intellectual film, it is non sequitur. I think the people who are championing and aiding this movement are being led astray by their own idealism and their own concentration upon this problem, and I would venture this prediction, Senator NEELY, that if this bill should become a law, looking ahead 5 years you would not find the films any better than they are right now or than they would be by the natural evolution of time.

I have no doubt that these hearings probably have had a very fine influence, regardless of what the ultimate outcome of the bill may be; but in California, at least, we are convinced that the leaders in the movement are now doing everything humanly and practically possible to produce films that can be financially produced and be acceptable to the public with the very highest standard and quality.

As I understood from the testimony offered here, perhaps the chief argument offered for this bill was that by freeing the exhibitor from the compulsion of taking certain films he would choose a better class of films, and that would compel the producers to produce better films. I just cannot agree to that. I do not believe that is human nature. I can do nothing more than to express my opinion upon that one phase.

But let me repeat that I cannot conceive that this Neely bill would result in exhibitors demanding of the producers and the producers giving any higher class or more morally acceptable films than they now give.

I have been a practicing lawyer for 30 years. During that period of time I represented many families whose children were in trouble. I suppose that possibly 50 or a hundred children, in families which I represented, had committed some overt act of a criminal nature. I do not remember any one of those cases in which it was ever even thought or suggested by the parents that any bad influence came from the moving pictures and demoralized the child. I know that there must have been weak and defective and diseased juvenile minds going into a movie theater who did receive, and perhaps act upon, improper suggestions. But let me point this out to you: A child of that kind would receive some suggestion that would drive him astray anyway. Among all of the children in the families that I have known I have yet to find one parent who has ever suggested to me that his child had been morally hurt or his life deleteriously affected by anything that he has seen in the movies. My children, at least, when they attend the movies, do it more as an escape from reality.

Senator NEELY, I watched my boy the other night while he listened to the March of Time, describing the threat of dictators over in Europe. I saw him sit there with a grave and a concerned face, because that was reality to him. He was listening to the accounts of battles and of dictators, something that might plunge the world into war and him along with it. I never see that effect in the movies. In 15 or 20 or 30 minutes after my children have left the movies, any transient influence that the movies might have had upon them has passed away. And I think that in speaking of my chilrden I am speaking of generalities. I know that you can pick an exceptional case. I know that you can describe that case in a certain way so that the impression is left that the movies do have, upon certain of the weaker minds, a tremendously unhappy influence. My experience, however, which has been rather wide, does not prove that or find that to be true.

Speaking upon the other phase of it, I would rather say this. I do not know very much about the exhibitors' complaint, how righteous it is. My principal information comes from Robert Montgomery who talked to me about an hour the other day. He did make out a very strong case for the producers and he did convince me that this bill would tend to disrupt and interfere with production and might result very unhappily for many of the producing companies.

Senator NEELY. Senator DOWNEY, he testified before this subcommittee at length and doubtless told us all that he told you. Do you think that his remarks should be repeated?

Senator DOWNEY. I am not going to repeat that, because you have heard all the testimony. But we in California have watched the movie industry develop over 30 years. We have heard a great deal of gossip and maligning of producers and actors. My personal observation is that they are a very fine crowd of people. I have watched the movie actors out on the sets. They have a tremendously hard job. Do not let anyone tell you that those men who have won stardom and fame, and the producers and writers, also, are not tremendously hard workers. They are. I think they have done a tremendously great work in producing art and recreation for the American people. More than that, I think that the effect of our California movies and the other movies in the United States upon foreign lands is a tremendously helpful one for the American people. Thirty years have gone into the building of a great industry out there on the Pacific coast; and it is my opinion, based, as I say, largely upon what Mr. Montgomery and other people have said to me recently, that this new proposed Neely bill, in breaking down existing standards and substituting nothing in their place, may very seriously and deleteriously affect the movie production.

If this matter goes onto the floor of the Senate I will then have opportunity to advise myself of all the testimony that has been given, so that I can more freely express an exhaustive opinion. But that is all I desire to offer at this time. I just wished to state my position.

Mr. NEELY rose.

Mr. KING. Mr. President, I should like to hasten along and continue, if I may.

Mr. NEELY. Mr. President, the Senator referred to the fact that he had no complaint from parents, I believe.

Mr. KING. No; doubtless the Senator has in mind the testimony of the Senator from California [Mr. DOWNEY] before the committee of the Senator from West Virginia. I have been reading it, and he mentioned the fact that he had received no complaints from parents.

Mr. NEELY. I beg the Senator's pardon. But in reply to the statement, regardless of its author, will the Senator not permit me, with his habitual courtesy, to read a paragraph from another Member of the Senate?

Mr. KING. Very well.

Mr. NEELY. While the Senate was considering a bill similar to the one now before us a year ago, the Senator from New Jersey [Mr. SMATHERS] participated in the debate, and said:

> I should like to say to the Senator from West Virginia that I heartily agree with what he says. Before I came to the Senate I was common-pleas judge in Atlantic City for 11 years. I presided over the juvenile court, and I found week after week that children on their way home from a movie, where they had seen a gangster picture, broke into some fruit store or committed some act which was a violation of the criminal law, which brought them into the juvenile court.

Mr. KING. Mr. President, I have discussed this matter, and can only repeat by saying that undoubtedly, particularly in the early stages of the motion-picture development, pictures were exhibited which were objectionable, and some of them obnoxious. It should be said, however, that if there are pictures exhibited which are obscene and violative of statutes, the criminal laws may be invoked to protect society against their exhibition.

As I have indicated, criminal statutes are violated, but it is manifestly unfair to attribute to the motion-picture industry the cause of the violation of our penal statutes.

Mr. NEELY. Mr. President, I hope the Senator will not emphasize the number of crime or gangster pictures which are made by the independents. The number of pictures of any kind made by the independents is negligible compared with the number made or marketed by the Big Eight, which control the distribution of at least 85 percent of the entire American production.

Mr. KING. Mr. President, I do not quite agree with my friend. As has been indicated, there is substantial agreement that American motion pictures have had steady and continuing improvement in their quality—morally, artistically, and educationally. When a measure similar to Senate bill 280 was reported by the Senate Committee on Interstate Commerce in 1936 (Senate bill 3012, reported in June 1936), in the report of the committee there was reference to the improvement in the quality of motion pictures in the 2 years prior to the report. The report was dubious whether such improvement could be expected to be continued or maintained. Three additional years have elapsed, and in all fairness it must be stated that improvement has been maintained and has progressively continued. It is true that the American public is entitled to choose even as between good pictures; but it cannot be said, upon the record made at the hearings, that a legislative finding would be warranted to the effect that the American people are anywhere prevented from choosing from among good pictures, or from making their choice effective by pressure upon the exhibitors of motion pictures.

WHAT ARE BLOCK BOOKING AND BLIND SELLING

It would be well at this point to look into the facts in order to determine just what block booking and blind selling are, and their effect upon those engaged in the motion-picture industry.

Block booking is defined in the report submitted by the majority as a practice—

> Whereby each of the eight major producer-distributors leases to the exhibitors during each recurrent selling season its production of pictures for the ensuing year in large blocks—often the entire output—thus affording the exhibitors no choice but to take all of the pictures so offered, or none.

This definition makes it plain that the bill is aimed against the so-called Big Eight in the distribution of motion pictures. In order to keep the record straight, however, it should be stated again that the more than 100 independent producers of films lease their product through block-booking agreements.

The bill proceeds upon the theory that an exhibitor must show all the pictures produced by a certain company if he wants to show any. Assuming that each of the Big Eight produces 50 feature pictures, more or less, each year, an exhibitor needing 200 pictures for 1 year would be limited to the output of 4 companies. If he is required to take all their output, he does not have enough playing time to play the good pictures produced by the other 4 leading companies. Thus, the charge is made that the exhibitor is deprived of the good pictures produced by several of the companies, and is required to show pictures that he does not want to show and that his patrons do not want to see.

Even if block booking were forced upon the exhibitors to such an extent, I am of the opinion that the pending measure will not bring about the results intended, for reasons that I shall discuss in a moment.

However, the evidence as presented at the hearings seems clear that there is no such thing as "compulsory" block booking, as it is termed in the bill. The facts clearly indicate that exhibitors are not required to take "all or none."

Mr. NEELY. Mr. President, does the Senator yield?

Mr. KING. I yield.

Mr. NEELY. If there is no such thing as compulsory block booking, will the Senator inform us how it could injure anyone in the motion-picture industry to outlaw this practice?

Mr. KING. I will leave that to the Senator to determine. However, the Circuit Court of Appeals, as I have shown, has held in effect that if there is block booking, it is not a violation of any antitrust laws. If there is no block booking, then of course the bill before us is absurd. The purpose of the bill before us, however, is to bring within the letter of criminal statutes acts which are not criminal. In other words, to make acts crimes which are not crimes, to subject an important industry to governmental control, directly or indirectly.

I return to the point I was discussing when the Senator interrupted me. If exhibitors were required to take all pictures or none, it is logical that each picture would be shown exactly the same number of times in as many theaters as had contracted to take the entire output of a certain producer. Thus, if Paramount should produce 50 pictures in a given year, and enter into 10,000 contracts with theaters to take their entire output, it is inescapable that each of those 50 pictures would be exhibited in each of those 10,000 theaters, if block booking were what the proponents of this measure contend it is. Each picture would have 10,000 bookings.

The facts, however, indicate that this is not the situation; and that fact was clearly illustrated by my friend the Senator from Maine (Mr. WHITE) in his admirable address the other day. For the variations in the number of bookings which each picture has, one need only look at the tables presented at pages 268–271 of the hearings. The figures are for the playing season 1937–38. They indicate that certain pictures—pictures that are box-office attractions—have a very high number of bookings, whereas the poor pictures have very low numbers of bookings; and the pictures range systematically between the two extremes. The figures for six of the eight leading distributors were:

Twentieth Century-Fox: One picture had 12,214 bookings (that is, played in 12,214 different theaters), while the picture with the smallest circulation had only 3,581 bookings. The rest of the output of this company ranged between these two limits.

R. K. O. Radio Pictures: One had 9,567 contracts, while the lowest had only 845 bookings. The 46 pictures produced by this company during that year had bookings ranging between one thousand and nine thousand.

Universal Pictures: Between 10,567 and 2,315 bookings.

Metro-Goldwyn-Mayer: From 10,298 bookings to 5,455.

Columbia Pictures: From 10,298 to 2,006 bookings.

Paramount: From 13,200 to 3,947 bookings.

These figures—and they were not denied by the proponents of the pending bill—seem to show conclusively that the theaters actually have a wide selection of the pictures released and sold by the eight leading distributing companies.

The variations may be explained upon several bases. For instance, the exhibitor enjoys the 10- and 20-percent cancelation privilege, to which reference has already been made. Also, many exhibitors receive films under what are termed "selective" contracts in the industry. Under such a lease,

the exhibitor has the right to select a certain number out of the total that he will take. Thus, he may contract to accept 20 or 25 out of the total output of a certain company. This type of selective contract exists in the industry, although it is not clear just what percentage of the contracts are of this type. Then, there is the fact that approximately 70 percent of the theaters in this county are today showing pictures under censorship. Mr. C. C. Pettijohn, general counsel of the Motion Picture Producers and Distributors, stated on March 26, 1936, during the hearings upon a bill similar to Senate bill 280, before a subcommittee of the House Interstate and Foreign Commerce Committee:

I now submit for the record specific proof that 70.62 percent of the territory in the United States is under censorship. There are 31 recognized distributing centers in the United States. In 17 of these centers they cut their pictures to conform with the action taken by local, State, or city censorship boards. This 70.62 percent of the territory of the United States from a revenue standpoint would, in my opinion, cover and serve about 80 percent to 85 percent of our population.

Following is a list of the distribution centers where all positive prints of pictures are cut to conform with regulations of either State, city, or local censorship groups. It also notes the percent of each territory and the total percent of the territory in the United States under censorship:

	Percent
Albany	2.00
Atlanta	2.60
Boston	6.25
Buffalo	3.00
Chicago	6.85
Cincinnati	3.50
Cleveland	4.35
Detroit	4.00
Kansas City	2.50
Los Angeles	3.35
Milwaukee	2.15
New Orleans	1.45
New York	13.50
Philadelphia	6.00
Pittsburgh	4.50
Portland	1.21
Washington	3.41
Total	70.62

Public opinion in the United States will not support obscene and vicious pictures. Indeed, existing law prevents such pictures being made public. Section 396 of Title 18 of the United States Code provides:

Whoever shall * * * deposit or cause to be deposited with any express company or other common carrier, for carriage from one State * * * to any other State * * * any obscene, lewd, or lascivious, or any filthy book, pamphlet, picture, motion-picture film, * * * designed for any indecent or immoral use * * * shall be fined not more than $5,000 or imprisoned not more than five years, or both.

Further, the Federal Trade Commission has been established to prevent unfair trade practices, and the practices condemned in this bill have been found not to be violative of the law. The Sherman Antitrust Act outlaws contracts in restraint of trade. In addition, 70 percent of the country exercises the right of censorship, which destroys the argument that the present practices destroy freedom of selection among the communities of our country.

INJURY TO SMALL EXHIBITORS IF BILL IS PASSED

In my opinion the passage of Senate bill 280 would adversely affect the small independent exhibitors to the point of eliminating many of them from their chosen business.

The present system of distribution of motion pictures has resulted in a fine achievement in that a person can go to his neighborhood theater and see the finest motion picture that can be produced. For a very nominal sum—as low as 25 cents—almost anyone can view a picture that cost 2 million dollars and took 2 years to produce. It is a real accomplishment that the more than 17,000 theaters throughout the country receive films enough to keep their doors open day after day, and that the small theaters in small towns play the very best pictures shortly after they have been exhibited in the biggest theaters. A system of distribution is to be commended whereby large theaters pay thousands of dollars for the same film that small theaters will pay only a few dollars for a few weeks later. I feel that a system of distribution whereby little theaters get the best pictures along with the big theaters should not be destroyed.

It seems that the individual who would be most injured by block booking is the exhibitor. As an abstract proposition, a theater owner in a small town would be well off if he could show only the best pictures that were produced by each of the eight leading companies. His revenue is undoubtedly cut down when he is required to take the entire output of four companies. The result is that he does not have enough playing time to buy the good pictures produced by the other four companies, even if they would sell him only the good ones.

Looking at it from this point of view, block booking would appear to be an oppressive practice; and it would seem to be better to allow him to select his pictures singly, the natural assumption being that he would choose the good pictures of all producing companies. This appears to be the philosophy of the bill under consideration, together with the assumption that the exhibitor's patrons will dictate to him what they consider to be the "good" pictures.

The bill, if enacted, however, will injure these very exhibitors. There are thousands of exhibitors who oppose the present bill; and I am unable to understand how any exhibitor could oppose the measure if the benefits to them which the proponents contend would follow its enactment will materialize.

There has been testimony during the hearings that it is difficult to secure enough first-run good pictures. The enactment of this measure will not make all pictures box-office hits. Where will the small-town exhibitors be in attempting to compete with the Music Hall of Radio City, for instance, which can pay $10,000 for the right to show a single picture? It must not be forgotten that the smallest theater, under block booking, has the same right as the biggest to obtain the good pictures and at a reasonable time after their release.

This bill will bring about destructive competition for the right to exhibit the good films—destructive from the viewpoint of the small exhibitor with limited capital. Under the present method of distribution they are able to receive the good pictures together with the mediocre. If this measure is enacted, the smallest theaters will be left with the poorest pictures, and will be able to secure the box-office hits only after they have lost a good deal of their value through lapse of time.

With a shortage of really good pictures, it is logical to assume that the largest theater could and would buy the best pictures. The next largest theaters would buy the next best films, and so forth, until the smallest theaters would be left with pictures of least worth. I cannot help but believe that the small independent theater owners, for whose benefit it is alleged the bill is primarily designed, will be legislated out of business if the bill becomes law.

As has been stated, the enactment of this bill will, it is believed, result in the absorption by the producing-distributing companies of many of the small theaters; this, for the reason that, rather than incur the risk that will attend the leasing of pictures singly at higher prices than they would bring in groups, the distributors will buy the theaters and thus be spared the necessity of leasing their films under the penalties provided in the bill. This view is strengthened by the fact that the small town theaters will be willing to sell to the producers, simply because they will be unable to compete with large theaters throughout the country for the good films.

I have referred to the fact that many exhibitors oppose the bill; this indicates that they would not oppose it if the benefits would result that are promised by the sponsors of this legislation. The Motion Picture Theater Owners of America, representing an active membership of over 5,000 of the leading theaters of this country, are opposed to the enactment of this bill. This organization, through its representative, Mr. Kuykendall, their president, stated (pp. 350–352, hearings):

Strangely enough, the exhibitors whom I represent, who oppose the Neely bill, are utterly opposed to compulsory block booking and blind selling. We are not at all unsympathetic with the

ostensible purpose of this legislation; but we are convinced that the provisions of the Neely bill applied to our business—under criminal penalties—will do nothing but damage. Frankly, I don't believe it is possible to draft a statute that would be practical and effective. * * *

We are opposed to compulsory block booking, if it means that we have to take and pay for unwanted pictures in order to get the ones we want. We want a reasonable selection of the pictures we book; but we must have an assurance of an uninterrupted flow of pictures delivered to our theaters as we need them, and we must buy them at wholesale prices if we are successfully to continue in operation. We are convinced that the way to get the desired selection without wrecking the business is by an option to cancel in every contract, which the exhibitors can exercise at the time the picture is ready for actual booking, not at the time it is licensed.

The small-town exhibitors enjoy a great deal of security under the present system of distribution. They possess the assurance that they will receive all the pictures they need; and this, with a minimum of expense and trouble on their part. In my opinion, the evidence of an alleged need for reform in the industry is not sufficient to warrant the destruction of this exhibitor security. It seems inevitable that the exhibitor, whose freedom of selection is sought to be secured by the enactment of this bill, will be adversely affected by its enactment to the point of being legislated out of business.

Another practical objection to the bill is the great increase in the cost of distribution of films under the requirements of the bill, which must of necessity be passed on to the public. Mr. Pettijohn, before the House committee in 1936, stated:

Distribution cost in the motion picture industry is about 26 percent, and it is estimated by the best brains in the business that it will rise to 40 percent to 45 percent if this bill is passed, thus increasing the cost of the public, of course (p. 433, hearings).

It is only natural that the cost will increase if each film must be handled individually, individual contracts drawn up, synopsis given on each picture, and salesmen by the thousands going around contacting individual theater owners in regard to each individual picture. Added to this will be the tremendous cost of defending litigation that will be imposed upon the distributors of films by the terms of this bill. Under the present system, all this unnecessary waste is avoided.

UNCONSTITUTIONALITY

Mr. President, I desire to submit some observations for the purpose of showing the unconstitutionality of the measure under consideration.

We have before us a criminal statute that is lacking in the definiteness that is required by the due process of law clause of the fifth amendment to the Constitution.

It is fundamental in our law that a statute prescribing criminal penalties for its violation must inform the public as to what conduct is made unlawful, and must establish a standard by which a person, exercising due diligence, may determine whether his actions will subject him to the penalties. The measure under consideration, failing in this respect, is unconstitutional.

Section 3 of the bill provides that it shall be unlawful to lease or offer to lease motion-picture films in a group of two or more and to require the exhibitor to take the entire group or permit him to take none. There is nothing indefinite in that provision, and a distributor would clearly know whether his offer or lease would come within its proscriptions.

However, the section proceeds to make other actions illegal, and subsections (a) and (b) of section 3 are the ones lacking in due process. It is made unlawful to lease or offer to lease films in a group of two or more at a lump-sum price and individual pictures at individual prices, when the relationship between the lump-sum price and the individual prices will:

(a) operate as an unreasonable restraint upon the freedom of an exhibitor to select only such pictures as he may desire; or

(b) tend to require him to lease the entire group or forego the leasing of any number or numbers thereof.

Surely there is no test of criminality here. Mr. Justice Holmes, in the case of *United States* v. *Alford*, 274 U. S. 264, laid down what seems to be the test in determining whether criminal statutes are sufficiently definite. The question is, Does the act lay down a plain enough rule of conduct for anyone who seeks to obey the law?

Applied to the language of the bill before us, a person seeking to obey the law could not know whether his price quotations will be such as to unreasonably restrict a particular exhibitor in his freedom of selecting motion pictures; and this, for the simple reason that a man cannot project himself into another's mental operations.

The United States Supreme Court, in the well-known case of *Connally* v. *General Construction Company*, 269 U. S. 385, stated at page 391:

That the terms of a penal statute creating a new offense must be sufficiently explicit to inform those who are subject to it what conduct on their part will render them liable to its penalties, is a well-recognized requirement, consonant alike with ordinary notions of fair play and the settled rules of law. And a statute which either forbids or requires the doing of an act in terms so vague that men of common intelligence must necessarily guess at its meaning and differ as to its application, violates the first essential of due process of law.

The Court proceeds to say that the question of legislative certainty had been the subject of a great deal of litigation. The precise point of differentiating between statutes lacking in certainty and those held to possess sufficient certainty is not easy of statement. Then the Court stated:

But it will be sufficient for present purposes to say generally that the decisions of the court upholding statutes as sufficiently certain, rested upon the conclusion that they employed words or phrases having a technical or other special meaning, well enough known to enable those within their reach to correctly apply them; or a well-settled common law meaning, notwithstanding an element of degree in the definition as to which estimates might differ, or that, for reasons found to result either from the text of the statutes involved or the subjects with which they dealt, a standard of some sort was afforded.

Let us apply these rules in an effort to ascertain whether subsections (a) and (b) of section 3 of the pending bill satisfy the requirement of certainty. In the first place, statutes have been upheld if they employed words or phrases with a technical meaning, enabling correct application of the words by those who will come within their provisions.

The words used here have no technical or special meaning. The language is plain; but whether a distributor's conduct is such as to bring him within the penalties prescribed is a question that could be answered only by a jury in each instance. It is made illegal to quote prices, as between pictures singly and in a group, that will unreasonably restrict the exhibitors' freedom to select pictures individually, or require him to take a group or forego taking any. This language has no technical meaning which would permit those engaged in the motion picture industry to apply the law correctly. Surely, "unreasonable restriction upon the freedom of selection" has no peculiar significance to distributors from which they can determine whether they are violating the law.

The second type of case upholding language as being definite enough is where there has been a well-settled common law meaning. Thus, the Sherman Act, declaring every contract in restraint of trade to be illegal, was upheld because the phrase "restraint of trade" had a very definite meaning at common law prior to 1890. The question of definiteness was squarely presented to the Supreme Court in the case of *Nash* v. *United States*, 229 U. S. 373, and the language was upheld in view of the long history of restraint of trade and attempts to monopolize at common law, it being regarded that the long line of decisions sufficiently defined the words used in the act so that persons could charter their courses intelligently with respect to them. The Supreme Court has subsequently declared of that case:

In the *Nash* case we held that the common law precedents as to what constituted an undue restraint of trade were quite specific enough to advise one engaged in interstate trade and commerce what he could and could not do under the statute. In commenting on and affirming the *Nash* case, this Court said in *International Harvester Company* v. *Kentucky*, 234 U. S. 216, 223:

"The conditions are as permanent as anything human, and a great body of precedents on the civil side coupled with familiar practice make it comparatively easy * * * to keep to what is safe" (*Cline* v. *Frink Dairy Company*, 274 U. S. 445, at 460).

As was said in the famous case of *United States* v. *Standard Oil Company of New Jersey*, 221 U. S. 1:

There can be no doubt that the sole subject with which the first section deals is restraint of trade as therein contemplated, and that

the attempt to monopolize and monopolization is the subject with which the second section is concerned. It is certain that those terms, at least in their rudimentary meaning, took their origin in the common law, and were also familiar in the law of this country prior to and at the time of the adoption of the act in question.

Similarly, the phrase "reasonable rates" in the field of public utility regulation has been held sufficiently certain in view of its use for many years at common law, prior to its usage in regulatory statutes. The same may be said of such a well-known standard as "due care."

But there is no common-law meaning of the words "unreasonable restraint of the freedom of selection." There are no cases to which a distributor may turn to ascertain what is regarded as "freedom of selection," or what has been held to be a restraint of such freedom. The indefinite language of this bill cannot be upheld upon the ground that the words used have a common law meaning.

Nor is there "a standard of some sort" afforded. The standard is simply what goes on in the mind of any exhibitor. It is a standard of whether the relationship between two prices restricts his freedom of selection and requires him to take a group of films or to forego buying any. It is a standard that will vary with every exhibitor, and with the same exhibitor in connection with each picture.

Criminal penalties, it is submitted, cannot be predicated upon a test so dubious and uncertain.

The United States Supreme Court quoted with approval the following words from the decision of the Court of Appeals for the District of Columbia, in the case of *United States* v. *Capital Traction Company*, 34 App. D. C. 592:

> The dividing line between what is lawful and unlawful cannot be left to conjecture. The citizen cannot be held to answer charges based upon penal statutes whose mandates are so uncertain that they will reasonably admit of different constructions. A criminal statute cannot rest upon an uncertain foundation. The crime, and the elements constituting it, must be so clearly expressed that the ordinary person can intelligently choose, in advance, what course it is lawful for him to pursue. Penal statutes prohibiting the doing of certain things, and providing a punishment for their violation, should not admit of such a double meaning that the citizen may act upon the one conception of its requirements and the courts upon another.

(Quoted by the Supreme Court in the case of *Connally* v. *General Construction Company*, 269 U. S. 385, at 393.)

In that case, a statute making it illegal for a street railway company to run an insufficient number of cars to accommodate passengers "without crowding" was held void for uncertainty. The Court said:

> What shall be the guide to the court or jury in ascertaining what constitutes a crowded car? What may be regarded as a crowded car by one jury may not be so considered by another. What shall constitute a sufficient number of cars in the opinion of one judge may be regarded as insufficient by another * * *. There is a total absence of any definition of what shall constitute a crowded car. This important element cannot be left to conjecture, or be supplied by either the court or the jury. It is of the very essence of the law itself, and without it the statute is too indefinite and uncertain to support an information or indictment.

The case of *Connally* v. *General Construction Co.* (269 U. S. 385), above cited, held that an Oklahoma statute was void under the fourteenth amendment as being too indefinite to constitute due process of law. The statute required those who contracted with the State to pay their employees "the current rate of wages in the locality." Both the phrases "current rate of wages" and "locality" were deemed to be lacking in certainty, the Court concluding:

> The result is that the application of the law depends not upon a word of fixed meaning in itself, or one made definite by statutory or judicial definition, or by the context or other legitimate aid to its construction, but upon the probably varying impressions of juries as to whether given areas are or are not to be included within particular localities. The constitutional guaranty of due process cannot be allowed to rest upon a support so equivocal.

Another case in point, decided by the Supreme Court, is that of *Champlin Refining Co.* v. *Commission* (286 U. S. 210), involving a statute which made it unlawful to produce crude oil in such manner as to constitute waste, which shall include "economic waste, underground waste, surface waste, and waste incident to the production of crude oil in excess of transportation or marketing facilities or reasonable market demands."

In invalidating this statute, as repugnant to the fourteenth amendment, the Court said, at pages 242–243:

> The general expressions employed here are not known to the common law or shown to have any meaning in the oil industry sufficiently definite to enable those familiar with the operation of oil wells to apply them with any reasonable degree of certainty. The meaning of the word "waste" necessarily depends upon many factors subject to frequent changes. No act or definite course of conduct is specified as controlling and, upon the trial of one charged with committing waste in violation of the act, the court could not foresee or prescribe the scope of the inquiry that reasonably might have a bearing or be necessary in determining whether in fact there had been waste * * * In the light of our decisions, it appears upon a mere inspection that these general words and phrases are so vague and indefinite that any penalty prescribed for their violation constitutes a denial of due process of law. It is not the penalty itself that is invalid but the exaction of obedience to a rule or standard that is so vague and indefinite as to be really no rule or standard at all.

An act of Congress made it a crime to build a fire "in or near any forest, timber, or other inflammable material upon the public domain," and to leave it burning. Against the charge that the language was too indefinite, the Supreme Court said:

> The word "near" is not too indefinite. Taken in connection with the danger to be prevented it lays down a plain enough rule of conduct for anyone who seeks to obey the law (*United States* v. *Alford*, 274 U. S. 264).

As has been stated, however, the language of the pending measure lays down no rule of conduct by which a person seeking to obey it could conduct himself. Whether the difference between wholesale and retail prices will tend to require a prospective customer to take the wholesale lot or forego buying at all is a matter of individual concern. It is no rule of conduct, no standard.

The claim may be made that since the words "unreasonable restraint" are employed in the bill, the statute is enough like the Sherman Act as to be sufficiently definite. Such a claim, however, is untenable. The Colorado Anti-Trust Act, declaring unlawful contracts and combinations in restraint of trade, was held to be void as too uncertain, because it contained a proviso that such contracts were not unlawful when necessary to enable the participants to obtain a reasonable profit. The United States Supreme Court, in the course of its decision nullifying that statute, stated at page 457 (*Cline* v. *Frink Dairy Company*, 274 U. S. 445):

> Such an exception in the statute leaves the whole statute without a fixed standard of guilt in an adjudication affecting the liberty of the one accused. An attempt to enforce the section will be to penalize and punish all combinations in restraint of trade in a commodity when in the judgment of the court and jury they are not necessary to enable those engaged in it to make it reasonably profitable, but not otherwise. Such a basis for judgment of a crime would be more impracticable and complicated than the much simpler question in the Cohen Grocery case, whether a price charged was unreasonable or excessive. The real issue which the proviso would submit to the jury would be legislative, not judicial. To compel defendants to guess on the peril of an indictment whether one or more of the restrictions of the statute will destroy all profit or reduce it below what would be reasonable, would tax the human ingenuity in much the same way as that which this court refused to allow as a proper standard of criminality in *International Harvester Company* v. *Kentucky* (234 U. S. 216, 232, 233).

The Court concluded (p. 465):

> But it will not do to hold an average man to the peril of an indictment for the unwise exercise of his economic or business knowledge involving so many factors of varying effect that neither the person to decide in advance nor the jury to try him after the fact can safely and certainly judge the result. When to a decision whether a certain amount of profit in a complicated business is reasonable is added that of determining whether detailed restriction of particular antitrust legislation will prevent a reasonable profit in the case of a given commodity, we have an utterly impracticable standard for a jury's decision. A legislature must fix the standard more simply and more definitely before a person must conform or a jury can act.

In the course of that opinion, the Court refers to and quotes from its opinion in the well-known case of *United States* v. *Cohen Grocery Company* (255 U. S. 81), which held

unconstitutional the so-called Lever Act. The Court said in that case:

The sole remaining inquiry, therefore, is the certainty or uncertainty of the text in question, that is, whether the words "That it is hereby made unlawful for any person willfully * * * to make any unjust or unreasonable rate or charge in handling or dealing in or with any necessaries" constituted a fixing by Congress of an ascertainable standard of guilt and are adequate to inform persons accused of violation thereof of the nature and cause of the accusation against them. That they are not, we are of opinion, so clearly results from their mere statement as to render elaboration on the subject wholly unnecessary. Observe that the section forbids no specific or definite act. It confines the subject matter of the investigation which it authorizes to no element essentially inhering in the transaction as to which it provides. It leaves open, therefore, the widest conceivable inquiry, the scope of which no one can foresee and the result of which no one can foreshadow or adequately guard against. In fact, we see no reason to doubt the soundness of the observation of the court below, in its opinion, to the effect that, to attempt to enforce the section would be the exact equivalent of an effort to carry out a statute which in terms merely penalized and punished all acts detrimental to the public interest when unjust and unreasonable in the estimation of the court and jury.

Cases on this point might be multiplied indefinitely, but perhaps the most famous is that of *International Harvester Company* v. *Kentucky*, decided in 1913 and reported in 234 U. S. 216, Mr. Justice Holmes rendering the opinion of the Court. That case dealt with the Kentucky antitrust law, which was to the effect that "any combination for the purpose of controlling prices was lawful unless for the purpose or with the effect of fixing a price that was greater or less than the real value of the article." The Court very clearly indicated the distinction between what is permissible and what is unconstitutional along the line of uncertainty. It stated:

In our opinion it (the law) cannot stand. We regard this decision as consistent with *Nash* v. *United States* (229 U. S. 373, 377), in which it was held that a criminal law is not unconstitutional merely because it throws upon men the risk of rightly estimating a matter of degree—what is an undue restraint of trade. That deals with the actual, not with an imaginary condition other than the facts. It goes no further than to recognize that, as with negligence, between the two extremes of the obviously illegal and the plainly lawful there is a gradual approach and that the complexity of life makes it impossible to draw a line in advance without an artificial simplification that would be unjust. The conditions are as permanent as anything human, and a great body of precedents on the civil side coupled with familiar practice makes it comparatively easy for common sense to keep to what is safe. But if business is to go on, men must unite to do it and must sell their wares. To compel them to guess on peril of indictment what the community would have given for them if the continually changing conditions were other than they are, to an uncertain extent; to divine prophetically what the reaction of only partially determinate facts would be upon the imaginations and desires of purchasers, is to exact gifts that mankind does not possess.

This language, it would seem, is strikingly applicable to the situation presented by the pending measure. Producers and distributors of motion pictures must continue to lease their wares, and to compel them to guess, on peril of indictment, whether a price that they are about to quote will unreasonably restrict the offeree's freedom of choice or will tend to require him to lease all or none, is to "exact gifts that mankind does not possess." Dealing with a man's state of mind—with the manner in which a man will receive a price quotation—is not dealing with ascertainable fact. It delves into the metaphysical.

The views of the Court in the above-cited case were further amplified in that of *Collins* v. *Kentucky* (234 U. S. 634), which involved the same Kentucky statute. The Court further clarified its position:

The Harvester Co. was prosecuted for being a party to a price-raising combination; Collins, for breaking a combination agreement and selling outside the pool which he had joined. With respect to each, the test of the legality of the combination was said to be whether it raised prices above the "real value." If it did—in Collins' case—he would be subject to penalties for remaining in the combination; if it did not, he would be punishable for not keeping his tobacco in the pool. He was thus bound to ascertain the "real value," to determine his conduct not according to the actualities of life, or by reference to knowable criteria, but by speculating upon imaginary conditions and endeavoring to conjecture what would be the value under other and so-called normal circumstances with fair competition, eliminating the abnormal influence of the combination itself, and of all other like combinations, and of still other combinations which these were organized to oppose. The objection that the statute, by reason of its uncertainty, was fundamentally defective was as available to Collins as it was to the Harvester Co.

There can be no doubt that the question of whether or not an exhibitor will feel that his freedom of selection has been restrained by price relationships is not a "knowable criterion."

It is important to remember in considering this measure that the bill proposes a criminal statute providing a fine of $5,000 or 1 year's imprisonment, or both, for its violation. The United States Supreme Court holds that the requirement of definiteness in statutory language is stronger in criminal statutes than in civil. This point was clearly presented in the case of *Levy Leasing Co.* v. *Siegel* (258 U. S. 242), in which case the Court upheld language in the New York housing laws as sufficiently definite. The statute was of a civil nature, and provided that a tenant should have a defense in a suit for his rent if the rent were unjust or unreasonable. The Court said:

While the act is in force there is little to decide except whether the rent allowed is reasonable, and upon that question the courts are given the last word. The standard of the statute is as definite as the "just compensation" standard adopted in the fifth amendment to the Constitution and therefore ought to be sufficiently definite to satisfy the Constitution. *United States* v. *Cohen Grocery Company* (258 U. S. 81), dealing with definitions of crime, is not applicable.

The Lever Act, to which reference has been made, provided that it shall be unlawful for a seller to exact excessive prices for necessaries. In the case of *Weeds, Inc.*, v. *United States* (255 U. S. 109), the defendant was charged with an indictment alleging that it had exacted excessive prices. The Supreme Court, in affirming the judgment quashing the indictment, stated:

The ruling in the Cohen case is decisive here unless the provision as to conspiracy to exact excessive prices is sufficiently specific to create a standard and to inform the accused of the accusation against him, and thus make it not amenable to the ruling in the Cohen case. But, as we are of the opinion that there is no ground for such distinction, but, on the contrary, that the charge as to conspiracy to exact excessive prices is equally as wanting in standard and equally as vague as the provision as to unjust and unreasonable rates and charges dealt with in the Cohen case, it follows, for reasons stated in that case, that the judgment in this must be reversed and the case remanded with directions to set aside the sentence and quash the indictment.

If it is too vague to enact penalties for charging excessive prices, the language of the bill under consideration would seem to be a greater offense against the "due process of law" clause. The bill adds to the vagueness of the phrase "excessive prices" the equally uncertain standard of whether or not individual prices for pictures will operate upon each exhibitor as "excessive" so as to tend to require him to take a group rather than single pictures. To an indefinite relationship between wholesale and retail prices is added the subjective problem of its effect upon another's mental operations.

Laws which create crime ought to be so explicit that all men subject to their penalties may know what acts it is their duty to avoid. Before a man can be punished, his case must be plainly and unmistakably within the statute.

So said the Supreme Court of the United States in the case of *United States* v. *Brewer* (139 U. S. 278), at page 288.

As has been stated, the Federal cases setting up a standard of definiteness in the field of criminal statutes might be listed indefinitely. It would be impossible to go into the host of State cases to the same effect. However, the preceding review of the leading cases in this field suffices to indicate the limits of the rule. It is enough to say, from a reading of the cases, that a criminal statute must define with certainty the crime and must furnish an ascertainable standard of guilt to guide and inform the public what it is their duty to avoid; and if a statute fails to do this, and delegates to a jury the fixing of the test or standard, it is lacking in due process of law, is unconstitutional, and void.

With these principles in mind, the practical effect of the language in the present bill may be examined, with a view to determining whether or not the language itself furnishes a guide to the conduct of those who would obey the law.

Subsections (a) and (b) of section 3 require a distributor, in marketing his product, to project himself into the mental operations of the exhibitor in an endeavor to ascertain whether or not a certain price quotation will operate upon such a mind as to restrict its freedom of selection.

It is a recognized fact in all lines of business that there is economy in mass distribution. The language of the bill indicates that some price differential between group and single leasing is justifiable. When does this price difference become such as to restrain the exhibitor in his freedom of selection? What test is to be used? Is it a question of whether or not a reasonable, ordinary exhibitor would be restricted by certain prices; or is it a question of whether or not this particular exhibitor was in fact restricted? The bill gives no answer.

A distributor who is found to have unreasonably restrained the exhibitor's freedom in this respect is a criminal. How can one conscientiously seeking to obey the law market his product under a threat for violating such an indefinite standard? Every wholesale price, and block booking is a form of wholesaling, is offered as an inducement to buy more and avoid the higher retail price. Under the provisions of the bill when does this inducement become criminal?

Let it be assumed that a higher price for a picture individually leased may be justified upon the ground of cost. Suppose a distributor were willing to lease an outstanding picture at a very nominal sum when it is included in a group of other pictures, but that there were a great demand for the picture individually—a demand by big theaters which are willing to pay a very high price for that one picture alone. Because of this demand, the distributor feels that he must quote a high price to a small exhibitor who desires that picture alone; if he should quote a lower price, he would be losing money, because large theaters are willing to pay more. The price he quotes to the small exhibitor is so high in comparison with the patronage of the small exhibitor that the exhibitor feels that he cannot afford to pay the price; and yet he could have afforded to buy that picture in connection with a group, because the price for the entire group reduces the average cost for the outstanding pictures.

Under such circumstances, is the distributor liable to the penalties provided in the bill? Under the wording of the bill he is a criminal. He has quoted a price for a group which the exhibitor felt he could afford; but he quoted a price for an individual picture which seemed so high to that particular exhibitor that it tended "to require him to forego the leasing of any number of the group."

The bill does not make differences in cost a defense to an indictment under its provisions. The sole test is whether or not the difference in prices quoted, as between group and single pictures, operates unreasonably to restrict the exhibitor's freedom of selection or tends to require him to lease an entire group or none.

If inducing a prospective purchaser to buy more at a lower price than he otherwise would buy is to be regarded as restricting the purchaser's freedom of selection and is to be made criminal, then, indeed, every vendor of merchandise restricts the buyers' freedom of choice, and would be liable to criminal penalties if the policy embodied in the bill should be extended to trade in general.

As was asked in the minority report on this measure:

> Can any salesman ever be sure that the prices he quoted were such that the exhibitor felt himself free from restraint to select only such films as he may desire and prefer? Does the exhibitor himself know definitely and surely that fact? Can the salesman get into the exhibitor's mental operations to know which he desires and prefers?

The mere posing of such questions indicates the lack of certainty in the standard of criminality proposed by the bill. The bill proposes to create new penal offenses; and in so doing a standard so vague is established that "men of common intelligence must necessarily guess at its application." The indefiniteness of the language used cannot be supported on the analogy of the Sherman Act; the courts have been too persistent in explaining the reason for upholding the uncertain term, "restraint of trade." There is no such ascertained common-law meaning of the phrases employed in the bill as was found with respect to the Sherman Act.

The standard, if there be one, is such as to leave the question of guilty conduct purely conjectural. The words of the Supreme Court must be remembered: "The dividing line between what is lawful and unlawful cannot be left to conjecture."

It might well be added that the guilt of a man may not depend upon the effect of certain outside phenomena upon another's mind. Subsections (a) and (b) of section 3 of the bill clearly do not lay down a rule of conduct by which a person seeking to obey the law may guide his actions. The bill, failing to supply an adequate standard of guilt, lacks that quality of due process of law which is guaranteed in the fifth amendment of the Federal Constitution.

I therefore unhesitatingly say that the bill, if enacted, would be unconstitutional.

Mr. President, I shall not detain the Senate longer, but, before concluding, I ask unanimous consent to have inserted in the RECORD, as a part of my remarks, excerpts from the testimony given before the committee by several of the witnesses who testified before the subcommittee reporting the bill. Their names are:

Sidney R. Kent, president, Twentieth Century-Fox Corporation; Charles C. Pettijohn, general counsel for Motion Picture Producers & Distributors Association; Dr. Russell Potter, Columbia University, representing the National Board of Review of Motion Pictures; George J. Schaefer, president, RKO Radio Pictures Corporation; William F. Rogers, general sales manager, Metro-Goldwyn-Mayer; Robert Montgomery, representing Screen Actors' Guild; Kenneth Thomson, executive secretary of the Screen Actors' Guild; Mrs. Florence Fisher Parry, of Pittsburgh, Pa., writer and businesswoman; and Mrs. Piercy Chestney, president of the Macon Little Theater, Macon, Ga.

There being no objection, the statements were ordered to be printed in the RECORD.

Mr. NEELY. Mr. President, will the Senator yield before concluding his remarks?

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Utah yield to the Senator from West Virginia?

Mr. KING. I yield.

Mr. NEELY. Mr. President, by virtue of an existing order, the Senate must, at the expiration of 3 minutes, vote on the bill. In the meantime I ask unanimous consent to have printed in the RECORD a memorandum by Abram F. Myers, chairman of the Board of the Allied States Association of Motion Picture Exhibitors, in which he answers, and, in my opinion, conclusively refutes the arguments made against the bill in the Senate last Friday.

Mr. KING. I have no objection, providing the memorandum submitted by Mr. Myers may appear in the RECORD following the excerpts I am presenting.

There being no objection, the memorandum was ordered to be printed in the RECORD.

The excerpts from testimony given before the committee inserted by Mr. KING as a part of his remarks are as follows:

EXCERPTS FROM THE TESTIMONY OF SIDNEY R. KENT, PRESIDENT OF TWENTIETH CENTURY-FOX CORPORATION

I want to confine myself strictly to the merits of the bill. I agree with your remarks, Senator NEELY, in the record, that there are only two things that matter here, after all. One is whether block booking and blind selling are a bad practice. The other is—Is this the proper way to make them right? I am going to confine myself to that argument. I want to talk on the general aspects of the bill, of course, and its practical application to the sale and manufacture of motion pictures, based on by 23 years of experience.

I am speaking for the eight major producers and distributors, who make from 75 to 80 percent of the quality motion pictures that are made in America and who distribute them throughout the world. It is not my purpose to cover specifically all of the things that I will touch here in a general way. We will have here experts who will testify to whatever extent the committee desires in amplifying and proving any statements that I may make generally.

For example, when I state that the bill as drawn is entirely impractical from the standpoint of motion-picture making as the

people who have to make motion pictures know it, we will introduce evidence to prove that point, and that evidence, we think, will practically demonstrate our position, so that you will not have to rely on my statement.

I do not know whether this committee approves of the trade practice of block booking or blind buying. I cannot believe that they would wish to inflict a hardship on this industry for the sake alone of inflicting it, or even, if in the opinion of the committee legislation was necessary, that they would include or retain hardships now in this bill, that accomplish nothing and do not, we contend, even reach the end that the author has in mind.

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First, I would like to analyze the two interests who are supporting the Neely bill, first from the angle of the trade itself, and second from the public angle, which I will come to later.

The Allied Exhibitors Association—there is no secret about this—has been very active in support of the Neely bill. I think it is pretty well known that they are the ones who have done the consulting in the drawing of this bill. There are in this country approximately 12,000 independent exhibitors, of which I think the Allied claim approximately 4,000 in their membership.

Senator WHITE. What do you mean by independent exhibitors?

Mr. KENT. I mean exhibitors who run their own business, Senator. I mean exhibitors who are not affiliated with any producer or distributor but who make their living out of their own operation.

There is another organization, known as the Motion Picture Theatre Owners of America, which, the Allied people will tell you, is not an independent organization. I will let Mr. Kikeyndall, the president, fight that out for himself, but I know that there are nine State organizations, with which I recently negotiated on our trade practices, who were just as independent as either Allied or anyone else who calls himself a true independent, and I know that none of them are here in favor of this bill.

So, I say, leaving out the producers and their interests, and leaving out the distributors and their interests, and saying that we are entitled to no consideration at all, and putting this bill on the basis of just the independent exhibitors of the country, the majority of the independent exhibitors of the country are against this bill. It seems to me that a bill as dangerous as this is in its consequences should be based on facts, if the facts are available. I say that if the majority of the independent exhibitors of this country were given a chance to vote on this bill, they would reject it, but that is just a statement. However, it is entitled to just as much weight by your committee as the statements of the gentlemen on the other side, who have said the opposite.

In my 23 years of work in this industry, I have been closely associated with exhibitors and exhibitor associations. I have been present and taken part in every one of the many sessions for trade reforms that have been held in the motion-picture industry. I know the problems and the complaints of the independent exhibitor equally as well as the author of this bill. I know as many of them by name as anyone else who has testified or will testify here, or as well as anyone else in the industry. I think that I can say, with as much right to say it as anyone else who testified on the other side, that the majority of the independents, as I know them, do not favor the Neely bill.

If this bill were the salvation of the independent exhibitor, not all of the independents in this industry are fools outside of the Allied organization. They know what they want; they will fight for it just the same. I will go back of this bill to the last three or four bills we have had on block booking down here, and there has been, at any time I know of, one organization that was trying to abolish block booking and blind selling.

* * * * * * *

As to the economic aspects of block booking and blind buying I make the statement that no industry could have expanded and grown as this one has if the method of sales and commercial intercourse between buyer and seller was oppressive or stifling. For 15 years I have waited in vain, in spite of general charges that have been made, to see someone submit a list of the constantly talked of independents who have been put out of business by block booking and blind buying. It seems to me unfair that year after year this claim is made that block booking and blind buying is putting not only themselves but others out of business, and yet they are here year after year not only with the same theaters but, in many instances, with more theaters.

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A lot has been said in this hearing about the right of a man to buy what he wants to buy at a time when he wants to buy it. I will admit that that is a very sacred right, but I do not believe that under the Constitution it is any more sacred than the right to choose your own customer and decide whether you will sell or will not sell, or that you will or will not allow a man to pick out three or four choice pictures that you have made out of a group and throw the rest away, as long as you are in open and free competition in doing it.

The company that I represent will spend this year approximately $30,000,000 in the building of a motion-picture program. It will spend that money based on its faith that it has showmanship enough and reputation enough and assets enough to make 52 motion pictures that will bring that money back with a profit. That program is built without one dollar of guaranty from any of these gentlemen that we will get a single dollar of it back. I feel that the right to protect that investment, even if we are a large unit and sell that merchandise in our own way, is as sacred as any man's right to buy it his way, as long as we are freely and openly competing.

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Furthermore, I wish to say that there is no law in this country that forces anyone in these public bodies to go to see any picture that he does not consider satisfactory or suitable. As a matter of fact, the good work that these public bodies have done has been in building up the types of pictures that they want the producers to make and supporting them, and staying away from the type of picture they do not like, because there are not three or four people in a town of 20,000 or 25,000 who can prescribe what everybody else in that town wants to see. Opinions of pictures are very, very different.

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When this bill was first introduced, it was stated by the public groups who testified—I think it was 2 years ago—that there was a moral issue involved and that this was their predominant interest. In the other block-booking bills we had up until 2 years ago, which was the first time the public was definitely tied in, block booking was attacked on the ground of economics. It was bad economics and was bad for the exhibitor. Finally that was given up, and now the public issue has been brought in, and the claim is that the morals of the motion pictures are bad.

I do not believe that anyone can state seriously today that the part of this industry which lives under our production code is not living up to its obligation from a moral standpoint. I think a cross section of the press of the country will bear that out. Neither do I believe that any honest exhibitor will get up here and testify that he can consult with public bodies and run his theater except in a very general way. For any man to say that he can consult on every picture, if he is using three or four pictures a week, or two pictures a week—it just cannot be done.

Whether the exhibitor buys his pictures singly or collectively, or buys those that, in his opinion, will make for him the most money, for which I do not blame him, if he does not buy pictures that make money for him, that is a bad sales plan for him, just as bad as he calls block booking, in some instances.

We are in favor of a militant public interest. I think that the public has done great things for this industry. I think that this industry needs militant public opinion. We feel it very quickly when any of our people get out of line. They get word to us very quickly that we are stepping over the line.

Block booking and blind buying are as old as the industry itself. This form of selling came into being due to the desire on the part of exhibitors to have a steady and known source of product, week in and week out. If you will notice the announcements of most of these companies, they provide for 52 pictures a year. That is not just an accident. It might be said, Why not 56 or 48? It is 52 because there are 52 weeks in a year, and because the exhibitors, many years ago, when they tied in with one source of supply, wanted to have a picture every week, and the producer had to make 52 releases in order to keep the exhibitor open.

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It is apparent to me as a salesman exactly what will happen under this bill as it is now written, even though any producer or distributor would be foolish enough to run a risk of the drastic penalties of the bill. For example, an exhibitor comes into my office, and I have 10 pictures in various stages of completion at the studio—which is more than anybody usually has; it is ordinarily five or six—and I take a chance and give him a synopsis or shooting script as far as I can. If the price I quote is right, and he makes money on those pictures, you will never hear another word about them. But if the deal turns out to be bad for him financially on one or all of them, he will take me into court under the terms of this act, and even if I should succeed in winning, I would be put to the terrific expense of defending what I had done in connection with each of these pictures.

* * * * * * *

I cannot figure out the exact mathematical point required by this bill, the point at which the wholesale price is just right as against the individual price quoted. The result would be that if the wholesale price I quoted was to the liking of the exhibitor, he would take it. He could state that either the wholesale or the individual price was too high, but I would be in for a lawsuit.

Here is an industry, gentlemen of this committee, whether you approve this trade practice or not, that is vitally important in itself and very important to American business in general. Its value in foreign countries as a salesman of American merchandise can be attested to by our own Department of Commerce. I am citing this not as a reason why any wrongs that exist should not be righted, if they exist, but because a wrong trade practice, if wrong, should not be made the reason for harming or hog tying an entire industry without the most careful study.

Here is a business doing annually hundreds of millions of dollars, developed to the present importance in size and quality by Americans; an industry that pays higher wages to labor than any other industry in America, barring only two or three small, highly specialized groups; an industry whose people pay more taxes because of the brackets in which they fall than any other industry of similar size; an industry that has gone through the entire depression without one dollar of Government help; an industry which, while billions were being spent to carry on other lines of business, has fought its own financial fight and carried its own burdens.

Different from any other export business, this industry does not send merchandise or material out of the country, such as happens in the exportation of an automobile. Our product is manufactured completely here; only the shadows go out to be shown abroad. It

is entirely a product of American labor and personalities. It is entirely proper that some heed be given to the foreign problems now facing this industry. I cannot believe that they are of no interest to this committee.

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The producers and distributors for whom I am speaking, who spend annually approximately $200,000,000 in production, believe also that they are entitled to the constructive and sympathetic attention of this committee. We do not feel that just because we represent the larger units in this industry we should be denied the right to be consulted or to furnish facts and figures to the fullest extent before legislation as drastic as this is favorably reported on. All of us must bow to public opinion. We recognize that as much as anyone. We say there is as much public opinion in favor of block booking as there is against it, but we say that even if the opinion against block booking were overwhelming and that, as a trade practice, it should be legislated against, we still maintain that this bill is not good legislation from any standpoint except for that of the minority who have sponsored it. We further believe that before legislation of this or any other type is adopted, a thorough and complete study should be made by some agency that will bring in the facts from all parts of the industry and not just from one.

This is no ordinary measure. If it is not passed this year, it does not mean that a lot of people are going to be crucified or injured. We certainly are not opposing the making of a most thorough study, by any Government agency, of the methods of block booking and blind buying; whether or not they have outlived their usefulness. If they have, the problem should be taken up on that basis. We can contribute many important facts to such a study that are not in the possession of this committee and certainly not in the possession of those who wrote this bill.

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In closing, I wish to state that this bill will increase the cost of film for the exhibitor and for the public very definitely. There can be no other way out, since it prohibits in its effect the selling of pictures except one at a time, and it will be a serious problem to meet. You cannot sell pictures in this far-flung country of ours one by one without adding tremendously to the sale cost. Somebody has to pay the freight, and if the exhibitor pays more, the public must pay more. The exhibitor frequently asks the question why he should pay for our failures. My answer is that 35 years of history have shown that he has not paid for our failures. We have paid for our own with the amount by which we have discounted the larger value of our successful pictures, which is the reimbursement we have received for our less successful pictures.

If the time has come when block booking and blind buying as a trade practice have got to fall before public opinion, we bow to it; we are not going to stand in the way of progress. But that is not what these gentlemen want. I say that if these practices are to be prohibited, I say it should be done on the basis that really does the job and that is fair to all parts of the industry.

EXCERPTS FROM THE TESTIMONY OF CHARLES C. PETTIJOHN, GENERAL COUNSEL FOR THE MOTION-PICTURE PRODUCERS AND DISTRIBUTORS ASSOCIATION

This bill is a proposal to destroy the distribution system of the motion-picture business—a system which distributes daily more than 25,000 miles of film to some 17,500 theaters in the United States, with less than a dozen miss-outs per year, and those miss-outs are mostly caused by severe snowstorms or floods. In many of these instances, pictures are delivered by airplane at an expense many times their rental, because it is a tradition of the show business that "the show must go on."

It is a proposal to set aside the distribution system of the motion-picture industry without offering a better one to take its place, which every producer and distributor of pictures would welcome if the substitute was more efficient, economical, and fair to all parties concerned. This bill tears down and destroys. It does not build up.

The motion-picture industry, through years of development and constant improvement, has taken a "peep-show business" with short flickers, shown in ex-barber shops and restaurants, furnished with chairs moved in from the undertaker's parlor, and turned it into an industry which provides a cheap, wholesome form of amusement for more than 80,000,000 of our people each week; which provides all types of theaters, charging various prices of admission, with the same identical pictures; which permits the same identical picture playing a first-run engagement at a rental of from $5,000 to $10,000 to be shown sometimes within 30 days, frequently within 60 days, and almost universally within 6 months, to the smallest, most humble theater in America for from $5 to $10.

That is the system that it is sought here to destroy. I don't know of any business in the world so good to the "little fellow." I would like to buy a Rolls-Royce car the way they buy motion pictures, after 60 days.

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Pictures cannot be sold one at a time if this business is to exist. I want to address myself very briefly to that. You cannot send a salesman 200 miles, feed him, pay his salary, bill, collect, and distribute, make and furnish prints, and lease them singly for from $10 to $20. It cannot be done. There is an economic side to this problem. It is necessary not only for the producer but the exhibitor to know in advance what he is going to play and when he is going to play it. It is as necessary for the motion picture to have well in advance a definite schedule of play dates for pictures as it is for the railroads to have timetables for their trains. Imagine 17,500 theaters, with 25,000 miles of film a day being delivered, and without knowing anything in advance of what you are going to do. It is a ridiculous proposition.

We now come to the subject of blind buying, which simply means contracting for a film that you have not seen. That is, the exhibitor buys them ahead. Does he not know what he is going to get when he buys? Today every exhibitor has all the information about pictures that the producer himself has. Is it possible that theater men do not know what they are going to get when they buy a Shirley Temple picture or a Clark Gable picture, or a Jimmy Cagney picture?

And while we are on the subject of blind buying let me modestly suggest to any complaining theater man that each and every one of their customers who buys a ticket at the box office buys that ticket blindly. They sometimes do not give their customers as much information about the picture as they themselves have had given to them by the producers. Blind buying means buying pictures in advance. That is all it means.

EXCERPTS FROM THE TESTIMONY OF DR. RUSSELL POTTER, OF COLUMBIA UNIVERSITY, REPRESENTING THE NATIONAL BOARD OF REVIEW OF MOTION PICTURES

That Senator Neely's bill is more than it pretends to be is best indicated by the following passage of his report to the Senate last year, in referring to the manner in which the motion-picture industry has solved through self-regulation the problem of decency and good morals on the screen. Senator Neely said, and I quote from his report:

"The recent reformation is purely voluntary and there is no assurance that present imperfect standards will be maintained if this legislation is not passed. Experience teaches that, as a rule, such reforms are sporadic, induced by outbursts of public indignation and are of short duration."

If this is the position to be adopted by the Congress of the United States, we might as well scrap all the processes of democracy in American industry and American life. If reformation or self-regulation is to be suspected because it is voluntary, no industry is safe.

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My thought is that this bill will not correct what needs correction, and that the whole issue is so terribly confused, and the proponents of the bill come in with such a mass of evidence from all of these organizations out over the country, lay persons who have no specific, exact, definite, first-hand knowledge of the complex and complicated industry that has grown up here. You yourself, Senator, yesterday morning and today, frequently asked how many members does such and such an organization have. That is important. And let me say again that every one of these organizations is very fine; its aims are laudable in its own field; but now they are trying to come in and form a mass movement.

STATEMENTS MADE BY GEORGE J. SCHAEFER, PRESIDENT OF THE R. K. O.-RADIO PICTURES CORPORATION

The motion-picture industry have perfected a very simple distribution system. When the negative is completed they strike off an average of approximately 250 positive prints. A branch office in New York which has a large number of theaters to serve will receive as many as 20 positive prints on a given subject; whereas a branch office in Washington, not having the same number of theaters in a concentrated district, may receive only 8 positive prints. The motion picture which is first shown in the Music Hall, New York City, will eventually be shown in every neighborhood in Greater New York, regardless of the importance or size of the theater. The Music Hall, for the right of prior showing, may pay as high as $100,000 in film rental; yet that same motion picture will eventually be shown in the small 500-seat theater, probably charging 15 cents, at a price as low as $15. The motion pictures which are shown in the larger first-run theaters in Washington, such as the Capitol, Palace, Keith's, and Earle, eventually will be shown in every neighborhood in Washington, D. C., and in every city or town serviced by the Washington branch office. The film rental for a first run in Washington may well amount to $10,000, but will be shown in the smallest town or community in Virginia, West Virginia, Maryland, or Delaware at as low as $10.

The 31 branch offices maintained by the various motion-picture producers and distributors have a weekly pay roll of approximately $530,000 and hire 12,500 employees.

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The theory of this bill seems to be that if it were not for the so-called compulsory block booking, the theater management would select for showing only the finest and most suitable pictures, that no motion pictures would be exhibited in the theater except those which the people who patronize the theater should see, not just those which the general public likes and will pay to see. This theory, no doubt appeals strongly to the earnest women's club, church organizations, and other public and pressure groups, who have been persuaded by an organized campaign to actively support this bill.

These sincere people do not understand the fact that the proposed law does not prohibit exhibition of any film, no matter how improper, at any time or place, and no matter how unsuitable. In fact, this bill does not prevent the showing of entirely immoral pictures. We cannot assume that any local exhibitor would put aside pecuniary consideration in the interest of public morals to a greater extent than the producers and distributors. This is best

evidenced by the fact that such pictures as I am about to mention were not produced by any of the major and important producing companies. Neither were they distributed by the organization affiliated with the important producers. In truth, they were distributed by independent companies, and were leased on an individual basis. All of these pictures had very wide circulation, mostly in the independent theaters and in particular in many of the neighborhood houses: Ecstasy, Birth of a Baby, Goona-Goona, and Valley of the Nude.

Again I submit to you that there is nothing in the bill which would prohibit any exhibitor from leasing or showing pictures of this type.

From Mr. Atkinson's opening statement we are led to believe that the exhibitor will consult with his local community as to the so-called suitable pictures which should be exhibited in his theater. There is nothing in the bill which obligates the exhibitor to consult his local community, and bearing in mind that the exhibitor will only lease and book such pictures as are actually produced, can it be assumed that he would put aside commercial considerations in the interest of public morals?

It should also be noted here that this bill will not change the type of stories that are written each year by our well-known authors and published in book or magazine form, all of which are finally purchased by the producers and eventually find their way to the screen.

FROM THE TESTIMONY OF WILLIAM F. ROGERS, GENERAL SALES MANAGER, METRO-GOLDWYN-MAYER PICTURES

From June of last year and up until this present moment I have been the chairman of the so-called negotiating committee representing distributors and have been in conference with a committee representing the Allied States committee, representing the Motion Picture Theater Owners of America, and with every organized group of theater owners in these United States. I have met with them in New York, I have met with them in Washington, I have met with them in California; in fact, I have met with them anywhere it would suit their convenience. Without exception, sirs, there is not one organized group of theater owners in this country that favors the Neely bill, except those gentlemen associated with the Allied States Theaters. That is not an idle remark; that is based upon fact.

Nevertheless, we want to satisfy the Allied States Theaters and their association the same as we do any other group. Even though they may sponsor legislation that we think is detrimental to our interests, we recognize, nevertheless, that they are our customers, and as such we want to satisfy them.

As a result of those various conferences, we did work out an understanding. Unfortunately, not being a lawyer, I stated in a publicity article that an understanding had been reached. They objected very seriously to that, because it was not the proper word, but I do know that in principle the points that we had agreed to concede were acceptable to the majority of their members, notwithstanding the vote of their executive committee. But the men who have their dollars and cents invested in this business do not want the Neely bill; they were satisfied that the trade practice proposals which we advanced would properly protect them.

As Mr. Pettijohn reminds me, it went a great deal beyond the Neely bill. There are some of their members, admittedly so, who are very strong for the Neely bill, but I do know, not from hearsay but by the advice of their own associate, that one or more units of their same organization wanted to deal with us on a trade-practice proposal, and so informed their board of directors, rather than support the Neely bill.

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Senator, if you will permit me to say so, we have proposed in this trade-practice code, aside from the elimination or cancelation privilege that was discussed here, and in addition to that, to eliminate any picture that is objected to on moral, religious, or racial grounds. But let me tell you what we are up against.

For instance, my company a year or so ago believed that the American public and the people of the world would be interested in a classic, so we produced at an expense of $2,800,000 a picture called Romeo and Juliet. We selected the very best stars we could get. From our own pay roll we had Miss Norma Shearer, and we borrowed Mr. Tyrone Power. In addition to them, we used Leslie Howard.

Yet, under my exclusive privilege that exists in my contract, 590 theaters took advantage of that cancelation clause. They did not want to play it. On the other hand, in the same year, again trying to find the public taste, we bought a story that was based on the life of Al Capone and we titled it "The Last Gangster." We did not hold up Eddie Robinson, who was the star of it. Robinson was no idol or hero. To the contrary, he suffered even unto death. Nevertheless, I had 13 cancelations. There could have been 590 cancelations, but only 13 theaters canceled.

That is why I say that these ladies—and I am honestly grateful to them, because I do not subscribe entirely to the fact that the Legion of Decency was responsible for our cleaning our own house—I say that they in cooperation with the theater owners helped us, and in that respect I am grateful; but when they tell me that an anti-block-booking bill is going to cure that condition, I will promise them that whether I sell The Last Gangster alone or as a part of a group, I am still going to sell 10,000 contracts on that picture; there is no doubt about that.

STATEMENT OF ROBERT MONTGOMERY, REPRESENTING THE SCREEN ACTORS GUILD, BEVERLY HILLS, CALIF.

My name is Robert Montgomery; Beverly Hills, Calif.; occupation, an actor.

I want to thank this committee for the privilege of appearing before it. I have been asked to appear before you by the board of directors of the Screen Actors Guild. For the benefit of those of you who may not be familiar with the guild, it is a union of all actors and actresses who appear in motion pictures, whether extras or stars. It is affiliated with the American Federation of Labor. I have served as president of the guild and am at present a member of its board and executive committee.

The guild board and its attorneys have carefully studied this bill and have come to the very definite conclusion that if it should become a law of this country it would cut in half the production schedules of the motion-picture industry. This would directly affect the employment of some 282,000 persons who are employed in the production, distribution, and exhibition divisions of the film industry.

The acting profession which I represent is but one of the 276 crafts employed in the industry. It consists of 8,500 people, approximately 1,600 of whom are employed as actors in small parts, featured roles, character and leading parts in films. The remaining 7,000 are those who play extra parts or small roles known as "bits." With the exception of the small group under contract to the studios, the earning power of these people is extremely limited and depends entirely upon the volume of production.

Later witnesses will present to you, I am sure, expert evidence on the effect the provisions of this bill would have upon all branches of the industry. I shall confine my remarks to one paragraph, No. 7. In this paragraph 12 months of grace are given to the industry, during which time it must readjust its entire structure. I should like to point out that the methods of production and distribution, which are attacked by this bill, while admittedly not perfect, are the result of 30 years' experience and effort. The sponsors of this bill ask the Congress to destroy the entire business structure of one of the largest industries of the United States without offering any alternative plan, except one which has failed every time it has been tried.

The officers and directors of the Screen Actors' Guild feel that they would be neglecting their duty to the people they represent if they did not point out to this committee that the enactment of the Neely bill would bring about a chaotic condition in the motion-picture business, from which, in their opinion, there could be no recovery within a period of 12 months or 12 years.

EXCERPTS FROM THE TESTIMONY OF KENNETH THOMSON, EXECUTIVE SECRETARY OF THE SCREEN ACTORS' GUILD

Like Mr. Montgomery, I am appearing before you at the request of the board of directors of the Screen Actors' Guild. The reason for the guild's interest in this legislation is because it is the belief of the board of directors that employment of actors and all other employees would materially decrease should it be enacted. Furthermore, as the guild is affiliated with the American Federation of Labor and as its members are American citizens, we are naturally deeply concerned by anything which would tend to reduce employment in this or any other industry. Other witnesses have told you that the production of motion pictures is largely financed because of the ability to provide a definite market for the product by selling pictures wholesale to exhibitors in advance of their production. It follows, therefore, that if this practice is stopped there will be less production, and therefore less employment.

Before becoming executive secretary of the guild I spent 15 years of my life as an actor, 10 of those years in motion pictures. During that time I played in at least 50 motion pictures, both sound and silent. During the past 5 years it has been my duty to observe closely production methods of the entire industry. Therefore I feel qualified to state that the substitute for blind selling in the Neely bill will not accomplish what the proponents of the bill expect of it for two reasons: First, it would put the production of motion pictures into a strait jacket which would make it impossible for producers, directors, writers, and actors to use their talents to improve a picture after production, even though by audience reaction at previews grave flaws in writing, action, or direction had been discovered.

Second, and I think this is important, it presupposes that the exhibitor is capable even from a complete synopsis to judge what the finished picture would be like. As I said before, I have acted in at least 50 motion pictures. In every case I have been furnished not with a synopsis but a complete shooting manuscript, and I never knew until I saw the finished picture on the screen and before an audience just what the result of all the effort and expenditure would be. I submit to you that the average exhibitor is no more qualified to judge the entertainment or educational values of a picture from a study of a synopsis than he would be to understand the Einstein theory. I further submit that the substitute suggested would lead to endless litigation. If 10 trained screen writers were asked to make a synopsis of a finished picture after seeing the film, there is little question but that they would submit 10 different synopses. How often, then, would the exhibitor contend that the finished picture delivered to him differed from the synopsis? I think it would occur almost every time he played a picture which did not live up to his expectations at the box office.

STATEMENTS OF MRS. FLORENCE FISHER PARRY, OF PITTSBURGH, PA., WRITER AND BUSINESSWOMAN

My capacity as motion-picture critic has necessitated, over the last 13 years, my seeing on the average of about five motion pictures a week, either in private or at actual exhibition in the theaters. I have been forced at times, sirs, to take some of my little children with me. Very often the contents of the play have been—I would say not often, but occasionally—too mature for their comprehension, and sometimes objectionable, but I had no other recourse.

Now they have reached their maturity, and I might say that they have so far exhibited no criminal tendencies of any kind. If they did, I would be apt to lay it to heredity or some other cause rather than to motion pictures, because it has been my experience that children take motion pictures as they do a great many other kinds of entertainment, and as they do their oatmeal for breakfast. They gobble up the palatable part, and they spit out the lumps or what they don't like.

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Gentlemen, shall we say that there is no moral issue involved in the Neely bill? There is a very profound moral issue involved. There is a challenge to our personal liberty in almost every line of this bill as written. I do not deny its honorable intention of reform. I do not deny the estimable philosophy that lies behind this intention or the sincerity of its sponsor and proponents, but I attest that the bill S. 280 is, as written and submitted to the Committee on Interstate Commerce, inadequate, inoperative, destructive to free commerce, and will only serve to involve the fifth major industry of the United States in a network of litigation, racketeering, and red tape, which in itself will defeat its whole objective.

EXCERPTS FROM THE TESTIMONY OF MRS. PIERCY CHESTNEY, PRESIDENT OF THE MACON LITTLE THEATER, MACON, GA.

I understand that Senators have been swamped with letters urging its passage—letters from many organizations composed entirely, or almost entirely, of women, many of whom are mothers and few of whom have the faintest idea what is meant by block booking. They never get as far as the blind-buying part.

These women have been told that were block booking and blind buying eliminated, enabling an exhibitor to select his pictures, he would select only good pictures and those they want him to buy.

But what they have not been told is that their definition of a good picture and the exhibitor's idea of a good picture differ widely. By "good" they mean a picture of high standards. By "good" the exhibitor means one that will make money; and as an exhibitor is in business to make money and not to preach or teach, that is his main object.

Yesterday Mrs. Bannerman said that 47 of the 48 States had in their parent-teacher association conventions passed resolutions in favor of the Neely bill. I want to tell you what happened in Georgia.

I was the motion-picture chairman and I went to the convention. The president, who at that time was Mrs. R. H. Hankinson, asked the secretary to read a resolution that had been sent from National endorsing the Neely bill. Somebody made a motion that the resolution be accepted. Somebody else seconded the motion, and the president started to put the vote. I asked her if she was going to have any discussion. She asked me if I would like to discuss it. I said, "No; but I would like to ask one question." She gave me permission to ask the question. There were over 500—I have forgotten the exact number—present. I said, "All those who understand about the Neely bill and all about 'block booking,' please raise your hands."

One woman raised her hand. There were both men and women present. I said, "Madame President, I believe that the question was not understood. Will all who understand what 'block booking' and 'blind buying' in the Neely bill mean, raise your hands?"

This same woman raised her hand. I said, "Madame President, will you ask this delegate to explain to the other delegates about block booking?"

The lady who had raised her hand in response to my question said, "Oh, don't ask me to do that. I have heard about it, but I don't know what it is."

So they decided they would not pass the resolution at that time.

I went in succession to several other conventions, still in my capacity as motion-picture chairman for the State, and they did not pass the resolution. Then I slipped up and did not go one year, and they did pass it.

What is true of the Georgia Congress of Parent-Teachers Association is probably true of other State congresses.

The memorandum by Mr. Myers, offered by Mr. NEELY, is as follows:

Memorandum in re S. 280, by Abram F. Myers, chairman of the board, Allied States Association of Motion Picture Exhibitors.

(Answers to the principal points made in the speeches against the bill. Answers to points I, III, IV, and VII are to be found in Senator NEELY's speech for the bill, and are simply repeated here)

I

Point: Action on the bill should await the outcome of the Government's antitrust suit against the Big Eight.

Answer: Contrary to the assertion made, that suit does not involve blind selling. To prohibit compulsory block booking without prohibiting the twin evil of blind selling, would be futile. Moreover, prohibition of the practices calls for detailed affirmative as well as restrictive measures which can more appropriately be included in a statute than in a decree. (Hearings, pp. 40, 563; Com. Rep., p. 15.)

If the suit is not effective in preventing these practices, then it will not fully curb the monopoly, because so long as the Big Eight can force their pictures on the screens they are as a necessary corollary able to keep off the screens the pictures of would-be competitors.

II

Point: Antitrust statute should not be written for a single industry.

Answer: There is no existing statute which bears directly on compulsory block booking or which, by the furthest stretch of the imagination relates to blind selling. The choice is between a special statute or allowing these practices to go unchecked.

Furthermore, Congress has never hesitated to write special legislation for particular industries whenever there was need therefor, as witness the utility holding-company law, the Packers and Stockyards Act, the Grain Futures Act, and special regulatory laws relating to railroads and radio.

III

Point: Because the court [Judge Martin T. Manton] denied an enforcement order for the Federal Trade Commission's anti-block-booking order against a single company—Paramount—there is no ground for legislating against the practice.

Answer: This is tantamount to saying that because an evil practice is not covered by an existing statute, there is no basis for legislating it out of existence. An exact parallel is found in the circumstance that the tying clause contracts employed by the United Shoe Machinery Co. to accomplish full-line forcing were held not to violate the Sherman Act (247 U. S. 32). Congress then enacted section 3 of the Clayton Act which was aimed directly at tying clauses, and this section was given effect by the courts (258 U. S. 451).

This disposes of the implication that because of the Court's ruling legislation on the subject of compulsory block booking would not be valid. There is no difference in principle between compulsory block booking and full-line forcing. In addition, there are the memoranda by Judge Harold M. Stephens (see Neely speech) and Prof. Noel T. Dowling (appendix to committee report) to the effect that legislation on the subject of compulsory block booking and blind selling will be upheld.

IV

Point: Section 3 is too vague and general for a criminal statute.

Answer: (a) Basically the section calls for a test of reasonableness—the reasonableness of the differentials between aggregate prices for complete blocks of pictures and prices for individual pictures or groups of pictures less than complete blocks. After the Supreme Court in the *Standard Oil case* (221 U. S. 1) laid down the "rule of reason" the test of a violation of that statute became whether the defendant had "unduly" or "unreasonably" restrained trade. As thus interpreted, the act was upheld as a criminal statute in *Nash* v. *United States* (229 U. S. 373). The Court, by Mr. Justice Holmes, said:

"But apart from the common law as to restraint of trade thus taken up by the statute, the law is full of instances where a man's fate depends on his estimating rightly; that is, as the jury subsequently estimates it—some matter of degree. If his judgment is wrong, not only may he incur a fine or a short imprisonment, as here; he may incur the penalty of death."

(b) The test provided in the bill is essentially the same as that provided by section 3 of the Clayton Act.

(c) If the criminal provisions are too broad, the courts will protect those accused thereunder.

(d) The bill provides for enforcement by injunction as well as by criminal proceedings, and there is no suggestion that the bill cannot be enforced by proceedings in equity.

V

Point: That the bill would prevent wholesale selling.

Answer: Not a line or sentence says or even hints that a distributor may not lease as many pictures at one time as he and the exhibitor may agree upon. Opponents of the bill have confused wholesale selling with full-line forcing. (Hearings, p. 155.)

The bill does not seek to make a distributor lease any pictures to an exhibitor unless he is so minded. It merely says that a distributor, trading in the channels of interstate commerce, may not require an exhibitor to take pictures which he does not desire in order to obtain those that he does desire. This is the basis of section 3 of the Clayton Act and of all regulations of interstate commerce.

VI

Point: Bill will discourage production of outstanding pictures because there will not be an assured market therefor.

Answer: (a) If, as opponents of the bill contend, compulsory block booking is not now rigidly enforced, or will be relaxed under a voluntary undertaking by the Big Eight, then the assured market theory goes by the board.

(b) The truth is that the Big Eight have looked only to the independent exhibitors for an assured market, while allowing their own theaters and the theaters of one another to pick and choose without being subjected to compulsory block booking. (Hearings, pp. 95–96, 557, 618.) Why should independent theaters have to take and play all the pictures while the trust theaters play only the ones they choose?

(c) Under the standard license agreement (hearings, pp. 556, 594) the distributor undertakes to deliver to the exhibitor only pictures generally released during the term of the contract. The "road showing" of a picture (i. e., its exhibition by the distributor at prices higher than those which generally prevail) is not a general release. Thus distributors can and frequently do "road show" outstanding pictures and thus, in effect, remove them from their

blocks, in order to resell those pictures to the exhibitors the following year at higher prices. (Senate hearings, 1936, p. 60.)

Senators doubtless have observed that pictures such as Romeo and Juliet, Lost Horizon, etc., have been road shown at the National Theater for admissions as high as $1 or $1.50. That meant that those pictures were taken out of the blocks—out of the assured market—by the distributors themselves.

This has a direct bearing on a colloquy which occurred on Friday:

"Mr. BARKLEY. * * * If the producers of that picture and other pictures had to depend on their ability to sell it as a single production to all the moving-picture theaters in the United States, I am wondering whether, in view of its cost of production, they would incur the risk necessary to produce the kind of picture that everybody expects from Gone With the Wind.

"Mr. WHITE. My answer is that, in my opinion—and I base the opinion on what is in the record—such pictures would not be produced in the United States." (CONGRESSIONAL RECORD, p. 9132.)

(d) Gone With the Wind will undoubtedly be road shown for at least a year before it is generally released. The distributor, exploiting it singly, will bleed it white before releasing it to the independent exhibitors. In other words, when they have an assured box-office success, the distributors ignore their assured market. Compulsory block booking forces upon the independent exhibitors the bad pictures; they do not get the outstanding pictures under their contracts until the distributors have squeezed the last penny out of them.

VII

Point: Exhibitors exercise their cancelation privilege improvidently; therefore they would not choose pictures wisely under the bill.

Answer: (a) No cancelation figures are contained in the record. The figures, in every instance, cover play dates, not cancelations. The number of play dates a picture receives is mainly determined by the selections or rejections by the producer-owned theaters and the extended and repeat runs forced by the distributors.

(c) The House hearings (pp. 471–472, 547) show how Paramount forced independent exhibitors to give extended playing time to the Mae West pictures. Incidentally, these very pictures were primarily responsible for the outburst of public indignation which led to the formation of the Legion of Decency.

VIII

Point: Cancelation of a picture gives it wonderful advertising value.

Answer: Agreed. Proponents of the bill advocate a right of selection at the time the pictures are contracted for and before they are put into circulation. Opponents insist that a cancelation provision, which they propose to offer, is the solution of the problem. These inconsistencies appear in Senator WHITE'S speech, page 9134 (bottom of second column) and page 9136 (middle of column 1).

IX

Point: A new motion-picture code granting a cancelation privilege has already gone into effect.

Answer: (a) At the hearing the following occurred with respect to the proposed code, called an "agreement" (p. 212):

"Senator WHITE. That is your proffered offer or agreement, or is that the existing agreement?

"Mr. RODGERS (of Metro). No; this is what we have now offered."

(b) As shown by exhibit D, CONGRESSIONAL RECORD, page 9125, the code has been rejected by Allied States Association of Motion Picture Exhibitors.

(c) It has been branded inadequate by the public groups supporting the bill. (Hearings, 510, 517; and see telegram from Dr. Ray Lyman Wilbur, CONGRESSIONAL RECORD, p. 9123.)

(d) The code, if it ever goes into effect, will be a purely voluntary undertaking by the Big Eight. It should be remembered that the highly restricted 10 percent cancelation provided in the N. R. A. Code was withdrawn as soon as N. R. A. was declared unconstitutional. (Hearings, p. 132.) And see enumeration of the "13 broken promises" of the producer-distributors in the hearings, pp. 54–56.

The PRESIDENT pro tempore. The hour of 3 o'clock having arrived, under the unanimous-consent agreement, the Senate will now proceed to vote on the pending bill and all amendments thereto.

Mr. NEELY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Gibson	Hughes
Andrews	Byrnes	Gillette	Johnson, Calif.
Ashurst	Capper	Glass	Johnson, Colo.
Bankhead	Chavez	Green	King
Barbour	Clark, Mo.	Guffey	La Follette
Barkley	Danaher	Gurney	Lee
Bilbo	Davis	Hale	Logan
Bone	Donahey	Harrison	Lucas
Borah	Downey	Hatch	Lundeen
Bridges	Ellender	Hayden	McKellar
Bulow	Frazier	Hill	Maloney
Burke	Gerry	Holman	Miller
Minton	Radcliffe	Stewart	Van Nuys
Murray	Reed	Taft	Walsh
Neely	Russell	Thomas, Okla.	Wheeler
Norris	Schwartz	Thomas, Utah	White
Nye	Schwellenbach	Townsend	Wiley
Overton	Sheppard	Truman	
Pepper	Shipstead	Tydings	
Pittman	Slattery	Vandenberg	

The PRESIDENT pro tempore. Seventy-seven Senators having answered to their names, a quorum is present.

If there be no further amendments to be offered, the question is upon the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and read the third time.

The PRESIDENT pro tempore. The question is on the passage of the bill. [Putting the question.] In the opinion of the Chair, the "ayes" have it.

Mr. HARRISON and Mr. BARKLEY asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. MALONEY (when his name was called). On this vote I have a pair with the senior Senator from Georgia [Mr. GEORGE]. Not knowing how he would vote, I withhold my vote.

Mr. VANDENBERG (when his name was called). On this vote I have a pair with the senior Senator from New York [Mr. WAGNER]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. HATCH. On this vote I have a pair with the Senator from New Jersey [Mr. SMATHERS]. If he were present, he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Iowa [Mr. HERRING], the Senator from West Virginia [Mr. HOLT], the Senator from Nevada [Mr. MCCARRAN], and the Senator from New York [Mr. WAGNER] are absent on important public business.

The Senator from Georgia [Mr. GEORGE] is detained because of illness.

The Senator from Idaho [Mr. CLARK] and the Senator from Wyoming [Mr. O'MAHONEY] have been called to Government departments on matters pertaining to their respective States.

The Senator from Texas [Mr. CONNALLY] is absent on official business. He has a general pair with the Senator from Oregon [Mr. MCNARY], who is also absent on official business. I am not advised how these Senators, if present and voting, would vote.

The Senator from North Carolina [Mr. BAILEY] and the Senator from New Hampshire [Mr. TOBEY] are absent on important public business. They have a pair on this question, and I am advised that if present and voting the Senator from New Hampshire would vote "yea," and the Senator from North Carolina would vote "nay."

The Senator from New York [Mr. MEAD] and the Senator from Massachusetts [Mr. LODGE] are absent on official business. They are paired on this question, and I am advised that if present and voting the Senator from Massachusetts would vote "yea," and the Senator from New York would vote "nay."

The result was announced—yeas 46, nays 28, as follows:

YEAS—46

Andrews	Davis	La Follette	Sheppard
Bankhead	Donahey	Lee	Shipstead
Barbour	Frazier	Lundeen	Stewart
Bilbo	Gerry	McKellar	Thomas, Okla.
Bone	Gillette	Minton	Thomas, Utah
Borah	Green	Murray	Truman
Bulow	Guffey	Neely	Tydings
Byrd	Hayden	Norris	Walsh
Byrnes	Hill	Pittman	Wheeler
Capper	Holman	Reed	Wiley
Chavez	Hughes	Schwartz	
Danaher	Johnson, Colo.	Schwellenbach	

NAYS—28

Adams	Ellender	King	Radcliffe
Ashurst	Gibson	Logan	Russell
Barkley	Glass	Lucas	Slattery
Bridges	Gurney	Miller	Taft
Burke	Hale	Nye	Townsend
Clark, Mo.	Harrison	Overton	Van Nuys
Downey	Johnson, Calif.	Pepper	White

NOT VOTING—22

Austin	George	McNary	Smith
Bailey	Hatch	Maloney	Tobey
Brown	Herring	Mead	Vandenberg
Caraway	Holt	O'Mahoney	Wagner
Clark, Idaho	Lodge	Reynolds	
Connally	McCarran	Smathers	

So the bill (S. 280) was passed.

HIGHWAY BETWEEN CHORRERA AND RIO HATO, REPUBLIC OF PANAMA

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 2163) to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes, which was to strike out the preamble.

Mr. LOGAN. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PURCHASE OF AMERICAN ISLANDS FOR NAVAL AND AIR BASES

Mr. LUNDEEN. Mr. President, we are now expending huge sums for our national defense. This year we are spending some $2,000,000,000 for that very purpose. Why not acquire permanent naval and air bases along our Atlantic and Pacific coast lines?

I ask unanimous consent to have printed in the RECORD as part of my remarks certain data concerning islands within 1,500 miles' range of Nicaragua and the Panama Canal Zone. These islands are on the west coast. The United States ought to acquire these strategic and important islands as naval and air bases for our national defense.

An article appearing in News Week of June 19, 1939, reads as follows:

[From News Week of June 19, 1939]

GALAPAGOS TO UNITED STATES?

Though it may be denied, President Narvaez of Ecuador is going ahead with plans to offer the United States control of the strategic Galapagos Islands, about 800 miles southwest of the Panama Canal. A similar idea fell through in 1911. But today Ecuador's Government needs money badly—much more than it needs the islands, which it has never developed. Also Ecuador has been deeply influenced by the good-neighbor policy and would now rather deal with the United States than other governments. Plans being discussed range from offering the islands as security for a $17,000,000 loan to selling them outright for something like $100,000,000. Presumably the Roosevelt administration would favor the idea, but there might be squawks of "imperialism" in Congress.

On Friday, July 14, 1939, I introduced five joint resolutions, Senate Joint Resolutions 170, 171, 172, 173, and 174, bearing on the proposed negotiations. I also ask to have printed in the RECORD the joint resolutions as introduced.

The screen of islands on the west coast and the islands from Greenland to the continent of South America all must be acquired. They are all American and should be under our defense control. Let us act now before it is too late.

I ask that the matter I have referred to be printed in the RECORD at this point, as part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

HYDROGRAPHIC OFFICE,
Washington, D. C., June 19, 1939.

MEMORANDUM FOR SENATOR LUNDEEN

Subject: Islands within 1,500 miles radii of Panama and Nicaragua (west coast).

Enclosures: (A) List of islands within 1,500 miles radius of Panama; (B) list of islands within 1,500 miles radius of Nicaragua; (C) sheet 2 of Outline Chart of the World; (D) H. O. Chart No. 823; (E) H. O. Chart No. 1007.

1. Enclosures are forwarded herewith in compliance with your verbal request for lists of islands within 1,500-mile radii of Panama and Nicaragua in the Pacific Ocean.

2. Certain small islands in close proximity to coasts of various countries have not been included. For example, Lobos de Afuera Island, off the coast of Peru, is not listed.

3. Distances given are approximate and have been inserted on charts for your convenience.

G. S. BRYAN,
Captain, United States Navy, Hydrographer.

Islands on Pacific side within 1,500-mile radius of Panama

Name	Location and sovereignty	Distance from Panama
Perlas Islands	Gulf of Panama (Panama)	
Galapagos Islands, including Culpepper and Wenman Islands.	Off coast of Ecuador (Ecuador)	850 miles.
Malpelo Island	Off coast of Colombia (Colombia)	300 miles.
Cocos Islands	West of Panama (Costa Rica)	480 miles.
Isla Coiba	Off northwest coast of Panama (Panama).	150 to 200 miles.
Isla Jicaron		
Isla Montuosa		
Isla Parida		
Isla Afuera		
Islas Conteras		
Islas Secas		
Islas Ladrones		
Caño Island	Off coast of Costa Rica (Costa Rica).	270 miles.

Islands on Pacific side within 1,500-mile radius of Corinto, Nicaragua

Name	Location and sovereignty	Distance from Corinto
Clipperton Island	Off coast of Mexico (France)	1,320 miles.
Revillagigedo Islands	Off coast of Mexico (Mexico)	1,560 miles.
Galapagos Islands, including Culpepper and Wenman Islands.	Off coast of Ecuador (Ecuador)	810 miles.
Cocos Islands	West of Panama (Costa Rica)	400 miles.
Malpelo Island	Off coast of Colombia (Colombia)	600 miles.
Perlas Islands	Gulf of Panama (Panama)	550 miles.
Cano Island	Close off coast of Costa Rica (Costa Rica).	300 miles.
Isla Coiba	Close off northwest coast of Panama (Panama).	400 to 450 miles.
Isla Jicaron		
Isla Conteras		
Isla Montuosa		
Isla Parida		
Isla Afuero		
Islas Secas		
Islas Ladrones		

INFORMATION CONCERNING SELECTED ISLANDS ON THE WEST COASTS OF MEXICO, CENTRAL AMERICA, AND NORTHERN SOUTH AMERICA

(By Margaret Blachly and John B. McClurkin)

INTRODUCTORY NOTES

The islands included in this compilation are the larger ones appearing on maps for the regions named, published by the Hydrographic Office of the United States Navy Department. With a few exceptions, they are all within a radius of 1,500 miles from Nicaragua and Panama. Many small islands described in the sources consulted as high rocks, cliffs, etc., have been omitted, especially since published information indicates their nonavailability for landing purposes and makes no mention of inhabitants.

The islands are listed under the countries having jurisdiction over them. Population figures are noted in all instances where they were found.

Sources used, and any abbreviations adopted to denote them, appear below:

MAPS

U. S. Navy Department—Hydrographic Office:

North America. Atlantic and Pacific coasts * * * including Gulf of Mexico, Caribbean Sea, and Panama Canal. No. 526. 12th edition, Dec. 1930.

Pacific Ocean, compiled from latest information to 1938. No. 1500. 46th edition, April 1939.

South Pacific Ocean. Sheet 1, including the west coast of South America. No. 823. 1st edition, July 1937.

BOOKS

U. S. Hydrographic Office:

H. O. No. 174, South America Pilot, Vol. III (west coast). 3d edition, 1928 (VK961.U57, 1927). H. O. 174.

H. O. No. 84, Sailing Directions for the west coast of Mexico and Central America. 8th edition, 1937 (VK949.U6, 1937). H. O. 84.

Encyclopaedia Britannica, 14th edition, 1937 (AE5.E363). EB.

Statesman's Yearbook, 1938 (JA51.S7). SYB.

Appreciative acknowledgment is made of the basic information furnished by Dr. Waldo Schmitt, Curator of the Division of Marine Invertebrates, National Museum, Smithsonian Institution, from his personal experiences in scientific investigations near many of the above-mentioned islands. W. S.

I. MEXICO

1. Cerros (Cedros) Island (off west coast of Lower California): Length, 20½ miles; width, varying from 2 to 9 miles. * * *

It is of volcanic origin and consists of a mass of high, abrupt peaks, the highest of which, Cerros Mountain, has an elevation of 3,950 feet. * * *

The southern part of the island is, in general, barren, but the northern part is comparatively fertile and well wooded. The crests and western slopes of the mountains are covered with a growth of cedars and pines, some of which attain a height of 60 to 70 feet; there is also a species of dwarf oak on the island, and many varieties of shrubs and flowers are found in the ravines. Gold is mined on the island.

* * * * * * *

There is a village on the eastern side of the island about 4½ miles northward of Morro Redondo Point. The economic life of the village centers around a large fish cannery. * * *

* * * * * * *

Repairs to engines can be performed at the village. The cannery has a fairly well equipped machine shop. Competent sea divers with adequate equipment are employed at the cannery at all times. Source: H. O. 84, pp. 78–79.

2. Guadalupe (about 140 miles off coast of Lower California): Length, 20 miles; maximum width, nearly 7 miles. The southern part of the island is very barren, but the northern part has several fertile valleys and some vegetation on the mountains. * * * In 1930 there was a goat-meat cannery near the abandoned barracks on the shore of this cove, and some employees of the cannery were living there. Source: H. O. 84, pp. 42–44.

3. Isabel Island (17 miles from nearest part of mainland), length, about 1½ miles; width, ½ mile. No permanent settlement. Sources: H. O. 84, p. 208. W. S.

4. Las Tres Marias Islands (Cleopha, Magdalena, Maria Madre, San Juanito), 50 to 63 miles off the coast. * * * extend 39 miles in a general northwesterly and southeasterly direction. These islands are of volcanic origin; their western sides are high, inaccessible, barren cliffs, while the eastern sides are generally low and sandy, with some vegetation (H. O. 84, p. 209).

Cleopha, nearly circular in form, diameter about 3 miles (H. O. 84, p. 209).

Magdalena Island, length, 8 miles; maximum width, 4½ miles. The soil of the island is sandy, but there is considerable vegetation, consisting principally of lignumvitae, citrus fruits, cactus, and almost impenetrable thickets of small, thorny trees and brush (H. O. 84, p. 210).

Maria Madre Island, largest of group, length, nearly 12 miles; width, 3 to 6 miles. On the southeast side there is a small settlement of about 20 people who collect salt from a nearby lagoon. Vessels load the salt at a mole near the settlement (H. O. 84, p. 211).

San Juanito, smallest of group, length, 2½ miles; maximum width, 1¼ miles (H. O. 84, p. 211). Source: H. O. 84, p. 209–211.

5. Reville Gigedo Islands (Socorro, San Benedicto, and Clarion): Area, 320 square miles. Uninhabited. Volcanic in origin.

Socorro: As viewed from seaward the island has a barren and uninviting appearance; the ground is covered with a thick and almost impenetrable growth of flat cactus and sagelike brush. * * * The volcanic nature of the island is everywhere apparent; quantities of lava are strewn along the slopes in isolated patches, as if forced up from beneath the surface, and the red soil is plentifully mixed with ashes. * * * The surface of the island is broken by hummocks and craterlike mounds, and in some places is furrowed by deep ravines that are walled with lava. There is some grass, but the vegetation in general is of a low order. On the northern slope of the island, however, the prospect is somewhat more pleasing. A kind of edible bean produced by a vine that runs along the ground grows abundantly on that part of the island.

* * * * * * *

There is an abundance of animal life on the island. Birds, such as robins, canaries, swallows, and blue herons, are plentiful. Along the shores of the island are fish, turtles, crabs, and crawfish, and in the vicinity of the island are sharks, whales, and porpoises (H. O. 84, p. 46).

San Benedicto Island: * * * a barren rock with a length of 3 miles and a maximum width of three-quarter mile (H. O. 84, p. 49).

Clarion (Santa Rosa) Island: * * * It has a length of 5¼ miles, east and west, a maximum width of 2 miles at its western end, and is covered with a thick growth of cactus. * * *

* * * * * * *

The vegetation of the island comprises, besides cactus and grass, a dense growth of weed which has a thick, fleshy, lanceolate leaf, a type of trailing vine having red and yellow flowers, a species of bean, low, thorny bushes, and morning glories.

* * * Animal life was abundant. The island seems to be a place of habitation and a breeding ground for sea birds, of which many thousands were found laying eggs in the sand near the beach or in nests in the clefts of the hills. Besides gulls and gannets, there were doves, owls, crows, and numerous song birds. Several turtles were seen close to the beach. In the water around the island there were numerous whales, sharks, and porpoises (H. O. 84, p. 50–51). Sources: EB vol. 19, p. 240. H. O. 84, p. 46, 49, 50–51.

II. COSTA RICA

1. Cano Island: Length, 1½ miles; width, 1,750 yards. Covered with trees. Source: H. O. 84, p. 330.

2. Cocos Island: About 13 miles in circumference. Uninhabited. The island is reported to be covered with a dense forest. * * * The soil is fertile and will produce all tropical fruits and staples. There are a number of streams from which a plentiful supply of fresh water may be procured. Fish are abundant and game may be found in the interior.

The following statements are taken from a report of the U. S. S. *Taylor*, dated June 29, 1935:

"An abandoned coffee plantation, the remains of a Costa Rican penal colony, is located on the top of one of the ridges.

"Most of the timber is a pith wood of no value, but a small quantity of very hard wood is found on the higher ground. * * * Rats and a stunted species of formerly domesticated hog were found. Fish are very plentiful, but must be landed smartly, as the sharks are extraordinarily numerous and follow the fish right up to the boat. * * *

* * * * * * *

"The Costa Rican Government appears to have adopted a policy of allowing reputable treasure hunting parties to visit the island, one at a time, under the supervision of the Government, by making a substantial cash payment and agreeing to share with the Government any treasure found." Source: H. O. 84, pp. 54–55.

3. Isla San Lucas (Golfo de Nicoya): Length, about 1¾ miles.

A small but secure harbor, at the head of which there is a Costa Rican penal colony, lies on the northwestern side of the island. Communication with the island is strictly forbidden. Source: H. O. 84, p. 319.

III. PANAMA

1. Isla Coiba: Length, 21½ miles; maximum width, 13 miles.

Population, about 200 (most of whom are connected with the penal colony * * * on the eastern coast).

* * * The interior is quite mountainous and is covered with forest, but there is some swampy land on the west coast. There are several anchorages around its shores, but no harbor in which vessels may be protected from all winds.

This island is used as a penal station, and it is forbidden to land on the island without permission of the Panamanian Government. Sources: H. O. 84, p. 348.

2. Jicaron: Triangle-shaped; length, 3¾ miles; greatest width, 3 miles. Uninhabited. Heavily wooded. Source: H. O. 84, p. 349.

3. Perlas Islands (number of islands and numerous rocks in Gulf of Panama): Area covered, about 450 sq. miles; length of group, about 30 miles; width, about 20 miles.

Population (in the four towns on the islands) about 7,500.

The inhabitants of the islands are a mixture of the native Indians, Panamanians, and Negro races, and in general are friendly and peace-loving. There are many schools in the larger villages, but the people are very poor and, generally speaking, are undernourished. The principal industry is pearl fishing. Some of the smaller islands are owned by the natives, and in a few cases, by residents of Panama City, but most of them are owned by the Republic of Panama, which Government controls the group. Source: H. O. 84, p. 384.

IV. COLOMBIA

1. Gorgona: Length, about 5 miles; width, 1½ miles.

"Gorgona is a beautiful island, well watered, and productive where it has been cultivated."

Fishermen on the island, but no permanent settlement. Sources: H. O. 174, p. 459. W. S.

2. Malpelo Island: "* * * a barren, high, perpendicular rock about 1 mile long. * * * A small quantity of green moss and a few dwarf bushes which grow in its cracks and gullies afford the only verdure it possesses."

Uninhabited. Sources: H. O. 174, p. 454. W. S.

V. ECUADOR

1. Amortajada or Santa Clara Island: Length, a little more than a mile; width "narrow." Probably a few natives. A lighthouse. Sources: H. O. 174, p. 421 W. S.

2. Galapagos Islands (Colon Archipelago): Area, 2,868 square miles. Population (1936), 2,063. Six principal islands, nine smaller ones and many islets "scarcely to be distinguished from rocks."

Production: Sugarcane, cotton, coffee, grain (except rice), vegetables, fruit, hides, alcohol, vinegar, coal (low grade), fish, and fur seal.

Two crops of corn, coffee, and potatoes annually on Cristobal Island.

Statistics, 1918, for El Progreso on San Cristobal Island:

Sugar (pounds)	3,000,000
Coffee (pounds)	300,000
Alcohol (liters)	14,000

Other resources: Sulfur, guano, salt, phosphate of lime, cattle, goats, horses, pigs, fish.

Foreign commerce: Decree of May 18, 1935, forbids all foreign merchant vessels to enter the waters of the Galapagos Archipelago. (Figures on commerce probably would be included with the Ecuadorean province to which the islands are united.) Sources: SYB, p. 855. H. O. 174, p. 443–54. Bulletin of the Pan American Union, November 1931, p. 1143–44; November 1935, p. 885. Telephone conversation with offices of the Pan American Union.

3. La Plata Island: Length, about 3½ miles; width, 1¼ miles at northern end. Native settlement on island. Agriculture and some fishing.

The island "presents a brownish, dried-up appearance, cut up by gray furrows. The western side forms precipitous cliffs, off which are a few small islets. * * * Wood, and frequently turtle, can be obtained here." Sources: H. O. 174, p. 435. W. S.

4. Puna: Length, 29 miles; width, 8 to 13 miles.

Large settlement; Ecuadorean summer resort; tourists; radio station. Sources: H. O. 174, p. 422–23. W. S.

5. Salango: Two miles in circumference. Occasional natives.

"* * * covered with luxuriant vegetation. The island formerly was an anchorage much resorted to by whalers, who came for water and fresh provisions, which are to be obtained from a neighboring plantation."

Large bamboos are found in shoal waters, and fish are plentiful. Sources: H. O. 170, p. 433–34. W. S.

[S. J. Res. 170, 76th Cong., 1st sess.]

Joint resolution to provide for negotiations by the President with a view to acquiring certain islands owned by the Republic of Mexico

Whereas Guadalupe Island, Cerros (Cedros) Island, Isabel Island, Las Tres Marias Islands, and the Revilla Gigedo Islands are of strategic importance and vital for the defense of the Panama Canal; and

Whereas such islands are owned by the Republic of Mexico: Therefore be it

Resolved, etc., That the President is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Republic of Mexico with a view to acquiring by purchase or otherwise Guadalupe Island, Cerros (Cedros) Island, Isabel Island, Las Tres Marias Islands, and the Revilla Gigedo Islands from the Republic of Mexico.

[S. J. Res. 171, 76th Cong., 1st sess.]

Joint resolution to provide for negotiations by the President with a view to acquiring certain islands owned by the Republic of Ecuador

Whereas Amortajada or Santa Clara Island, La Plata Island, Puna, Salango, and the Galapagos Islands are of strategic importance and vital for the defense of the Panama Canal; and

Whereas such islands are owned by the Republic of Ecuador: Therefore be it

Resolved, etc., That the President is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Republic of Ecuador with a view to acquiring by purchase Amortajada or Santa Clara Island, La Plata Island, Puna, Salango, and the Galapagos Islands from the Republic of Ecuador.

[S. J. Res. 172, 76th Cong., 1st sess.]

Joint resolution to provide for negotiations by the President with a view to acquiring Malpelo Island and Gorgona from the Republic of Colombia

Whereas Malpelo Island and Gorgona are of strategic importance and vital for the defense of the Panama Canal; and

Whereas such islands are owned by the Republic of Colombia: Therefore be it

Resolved, etc., That the President is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Republic of Colombia with a view to acquiring by purchase Malpelo Island and Gorgona from the Republic of Colombia.

[S. J. Res. 173, 76th Cong., 1st sess.]

Joint resolution to provide for negotiations by the President with a view to acquiring certain islands owned by the Republic of Panama

Whereas Isla Coiba, Jicaron, and the Perlas Islands are of strategic importance and vital for the defense of the Panama Canal; and

Whereas such islands are owned by the Republic of Panama: Therefore be it

Resolved, etc., That the President is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Republic of Panama with a view to acquiring by purchase Isla Coiba, Jicaron, and the Perlas Islands from the Republic of Panama.

[S. J. Res. 174, 76th Cong., 1st sess.]

Joint resolution to provide for negotiations by the President with a view to acquiring Cocos Island, Cano Island, and Isla San Lucas (Golfo de Nicoya) from the Republic of Costa Rica

Whereas Cocos Island, Cano Island, and Isla San Lucas (Golfo de Nicoya) are of strategic importance and vital for the defense of the Panama Canal; and

Whereas such islands are owned by the Republic of Costa Rica: Therefore be it

Resolved, etc., That the President is authorized and requested to enter into negotiations, in such manner as he may deem appropriate, with the Republic of Costa Rica with a view to acquiring by purchase Cocos Island, Cano Island, and Isla San Lucas (Golfo de Nicoya) from the Republic of Costa Rica.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, and it was signed by the President pro tempore.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

The PRESIDING OFFICER (Mr. LEE in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1930.

Mr. NEELY. I move that the Senate disagree to the House amendment, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. NEELY, Mr. BULOW, and Mr. FRAZIER conferees on the part of the Senate.

INVESTIGATION OF VIOLATIONS OF RIGHTS OF LABOR—LIMIT OF EXPENDITURES

Mr. SCHWELLENBACH. Mr. President, some weeks ago the junior Senator from California [Mr. DOWNEY] and I submitted a resolution (S. Res. 126), asking for a continuation of the work of the subcommittee of the Committee on Education and Labor, known as the Civil Liberties Committee.

Since that time I have received many thousand letters on the subject from various parts of the country. I have separated the letters and telegrams which came from heads of national organizations, and at this time I ask unanimous consent that these letters and telegrams be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, to which the resolution was referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield; yes.

Mr. HATCH. I do not know whether or not I correctly understood the Senator, but I think he said he had submitted a resolution relating to the extension of the life of the Committee on Civil Liberties.

Mr. SCHWELLENBACH. Yes. Some 3 or 4 weeks ago the junior Senator from California [Mr. DOWNEY] and I submitted a resolution asking for a further appropriation of $100,000 and asking for the continuation of the work of the committee.

Mr. HATCH. I do not know whether or not it is the intention of the Senator from Washington to ask for action on his resolution. I see in the Chamber, however, two distinguished members of the committee, the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Utah [Mr. THOMAS]. I recall that at the last session something was said to the effect that no more funds would be asked for the committee. Without expressing myself about the matter, I should like to hear something from the members of the committee on the resolution.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. LA FOLLETTE. Near the close of the last session of Congress the Committee to Audit and Control the Contingent Expenses of the Senate reported a resolution which had been submitted by the Senator from Utah [Mr. THOMAS] and myself, providing an additional $60,000 for the work of the committee. The resolution came up under the call of the calendar for consideration of bills and resolutions by unanimous consent, there being no opportunity in the closing days of the session to move to proceed to the consideration of the resolution. At that time, in response to an inquiry, I stated that I believed the sum provided by the resolution would enable the committee to complete its investigation, make its reports, and file such legislative recommendations as the committee, or members thereof, might deem to be warranted as a result of the investigation.

At that time, and for many months prior thereto, we had our attention drawn to a situation in California; and when the resolution was adopted the committee set up a budget, and sent members of its staff to the west coast to begin the investigation of that situation. We believed at the time

that we had sufficient money and sufficient time to make the investigation. However, as the investigation progressed the complexity of the situation kept constantly increasing and opening up before the committee, so that by the time a few months had gone by it became perfectly apparent that, for the reasons I have just stated, the committee could not complete a thorough investigation and hold hearings. Therefore, despite the fact that a great deal of material has been assembled, no hearings have ever been held upon the material, because the committee did not feel that the investigation had progressed to the stage where hearings were warranted and justified.

Having made that statement at a time when any one Senator who desired to do so might have prevented the adoption of the resolution providing an additional $60,000, I have kept both the letter and the spirit of the statement. In response to the Senator's inquiry, however, I will say that I think a perusal of the data the committee has already assembled will convince any person that the investigation should be completed.

Mr. THOMAS of Utah. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield to the Senator from Utah.

Mr. THOMAS of Utah. I concur in everything which has been said by the chairman of the subcommittee, the Senator from Wisconsin [Mr. LA FOLLETTE]. Our work to date has been of an extremely conscientious character. As the Senator from Wisconsin has said, we have entirely lived up to the implied promise made at the close of the last session. We have introduced proposed legislation as a result of the hearings which have been held; and so far as the work of the committee is concerned, it represents a unit in accordance with the promise which was made. But, Mr. President, in times such as those we are now going through there will be, and there always is, a demand for investigation of adjustments which are being made and difficulties which are being encountered.

Those who are familiar with the hearings which have been held so far realize and know the great worth of merely having this committee in existence. Those who have read our reports realize that corrections and changes have been brought about as a result of the hearings themselves. That is the best kind of service which a committee of the Senate can offer to the Government.

Personally—and I am sure that the Senator from Wisconsin concurs in this statement—I am satisfied with what has been done, provided the legislation proposed is enacted. Having been on the committee for 3 years now, we realize the work it entails. At the same time, there has come to us an understanding of the responsibility of the task.

Knowing what the conditions are as the result of the partial investigation we have conducted, I fully believe that if we do not proceed and hold further hearings, the country will be deprived of some of the benefits of the hearings which have already been held.

Mr. SCHWELLENBACH. Mr. President, I wish very briefly to make a statement in reference to the attitude which has been shown by both the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Utah [Mr. THOMAS]. I am in a particularly good position to testify that they have both religiously insisted on keeping the agreement they made with the Senate at the end of the last session. In fact, I have become rather impatient with them at times because of their insistence on not indicating any desire to have further appropriations for their committee. They have taken the very high position that they agreed not to seek additional appropriations, and that they could not do so.

My interest in this matter arose last fall as a result of an effort on the part of an organization known as the Associated Farmers, which originated in the State of California, and which has extended its influence to a greater or less extent up and down the Pacific coast and into some of the Mountain States. Last fall in the three Pacific Coast States there were initiatives involving questions of labor rights and labor legislation. The instigators of those initiatives were the association known as the Associated Farmers.

Rumors were current throughout each one of the States—I know they were current in my own State—that the Associated Farmers was not a farmers' organization; that it was in fact an organization which was financed by groups which had absolutely no interest in the problems of agriculture, who were merely setting up the organization of farmers for the purpose of obtaining benefits which they thought they could derive through the respectability which they might obtain by having farmers as a front for them. I do not say whether or not those rumors are correct; I do not know. I know I returned to the present session with a firm determination that, if it were possible, through the investigation which this committee had made to ascertain the facts about that matter, I was going to do so. Because of the nature of the various communications which the committee itself has, I do not think it would be either proper or desirable to attempt to reveal definitely the information the committee has. I think that can only be revealed in a hearing in the nature of a public hearing, giving to the people on all sides of the argument an opportunity to be heard.

The National Grange, which is certainly a highly respectable organization, and an organization which cannot be viewed in the light of asking for something of this nature to which it did not feel it was entitled, has asked for the continuation of the investigation. The two great labor organizations of the country ask for the continuation of the investigation.

On April 4 of this year the senior Senator from California [Mr. JOHNSON] inserted in the RECORD a telegram which he had received from the Associated Farmers themselves stating that certain newspaper articles had been written about them, that charges had been made against their organization, accusing them of being an organization which was not really a farm organization, and the Associated Farmers themselves asked that an investigation be made and that the facts be made public.

On the basis of the request of everyone involved, from one of the leading farm organizations, the National Grange, the two labor organizations, the American Federation of Labor and the Congress of Industrial Organizations, and finally the Associated Farmers themselves, the junior Senator from California [Mr. DOWNEY] and I introduced this resolution. It has been reposing peacefully in the Committee to Audit and Control the Contingent Expenses of the Senate, and has not been disturbed there in any way. I think the committee should go into the records of the Civil Liberties Committee, and should determine whether or not hearings should be held upon the facts which the Civil Liberties Committee has in its possession. I think the Committee to Audit and Control the Contingent Expenses of the Senate should determine the amount of money which would be necessary in order to conduct the hearings, and should recommend the adoption of the resolution, carrying such amount as would take care of the requirements.

I appreciate the fact that we on the Pacific coast are far away, and it is rather difficult for us to attract the attention and the sympathetic approval of those who come from other sections of the country, but we do constitute an integral part of the country, we have problems out there, and their proper solution is of interest to the remainder of the country, as is true of the problems of the East and the North and the South. Everyone on the Pacific coast wants this investigation continued.

Mr. President, I desire now to conclude by asking that there be printed in the RECORD a copy of the resolution adopted by the State Legisature of the State of California, and certain newspaper editorials upon this question printed in various newspapers.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

Assembly Joint Resolution 46

Relative to civil liberties investigation

Whereas a subcommittee of the United States Senate Committee on Education and Labor was authorized to investigate violations of civil rights in California and other Western States; and

Whereas the subcommittee initiated the investigation but was unable to complete it because of a lack of funds; and

Whereas there has been a widespread public demand for the continuance of the investigation, as evidenced by action taken by such organizations as the National Grange, the American Federation of Labor, the Congress of Industrial Organizations, and others, urging an appropriation of additional funds for the use of the subcommittee; and

Whereas the Associated Farmers of California, Inc., in a telegram to Senator HIRAM JOHNSON, dated April 4, 1939, inserted in the CONGRESSIONAL RECORD on that date, demanded an opportunity to be heard before the subcommittee in respect to charges made against it; and

Whereas Senators SCHWELLENBACH and DOWNEY have introduced Senate Resolution 126 in the Seventy-sixth Congress, providing for an appropriation of $100,000 for use in enabling the subcommittee to continue its investigation; and

Whereas Gov. Culbert L. Olson has already communicated with the chairman of the United States Senate Audit and Control Committee, Senator BYRNES, to support Senate Resolution 126: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That this legislature approves of and endorses Senate Resolution 126, now pending in the Seventy-sixth Congress; and be it further

Resolved, That copies of this resolution be sent by the chief clerk of the assembly to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and to each Member of the House of Representatives from California in the Congress of the United States, and to Senator JAMES BYRNES, chairman of the United States Senate Audit and Control Committee.

[From the Labor Clarion, San Francisco, Calif., June 9, 1939]

LA FOLLETTE COMMITTEE

The Grand Lodge of the Brotherhood of Railroad Trainmen is urging the passage by Congress of a resolution (S. Res. 126) to provide for an appropriation of an additional $100,000 for the La Follette Committee, to permit it to complete its investigations, particularly in the States of California, Oregon, and Washington, where the denial of civil liberties is rampant.

The brotherhood declares it is vital to the existence of organized labor to insure the continuation of the work of this committee.

[From Babson's Washington Reports, Confidential Forecasts of Coming Developments, May 15, 1939]

LA FOLLETTE GROUP SHOULD GET FUNDS

Continuation of the activities of the La Follette civil liberties committee now seems probable. Earlier opposition has somewhat faded, particularly since the Dies Committee got its grant of $100,000.

Further, big business is now less concerned over possible witch-hunting proclivities of the La Follette group. This change of front has come about since the National Association of Manufacturers went on the stand and gave an excellent account of itself under hostile fire from the committee's investigators.

The testimony of Tom Girdler, head of Republic Steel, likewise encouraged business to follow the policy of stepping out and meeting its critics head on. Hence, chances now favor the committee's getting an appropriation through this session—possibly $100,000 to wind up its work.

[From the Milwaukee Post of February 8, 1939]

CONTINUE THE CIVIL LIBERTIES COMMITTEE

The Associated Farmers complained that they were mentioned in the La Follette civil liberties committee hearings without having an opportunity to reply. Well, they will have plenty of opportunity if the committee is continued, and there is a bill in the United States Senate to give the committee $100,000 for additional work. No committee has ever paid for itself more handsomely, in results accomplished, than has the Civil Liberties Committee. The bill should pass.

[From the San Francisco News, April 5, 1939]

FINISH THE INVESTIGATION

The La Follette Senate civil liberties committee ought to call the Associated Farmers of California, Inc., on their demand for a fair hearing.

The demand springs from a Washington dispatch in the News from Bruce Catton, N. E. A. correspondent, asserting that "A story of repression and denial of civil rights as startling as anything told of Harlan County in its palmiest days will soon be laid before the country when the La Follette committee submits its report on the Associated Farmers.

Harold E. Pomeroy, Associated Farmers' executive secretary, protests that his organization has been given no hearing to present its side of the case. That is correct.

Investigators for the civil liberties committee spent weeks here this winter, subpenaed scores of witnesses and voluminous files and records, took information on charges of antilabor and vigilante activities, and then suddenly were recalled to Washington. The expected public hearings were dropped. Senator LA FOLLETTE announced that startling evidence had been uncovered, but that he personally was retiring from the civil liberties investigations. From that point the California inquiry has been left hanging in midair, without a word of explanation.

Even those sources closest to and most in sympathy with the inquiry have been mystified by its sudden, unexplained folding up. They have wondered whether it proved "too hot to handle" or whether Senator LA FOLLETTE, jolted by his brother's defeat in Wisconsin, has been impressed with a need to spend less time on civil rights and rebuild his political fences at home. This speculation is not in accord with the Senator's past tireless and fearless efforts.

The committee's secret agents presumably have been summing up their findings, and it is their forthcoming report to which the Washington dispatch referred and to which Mr. Pomeroy took exception. Such a report at best would be unilateral and incomplete. Public hearings would be required to get the whole story.

The News and a host of liberal, A. F. of L., C. I. O., and other organizations have been urging that the California investigation be completed openly. Now, the Associated Farmers' demand for a fair trial ought to make it unanimous.

Worth especial note is Mr. Pomeroy's statement: "Undoubtedly, mistakes have been made by members of the Associated Farmers. * * * We seek to correct our mistakes. We want to solve the agricultural problems of the State on a basis that is fair for all. * * * They can be solved only by an objective consideration of the problems and around the council table."

This expression is encouraging.

Open hearings could turn the spotlight on past mistakes and help the Associated Farmers in this declared intention of dealing justly and peacefully. They would give both the Associated Farmers and their critics the opportunity to "put up or shut up" on such charges as Mr. Pomeroy voiced when he complained that farmers have been provoked "by lawless men acting in the name of labor," and on the charges developed by the La Follette investigators. Extremists of whatever side need to be halted.

So the Senate committee should end the long uncertainty over its California investigation and hasten steps to assure a thorough, impartial inquiry.

[From the San Diego Sun of March 30, 1939]

FINISH THE JOB

The American Federation of Labor's national executive council asks the Senate to continue the Pacific coast investigations by the La Follette Civil Liberties Committee.

Weight is added to this appeal by the fact that it is originated by Daniel J. Tobin, international president of the teamsters, who has gained Nation-wide respect for his sensible efforts to end the A. F. of L.-C. I. O. war.

The Civil Liberties Committee should finish the California investigations, which were halted without public hearings after several weeks of secret work here by its investigators. Senator LA FOLLETTE has been too retiring about urging the inquiry be completed. Meantime demands for it have increased. The A. F. of L. action should be the signal to bring the movement to a head.

Mr. BYRNES. Mr. President, I desire to make a statement respecting the matter discussed by the Senator from Washington [Mr. SCHWELLENBACH].

I think it was in 1936 that the Committee on Education and Labor was authorized first to make an investigation into so-called violations of civil rights. The authority was continued in 1937. There was a question in 1937 as to how much longer it would continue.

In 1938, as the Senator from Wisconsin has stated, he appeared before the committee, and I think the Senator from Utah appeared at the same time. I believe the RECORD will show that the statement of the Senator from Wisconsin that, if the committee would recommend the amount asked for, the investigation would be ended, was made in the committee, as well as on the floor of the Senate. The statements were recorded by a reporter, and I have a copy of the report, at which time the Senator from Wisconsin stated—I do not recall what the Senator from Utah had to say about the matter—that if the amount then asked for were allowed, the work of the committee would be concluded. There was some discussion as to whether $60,000 would be necessary, but the committee was of the opinion that, in view of the statement that the work of the committee would be concluded, the resolution should be reported with the entire amount included. Thereafter on the

floor of the Senate the Senator from Wisconsin made a statement similar to the one made in the committee to which he has referred. Therefore, I think it was not made solely because one Senator could object, but it was made to the committee, as well as to the Senate.

The Senator from Washington has spoken to me informally on one or two occasions about the resolution offered by him. I know that his purpose in talking to me was to have his resolution reported, though he has not made any specific request that he be given a hearing at any time. Certainly the Committee to Audit and Control the Contingent Expenses of the Senate has had a rule, which it will now enforce, that anyone and everyone who has a resolution before the committee will before adjournment be given an opportunity to appear, and the Senator from Washington will have an opportunity to present his case.

I must say, as I have stated heretofore, that I have always believed that the object of investigations has been to secure information upon which to legislate, and as the result of the investigation in question, covering a period of 2 or 3 years, reports have been made. I do not know that the committee has reported any proposed legislation, but that is a matter with which I am not familiar.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. LA FOLLETTE. The Senator from Utah and I have joined in introducing a bill at this session, and it is now pending in the Committee on Education and Labor.

Mr. BYRNES. Of course, the Committee to Audit and Control the Contingent Expenses of the Senate has no legislative power, and I had not noted upon the calendar any bill introduced as a result of the investigation. I think that, in all fairness to Senators, they should know that there never will come a time when somewhere in this country some person will not complain of a violation of his civil rights. If it be the purpose of the Senate to have a permanent committee established, then the Senate should proceed to establish a committee for the investigation of violations of the law. If an investigation is to be made every time there is a complaint of violation of civil liberties, manifestly we ought to make this committee a permanent one, established by action of the Senate, which would be entirely satisfactory to the Committee to Audit and Control the Contingent Expenses of the Senate. The resolutions of investigation reported by the Committee to Audit and Control the Contingent Expenses of the Senate have been of an entirely different character. Their purpose has not been to establish a permanent committee.

In this case for 3 years the work of this subcommittee has continued. So far as my own views are concerned, I believe that whenever there is a violation of civil liberties it ought to be investigated by the Department of the Government having the power to enforce the law, if there is a violation, and because I so believe, upon my motion, the Appropriations Committee this year not only gave to the Department of Justice the amount of money it requested for the investigation of violations of civil liberties, but further, upon my motion, the amount was increased and then it was specifically provided in the bill that of the total amount $50,000 should be available for the purpose of investigating violations of civil liberties. The balance of the appropriation is available for prosecution. However, the Department of Justice has the power to investigate violations.

Inasmuch as reference has been made to the situation in California, it should be said that the Attorney General advised the Committee on Appropriations and advised me personally that with the funds made available as the result of the Senate action, an investigation was to be made by the Department of Justice of the complaint made as to the occurrences in the State of California particularly. That was a month or 6 weeks ago. I do not know what has been done since the 1st of July. Members of the Senate know those funds did not become available to the Department of Justice until July 1. However, the Department now has a fund available for the purpose not only of prosecuting but of investigating violations of civil liberties. If, notwithstanding that, the Senator from Washington desires to ask for further consideration by the Committee to Audit and Control the Contingent Expenses of the Senate, as I have stated heretofore, he will be notified of the hearings and invited to attend.

STANDARDS OF LABOR UNDER GOVERNMENT CONTRACTS

Mr. WALSH. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1032, calendar No. 667.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Massachusetts.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1032) to amend the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States," and for other purposes, which had been reported from the Committee on Education and Labor, with an amendment to strike out all after the enacting clause and insert:

That the act of June 30, 1936 (49 Stat. 2036), entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes," is hereby amended as follows:

Section 1 is hereby amended by striking out the entire section and substituting in lieu thereof the following:

"SECTION 1. That in any contract made and entered into by any executive department, independent establishment, or other agency or instrumentality of the United States, or by the District of Columbia, or by any corporation all the stock of which is beneficially owned by the United States (all the foregoing being hereinafter designated as agencies of the United States), for the manufacture or furnishing of supplies in any amount in excess of $4,000, there shall be included the following representations and stipulations: (a) That the contractor is the manufacturer of or a regular dealer in the supplies to be manufactured or used in the performance of the contract; (b) that all persons employed by the contractor in the manufacture or furnishing of the supplies required under the contract will be paid not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the supplies are to be manufactured or furnished under said contract, such minimum wages as determined by the Secretary of Labor in no case to be less than the applicable minimum wages required to be paid by employers subject to section 6 of the Fair Labor Standards Act of 1938 (52 Stat. 1060) to employees in the particular industry or industries, or branches thereof, for which such minimum wages are being determined; (c) that if the applicable minimum wage required to be paid by employers subject to section 6 of the Fair Labor Standards Act of 1938 to employees in the particular industry or industries or branches thereof shall be increased prior to the performance or completion of performance of the contract, all persons employed by the contractor in the manufacture or furnishing of the supplies required under the contract will be paid not less than such increased minimum wage from and after the date such increase shall be effective under the Fair Labor Standards Act of 1938; (d) that no person employed by the contractor in the performance of the contract for supplies shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week; (e) that no person under 16 years of age and no convict labor will be employed by the contractor in the performance of the contract for supplies, and that no person under 18 years of age will be employed in any occupation or industry which the Secretary of Labor has determined to be hazardous or injurious to the health of such persons; (f) that no part of the contract for supplies will be performed in any plants, factories, buildings, or surroundings, or under working conditions which are insanitary or hazardous or dangerous to the health or safety of the employees engaged in the performance thereof. Compliance with the safety, sanitary, and factory-inspection laws of the State in which the work or part thereof is to be performed shall be prima facie evidence of compliance with this subsection; (g) that the contractor will comply with all the terms and conditions of this act, including any and all rules and regulations in force and effect; (h) that the contractor will, on or before entering into any contract with any person for the manufacture or furnishing to him or to the contracting agency of the United States, whether directly or through any middleman or broker, of all or any part of the supplies specifically required under the contract in any amount in excess of $4,000, file with the Secretary of Labor a certificate or certificates executed by each person with whom he proposes to or has entered into such contract, which certificates shall contain the same representations and stipulations required of the contractor."

Section 2 is hereby amended by striking out the entire section and substituting in lieu thereof the following:

"SEC. 2. (a) That any breach or violation of any of the representations and stipulations in any contract for the purposes set forth in section 1 hereof shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of such contract, the sum of $10 per day for each person under 16 years of age or each

person under 18 years of age employed in any occupation or industry which the Secretary of Labor has determined to be hazardous or injurious to the health of such person or each convict laborer employed in the performance of such contract, and a sum equal to the amount of any underpayment of wages due to any employee engaged in the performance of such contract, and for the second breach or violation double such amount due any employee, and for the subsequent breach or violation treble such amount; and, in addition, the contracting agency of the United States shall have the right to cancel the original contract with the contractor and to make open-market purchases or to enter into other contracts for the completion of the original contract, charging any additional cost to the original contractor or to the party responsible for such breach or violation. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations in any contract for the purposes set forth in section 1 hereof may be withheld from any amounts due the contractor on any contract or may be recovered from the party responsible for such breach or violation in suits brought in the name of the United States of America; underpayment of wages, including such double or treble damages as may be found due, shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered: *Provided*, That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America; (b) any breach or violation of any of the representations and stipulations contained in such certificates as are required under section 1 (h) shall subject the party responsible therefor to the provisions of subsection (a) of this section and of section 3."

Section 3 is hereby amended by striking out the entire section and substituting in lieu thereof the following:

"SEC. 3. The Comptroller General is authorized and directed to distribute a list to all agencies of the United States containing the names of persons or firms found by the Secretary of Labor to have breached any of the agreements or representations required by this act: *Provided*, That such list shall contain the names of all persons who shall be found in a final adjudication by the appropriate court to have interfered with, restrained, or coerced their employees in the exercise of their rights to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, or to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection. Unless the Secretary of Labor otherwise recommends no contracts shall be awarded to such persons or firms or to any firm, corporation, partnership, or association in which such persons or firms have a controlling interest until 3 years have elapsed from the date the Secretary of Labor determines such breach to have occurred."

Section 6 is amended by inserting the following at the end of the third sentence thereof:

"SEC. 6. In the exercise of his power to make reasonable variations and tolerances from minimum-wage determinations, the Secretary of Labor shall take into account the prevailing practices established by collective bargaining in any industry which is the subject matter of such determination."

Section 7 is hereby amended by striking out the entire section and substituting in lieu thereof the following:

"SEC. 7. The words defined in this section, unless otherwise indicated, shall have the following meaning when used in this act, to wit: (a) 'Person' shall include one or more individuals, copartnerships, associations, corporations, trustees, legal representatives, trustees in bankruptcy, or receivers; (b) 'supplies' shall be deemed to include materials, articles, vessels, equipment (including floating equipment), and services of any form, excepting professional, which are required to be furnished under the contract or subcontract."

Section 11 is hereby amended by the addition of the following: "; *And provided further*, That this act as amended shall apply to contracts entered into pursuant to invitations for bids issued on or after 90 days from the effective date hereof.

"SEC. 12. In respect of all contracts subject to the provisions hereof, the provisions of this act and of any regulations of the Secretary of Labor issued hereunder shall be deemed to be controlling, anything in the provisions of section 1 or section 2 of chapter 174 of the act of June 19, 1912 (37 Stat. 137), or of any other act to the contrary notwithstanding.

"SEC. 13. This act may be cited as the 'Public Contracts Act.'"

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. Does an amendment to this bill have to be offered to the amendment in the nature of a substitute?

The PRESIDENT pro tempore. The amendment in the nature of a substitute is open to amendment.

Mr. TAFT. After its adoption?

The PRESIDENT pro tempore. No; before its adoption.

Mr. WALSH. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, and that it be read for amendment, the amendment of the committee to be first considered.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WALSH. Mr. President, I desire to make a brief statement about the bill.

The original public-contracts law was enacted following the decision of the United States Supreme Court declaring unconstitutional the N. R. A. Following that decision there was a movement all over the country to go back to the conditions affecting labor conditions which existed prior to and led to the enactment of the N. R. A. It will be recalled that the sudden and severe depression, with millions of men being driven from their places of occupation, led to the rapid development and growth of what are called "chiseling" or sweatshop methods of employment. The restrictions upon the hours of labor under the N. R. A. which were universally agreed to by the industries of the country, and the wage scales which were agreed to generally, were suddenly broken down, with the result that industrial conditions returned to the conditions of cutthroat competition which existed following the depression and prior to the passage of the N. R. A. law.

Briefly stated, the Supreme Court ruled that the Congress had not authority to fix maximum hours of labor and minimum wages for all industries, as distinguished from industries engaged in interstate commerce. The Government found that in its requests for bids, the departments being required to ask for bids under general law, the absence of any limitation or restriction upon hours of labor invariably led to the award of contracts to those who worked their employees the longest hours and paid the poorest wages. In fact, the origin of the present law on the subject in part came to a climax from one particular ruling. The War Department, in asking bids for shoes, found that the particular bidder to whom the contract was awarded had entered into an agreement with his employees to work longer hours than are usual in shoe factories and for less wages. The War Department requested a ruling from the Attorney General, asking if it would be permissible for the Department, in its request for bids, to put a limit upon the working hours of those employed in manufacturing particular commodities which the Government sought to buy. The Department of Justice ruled that, so long as there was a general law which compelled the award of a contract to the lowest bidder, no matter what the labor standards were, no matter what the conditions of employment were, no matter what the wage was, the Government departments must give the contract to the lowest bidder, in the absence of specific legislation to the contrary.

Similar instances arose in contracts for shirts for the Army and Navy, for hosiery, for gloves, for caps, particularly in the case of textiles, but also in many other fields.

As a result the Government contracts were going to sweatshop institutions or industries. While the present law on the subject bears my name, as well as that of a Member of the House, it does so only because I happened to be chairman of the Committee on Education and Labor at the time. As a result of the facts I have stated, the administration proposed to the Congress—and I introduced the bill at its request—that provision be made that in making contracts and purchasing supplies by the Government, limitations upon the hours of employment and minimum-wage provisions should be included in the requests for bids.

The present law was passed in 1936, after deliberation and discussion here in the Senate and the other House. It provided that the requirement setting forth a limited scale of working hours and providing for a minimum wage should apply only to contracts in excess of $10,000. It develops that such contracts represent only about 3 percent of all Government contracts, and in value only about 15 percent of the money spent by the Government for supplies. No question of constitutionality was involved in this instance as in the N. R. A., because it has been ruled that the Government, like a private individual, may specify the hours of work of employees engaged in the performance of any particular job for it, or for which it contracts, or may fix a minimum wage on such work or contracts if it sees fit. So the present law was an effort, within constitutional limitations, to set a standard of reason-

able working hours and a minimum wage by the Government in its purchases of supplies and in its contracts.

The bill now before the Senate is for the purpose of correcting some of the limitations which experience has unfolded and some of the efforts to evade the present law which have been discovered since its enactment, and also for the purpose of bringing it somewhat into harmony with the wage and hour law of last year.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. WALSH. Certainly.

Mr. WHEELER. As I understand the Senator's pending amendment to this bill, it provides that prospective bidders shall be ineligible only when they are found guilty by a court. Is that correct?

Mr. WALSH. Yes. That is one of the provisions of the bill which establishes a so-called blacklist and which I shall discuss later.

Mr. WHEELER. Yes.

Mr. WALSH. Last year, in the bill before Congress at that time and which failed of enactment in the House, there was a provision which forbade a person who was discovered to be violating an order of the National Labor Relations Board to bid for a certain period of time on Government contracts. The bill this year modifies that provision, and provides that no such limitation or restriction or denial shall be inflicted upon anybody who is charged with violating the terms of a contract of this kind unless a court decree finds that there has been such a violation.

Mr. WHEELER. That is what I thought. The bill introduced last year, and to which there was a great deal of opposition, provided that if the Department of Labor issued some decree on the subject, the bidder should be on the blacklist.

Mr. WALSH. I shall come to that a little later. There is in the present public-contracts law a requirement that all supplies costing the Government over $10,000 should be subject to the law. We found that departments of the Government, or bidders, or both, proceeded to evade that provision of the law by making their contracts for a sum which might be less than $10,000. There was one instance of a contract for $9,999.99. There are several instances of contracts being for an amount five or ten dollars less than $10,000. So one of the important amendments of the law incorporated in the bill now before the Senate is a provision that contracts for supplies costing in excess of $4,000 shall come under the provisions of the law. The proposal from the Department fixed the sum at $2,000, but the committee, in deliberating over the matter, in weighing the arguments pro and con, decided that $4,000 probably was a reasonable amount to agree upon. So the first change in the present law provides that all purchases by the Government costing in excess of $4,000 should come under the provisions of the law which fixes a 40-hour week for workers engaged in filling Government contracts, and which also provides for a minimum wage, to be fixed by the Department of Labor.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. DANAHER. In that connection, am I correct in thinking that the language at the top of page 7 which requires that the Secretary of Labor determine the prevailing minimum wages is one of the points upon which a certificate must be issued?

Mr. WALSH. By the subcontractor or the contractor?

Mr. DANAHER. By the contractor.

Mr. WALSH. Yes.

Mr. DANAHER. If a manufacturer in Massachusetts, for instance, bids on a contract for supplies which are to be furnished, let us say, at an Army field in Texas, such manufacturer in Massachusetts must comply, under the terms of the pending bill, if the order be for a purchase amounting to over $4,000, must he not?

Mr. WALSH. Yes.

Mr. DANAHER. So that if the prevailing minimum wage be fixed as the wage which is prevailing in Massachusetts, can the Massachusetts manufacturer compete with a manufacturer, let us say, in a State where a far lower minimum prevailing wage exists, as found by the Secretary of Labor?

Mr. WALSH. There is no minimum wage fixed by the Secretary of Labor for each State. The minimum wage fixed is a rate which is established as a result of the study of the wages paid in all parts of the country in a particular industry.

Mr. DANAHER. Does it not apply at all on the basis of regional area within which minimum rates of wages are established by the Secretary?

Mr. WALSH. It depends upon the particular industry. To an extent the Secretary of Labor may fix a minimum wage in one region as against another, depending upon the particular facts and circumstances, which the law requires the Secretary to take into consideration.

Mr. DANAHER. I understand that. Now, will the Senator yield further?

Mr. WALSH. I yield.

Mr. DANAHER. Then is it not necessarily so that within those particular spheres as to which the Secretary of Labor may fix the prevailing minimum wage, based on the regional or area rate, a manufacturer in one locality who may be paying a rate which is much higher than that paid by a manufacturer in another locality may be found not to be complying?

Mr. WALSH. I assume the method of procedure is that a department of the Government which desires to purchase hosiery, let us say, requests the Secretary of Labor to fix a minimum wage for them to incorporate in their contract, and in the request for bids such minimum wage as fixed by the Secretary of Labor is designated, so that all the bidders in all parts of the country know the minimum wage they are expected to pay, and also know the hours of employment.

Mr. DANAHER. If the Senator will yield further, my fear is that the business will be driven from the manufacturer in one area who is paying a higher rate of wage to the manufacturer in another area who is paying a lower rate of wage, and therefore a premium will be put upon the manufacturer who is paying the lower rate of wages. Can the Senator allay my fears in that particular?

Mr. WALSH. Frankly, I have not had called to my attention the situation about which the Senator speaks. Personally I have always been opposed to preferential rates of wages. I will say to the Senator that the provisions of the pending bill were the result, after much agitation and discussion and some compromises. The bill does not contain the rigid provisions found in the wage and hour law with respect to minimum wages; in other words, it is more or less elastic. But I do not think there has been any suggestion from any source—certainly not before our committee—of the embarrassment or the difficulty which the Senator points out.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. WALSH. Yes; but I should like to take up, if I may, several other amendments or changes to the present law which are in this bill. I began with the first amendment, relating to the $4,000 requirement, and have not finished discussing that.

Mr. DANAHER. The question arises because the Senator has addressed himself to the reduction of the minimum, with reference to subcontractors, from $10,000 to $4,000, which necessarily affects people in Massachusetts, and in Connecticut, and in all other States where the manufacturers are fabricators principally, rather than producers principally. Because of that, and because of my fear on the point as to which the Senator says he has not heard the question raised, I had hoped that perhaps we could dispose of that matter with reference to the language at the top of page 7.

The minimum hours and wage law fixes a standard, and that is all right, I am in favor of it; but here we have a very different situation, for the Secretary of Labor is the one who now is going to fix the prevailing rate, and since it lies within the purview of the Department to do it on a regional basis, it is entirely possible that they will wind up by penalizing the manufacturer who pays a high minimum, giving a bonus to the area or the region where a low minimum is paid.

Mr. WALSH. The difficulty is that under the wage and hour law the minimum wage is fixed now at 25 cents. It is absurd to attempt to incorporate in any request for bids for steel a provision for a 25-cent minimum wage. Can we in the Congress determine whether it should be 57 cents, 65 cents, 73 cents, or 79 cents? We cannot. So the proposed law permits the Secretary of Labor, after a study of the whole situation, after a consideration of the wages paid in the industry and of the conditions in the industry, to fix the amount which shall go into the request for bids. Frankly, I do not know of any other way in which it could be handled. If we did not have a provision covering the matter, the minimum wage would be 25 cents in the steel contracts, whereas the wage in that industry as fixed by the Secretary is now 62½ cents, so that when the Government bids for steel that is the minimum wage designated. At the time the Walsh-Healey law was enacted, the wage and hour law was not in operation, and it was impossible for us to fix the standard of wages in connection with all goods purchased from the various industries by the Government.

Mr. DANAHER. If we should strike out the two words "or furnished" from line 5, page 7, it might well be that the Senator would find that the very evil to which I allude might be cured, and in due course it may be that the Senator will comment with reference to his ideas in that connection.

Mr. WALSH. I shall be pleased to give it consideration.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. WHEELER. I wish to see if I understand the matter correctly. The proposed law would do more to correct the situation to which the Senator from Connecticut is objecting than anything else, because, if it were not for such a provision, when the manufacturer in Massachusetts who paid a higher wage than was paid at some other point bid on a Government contract, the Government would be bound to buy from the person who sold at the very cheapest rate and paid the lowest wages. In other words, the Government would be stimulating and helping the sweatshops of the country rather than manufacturers who have to pay high wages. It seems to me that even though there may be some merit to the Senator's objection the pending proposal goes a long way toward correcting the evil.

Mr. DANAHER. Mr. President——

Mr. WALSH. I yield to the Senator from Connecticut to reply to the Senator from Montana.

Mr. DANAHER. Addressing myself particularly to the Senator from Montana, let me say, first, that I have voiced no objection; secondly, that I have raised a question the answer to which I think is highly material.

I have a fear which I should like to have allayed, and the point raised by the Senator from Montana does not begin to reach the situation, as he would have us understand, for the reason that the words "or furnished" at the end of line 5, on page 7, take this situation out of the category explained by the Senator from Montana, for if the prevailing minimum wage were to be paid in the section or region where the goods are to be manufactured that would be one thing, but if the manufacturer at the point of manufacture were to be put in competition with the prevailing rate where the supplies are being furnished as distinguished from being manufactured there would be a different situation.

Mr. WALSH. The words "or furnish" meet such a situation as that.

We all regret the necessity of a law of this kind. I wish the conditions in the industry and business life of the country were such that there was no chiseling, that there were no sweatshops; that the Government could purchase from high-class industries and business establishments which are striving to maintain the best possible standards of working conditions for their employees. But all laws of this kind are the result of abuses and are designed to correct abuses. Unless we have a law of this kind, then shoes will be manufactured in sweatshops; hosiery will be manufactured in sweatshops; caps will be manufactured in sweatshops; Army and Navy supplies will be manufactured in sweatshops; clothing will be manufactured in sweatshops. If there are still sweatshops all those things will be done as they were done to some extent before the original public-contracts law was passed.

The purpose of the law is to give protection to industries and to business establishments that maintain reasonable hours of labor and that pay good wages, so that when they submit their bids they will not be punished and be subjected to the competition from bids of sweatshop producers, but will have an even chance because we will compel those who operate sweatshops to maintain the standards which the others have. That is the philosophy behind the bill. The bill is just as much for the benefit of the fair-minded, progressive, liberal, decent employer as it is for the welfare of employees.

If time permitted, I could give illustrations of the background of the proposed legislation. A few minutes ago I gave an instance of what will be reached by it. I know of an instance of an employer calling his employees together and saying, "I have a chance to obtain a big contract from the Government. I cannot get it if I have to maintain the same standards which my competitors maintain, but if you will agree with me to work longer hours and for less wages, I will get that contract."

Mr. President, is such conduct fair to the employer and to the businessman who is maintaining a first-class labor condition in his factory or shop? Of course, it is not.

In that connection let me read a case which the Board has to deal with. It illustrates the necessities of a law of this kind. I merely read a summary from the report:

> The Sigmund Eisner Co., a New Jersey corporation, carrying on business at four different points in New Jersey, was found guilty of breaching 23 Government contracts.

Even after this law was passed that concern was found guilty of breaching 23 Government contracts.

> The corporation admitted that instructions had been given to its employees to punch their time cards in such a way that the wages earned on a piece-rate basis divided by the hours of labor punched on the time cards would show earnings of at least 37½ cents an hour, even though the number of hours actually worked might have far exceeded the hours punched on the time card.

In other words, they gave instructions to their employees so to manipulate the punch machine that it would show that they were getting a minimum wage of 37½ cents an hour, when they were actually getting much less than that because they were working a greater number of hours than shown on the machine.

That concern violated 23 Government contracts. Should it not be punished; should it not be blacklisted for resorting to such criminal methods? And what about the rights of competitors of this concern—the men who lost the contracts to furnish the Government the supplies because they were willing to pay 37½ cents an hour and work their employees only 40 hours?

I wish to emphasize the fact that it is not pleasant to undertake in the Congress to regulate business. Only a few persons, generally speaking, violate an automobile law; yet we have a law limiting the speed at which one may drive an automobile. The purpose of the law is not to punish those who live up to it, but to check some of those who violate the law occasionally.

So here we are making an effort to provide that when the Government itself spends the taxpayers' money, even if it costs a little more, sweatshops and chiselers and crooked business establishments shall not get contracts but employers who maintain decent conditions for their workers shall be rewarded with contracts.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. NORRIS. I wish to call the Senator's attention to page 11, line 20, which reads as follows:

> Section 6 is amended by inserting the following at the end of the third sentence thereof—

Then comes the matter to be inserted, beginning as follows:

> SEC. 6. In the exercise * * * of his power—

And so forth. That may be a misprint. If we pass the bill in this form there would at least be a grammatical error there. Evidently "Sec. 6," in line 22 should be omitted, be-

cause that will appear at the beginning of section 6, and it is not proposed to strike out the entire section 6, but only to make an insertion after the third sentence. Does the Senator get the point I am trying to make?

Mr. WALSH. So that following the third sentence in section 6 of the law there should be inserted the words beginning "In the exercise of his power."

Mr. NORRIS. Yes. Omit "Sec. 6" there; otherwise it would appear twice.

Mr. WALSH. That is an error which should be corrected in the phraseology. I thank the Senator for his suggestion.

Mr. DANAHER. Mr. President, will the Senator indulge me 1 minute more?

Mr. WALSH. Yes.

Mr. DANAHER. First, I want it definitely to appear that I have not been nor am I now objecting to this bill.

Mr. WALSH. No; I understand the Senator's position. In fact, he is discussing a very important feature of the pending bill.

Mr. DANAHER. So much so that it is possible I would be the last one here to raise an objection as such. In any event, it has been called to my attention that the Labor Department has fixed, for example, in New England, a minimum rate of 57½ cents with reference to granite workers; let us say that the Labor Department has fixed a rate of 42 cents or 42½ cents in Indiana; and let us say in another State it is 32½ cents. It is perfectly apparent that if the contract is to be based upon the prevailing wage, at the rate prevailing in the section where the manufacture occurs, on the one hand, or where the supplies are to be furnished, on the other, it is very possible that a huge disparity may result, with the necessary conclusion that the business will be driven from the States which are paying the higher rates, to the division or area which is paying the lower or the medium rate. Because of my fear in that connection I want to see labor in my own section protected.

I want to see labor, wherever located, when it is uniformly on a high standard, protected. All I wish is to avoid any possible disparity which will have the effect of giving a bonus to those who are already paying a low rate.

Mr. WALSH. Mr. President, I am informed by the representative of the Department of Labor who is administering this law that the Senator has referred to a particular industry in which there is a great deal of variation in the minimum wage, and that it is one of the few industries as to which it is not possible to obtain a more or less uniform general minimum wage. But even in that field progress is being made. For instance, in the South the pay was 15 cents an hour. The Department of Labor has established a minimum wage of 32 cents an hour, having in mind what is paid in other parts of the country, and yet not going up to the higher or larger minimum wage which is being paid in other sections of the country. So it seems to me to be a matter which we have to leave to the Department of Labor and let it work out the problem.

But I must admit that there is some reason to believe that an advantage may be given in getting a contract from the Government—for instance, in the case of granite—to that section which pays the lowest wage, unless the specifications call for granite from a particular section of the country. Of course, that could be done; and it would overcome the difficulty. Government contracts oftentimes designate granite of a certain type and of certain character. The same thing is true of marble, limestone, and other products.

I shall be glad to hear any suggestion the Senator has to make which would correct that situation; but I think the Department of Labor, insofar as it can, is striving to meet the condition. The Senator has called attention to a special circumstance.

Mr. DANAHER. I thank the Senator for his indulgence and courtesy.

Mr. WALSH. The Senator has been helpful.

Mr. President, the second amendment about which I wish to speak is an amendment to harmonize the child-labor standards in this act with the Fair Labor Standards Act of 1938. The wage and hour law fixes the wage age at 16 years for both females and males, and also permits limiting the age of employment to 18 years in hazardous occupations. The original law passed in 1936, the public-contracts law with which we are now dealing, fixed the age limitation for males at 16 years and for females at 18 years. The second amendment is to conform to the wage and hour law, establishing the age of 16 for both males and females. It does not seem to be controversial.

The other amendments are not particularly controversial. The two most important amendments are the ones to which I have referred, the age limitation for employment, and the extension of the scope of the act so as to include all contracts in excess of $4,000, eliminating the present limitation of $10,000.

The Senator from Montana [Mr. WHEELER] has referred to section 3, which I think I ought to read to the Senate:

> Section 3 is hereby amended by striking out the entire section and substituting in lieu thereof the following:
> "SEC. 3. The Comptroller General is authorized and directed to distribute a list to all agencies of the United States containing the names of persons or firms found by the Secretary of Labor to have breached any of the agreements or representations required by this act: *Provided*, That such list shall contain the names of all persons who shall be found in a final adjudication by the appropriate court to have interfered with, restrained, or coerced their employees in the exercise of their rights to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, or to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection. Unless the Secretary of Labor otherwise recommends, no contracts shall be awarded to such persons or firms or to any firm, corporation, partnership, or association in which such persons or firms have a controlling interest until 3 years have elapsed from the date the Secretary of Labor determines such breach to have occurred."

It seems to me a reading of the amendment indicates what is contemplated.

Mr. THOMAS of Utah. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LEE in the chair). Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH. I yield to the able chairman of the committee.

Mr. THOMAS of Utah. Does not the Senator feel that in connection with the amendments he has just discussed it should be pointed out that transferring control of a blacklist from an administrative body, and permitting action only after a judicial body has made a decision, overcomes practically all the objections to the amendment as it was offered last year?

Mr. WALSH. The Senator has emphasized what was called to the attention of the Senate by the able Senator from Montana [Mr. WHEELER]. The amendment last year gave authority to the Secretary of Labor to blacklist—if I may use that word—those who violated orders of the Labor Relations Board. The present amendment—which I understand is now acceptable to all interests, even including most employers—prevents any blacklisting of violators of mere orders of the Board. There must be an actual violation of a court order before anyone is subjected to this particular penalty.

Another amendment broadens the scope of the present act to include within the term "supplies" the construction of vessels, floating equipment, and services, except professional services. Strange as it may seem, the provisions of the law are applicable to the construction of naval vessels, but are not applicable to construction of vessels by the Maritime Commission. As Senators know, the Bacon-Davis law deals with the construction of buildings by the Government. The only materials or structures for which the Government is likely to contract which are not covered by the law, and which would involve a contract of more than $4,000, are ships and vessels.

Mr. President, if there are no other questions, I suggest that we take up the committee amendment and dispose of it.

Mr. NORRIS. Mr. President, there is only one amendment.

Mr. WALSH. The Senator is correct.

Mr. NORRIS. I should like to have the Senator ask that the committee amendment be amended in the particular to which I called his attention.

Mr. WALSH. Yes. I think the same thing may apply to other sections.

Mr. NORRIS. No; I think not. I think section 6 is the only place in the bill where it applies.

Mr. WALSH. The Senator is correct. While the bill embodies a great many changes in the nature of amendments to the present law, as a matter of fact they are all included in one amendment, beginning on page 6 and ending on page 13.

Mr. President, I ask that the committee amendment, which is about to be voted upon, be amended by striking out on page 11, line 22, the words "Sec. 6."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. AUSTIN. Mr. President, on page 12, line 20, I observe the following language:

SEC. 12. In respect of all contracts subject to the provisions hereof, the provisions of this act and of any regulations of the Secretary of Labor issued hereunder shall be deemed to be controlling, anything in the provisions of section 1 or section 2 of chapter 174 of the act of June 19, 1912 (37 Stat. 137), or of any other act to the contrary notwithstanding.

The act to which reference is made is an act limiting the hours of daily service of laborers and mechanics employed upon work done for the United States, or for any Territory, or for the District of Columbia, and for other purposes. The first section of that act really sets the standard of the 8-hour day.

I have read the committee report, on page 6, referring to section 12, which seems to be entirely satisfactory so far as it goes. That report appears to me to refer only to the provisions of section 1 of the act of 1912. My difficulty, which I hope may result in an amendment being accepted by the distinguished Senator from Massachusetts, is that section 2 is also included; and section 2 does not appear to me to be necessary to achieve the object spoken of in the report. Section 2 contains provisions which I feel confident the Senator from Massachusetts does not intend to reduce to a position subordinate to the rules which might be promulgated by the Secretary of Labor under this act, or to the provisions of this act.

Mr. WALSH. Before the Senator reads section 2, may I inquire if we are agreed upon the fact that the act of 1912 limits the hours of employment on Government work to 8?

Mr. AUSTIN. Section 1 does so.

Mr. WALSH. That section makes no provision for working more than 8 hours with extra pay.

Mr. AUSTIN. That is correct.

Mr. WALSH. The so-called Walsh-Healey Act, or the public-contracts law, makes provision for permitting employees to work more than 8 hours, provided an increased wage is paid during the extra hours. So the purpose of the amendment to which the Senator refers, and which is embodied in the pending bill, is to prevent the act of 1912 from interfering with the provisions of the Walsh-Healey Act, which permits more than 8 hours' labor per day under certain conditions, provided extra wages are paid. That is the only purpose. If the Senator thinks the language of the amendment extends beyond that objective, I shall be glad to accept any amendment he may suggest.

Mr. AUSTIN. Mr. President, I have no fault to find with the objective of the learned Senator.

Mr. WALSH. I assumed that we were agreed on it.

Mr. AUSTIN. I would assent to that modification of the act of 1912, and I think it could easily be accommodated by specifically referring to the element to which the Senator from Massachusetts now refers, which is contained in sections 1 and 2 of chapter 174 of the act of June 19, 1912. I think that would be a better way to do it than the method I first had in mind.

Mr. WALSH. Will the Senator read the second section? I have it not before me.

Mr. AUSTIN. Yes. I read the second section of the old act of 1912:

That nothing in this act shall apply to contracts for transportation by land or water, or for the transmission of intelligence, or for the purchase of supplies by the Government, whether manufactured to conform to particular specifications or not, or for such materials or articles as may usually be bought in the open market, except armor and armor plate, whether made to conform to particular specifications or not, or to the construction or repair of levees or revetments necessary for protection against floods or overflows or floods on the navigable waters of the United States: *Provided*, That all classes of work which have been, are now, or may hereafter be performed by the Government shall, when done by contract, by individuals, firms, or corporations for or on behalf of the United States or any of the Territories or the District of Columbia, be performed in accordance with the terms and provisions of section 1 of this act. The President, by Executive order, may waive the provisions and stipulations in this act as to any specific contract or contracts during time of war or a time when war is imminent and until January 1, 1915, as to any contract or contracts entered into in connection with the construction of the Isthmian Canal.

Of course, that date will have to be changed if we are going to include the Panama Canal.

Mr. WALSH. May I suggest to the Senator that I think the difficulty can be removed by inserting on line 23, after the word "controlling," the words "insofar as hours of labor are concerned"? That would limit the authority of the Secretary of Labor merely to hours of labor.

Mr. AUSTIN. It would not quite accomplish the object, because it would be necessary, as I see it, to strike out also the words "or section 2." Then the measure which we are now considering would control section 1 as to hours and not control section 2 as to service in time of war or service on flood-control projects or service on the Isthmian Canal. That is what I want to accomplish, if possible, namely, to exclude from this measure its controlling effect on Government contracts in time of war.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WALSH. I am pleased to yield to the Senator from Louisiana.

Mr. ELLENDER. Has section 2 referred to by the Senator from Vermont anything to do at all with hours of labor?

Mr. AUSTIN. Yes; by reference to section 1.

Mr. ELLENDER. If the amendment suggested by the Senator from Massachusetts should be adopted would not the limitation apply only to hours in both sections?

Mr. AUSTIN. No.

Mr. ELLENDER. Why not?

Mr. AUSTIN. Because section 2 of the act of 1912 enables the President in time of war to exempt any specific contract from the operation of section 1 and section 2. I do not think the safety of this country should be hazarded through arbitrary time, wages, and other standards with respect to the production and supply of necessary materials for our defense in time of war or other great emergency which is referred to in section 2.

Mr. WALSH. Of course, there is a provision in the existing law permitting the Secretary of Labor, for purposes of national defense or the public interest, to suspend the operation of the public-contracts law. Does not the Senator think the amendment I have suggested would tend to liberalize the act of 1912, which, I assume, he desires, by permitting the Secretary of Labor to continue to permit in emergencies and at other times longer working hours than 40 per week at increased wages for the extra hours?

Mr. AUSTIN. I have no complaint about the hours and wages at other times than during time of war.

Mr. WALSH. If the amendment contains the limitation on the authority of the Secretary of Labor to deal only with hours of labor, how is any of the remainder of the law of 1912 affected?

Mr. AUSTIN. The act of 1912 is made subservient to the bill we are considering by the terms of section 12 of the pending bill.

Mr. WALSH. What does the Senator suggest?

Mr. AUSTIN. This is the first time that I have considered this matter, and I make the suggestion with some reservations, but I thought if the words "or section 2," in line 24 were stricken out so that section 12 applied only to section 1, it would accomplish the objective.

Mr. WALSH. Mr. President, section 2, it seems to me, has a special bearing on the proposition with which we are dealing. The only purpose of section 12, on page 12, of the bill before the Senate is to permit the Secretary of Labor to continue to operate as she has been operating under the public contract law by permitting in certain cases the extension of the hours of labor to more than 40, with increased wages. I cannot see any objection to the amendment as drafted and prepared by the department of the Government that simply seeks to overcome the ruling of the Comptroller General which would prevent the operation of the provisions of the laws enacted in 1936.

Mr. AUSTIN. Then I understand the Senator means by that that he would accept an amendment that would strike out the words "or section 2"?

Mr. WALSH. Frankly, I do not think it is particularly important, but if the Senator insists upon it, I do not see any objection to it.

Mr. AUSTIN. I feel it sufficiently important so that it would change my vote. That is how important I regard it.

Mr. WALSH. What does the Senator contend the language on page 12 of this amendment does to modify or change the law of 1912?

Mr. AUSTIN. Section 12 of the pending bill would put both sections of the law of 1912 under the provisions of this bill.

Mr. WALSH. Only for the purpose of permitting the Secretary of Labor to regulate hours.

Mr. AUSTIN. That is sufficient in time of war. It might mean the difference between building a ship for example, under emergency conditions, at the most rapid rate of speed, and having the building of the ship delayed.

Mr. WALSH. If that is the Senator's difficulty, then, the present law itself gives the Secretary of Labor that authority. He has full authority at any time to suspend this law and prevent its being at all operative.

Mr. AUSTIN. By what section?

Mr. WALSH. Section 6 of the existing law which is not amended.

Mr. THOMAS of Utah. Mr. President, I think it is the opening sentence of section 6 of existing law which the Senator has in mind.

Mr. WALSH. I thank the Senator. I read from section 6, as follows:

SEC. 6. Upon a written finding by the head of the contracting agency or department that the inclusion in the proposal or contract of the representations or stipulations set forth in section 1 will seriously impair the conduct of Government business, the Secretary of Labor shall make exceptions in specific cases or otherwise when justice or public interest will be served thereby. Upon the joint recommendation of the contracting agency and the contractor, the Secretary of Labor may modify the terms of an existing contract respecting minimum rates of pay and maximum hours of labor as he may find necessary and proper in the public interest or to prevent injustice and undue hardship. The Secretary of Labor may provide reasonable limitations and may make rules and regulations allowing reasonable variations, tolerances, and exemptions to and from any or all provisions of this act respecting minimum rates of pay and maximum hours of labor or the extent of the application of this act to contractors, as hereinbefore described. Whenever the Secretary of Labor shall permit an increase in the maximum hours of labor stipulated in the contract, he shall set a rate of pay for any overtime, which rate shall be not less than one and one-half times the basic hourly rate received by any employee affected.

Mr. AUSTIN. Mr. President, I call to the attention of the Senator the fact that that section does not answer the same purpose which section 2 of the act of 1912 did, and that in this bill there is a section, numbered section 6, which adds to the section which has just been read by the learned Senator from Michigan the following words:

In the exercise of his power to make reasonable variations and tolerances from minimum-wage determinations, the Secretary of Labor shall take into account the prevailing practices established by collective bargaining in any industry which is the subject matter of such determination.

Which nullifies the effect of the old section 6 so far as it could be used in time of war. I feel sure that the Senator does not want to nullify the power of the President to waive these provisions in time of war, and I also suppose he does not want to have that power taken away with respect to the Isthmian Canal or with respect to flood control.

Mr. WALSH. Evidently the Senator from Vermont considers the inclusion of section 2 in this amendment of great importance and wants it eliminated. I do not consider it of special importance, in view of the limitations I suggested. Therefore, in order to dispose of the matter, I see no objection to striking out, on page 12, line 24, the words "or section 2."

Mr. AUSTIN. I thank the Senator.

Mr. WALSH. I further move, as an amendment to the committee amendment, on page 12, line 24, to strike out the words "or section 2."

The PRESIDING OFFICER. Without objection, the amendment to the committee amendment is agreed to.

Mr. DAVIS. Mr. President, I send to the desk an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment it is proposed to insert, between sections 12 and 13, a new section reading as follows:

Nothing in this act shall be construed to apply to persons subject to the provisions of the Railway Labor Act.

Mr. DAVIS. Mr. President, there are a few isolated cases in which railroads furnish steam to the Post Office Department, and so forth, for the convenience of the Government. It seems to me that to inject another Federal agency into their labor relations would create confusion and conflict, as their labor relations are already thoroughly covered by the Railway Labor Act.

Mr. WALSH. Mr. President, that amendment was in the bill of last year that failed of enactment in the House. The Senator from Pennsylvania consulted me about it, and the committee have no objection to it.

The PRESIDING OFFICER. Without objection, the amendment to the committee amendment is agreed to.

Mr. TAFT. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment it is proposed to strike out lines 24 and 25 on page 10, and lines 1 to 19, inclusive, on page 11, as follows:

Section 3 is hereby amended by striking out the entire section and substituting in lieu thereof the following:

"SEC. 3. The Comptroller General is authorized and directed to distribute a list to all agencies of the United States containing the names of persons or firms found by the Secretary of Labor to have breached any of the agreements or representations required by this act: *Provided*, That such list shall contain the names of all persons who shall be found in a final adjudication by the appropriate court to have interfered with, restrained, or coerced their employees in the exercise of their rights to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, or to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection. Unless the Secretary of Labor otherwise recommends, no contracts shall be awarded to such persons or firms or to any firm, corporation, partnership, or association in which such persons or firms have a controlling interest until 3 years have elapsed from the date the Secretary of Labor determines such breach to have occurred."

Mr. TAFT. Mr. President, this is a motion to strike out the blacklist provision, a provision that no person shall have a Government contract for 3 years if the court finds that he has violated any of the provisions of the National Labor Relations Act.

In the first place, I do not think that the way to enforce one act is to provide that the violator thereof shall be penalized under another act.

In the second place, I do not think it is a fair provision, because, after all, many of the terms of the National Labor Relations Act are very indefinite.

It is very difficult for a man to determine whether he is violating that act or is not violating it; so that it becomes almost impossible for him to tell what a court may decide. His attorneys may advise him he has not violated the act, and yet some day he may be found to have violated the act.

Mr. MINTON. Mr. President, as I understand, this provision of the bill will only apply if a person has been convicted and found by a judgment of a court to have been guilty of a violation of the National Labor Relations Act. There is nothing speculative about that.

Mr. TAFT. Take this particular term—if the person shall have been found by the appropriate court to have "interfered with" his employees. The term "interfered with" is so vague that we have representatives of the American Federation of Labor before us saying that the words must be taken out of the statute; that no one knows what they mean. And Mr. Madden says that the word "interfere" includes such a case, for instance, as an employer saying to his men, "Those who are forming this other union are Communists"; and even though they are Communists, still Mr. Madden says such a statement is an interference with the employees' rights to self-organization. That and nothing more.

My point is that the language of the Labor Relations Act is so vague that no one knows whether he is violating it or not until the court finally adjudicates the question involved.

Furthermore, I am not perfectly certain that the provision does what the learned author attempts to make it do, because it says, "Found in a final adjudication to have interfered with." As a matter of fact, the court does not find that those charged have interfered with or done a certain thing. What the court finds is that the order of the Board is based on evidence—on some evidence—not on a preponderance of the evidence. A court cannot go back of the Board's findings of fact. As a matter of fact, all it can do is to pass on the law. So that I would say it is impossible for a man to tell in advance what may be held to be an interference with the right of self-determination of unions.

We have held hearings in our committee now for 5 months. There is the additional fact that there is serious doubt whether or not the Board is fair. If we believe what the American Federation of Labor says, what Mr. Green says, what Mr. Padway says, then we must believe that under this Board has occurred the grossest perversion of justice that has ever occurred in the United States, and yet this proposed legislation says that if that Board shall have found that certain things have happened and a court finds that there was some evidence on which that finding could be based, then for 3 years the firm involved and any other firm in which the person owning it has a controlling interest shall be barred from all Government contracts.

I think the Senate recognizes the truth of what I am saying, that these are new words and that nobody yet knows exactly what they mean. That is clear from the fact that the Labor Relations Act itself contains no penalty provision. The court was given the right to enforce the act by injunction, but if we want to enforce this provision it seems to me we should first put in the National Labor Relations Act some language which would impose a penalty of fine or imprisonment for committing the particular acts which are found to be unjust.

But we do not put such language in the National Labor Relations Act for the simple reason that everyone knows this is a new situation. We have not yet arrived at the point where a man knows whether or not he is violating the act. I think it would be most unfair to a large number of men who may go to court to have their rights determined and who may be held to be in the wrong, to say that they shall never get another Government contract.

There is an additional point. In a way it is a kind of blackmail. One of the complaints that employers have made about the actions of the Labor Relations Board deals with what may result, if they take a matter to court, or even if they do nothing and wait for the National Labor Relations Board to take it to court.

The National Labor Relations Board may issue many orders against employers, and even though the orders are not complied with it may fail to take the steps to go to court and have them enforced for a year or 2 years frequently, apparently, because the Board does not want a court test of the particular question involved. We have much complaint from employers that they cannot go to court to have their legal rights determined. They do not dare to because it is so expensive. If they should go to court, the case would be strung out over a year or two, anyway, and then, if they should lose, they would find that they would have to pay all the back wages for 2 years.

Furthermore, the Board in effect can say to an employer, "We have issued an order to you, and if you take the matter to court and should happen to lose you will lose all your Government contracts for 3 years after that time. You will be ruined in many cases. So you had better not take it to court." That is a very effective weapon which the Board can use against employers who wish to have their legal rights determined.

I do not think we ought to mix up the National Labor Relations Act with this act. We had very much the same question before us in the Barkley amendment to the airplane bill, and the Senate decided that it ought not to be put in an extraneous bill. I think the proper thing to do is to eliminate it. If a stronger penalty should be provided, let us put it in the National Labor Relations Act where it belongs and not in the pending measure.

Mr. WALSH. Mr. President, there is no penalty in this bill except the penalty preventing the violators of the law further to bid on Government contracts. There is a provision compelling them to pay extra wages to their employees in case of violation of the wage provisions of the law.

In the present law there is a so-called blacklist provision. In some respects it is broader than the provision in this bill. The Secretary of Labor may put anyone on the blacklist at any time she wants to under the present law, if he violates the public-contracts law. In a moment I will read to the Senate the authority which she has. She has that authority now. The reason why it is not assumed that there is a blacklist provision in the present law is simply because it has not been exercised. Out of 15,000 Government contracts it has only been exercised twice. To my mind, it is unbelievable that the concern whose record I read a few minutes ago to the Senate, which violated 23 Government contracts in 23 particulars, could not be blacklisted without being brought into court. Under the proposed amendment such firms could not be blacklisted unless they were brought to court.

I wish first to read the present law and then call attention to the proposed change, and state why it is proposed:

> The Comptroller General is authorized and directed to distribute a list to all agencies of the United States containing the names of persons or firms found by the Secretary of Labor to have breached any of the agreements or representations required by this act. Unless the Secretary of Labor otherwise recommends, no contract shall be awarded to such persons or firms or to any firm, corporation, partnership, or association in which such persons or firms have the controlling interest, until 3 years have elapsed from the date the Secretary of Labor determines such breach to have occurred.

The present law covers any person or firm found by the Secretary of Labor to have breached any of the agreements or representations required by the act. When the Secretary of Labor finds that situation to exist she may stop that person or firm from obtaining any contracts for 3 years.

That section of the law is proposed to be stricken out, and there is proposed a modified, more liberal provision, which, if I recall correctly, the language abandons the present law giving the authority to the Secretary of Labor, and providing that no one may be blacklisted until the court has found a breach of the contract.

There is one addition that evidently has prompted the Senator from Ohio [Mr. TAFT] to take the position he has taken, and that is the inclusion of the power to blacklist not only violators of this law but violators of the provisions of

law guaranteeing to labor collective bargaining through representatives of their own choosing. In other words, the amendment permits blacklisting for the purpose of preventing the obtaining of Government contracts when a court has decreed a violation of the National Labor Relations Act, as well as when a violation of the Walsh-Healey Act is found to exist. That provision was added at the request of the C. I. O., the American Federation of Labor, and others interested in seeking an effective way of punishing those who violate the labor provisions of this law and of the National Labor Relations Act, but not until there has been an adjudication of a violation of the National Labor Relations law. So, other than broadening the provision to include violations of the National Labor Relations Act, the amendment is much more liberal.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from Massachusetts yield to the Senator from Ohio?

Mr. WALSH. I yield.

Mr. TAFT. I do not find anything in the amendment which says that the Secretary of Labor must have a court order to find that there is a violation of the Walsh-Healey Act. The only instance in which a court order is required is with relation to the National Labor Relations Act.

Mr. WALSH. The Senator is correct. The court decree applies to a violation of the National Labor Relations Act and not to the public-contract law.

Mr. TAFT. The effect of my amendment would not be to change the general provision imposing a penalty for violation of the Walsh-Healey Act, but merely to prevent the amendment of the committee from establishing a relationship between the National Labor Relations Act and this bill. That is correct, is it not?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. BARKLEY. As I recall, one of the objectives of the Walsh-Healey Act was to harmonize the letting of Government contracts with the requirements of the National Labor Relations Act. The two acts are not altogether separated in their relations, although of course the Walsh-Healey Act rests upon its own foundations.

Mr. WALSH. The Walsh-Healey Act followed the decision of the Supreme Court declaring the National Industrial Recovery Act unconstitutional.

Mr. BARKLEY. That is true. I have forgotten, in the matter of time, whether or not the Walsh-Healey Act was passed subsequently to the National Labor Relations Act.

Mr. WALSH. It was passed in 1936, prior to the National Labor Relations Act. Immediately upon the breakdown of labor conditions, with the chiseling and extreme competition developed as a result of wiping out the N. R. A., the Walsh-Healey Act was proposed to keep the standard fixed under the N. R. A., so far as they related to Government contracts.

Mr. BARKLEY. As I understand the theory of this particular provision, which relates to the National Labor Relations Act, the Government ought not to encourage the violation of its own laws among those who supply it with materials or supplies of any kind. The Government ought to keep its own skirts clear by insisting that its own laws, with respect to the standards under which the supplies are manufactured, shall be observed by those with whom it does business. Otherwise, contractors or manufacturers who complied with the law and observed it with respect to wages and hours would be at a disadvantage, because they would always be outbid by those who did not observe the law. The Government would thus be used as an agency to break down its own law with respect to wages and hours. Is not that correct?

Mr. WALSH. The Senator is correct.

Mr. BARKLEY. So I see no reason why this provision should not apply to the National Labor Relations Act as well as to the previous Walsh-Healey Act.

Mr. WALSH. The provision is so strongly urged by the representatives of labor, for the purpose of providing an opportunity to punish those who violate the law with respect to collective bargaining, that I cannot accept the amendment of the Senator from Ohio [Mr. TAFT], and will leave the decision to the Senate.

Mr. BARKLEY. This provision would apply only after it had been determined by a court of competent jurisdiction that there had been a violation of the National Labor Relations Act. Is not that true?

Mr. WALSH. Exactly. What is worse than violation of the right of labor to engage in collective bargaining, when it is determined by the Supreme Court of the land to be a violation of the law?

Mr. BARKLEY. I agree with the Senator. Even after the Supreme Court had determined that a concern had been guilty of a violation of the act by prohibiting collective bargaining or by refusing to sit down and negotiate, or a violation of any of the other provisions of the National Labor Relations Act, without this amendment the Government might still be compelled to continue to award contracts to violators of the act.

Mr. WALSH. There would be no way of stopping it.

Mr. BARKLEY. If a violator of the act happened to be the lowest bidder, he would have to receive the contract.

Mr. WALSH. That is correct.

Mr. BARKLEY. And he probably would be the lowest bidder merely because he did not comply with the law set up by the Government of the United States to provide a fair method of arriving at wages and hours.

It seems to me the amendment is just and fair, and is not unreasonable.

Mr. TAFT. Is not this amendment in substance the same amendment which the Senator offered to the Airplane Act, which amendment was voted down by the Senate?

Mr. BARKLEY. What difference does it make?

Mr. TAFT. I am merely asking if it is not the same as the amendment which the Senate once rejected.

Mr. BARKLEY. It may be; but the Senate frequently learns things after it takes a position, and corrects its attitude. I am not certain whether or not the language is the same. I do not think it is very material.

Mr. TAFT. Has the Senator from Massachusetts [Mr. WALSH] any other reason than the one I gave for the fact that there is no penalty or fine imposed in the National Labor Relations Act itself? Before we begin to penalize persons under the Walsh-Healy Act, should we not impose a penalty under the National Labor Relations Act if we think a penalty is justified?

Mr. WALSH. Personally, I feel that the performance of work for the Government ought to be a distinct privilege, granted only to the most reputable employers. I do not think chiselers and irresponsible employers should have the privilege of a Government contract. Government contracts ought to go to those who maintain the best and highest standards of employment, the shortest hours, and the best wages, and who are recognized as dealing with their employees in the most acceptable manner, according to law.

Mr. TAFT. Is the Senator familiar with the cases in which employers are unable to determine whether they must deal with the American Federation of Labor or the C. I. O., and in which they act at their own risk, without knowing whether or not they are correct, and without being able to find out until the court determines the question?

Mr. WALSH. I cannot conceive of anyone blacklisting a legitimate employer who raises technical questions of law.

Mr. TAFT. That is what the Senator is proposing to do by the amendment.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. WHEELER. The question the Senator from Ohio raises cannot be raised under this amendment for the simple reason that a dispute between the C. I. O. and the American Federation of Labor would not enter into the question because the employer could be penalized only after the highest court had passed upon the question.

Mr. TAFT. Yes; but an employer may make a contract with the American Federation of Labor, and the C. I. O.

may say, "You should not have made the contract with them; you should have made it with us." When the employer appeals to the Labor Relations Board, the Board may say, as it often has said, "You should have broken your contract with the American Federation of Labor. You should have dealt with the C. I. O." When the employer finally appeals to the court, the court may say "There was some evidence to support the finding of the Labor Relations Board." The court does not find that the Board's decision was right. The court simply finds that there was some evidence to support the finding of the Board; so an employer may find the court telling him that he violated the Labor Act by making a contract with the American Federation of Labor. Courts have so held.

Mr. WHEELER. Of course; but, whether one likes the court or whether he does not, after a finding by the highest Court of the country that a man has violated the law and is guilty, what excuse is there for anyone saying that he may continue as a chiseler and bid on Government contracts?

If I may interrupt the Senator from Massachusetts for just a moment more——

Mr. WALSH. Mr. President, I think I can clear up the whole matter. The decision of the court does not put a contractor on the blacklist. The Secretary of Labor has an option, a discretion, after the decision of the court, but she cannot act until there is a decision of the court. In 15,000 Government contracts she has acted only twice, and she has not yet had a court decision.

Mr. TAFT. Mr. President, the name must go on the blacklist automatically under the law unless the Secretary of Labor chooses to make an exemption. Is not that the fact?

Mr. WALSH. Yes. She has discretion as to whether or not the name shall go on the list.

Mr. TAFT. No; the bill says the list shall contain the names of those persons unless she finds, for some special reason, that there should be an exemption.

Mr. WALSH. "Unless the Secretary of Labor otherwise recommends, no contracts shall be awarded to such persons or firms," and so forth. So she has authority to recommend that the name of a person shall not go on the list because the violation was only a technical one, because it was not a serious one, or for some other reason.

Mr. TAFT. Perhaps it was technical; but the fact is that the name must go on the list, and then no contract may be given to the person unless the Secretary of Labor recommends that he be given special consideration.

Mr. WHEELER. Mr. President, let me interrupt the Senator to say that recently a manufacturer in this country called my attention to the fact that he had bid upon a Government contract, that he was complying with the law, and that he wanted and could afford to pay good wages; but he said, "My competitor boasts of the fact that he can hire girls for five, six, and seven dollars a week." He said, "I grew up with the men in my factory. My grandfather was in the business, my father was in the business, and I am in the business. I want to pay good wages, and I can afford to do so; but," he said, "I cannot do so when my competitor cuts his wages. I have to cut mine, too." He said, "I am not going to go out and face my men and do what my competitor wants." Should not the decent manufacturers of the country be protected when they want to do the right thing, when they want to pay good wages, instead of letting some chiseler come in and take the contract away from them?

Mr. TAFT. If the Senator will let me answer the question——

Mr. WHEELER. Let me finish my question.

Mr. TAFT. I am not objecting to the provision which says if you do not pay wages as required by the Walsh-Healey Act, you will get no contract.

I am perfectly willing to have that provision remain in the bill. I recognize its justice; but I say the National Labor Relations Act is still so indefinite that no employer can know what it means. He cannot tell when he is interfering; people do not agree on what is interference. The slightest little act may be held to be interference, although the union is an American Federation of Labor union, and absolutely free from the employer's domination. That is what the American Federation of Labor is complaining about.

Mr. WHEELER. But the answer to that statement is that the manufacturer is not going to be thrown out until after the highest Court passes upon the matter and definitely says he has violated the law.

Mr. TAFT. But the highest Court only says there was some evidence on which the Labor Board based their decision. The law does not give the Court the right to determine the preponderance of the evidence. Violation of the National Labor Relations Act is not a crime. The Congress have not made it so, because they have known that the act is so indefinite that it is not a sufficient warning to an employer to say that if he violates the act he shall be penalized by being fined or put in jail.

We have not attached any such provision to the National Labor Relations Act for that reason. Why should we come along now and take a backhanded slap at persons who have not had the benefit of Government contracts, who may have opposed the act in perfectly good faith, who thought they were not violating it at all, who were so advised by the best lawyers, but when they finally get up to the Court, the Court says, "Well, we do not think you were violating the act, but there is some evidence upon which the Labor Board might have found that you were, so we are going to affirm the decision"?

Mr. WHEELER. But all that argument is done away with when the court finally says, "You did violate the law."

Mr. TAFT. The court never says that, as a matter of fact.

Mr. WHEELER. Oh, yes; the court does.

Mr. TAFT. No.

Mr. WHEELER. I disagree with the Senator from Ohio. When the court finally finds a manufacturer guilty he knows what the law is, because the court has so found. There is not any of this "thin line" there.

Mr. TAFT. The bill says that even though such a manufacturer immediately complies, even though he does everything he can, for 3 years he cannot get a Government contract.

Mr. WHEELER. I beg the Senator's pardon. We have given discretion to the Secretary of Labor when manufacturers comply with the act. It seems to me there is not any question that even if they violated the act at first, if they comply with it afterward they ought to be permitted to contract.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. WALSH. I have the floor.

Let me say, in connection with this discussion, that I have already pointed out that there have been only two cases of blacklisting by the Secretary of Labor in the 4 years this law has been in operation. The Senator from Louisiana [Mr. ELLENDER] informs me that 20,000 complaints have been filed with the National Labor Relations Board, only 6 percent of them have reached the Board for action, and less than 20 cases went to the Supreme Court and were adjudicated by it.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. DANAHER. Without reference to the parliamentary situation, but having in mind the observations of the Senator from Montana and those of the Senator from Ohio, I have drafted an amendment to be added after the word "occurred", in line 19, page 11, and I should like to read it into the RECORD:

Provided, That such prohibition shall earlier terminate upon a finding by the Secretary of Labor that such contractor has removed the grounds upon which such adjudication was based.

In that particular there will be ground upon which the 3-year prohibition of an opportunity to contract may be removed. When compliance has been had, and reinstatement has occurred, the contractor is again in the good graces of the Government and is eligible to contract with it.

Mr. WALSH. I do not quite understand what the Senator's amendment would accomplish.

Mr. DANAHER. It would accomplish the point of having the Secretary of Labor find that compliance has been had with the requirements of the law, with all the grounds upon which the court adjudicated that the particular contractor was a violator of the law and hence was subjected to the penalties of section 3.

Mr. WALSH. As I understand, the court makes an adjudication which is sufficient to put an offender on the blacklist unless the Secretary of Labor, who has the authority, intervenes and can save the manufacturer from going on the blacklist.

Mr. DANAHER. No; I beg the Senator's pardon. Once an adjudication has been had the individual automatically goes on the blacklist.

Mr. BARKLEY. Mr. President, the amendment would take away the discretion of the Secretary of Labor after a court has held that there has been a violation. If the violators claim that they have corrected the situation out of which the lawsuit grew, then automatically they go back on the list.

Mr. DANAHER. Not unless the Secretary of Labor so finds.

Mr. WALSH. In other words, the Senator is tightening up the law.

Mr. BARKLEY. Yes.

Mr. TAFT. Will the Senator read his amendment again?

Mr. DANAHER. Yes; I shall be happy to do so.

Mr. BARKLEY. Under the language of the bill, the Secretary of Labor may take all that into consideration, and undoubtedly will do so; but what the Senator does is to compel her or him, whoever it may be, to take certain action after an adjudication of the court holding that a concern had violated the law. The concern might even come in temporarily and say, "We have corrected this situation," and get a contract, and the very next week they might continue the violations out of which the lawsuit grew.

Mr. DANAHER. Mr. President, will the Senator yield to me for a moment?

Mr. WALSH. Yes.

Mr. DANAHER. I point out to the Senator from Kentucky that the way the bill is drawn, there is granted to the Secretary of Labor sole discretion as to whether or not the inhibitions or penalties contained in section 3, lines 13 to 19, shall be removed in the case of any contractor. In other words, if the Secretary of Labor shall refuse to recommend that the individual contractor be again eligible, for a period of 3 years that contractor indeed is debarred.

If we give the Secretary of Labor the opportunity, as a matter of law, to make a finding that the individual has in fact complied by removing the grounds upon which adjudication was predicated, we will then have given opportunity to the contractor to remove the conditions which, after all, we are seeking to remove, and that is why a penalty is inserted. The effort is to coerce action. If we get the action, we will have remedied the situation, and we will again have reinstated the opportunity for the contractor to act.

Mr. WALSH. The amendment pending is the amendment of the Senator from Ohio [Mr. TAFT].

Mr. DANAHER. I realize that.

Mr. WALSH. And we must understand just what its effect would be. It would remove from section 3 the right to put on the blacklist any violator of the National Labor Relations Act, found to be a violator of that law by the Supreme Court. For the committee, I desire to say that this section was given a great deal of attention and thought.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WALSH. Permit me to finish, and then I will yield. This section was perhaps given more attention than any other provision in the bill. It was submitted to a great many varying interests for criticism, or for suggestions which would be helpful. We finally agreed—I had supposed unanimously—upon the provisions of the section, and I for one feel that we must stand upon this section, and not modify it or change it by amendments which are proposed without being considered by the committee.

I yield to the Senator from Ohio.

Mr. TAFT. Does not the Senator think the amendment is entirely foreign to the purposes of the Walsh-Healey Act?

Mr. WALSH. I would not say foreign; I would say it places a penalty upon the violation of another labor law, other than the Walsh-Healey Act, but, in my opinion, that labor law is far more important than the Walsh-Healey law.

Mr. TAFT. But the removal of the section which I am seeking to remove would not in any way affect the Walsh-Healey Act; it would remain practically the same as before, would it not?

Mr. WALSH. That is true.

Mr. TAFT. Is it not also true that the subcommittee which held the hearings on the pending bill, and to which it was referred, never had a meeting, never made a report to the full committee, and never went over the bill section by section?

Mr. WALSH. I know there were several days of hearings, that the bill was reported to the full committee by myself, and I was asked to point out the changes between the bill of last year and the bill of this year.

Mr. TAFT. It was considered by the full committee, but it was never considered by the subcommittee, according to my recollection, nor do I remember that at the meetings of the full committee this particular provision was discussed at any time.

Mr. WALSH. I do not recall, except that the subcommittee was practically unanimous. I do recall, and I call this to the attention of the Senator from Louisiana [Mr. ELLENDER] and also to the attention of the Senator from Alabama [Mr. HILL], the Senator from Louisiana and the Senator from Alabama both being members of the subcommittee, that we talked about the matter and discussed it frequently at several of the meetings. When we were hearing evidence this matter was debated and discussed by witnesses who appeared before the committee.

Mr. ELLENDER. Mr. President, I do not believe this particular section was discussed to any great extent before the committee as a whole. I really do not remember that it was.

Mr. WALSH. Does not the Senator know that it was clearly pointed out that it was much more liberal, not so narrow, and did not contain such limitations as were contained in the section last year? The subcommittee was practically unanimous, and the first time I heard of the Senator from Ohio objecting is today.

Mr. ELLENDER. That might have been done before the subcommittee, but not before the full committee.

Mr. WALSH. Of course, the same bill was before the committee last year, and very few changes and very few modifications, practically, were made. This section was drafted for the purpose of breaking down and removing the opposition which appeared last year to a somewhat similar provision. All the committee appeared to be pleased at the modification made from last year's provision in this section. However, it was understood any Member could protest any part of the bill in the Senate.

Mr. THOMAS of Utah. Mr. President, will the Senator from Massachusetts yield?

Mr. WALSH. I yield.

Mr. THOMAS of Utah. I think that if the Members of the Senate will refer to page 5 of the committee report, where section 3 is considered and explained, they will find plenty of evidence to show that the section had consideration, as it has been stated it had. There is a full explanation of the section in the committee report. Probably the Senator from Massachusetts would like to read into the RECORD the paragraph on page 5 of the report relating to this section.

Mr. WALSH. I shall be pleased to do that. From page 5 of the report of the committee I read as follows:

> Section 3 modifies the corresponding section in the present act only to the extent that contractors who have violated laws relating to collective bargaining and against whom courts have issued decrees for such violations shall be included among the firms to be

placed on the ineligible list. It will be noted that this amendment is somewhat different from the amendment proposed by the Senate last year which placed firms violating any orders of the Labor Relations Board on the ineligible list.

It was made apparent again and again in the hearings that this completely changed the position of the year before, and required a court decree instead of an order by the National Labor Relations Board to put a violator of the law upon the blacklist. I read further:

This amendment was contained in the bill which passed the Senate but encountered such serious opposition in the closing days of the Seventy-fifth Congress in the House that its ultimate passage was blocked. The objection raised at that time, namely, that this provision tended to deprive contractors cited by the National Labor Relations Board of their statutory right to judicial review of the order, has been overcome in the present bill since it places no contractor on the ineligible list until the courts have finally adjudicated any administrative orders. The policy of this amendment cannot be seriously questioned for the present law places the Government in the anomalous position of subsidizing the violators of its own labor laws by entering into profitable contracts with them.

I repeat that:

The policy of this amendment cannot be seriously questioned for the present law—

Which permits them to have Government contracts after violating Government laws—

places the Government in the anomalous position of subsidizing the violators of its own labor laws by entering into profitable contracts with them.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. TAFT. The amendment suggested by the Senator from Connecticut would meet my approval, and I would be perfectly willing to substitute it for the one I have offered. What I am concerned about is that when there is a court decision on a question and the employer immediately conforms, I do not think he ought to be any longer barred. Of course, there are some flagrant violators, but in many cases the employer cannot tell whether or not he is violating the law. If the Senator would be willing to accept that amendment, I will withdraw my amendment.

Mr. WALSH. I am desirous of accepting any amendment which will give the Secretary of Labor discretionary power to act, after a court decree, in the case of a violation of the Labor Relations Act, when the violation has been of a technical character, and the question has been raised in the court simply for the purpose of clarifying the law.

Mr. WHEELER. Mr. President, as the Senator from Connecticut has written out his amendment, he has included the word "permanent," so that it will read that if the Secretary of Labor finds that the employer has permanently cured the defects or the violations, then she will have it within her discretion to award contracts. My own view is that that will be helpful.

Mr. BARKLEY. Mr. President, the way the language is drawn, the law would be automatic. It may be all right, but it would take away from the Secretary the discretion to decide a matter, provided she should find that the cause of the controversy had been removed. I suggest that if an amendment is to be accepted it ought certainly to provide that the removal shall be permanent, because otherwise an employer might remove the defect for a week and get a contract and go right back to the original practice.

Mr. WALSH. Would the Senator from Connecticut object if we had the amendment reported?

Mr. TAFT. I ask unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER. The Senator from Ohio withdraws his amendment.

Mr. DANAHER. Mr. President, I send an amendment to the desk and respectfully ask that the clerk state it.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment it is proposed, on page 11, line 19, to add the following proviso:

Provided, That such prohibition shall earlier terminate upon a finding by the Secretary of Labor that such contractor has permanently removed the grounds upon which such adjudication was based.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. DANAHER] to the committee amendment.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. SCHWELLENBACH. I will state my objection to the amendment. Let us consider a situation involving a violation of the National Labor Relations Act. There is final determination of that fact by the Court. There is the inclusion of the name of the violator on the list. Then there is a correction of that situation by the employer. As a result of that the Secretary of Labor recommends that, despite the fact that his name is on the list, he shall not be deprived of the contract.

The inclusion of that provision in the law may make it mandatory upon the Secretary to make a finding rather than to leave it to her discretion. Then if a week later the contractor starts violating that same provision of the National Labor Relations Act, or violating any other provision of the National Labor Relations Act, the whole procedure can be started again; and it will take a further adjudication by a court before the time comes when the Secretary of Labor may again put such a violator on the list, and withdraw her recommendation that he be given the right to get Government contracts.

That would mean that the whole 3-year period might expire before the procedure could again be gone through and a final adjudication of the court had.

Mr. WHEELER. Mr. President, that could be done under the law as it is now.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. CONNALLY. I ask the Senator from Washington if the National Labor Relations Act does not now carry penalties? If this provision is enacted a violator will be punished twice for doing one thing. If the Labor Relations Act carries its own penalty, and a man who is guilty of having violated the law can be punished under it, why should he be punished under some other act for the same violation?

Mr. SCHWELLENBACH. Mr. President, the Senator well says that the act carries a penalty. The right of injunction exists under the act. The penalty is that violators of the law have to pay the wages during the period of litigation, but it is not a penalty in the ordinary sense of penalty. The Senator from Montana says action can be taken under the law as it now is. The Secretary of Labor has the right to recommend or not to recommend. The Senator from Connecticut pointed out a few minutes ago that the purpose of his amendment was to have a record made, and a finding of fact made by the Secretary of Labor. I think he will concede that the purpose is to enable the bidder to go into court and prevent the Secretary of Labor from stopping him from getting the contract.

Mr. WHEELER. Mr. President, I am sure the Senator misunderstands the amendment of the Senator from Connecticut. All the amendment of the Senator from Connecticut proposes to do is to say that after the court has found that there is a violation, if the Secretary of Labor then finds that the violator has ceased his violation, and has complied with the provisions of the law, then he can be awarded a contract. That is all the Senator's amendment provides.

Mr. WALSH. Mr. President, in view of the fact that the bill must go to the House for action, and then probably a conference must be held, to save time at this late hour the amendment might be accepted and the bill passed. If that is acceptable to the Senator from Washington, I shall be pleased to keep his views in mind when the time comes for action in the conference.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. LUCAS. I should like to be certain that I understand the situation which now exists. Am I correct in saying that

in reality there are two classes of contractors that are affected by the amendment; that is, one class of contractors who apparently in good faith thought they were doing the correct thing, but found out afterward that they had violated the law, and then a second class who perhaps willfully and with some malice aforethought, so to speak, sought a contract for the purpose of chiseling, as the Senator from Massachusetts has frequently said? If there are two classes, if there is the chiseler involved, who violates the law with impunity, and if there is the other man who thought he was acting in good faith, and yet violated the law, then it strikes me there ought to be something in the way of segregation between the two. In other words, both individuals should not receive the same treatment.

Mr. WALSH. Those two classes operate under the public contract law, and those two classes are subjected to the penalties of the law, but it is discretionary with the Secretary of Labor, and it is assumed that she will exercise her authority to punish the malicious and evil group of violators rather than those who commit only a technical violation of the law.

Mr. LUCAS. But does not the amendment of the Senator from Connecticut give the chiseler an opening?

Mr. WALSH. Of course, that is the difficulty of amendments being hastily drawn in a bill of this kind in the closing hours of a session without being submitted to a committee, but, in view of the fact that the bill will go now to the House, and then to conference, for the sake of having the bill passed tonight, I shall accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. DANAHER] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. DANAHER. Mr. President, is the bill open to further amendment?

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. DANAHER. Mr. President, I ask the Senator from Massachusetts to turn to page 7, and in line 6, after the word "contract", I wish to have added the language which I ask the clerk to read. I send forward an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 7, line 6, after the word "contract", it is proposed to insert "and which shall be not less than the highest minimum wage paid by any bidder for such contract."

Mr. WALSH. Mr. President, personally I would rejoice at the incorporation of that amendment, but my committee is very strongly opposed to it, and, speaking for them, I must oppose the amendment.

Mr. DANAHER. I may say briefly, Mr. President, that the situation which this amendment seeks to cure was made the subject of much debate earlier in the afternoon, and at that time the Senator from Massachusetts asked if I could give my attention to language of a proposed amendment which would cure the difficulty we then discussed. It seems to me that the language sent to the desk will take care of the difficulty, and it will provide that so far as labor costs are concerned, they shall be equal among the bidders who are offering to supply the Government. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. DANAHER] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. HOLMAN. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 14. The provisions of this act shall not be effective during any period that the United States is engaged in war and the President so declares by proclamation.

Mr. WALSH. Mr. President, I personally think that the Secretary of Labor now has that authority, but I see no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. HOLMAN] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. WILEY. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 12, after line 14, it is proposed to insert the following:

SEC. 8. Section 9 is amended by striking out the words "nor shall this act apply to perishables, including dairy, livestock, and nursery products" and inserting in lieu thereof the words "nor shall this act apply to dairy products, or to perishables, including livestock and nursery products."

Mr. WILEY. Mr. President, this amendment was rejected by the committee. The language is: "Nor shall this act apply to dairy products, or to perishables, including livestock and nursery products."

The Public Contracts Act now provides:

SEC. 9. * * * Nor shall this act apply to perishables, including dairy, livestock, and nursery products. * * *

The Secretary of Labor under regulations No. 504, dated September 14, 1936, interpreted this section of the act as follows:

(b) Where the contract relates to perishables, including dairy, livestock, and nursery products ("perishables" covers products subject to decay or spoilage and not products canned, salted, smoked, or otherwise preserved).

I submit that when Congress passed the law back in 1936 it intended that section 9 of the Public Contracts Act should exempt all dairy products. Not one scintilla of evidence can be found anywhere in the legislative record of this measure which warrants the conclusion reached by the Secretary of Labor that section 9 of the act provides an exemption only for "perishable dairy products," or that it was the intention of Congress so to provide. The circumstances under which Congress acted, the reports of committees having the measure in hand, and the testimony before the committees of Congress interpret the effect and scope of the act and make it appear, beyond all doubt, that Congress intended to exempt from operation of the act all dairy products without limitation as to kind, quantity, or quality.

The House Judiciary Committee report on the Walsh-Healey bill, S. 3055, which was transmitted to Congress by Representative HEALEY, contains the following pertinent statement:

Section 9 excludes from the operation of the act articles usually bought in open market—farm, dairy, and nursery products, and transportation and communications contracts.

Any dairy product, be it butter, cheese, whole milk, buttermilk, dry milk, condensed milk, ice cream, or evaporated milk, is, according to the interpretation of the act by the House Judiciary Committee, wholly and completely excluded from operation of the act.

During the debate on this measure in the Senate, Senator AUSTIN took occasion to make the following remarks with regard to the work of the committee having the bill in charge:

A. M. Loomis, representing the American Association of Creamery Butter Manufacturers, testified:

"* * * When the milk and cream reach the creamery or cheese factory they must be promptly taken care of. They cannot be carried over until the next day, because at this stage deterioration is rapid. * * *"

That argument applies to the making of all kinds of food products which are perishable in their nature, and show beyond any question how utterly futile it is to limit the hours and days in a manufactory of that kind, and undertake to move shifts out of a process such as that and move new shifts into it. * * * (CONGRESSIONAL RECORD, Senate, August 12, 1935, pp. 12878–12879.)

Obviously it was in the minds of the Senate committee that this act could not be applied to industries dealing with perishable commodities or products subject to rapid spoilage and

deterioration. Nor is there the slightest indication of intention to penalize any branch of the dairy industry because its product may reach the ultimate consumer in somewhat more stable form than that of some other branch of the industry.

During the debate on the measure in the House of Representatives, Congressman Greenwood, while explaining some of the salient features of the pending measure, stated:

> It makes certain exemptions. For instance, supplies of materials that should be purchased in the open market, or stock merchandise, in other words, as I understand it, and that nothing to be purchased under $10,000 in amount shall be considered; that agricultural, nursery, dairy, and perishable products shall not be considered subject to the law (CONGRESSIONAL RECORD, House, June 18, 1936, p. 10077).

Former Representative Boileau, whose constituents were largely persons engaged in earning their livelihood from the production, processing, and distribution of dairy products, clearly stated what was in the mind of Congress when this act was being debated. Mr. Boileau stated:

> I do not presume the United States buys any farm products that are not processed, except perishables. Perishables are definitely exempted. So are dairy products, livestock, and nursery products. I cannot think of any other farm products that the United States Government buys (CONGRESSIONAL RECORD, House, June 18, 1936, p. 10101).

The statements of these gentlemen were not challenged but, on the contrary, were permitted to stand as clear expressions of the undoubted intent of Congress to exempt not only perishable products, in whatever form, but to extend this exemption to include all dairy products as well.

When a manufacturer contracts to supply evaporated milk to the Government, he is able to fulfill his contract only by handling and processing a most perishable basic product—milk. To this extent the evaporated-milk industry differs in no respect from the fluid-milk, ice-cream, cheese, or butter industries, the products of which are recognized by the Secretary of Labor as exempt, under the Walsh-Healey Act. Throughout the entire processing of evaporated milk—from the delivery of the raw milk by the farmer to the sterilization of this product in hermetically sealed containers—the most careful, sanitary conditions and care in handling must be employed to prevent loss, spoilage, and deterioration of the basic product. It was obviously the purpose of Congress to exempt such contracts from the purview of the Public Contracts Act, and it is reasonable that such exemption be made.

In May of each year the Navy purchases its yearly supply of evaporated milk. This large contract is filled by the evaporated-milk industry during a season of the year when the cows are fresh, when milk production is at its height, when plants must, of necessity, be operated at peak capacity in order to process the tremendous flow of milk; not only is the operation highly seasonal in character but, because of the extreme perishability of milk, there is ever present the need for prompt, skilled, sanitary handling and continuous, uninterrupted processing from the moment milk commences flowing through the plant until the day's supply is exhausted—quite irrespective of the number of hours of work necessary to complete the task. The very nature of the product and the process will admit of no carry-over of 1 day's supply of milk to another for handling and processing at the whim or leisure of man if loss, spoilage, or deterioration are to be avoided.

The Secretary of Labor has interpreted this language to exclude canned milk. My State is one of the great milk-producing States of the Nation. We have factories which can or condense the milk. In those factories farmer boys or boys from the village are employed. During the seasons of the year when the milk runs high, the law steps in and says "You are limited to 8 hours, boys, to work." Cows do not recognize any 8-hour day. The operators are told, "If you work 1 minute over 8 hours, you must pay time and a half."

I am not speaking for the milk canners. I am speaking for the milk producers of Wisconsin and for the farmers of the country. Senators know that every cent of overhead that is added to the canned or evaporated milk is paid by the farmer. The backs of the farmers are literally being broken now by circumstances over which they have no control. Government has improved their lot. All this regulation burdens the farmer more. Many farmers are receiving only 2 to 2½ cents a quart for their milk. Now it is proposed to add an additional burden. Milk is brought into the factories, which can it. Then the minute a factory tries to sell milk to the Government, if anyone in the factory has worked more than 8 hours, the factory has violated the act. There is no rhyme or reason to this kind of thing.

Is the Congress of the United States afraid of some supergroup or superman? By constantly hampering we do not help. It is time the voice of the farmers of the country was heard in no uncertain terms.

In 1936 the Senate interpreted the language to mean just what I ask, but because the power was delegated to a member of the Cabinet the language was interpreted differently. Congress again delegated its power. Why must Congress keep on delegating its power—shirking the job? The power was delegated to a member of the President's Cabinet to say to the farmers of Wisconsin what they must do. The language of the act has been interpreted unreasonably—without good sense.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. WALSH. In what way do the provisions of the bill compel farmers to comply with the law?

Mr. WILEY. I am very happy the Senator asked that question. Apparently the distinguished Senator was not listening. I said that the minute the product the farmer produces is loaded with an extra burden, the added overhead is charged to the farmer, who pays the bill. Then the Government, through its agencies, continues to foreclose mortgages on farms in Wisconsin and other places. Wisconsin was God's fairyland before a lot of these crackpot notions were put into effect. If you keep on thinking you can help by fool legislation, you will not find the remedy.

Mr. WALSH. Would the Senator exempt bakeries because the wheat comes from farms?

Mr. WILEY. That is beside the point; and the Senator is begging the question.

Mr. WALSH. The Senator by his amendment is asking that some of the largest industries of the country be exempted. I refer to the industries which can milk and sell it all over the country. The Government buys thousands and thousands of dollars' worth of milk for the Army and Navy.

Mr. WILEY. That is correct.

Mr. WALSH. The Senator is asking that concerns such as Borden and other big concerns be exempted from the provisions of the law. Why should they be exempted?

Mr. WILEY. Because the Congress in 1936 said so. A Cabinet officer said "No." Now the Senator wishes to accept the view of the Cabinet officer rather than the interpretation of the Congress of the United States.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. BARKLEY. What effect would the Senator's amendment have on the packing institutions which process livestock? Would it apply to them?

Mr. WILEY. Under the interpretation of the Cabinet officer, I do not think it would apply to them.

Mr. BARKLEY. Regardless of any Cabinet officer's interpretation, which may or may not have been correct, as I listened to the Senator's amendment it seemed to me it would apply to all institutions, not only those manufacturing milk products but packing houses as well.

Mr. WILEY. If the Senator will read the law as it now exists, it says——

Mr. BARKLEY. I am talking about the Senator's amendment.

Mr. WILEY. Very well. Listen to the law which was passed 2 years ago:

> Nor shall this act apply to perishables, including livestock and nursery products.

My amendment says:

Nor shall this act apply to dairy products or to perishables, including livestock and nursery products.

Mr. BARKLEY. Of course, a live animal is not a perishable thing; and the law would not apply to the live animal. However, it seems to me the amendment would apply to any concern which is manufacturing or processing livestock, regardless of the ruling of any Cabinet member, or regardless of the language which may have been included in some other act. The amendment applies to this particular act.

Mr. WILEY. If the Senator wishes to limit the language of the act as it is, I have no objection. An analagous situation is the canning of peas. Peas keep on growing all night and all day; and if they are not harvested they perish. Food values perish.

Mr. BARKLEY. They do not grow while they are being canned or after they are canned. Other peas may grow, but after the peas are gathered for the market they do not grow.

Mr. WILEY. I realize that that argument is based upon the false premise that we must do something to protect labor. Fair labor and fair capital will take care of themselves in this instance. However, there is one industry which is being crucified by inaction or fool action of government, and that is the dairy industry of the country. I am trying to speak a word for that industry.

I am trying to say that if it is desired to limit the application of the law to milk products and change the language of the law we passed 2 years ago, that is the privilege of Congress. After I offered my amendment, apparently it was shot to pieces on the theory that it would benefit the so-called milk canners. I say it would benefit the farmers. The committee which rejected it will hear from the farmers, and the Senate will hear from the farmers if it shall reject the amendment.

There is much more to be said, but I do not care to discuss the question further.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. WILEY. I am very happy to yield.

Mr. LUCAS. Will the Senator from Wisconsin explain the difference between his amendment and the pending bill?

Mr. WILEY. Frankly, from my own personal point of view, I do not think there is any difference.

Mr. LUCAS. If there is no difference, what is the idea of the amendment?

Mr. WILEY. Will the Senator permit me to finish my answer?

Mr. LUCAS. I shall be glad to.

Mr. WILEY. The amendment is offered because the Secretary of Labor, interpreting the old law, which the Senate had already interpreted to mean just what I say my amendment means, said that it excluded canned milk.

That is the sum and substance of the matter. The committee blindly followed the Secretary of Labor. They took what she said, and not the report and the information given to the committee. They listened to her. That is the trouble with Congress right now. We are "listening to our master's voice." We had better listen to the voice of the people, and then we will "go places."

Mr. LUCAS. We had better listen to the voice of the Senator from Wisconsin.

Mr. WILEY. I thank the Senator; and I add we might listen to the voice of the Senator from Illinois. I hope the Senator from Illinois will join me in voting for the amendment.

Mr. LUCAS. The Senator has said there is no difference between his amendment and what is already in the bill.

Mr. WALSH. Let us have something in the RECORD. Is the Senator from Wisconsin through?

Mr. WILEY. Just a moment. In order that there may be no misunderstanding—because I was speaking probably facetiously in reply to the Senator from Illinois—I said that to me the language is synonymous; but the Secretary of Labor interpreted the original amendment to mean, as she explained very fully in her report to the committee, that the factories canning milk did not need this concession. I said, "No; not the canning factories, but the farmers do need it." So I have drawn this amendment, and she now says the amendment I have offered means exactly what I want it to say, that it will exclude products such as canned milk.

Mr. WALSH. Mr. President, first of all I desire to say that this amendment reaches only the class of persons processing dairy products who can contract with the Government for over $4,000. Who are that class? They are the canned-milk producers, one of the largest and most prosperous industries in the country. The amendment proposes to remove their employees and the concerns themselves from the exacting provisions of this law.

Every farmer in the country dealing in perishable dairy, livestock, and poultry products is excluded. It is only when the farmer sells his milk, his fruits, his vegetables, or his berries, or his poultry to a factory or to a canning establishment that the law is made applicable.

The regulations of the Department exempt nearly every possible perishable article that can be conceived of or thought of. The list covers several pages. Let me read some of the exceptions and exemptions:

The act does not apply to agricultural or farm products, including those processed for first sale by the original producers.

Contracts entered into by Government agencies for the purchase of raw unprocessed cotton are not subject to the provisions of the act.

When the contractor raises and cans his own fruit or vegetable products the canning by him is exempt from the provisions of the act as an agricultural product processed for first sale by the original producer.

A farmer processes hemp for himself and other farmers and the sale price is divided equally on each lot. If he processes and sells the hemp to the Government as agent for the farmers, the contract is exempt from the act. If the farmers sell their hemp to him for half of the resale price and he sells to the Government on his own account, his contract with the Government will not be a first sale and will be subject to the act.

On pages 18, 19, and 20 there is a list of perishables; and they include almost every article of dairy, livestock, or poultry character.

I am going to conclude by reading what the Secretary of Labor has said about this amendment:

In general, this amendment would appear to open the way for other statutory exemptions, particularly as applied to canned food purchased by the Government. Furthermore, by depriving employees of the milk-canning industry of the protective labor standards afforded by the Public Contracts Act, this class of employees would be deprived of all protection afforded by Federal statutes prescribing minimum labor standards, since such employees are not subject to the Fair Labor Standards Act.

The companies engaged in the condensed-milk industry of necessity operate mechanized factories, and employees working in such factories are industrial employees who should be entitled to work under the same labor standards as employees of other industries when they are engaged in work on Government contracts that are subject to the Public Contracts Act.

In brief, this amendment proposes to lift out of the law all employees who work in dairy-product factories where milk and cream and condensed milk and condensed cream are processed and manufactured; and these are some of the largest purchases and contracts made by the Government.

I hope the amendment will be rejected.

Mr. WILEY. Mr. President, I merely wish to say that on page 6 of the report Fred H. Brown, Comptroller General of the United States, in reporting on this matter, is quoted as saying:

This Office perceives no objection to such amendment.

The average person does not understand the farm business. We have professors who can write books on how to run a farm, but when they get on a farm and attempt to run it that way they starve to death. When we from Washington want to keep on regulating things so that the farmer cannot get anything for his milk we are doing a dastardly thing; and we cannot go ahead and put up the camouflage or smoke screen that this is simply trying to benefit the so-called milk condenseries. That does not work. These condenseries are

just like other factories in the small cities and villages. They use local labor; and if we put additional overhead costs on milk, the farmer is the man who pays it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. WILEY] to the amendment reported by the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment, in the nature of a substitute, as amended.

The amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISTRIBUTION OF JUDGMENT FUND OF SHOSHONE TRIBE

Mr. O'MAHONEY. Mr. President, on Thursday last the Senate was considering Senate bill 1878, providing for the distribution of the Shoshone judgment fund. During the course of the consideration of the measure the senior Senator from Utah [Mr. KING] addressed the following question to me:

I desire to ask the Senator from Wyoming whether or not any part of the $4,000,000 consists of interest?

In response to that question I said "Yes." There was then further colloquy, and I referred to the interest which was awarded by the Court of Claims and the Supreme Court upon the amount of the judgment.

I misunderstood the question of the Senator from Utah, and I desire to have the RECORD made clear upon the point. The Senator from Utah was evidently endeavoring to ascertain whether or not the Court of Claims had included interest in the judgment which was handed down. I misunderstood him to ask whether or not the interest applied to the whole judgment.

The fact is that in allowing the Indians to file their claim Congress permitted them to assert their claim for interest upon the amount due. The claim of the Indians was filed more than 12 years ago, and originated, as I recall, prior to 1880, so that, as a matter of fact, the principal amount of the judgment was $1,581,889.50, and interest in the amount of $2,826,554.07 was allowed.

I desired to have the RECORD corrected in this respect.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HILL in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Emil J. Adam, Sr., of Mississippi, to be United States marshal for the southern district of Mississippi.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Robert W. Rabb, of Pennsylvania, to be United States marshal for the middle district of Pennsylvania.

Mr. O'MAHONEY, from the Committee on the Judiciary, reported favorably the nomination of Samuel O. Clark, Jr., of Connecticut, to be Assistant Attorney General in charge of the Tax Division of the Department of Justice, vice James W. Morris, resigned.

Mr. HUGHES, from the Committee on the Judiciary, reported favorably the nomination of Charles Alvin Jones, of Pennsylvania, to be judge of the United States Circuit Court of Appeals for the Third Circuit, vice J. Warren Davis, retired.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of William J. Storen, of Charleston, S. C., to be collector of customs for customs collection district numbered 16, with headquarters at Charleston, S. C., in place of Charles J. Baker, whose term of office has expired.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for promotion in the Navy.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Clarence F. Ludwig to be postmaster at Minersville, Pa., in place of J. F. Boran, removed.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar. If there are no further reports of committees, the clerk will state the nominations on the Executive Calendar.

POSTMASTERS

The Legislative Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The Legislative Clerk read the nominations of Dwight True Hunkins and William John Penly to be second lieutenants in the Regular Army.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

ADJOURNMENT

Mr. BARKLEY. As in legislative session, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 52 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, July 18, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 17 (legislative day of July 10), 1939

UNITED STATES ATTORNEY

Frederick V. Follmer, of Pennsylvania, to be United States attorney for the middle district of Pennsylvania. Mr. Follmer is now serving in this office under an appointment which expired May 28, 1939.

PROMOTIONS IN THE ARMY

MEDICAL CORPS

To be majors

Capt. Sam Foster Seeley, Medical Corps, from August 1, 1939.

Capt. William Draper North, Medical Corps, from August 1, 1939.

Capt. Clifford Veryl Morgan, Medical Corps, from August 1, 1939.

Capt. William Henry Lawton, Medical Corps, from August 1, 1939.

Capt. James Elmo Yarbrough, Medical Corps, from August 1, 1939.

Capt. Abner Zehm, Medical Corps, from August 1, 1939.

Capt. Walter Frederick Heine, Medical Corps, from August 1, 1939.

Capt. Charles McCabe Downs, Medical Corps, from August 1, 1939.

Capt. John Winchester Rich, Medical Corps, from August 18, 1939.

Capt. Thomas Brown Murphy, Medical Corps, from August 18, 1939.

Capt. Huston J. Banton, Medical Corps, from August 18, 1939.

Capt. Hervey Burson Porter, Medical Corps, from August 18, 1939.

To be captains

First Lt. John Joseph Pelosi, Medical Corps, from August 1, 1939.

First Lt. Patrick Ignatius McShane, Medical Corps, from August 11, 1939.

First Lt. Louis Samuel Leland, Medical Corps, from August 20, 1939.

First Lt. Joseph Francis Linsman, Medical Corps, from August 20, 1939.

DENTAL CORPS

Maj. Albert Fields, Dental Corps, to be lieutenant colonel from August 18, 1939.

Capt. Roger Giles Miller, Dental Corps, to be major from August 15, 1939.

CHAPLAINS

To be chaplains with the rank of lieutenant colonel

Chaplain John Knox Bodel (major), United States Army, from August 16, 1939.

Chaplain William Roy Bradley (major), United States Army, from August 24, 1939.

Chaplain James Lloyd McBride (major), United States Army, from August 26, 1939.

CAVALRY

Capt. George Roland McElroy, Cavalry, to be major from July 12, 1939.

APPOINTMENTS IN THE REGULAR ARMY

The following-named reserve officers for appointment as first lieutenants in the Medical Corps, Regular Army, with rank from date of appointment:

Tillman Davis Johnson	James Francis Reilly
Carl Winn Hall	Hensley Starling Johnson
Michael Deane Buscemi	George N. Schuhmann
Raymond Cunningham Stiles	Fredrick Clinton Hopp
Russell Edward Hanlon	Harvey Clark Boyd
James Samuel Fisackerly	Carroll Steiner Svare
Henry Curtis Harrell	Edward John Doyle

POSTMASTERS

ALABAMA

Robert T. Sheppard to be postmaster at Decatur, Ala., in place of Leroy McEntire. Incumbent's commission expired May 29, 1938.

Julia J. Harkness to be postmaster at Eutaw, Ala., in place of J. J. Harkness. Incumbent's commission expired January 23, 1939.

Eunice D. King to be postmaster at Midway, Ala., in place of E. D. King. Incumbent's commission expired May 15, 1939.

Addie M. Cannon to be postmaster at Mount Vernon, Ala., in place of A. M. Cannon. Incumbent's commission expired May 15, 1939.

Jesse A. Harris to be postmaster at New Brockton, Ala., in place of J. A. Harris. Incumbent's commission expires August 22, 1939.

Roe P. Greer to be postmaster at Sylacauga, Ala., in place of R. P. Greer. Incumbent's commission expires August 27, 1939.

William F. Gulledge to be postmaster at Tallassee, Ala., in place of C. U. Totty. Incumbent's commission expired June 14, 1938.

Blanche Hendon to be postmaster at Townley, Ala., in place of Blanche Hendon. Incumbent's commission expired July 1, 1939.

Henry G. Sockwell to be postmaster at Tuscumbia, Ala., in place of H. G. Sockwell. Incumbent's commission expired March 8, 1939.

ALASKA

Agnes L. Reinert to be postmaster at Ketchikan, Alaska, in place of A. L. Reinert. Incumbent's commission expired May 1, 1939.

Richard F. Brennan to be postmaster at Petersburg, Alaska, in place of R. F. Brennan. Incumbent's commission expired January 17, 1939.

ARIZONA

Velasco C. Murphy to be postmaster at Globe, Ariz., in place of V. C. Murphy. Incumbent's commission expired June 17, 1939.

Wilcie G. Hoel to be postmaster at Peoria, Ariz., in place of W. G. Hoel. Incumbent's commission expires July 18, 1939.

Zola W. Buffington to be postmaster at Pima, Ariz., in place of Z. W. Buffington. Incumbent's commission expired July 17, 1939.

ARKANSAS

Irvin A. Blakely to be postmaster at Gurdon, Ark., in place of H. E. Powell. Incumbent's commission expired January 15, 1939.

Robert M. Wilson to be postmaster at Hope, Ark., in place of R. M. Wilson. Incumbent's commission expired May 10, 1939.

Arlis L. Coger to be postmaster at Huntsville, Ark., in place of J. J. Simpson. Incumbent's commission expired January 15, 1939.

James H. Carnahan to be postmaster at Prairie Grove, Ark., in place of J. H. Carnahan. Incumbent's commission expired June 26, 1939.

Travis E. Hamlin to be postmaster at Taylor, Ark. Office became Presidential July 1, 1938.

CALIFORNIA

Guy N. Southwick to be postmaster at Atascadero, Calif., in place of G. N. Southwick. Incumbent's commission expired February 20, 1939.

Leonard F. De Groff to be postmaster at Brea, Calif., in place of L. A. Hogue, deceased.

Emma B. Baily to be postmaster at Corte Madera, Calif., in place of E. B. Baily. Incumbent's commission expired May 31, 1939.

Carlton T. Hansen to be postmaster at Crescent City, Calif., in place of C. T. Hansen. Incumbent's commission expired February 9, 1939.

Thomas J. Caffery to be postmaster at El Monte, Calif., in place of T. J. Caffery. Incumbent's commission expired April 17, 1939.

Charlotte A. Cavalli to be postmaster at Half Moon Bay, Calif., in place of C. A. Cavalli. Incumbent's commission expired February 9, 1939.

Robert A. Ascot to be postmaster at Highland, Calif., in place of R. A. Ascot. Incumbent's commission expired June 18, 1939.

Hazel G. Nearing to be postmaster at Hondo, Calif., in place of H. G. Nearing. Incumbent's commission expired February 9, 1939.

Arthur J. Haycox to be postmaster at Hueneme, Calif., in place of A. J. Haycox. Incumbent's commission expired May 13, 1939.

John E. Nolan to be postmaster at Jamestown, Calif., in place of J. E. Nolan. Incumbent's commission expired February 9, 1939.

Louis E. Clay to be postmaster at Pacific Grove, Calif., in place of L. E. Clay. Incumbent's commission expired February 9, 1939.

Arvin P. Ralston to be postmaster at Patterson, Calif., in place of A. P. Ralston. Incumbent's commission expired March 19, 1939.

Eugene L. Scott to be postmaster at Porterville, Calif., in place of E. L. Scott. Incumbent's commission expired February 9, 1939.

Mary M. Wilson to be postmaster at Rio Linda, Calif., in place of M. M. Wilson. Incumbent's commission expired May 31, 1939.

Kelley C. Osgood to be postmaster at Riverbank, Calif., in place of K. C. Osgood. Incumbent's commission expired March 25, 1939.

Manuel Dos Reis, Jr., to be postmaster at San Anselmo, Calif., in place of Manuel Dos Reis, Jr. Incumbent's commission expired March 19, 1939.

Leo H. Strickland to be postmaster at Venice, Calif., in place of L. H. Strickland. Incumbent's commission expired February 20, 1939.

CONNECTICUT

Albert P. Walsh to be postmaster at Danbury, Conn., in place of A. P. Walsh. Incumbent's commission expired March 28, 1939.

John P. Bridgett to be postmaster at Wallingford, Conn., in place of J. P. Bridgett. Incumbent's commission expired July 30, 1939.

Charles A. Babin to be postmaster at Waterbury, Conn., in place of C. A. Babin. Incumbent's commission expired May 2, 1939.

James J. Lee to be postmaster at Willimantic, Conn., in place of J. J. Lee. Incumbent's commission expired March 28, 1939.

Robert E. A. Doherty to be postmaster at Winsted, Conn., in place of R. E. A. Doherty. Incumbent's commission expired May 13, 1939.

FLORIDA

Hugh McCormick to be postmaster at Eau Gallie, Fla., in place of Hugh McCormick. Incumbent's commission expired May 1, 1938.

Blanche B. Merry to be postmaster at Pass-A-Grille Beach, Fla., in place of M. B. Hardin, resigned.

Margaret H. Futch to be postmaster at Sebastian, Fla. Office became Presidential July 1, 1938.

James Frank Cochran to be postmaster at Tallahassee, Fla., in place of J. F. Cochran. Incumbent's commission expires August 22, 1939.

GEORGIA

Jim Lou Cox Hoggard to be postmaster at Camilla, Ga., in place of J. L. C. Hoggard. Incumbent's commission expires July 19, 1939.

William R. Melton to be postmaster at Cuthbert, Ga., in place of L. J. Wood. Incumbent's commission expired January 30, 1938.

Leila W. Maxwell to be postmaster at Danville, Ga., in place of L. W. Maxwell. Incumbent's commission expired July 1, 1939.

Hugh C. Register to be postmaster at Hahira, Ga., in place of Marion Lott. Incumbent's commission expired February 19, 1939.

Augustus B. Mitcham, Jr. to be postmaster at Hampton, Ga., in place of A. B. Mitcham, Jr. Incumbent's commission expired July 1, 1939.

Henry A. Lee to be postmaster at Marshallville, Ga., in place of L. G. Rambo. Incumbent's commission expired February 28, 1938.

David S. Cuttino to be postmaster at Newnan, Ga., in place of T. B. McRitchie, deceased.

Otis A. King to be postmaster at Perry, Ga., in place of O. A. King. Incumbent's commission expired January 22, 1939.

James L. Fricks to be postmaster at Rising Fawn, Ga. Office became Presidential July 1, 1938.

Sim A. Gray to be postmaster at Waynesboro, Ga., in place of C. A. Gray. Incumbent's commission expired January 30, 1938.

IDAHO

Lena M. Bohrn to be postmaster at Hansen, Idaho, in place of F. W. Sheesley, removed.

Frank H. Chapman to be postmaster at Parma, Idaho, in place of F. H. Chapman. Incumbent's commission expired May 2, 1939.

ILLINOIS

Herman G. Wangelin to be postmaster at Belleville, Ill., in place of H. G. Wangelin. Incumbent's commission expired June 17, 1939.

James M. Ryan to be postmaster at East Moline, Ill., in place of J. M. Ryan. Incumbent's commission expires July 26, 1939.

Otto F. Giehl to be postmaster at Metamora, Ill., in place of O. F. Giehl. Incumbent's commission expired February 7, 1939.

Joseph L. Lynch to be postmaster at Oak Park, Ill., in place of J. L. Lynch. Incumbent's commission expires July 18, 1939.

Charles F. Schmoeger to be postmaster at Peru, Ill., in place of C. F. Schmoeger. Incumbent's commission expired July 9, 1939.

Jacob Sand to be postmaster at Roanoke, Ill., in place of Jacob Sand. Incumbent's commission expired February 7, 1939.

Edward G. Zilm to be postmaster at Streator, Ill., in place of E. G. Zilm. Incumbent's commission expires August 13, 1939.

INDIANA

James Russell Smith to be postmaster at Gosport, Ind., in place of J. R. Smith. Incumbent's commission expires January 18, 1939.

Richard G. Averitt to be postmaster at Plainfield, Ind., in place of R. G. Averitt. Incumbent's commission expired May 2, 1939.

James C. Rice to be postmaster at Spencer, Ind., in place of J. C. Rice. Incumbent's commission expired March 15, 1939.

IOWA

Frances O'Donnell to be postmaster at Colo, Iowa, in place of M. M. Wilson, deceased.

Helen A. Mohr to be postmaster at Sabula, Iowa, in place of J. H. Petersen, removed.

KANSAS

Dean R. Marriott to be postmaster at Eureka, Kans., in place of Robert Focht, deceased.

Harold J. Schafer to be postmaster at McPherson, Kans., in place of H. J. Schafer. Incumbent's commission expired June 18, 1939.

William Ross Whitworth to be postmaster at Sedan, Kans., in place of B. E. Palmer, removed.

John E. Barrett to be postmaster at Topeka, Kans., in place of J. E. Barrett. Incumbent's commission expired March 23, 1939.

KENTUCKY

Thaddeus W. Wilson to be postmaster at Brandenburg, Ky., in place of T. W. Wilson. Incumbent's commission expired February 18, 1939.

John W. Tipton to be postmaster at Catlettsburg, Ky., in place of Wayne Damron, deceased.

William H. Pettus to be postmaster at Crab Orchard, Ky., in place of V. D. Bordes, resigned.

Claud Brown to be postmaster at Henderson, Ky., in place of Claud Brown. Incumbent's commission expired May 29, 1939.

Lawrence W. Hager to be postmaster at Owensboro, Ky., in place of L. W. Hager. Incumbent's commission expired June 26, 1939.

LOUISIANA

Jack Bostwick to be postmaster at Bastrop, La., in place of C. T. Matlock, deceased.

John E. Butler, Jr., to be postmaster at Port Allen, La., in place of J. E. Butler, Jr. Incumbent's commission expired May 23, 1936.

MARYLAND

Howard H. Wiley to be postmaster at White Hall, Md., in place of H. H. Wiley. Incumbent's commission expires August 14, 1939.

MASSACHUSETTS

Arthur Henry Boutiette to be postmaster at Farnumsville, Mass., in place of G. G. Kempton, resigned.

Richard J. Specht to be postmaster at West Springfield, Mass., in place of R. J. Specht. Incumbent's commission expired January 18, 1939.

Henry J. Porter to be postmaster at Wilmington, Mass., in place of F. J. Correia, removed.

MICHIGAN

John L. Swartout to be postmaster at Addison, Mich., in place of J. L. Swartout. Incumbent's commission expired April 26, 1939.

Marie L. Mottes to be postmaster at Alpha, Mich. Office became Presidential July 1, 1937.

Florence S. Abbott to be postmaster at Ann Arbor, Mich., in place of A. C. Pack. Incumbent's commission expired January 25, 1936.

Henry Miltner to be postmaster at Cadillac, Mich., in place of Henry Miltner. Incumbent's commission expired April 26, 1939.

John S. Courtney to be postmaster at Marquette, Mich., in place of J. S. Courtney. Incumbent's commission expired May 29, 1939.

Anna S. Warner to be postmaster at Mount Pleasant, Mich., in place of A. S. Warner. Incumbent's commission expired April 26, 1939.

Ralph C. Wolcott to be postmaster at North Adams, Mich., in place of W. E. Frederick, deceased.

Orin K. Grettenberger to be postmaster at Okemos, Mich., in place of J. O. Grettenberger, resigned.

Gilbert H. Davis to be postmaster at Royal Oak, Mich., in place of G. H. Davis. Incumbent's commission expired April 26, 1939.

Adeline E. Phillips to be postmaster at St. Louis, Mich., in place of F. B. Housel. Incumbent's commission expired January 23, 1935.

MINNESOTA

Ingval Lynner to be postmaster at Clarkfield, Minn., in place of Ingval Lynner. Incumbent's commission expired March 12, 1939.

Leon L. Bronk to be postmaster at Winona, Minn., in place of L. L. Bronk. Incumbent's commission expired May 1, 1939.

MISSISSIPPI

Ethel W. Still to be postmaster at Clarksdale, Miss., in place of E. W. Still. Incumbent's commission expired June 18, 1939.

MISSOURI

Joseph D. Stewart to be postmaster at Chillocothe, Mo., in place of J. D. Stewart. Incumbent's commission expires August 2, 1939.

Allen W. Sapp to be postmaster at Columbia, Mo., in place of A. W. Sapp. Incumbent's commission expired February 20, 1939.

Clarence C. Wilkins to be postmaster at Hornersville, Mo., in place of C. C. Wilkins. Incumbent's commission expired February 20, 1939.

Edgar G. Hinde to be postmaster at Independence, Mo., in place of E. G. Hinde. Incumbent's commission expired June 26, 1939.

Robert L. Chappell to be postmaster at Louisiana, Mo., in place of R. L. Chappell. Incumbent's commission expired May 17, 1939.

Zera Lee Stokely to be postmaster at Poplar Bluff, Mo., in place of Z. L. Stokely. Incumbent's commission expired April 6, 1939.

NEW HAMPSHIRE

Michael J. Carroll to be postmaster at Laconia, N. H., in place of M. J. Carroll. Incumbent's commission expired July 9, 1939.

NEW JERSEY

Edward Brodstein to be postmaster at Asbury Park, N. J., in place of Edward Brodstein. Incumbent's commission expired June 26, 1939.

John Russell to be postmaster at Barnegat, N. J., in place of John Russell. Incumbent's commission expired January 28, 1939.

James T. Brady to be postmaster at Bayonne, N. J., in place of J. T. Brady. Incumbent's commission expired April 17, 1939.

Everett H. Antonides to be postmaster at Belmar, N. J., in place of E. H. Antonides. Incumbent's commission expired April 17, 1939.

Norman H. Deshler to be postmaster at Belvidere, N. J., in place of N. H. Deshler. Incumbent's commission expired February 25, 1939.

Michael H. Connelly to be postmaster at Bloomfield, N. J., in place of M. H. Connelly. Incumbent's commission expired April 17, 1939.

Elizabeth MacBrair to be postmaster at Essex Fells, N. J., in place of Elizabeth MacBrair. Incumbent's commission expired April 2, 1939.

Verona K. Christie to be postmaster at Fanwood, N. J., in place of V. K. Christie. Incumbent's commission expired June 18, 1938.

George W. Karge to be postmaster at Franklinville, N. J., in place of G. W. Karge. Incumbent's commission expired February 25, 1939.

William D. Hayes to be postmaster at Millburn, N. J., in place of W. D. Hayes. Incumbent's commission expired June 8, 1938.

Wilmer Lawrence to be postmaster at Milford, N. J., in place of Wilmer Lawrence. Incumbent's commission expired February 25, 1939.

Patricia B. Hanlon to be postmaster at Mountain Lakes, N. J., in place of P. B. Hanlon. Incumbent's commission expired February 13, 1939.

Lillian M. Roe to be postmaster at Mountain View, N. J., in place of L. M. Roe. Incumbent's commission expired June 12, 1938.

Augustus J. Hans to be postmaster at Metcong, N. J., in place of A. J. Hans. Incumbent's commission expired May 30, 1938.

Abraham G. Nelson to be postmaster at New Market, N. J., in place of A. G. Nelson. Incumbent's commission expired February 13, 1939.

Harry J. Bowitz to be postmaster at Oakland, N. J., in place of Arnold Troxler, resigned.

John Jenkins to be postmaster at Port Norris, N. J., in place of John Jenkins. Incumbent's commission expired April 17, 1939.

Franke Vera Carter to be postmaster at Tenafly, N. J., in place of Franke Carter. Incumbent's commission expired June 7, 1938.

Helen S. Elbert to be postmaster at Vincentown, N. J., in place of H. S. Elbert. Incumbent's commission expired June 7, 1938.

NEW MEXICO

Frank J. Wesner to be postmaster at Las Vegas, N. Mex., in place of F. J. Wesner. Incumbent's commission expired February 12, 1939.

Mary E. Love to be postmaster at Lovington, N. Mex., in place of M. E. Love. Incumbent's commission expires August 26, 1939.

Antonio F. Martinez to be postmaster at Santa Fe, N. Mex., in place of A. F. Martinez. Incumbent's commission expired May 31, 1939.

NEW YORK

Edward P. McCormack to be postmaster at Albany, N. Y., in place of E. P. McCormack. Incumbent's commission expired June 18, 1939.

Robert J. Sheehe to be postmaster at Arcade, N. Y., in place of R. J. Sheehe. Incumbent's commission expired January 21, 1939.

Willard H. French to be postmaster at Atlantic Beach, N. Y., in place of W. H. Dummeyer, removed.

Andrew J. Melton to be postmaster at Bay Shore, N. Y., in place of A. J. Melton. Incumbent's commission expired June 28, 1939.

William J. Gleason to be postmaster at Cortland, N. Y., in place of W. J. Gleason. Incumbent's commission expired April 6, 1939.

Charles C. Curry to be postmaster at Dansville, N. Y., in place of C. C. Curry. Incumbent's commission expired March 23, 1939.

Arthur I. Ryan to be postmaster at Delmar, N. Y., in place of A. I. Ryan. Incumbent's commission expired July 9, 1939.

John J. Finnegan to be postmaster at Fairport, N. Y., in place of J. J. Finnegan. Incumbent's commission expired June 25, 1939.

Edward A. Rice to be postmaster at Freeport, N. Y., in place of E. A. Rice. Incumbent's commission expired May 31, 1939.

Joseph A. Seifert to be postmaster at Great River, N. Y. Office became Presidential July 1, 1938.

Joseph H. Wilson to be postmaster at Highland Falls, N. Y., in place of J. H. Wilson. Incumbent's commission expired January 29, 1939.

John W. Beggs to be postmaster at Jefferson, N. Y., in place of J. W. Beggs. Incumbent's commission expired January 28, 1939.

Robert F. McCabe to be postmaster at Johnson City, N. Y., in place of R. F. McCabe. Incumbent's commission expired July 2, 1939.

Edward Hart to be postmaster at Lake Placid Club, N. Y., in place of Edward Hart. Incumbent's commission expired June 25, 1939.

Everard K. Homer, to be postmaster at Livingston Manor, N. Y., in place of E. K. Homer. Incumbent's commission expired June 28, 1939.

Dudley C. Merritt to be postmaster at Locust Valley, N. Y., in place of D. C. Merritt. Incumbent's commission expired April 6, 1939.

Minnie Losty Smith to be postmaster at New Lebanon, N. Y., in place of M. P. Sullivan, removed.

Edward V. Canavan to be postmaster at Niagara Falls, N. Y., in place of E. V. Canavan. Incumbent's commission expired March 23, 1939.

Frederick J. Clum to be postmaster at Pawling, N. Y., in place of F. J. Clum. Incumbent's commission expired March 19, 1939.

Harold T. Hubbard to be postmaster at Riverhead, N. Y., in place of H. T. Hubbard. Incumbent's commission expired February 28, 1939.

Teresa V. Ball to be postmaster at Rye, N. Y., in place of T. V. Ball. Incumbent's commission expired January 24, 1939.

Arthur H. Wart to be postmaster at Sandy Creek, N. Y., in place of G. J. O'Brien, deceased.

Mary F. Chambers to be postmaster at Shortsville, N. Y., in place of M. F. Chambers. Incumbent's commission expired June 28, 1939.

J. Frank Lackey to be postmaster at Tannersville, N. Y., in place of J. F. Lackey. Incumbent's commission expired May 31, 1939.

Wilfred R. Carr to be postmaster at Warwick, N. Y., in place of W. R. Carr. Incumbent's commission expired January 29, 1939.

Charles Green Brainard to be postmaster at Waterville, N. Y., in place of C. G. Brainard. Incumbent's commission expired May 17, 1939.

John E. Abplanalp to be postmaster at Youngsville, N. Y., in place of J. E. Abplanalp. Incumbent's commission expired May 8, 1939.

NORTH CAROLINA

John O. Redding to be postmaster at Asheboro, N. C., in place of J. O. Redding. Incumbent's commission expired February 18, 1939.

Frank H. Stinson to be postmaster at Banner Elk, N. C., in place of F. H. Stinson. Incumbent's commission expires July 27, 1939.

Henry L. Avent to be postmaster at Buies Creek, N. C., in place of H. L. Avent. Incumbent's commission expired July 1, 1939.

George F. Bost to be postmaster at Hickory, N. C., in place of G. F. Bost. Incumbent's commission expires August 27, 1939.

James F. Seagle to be postmaster at Lincolnton, N. C., in place of J. F. Seagle. Incumbent's commission expires July 27, 1939.

Russell G. Cashwell to be postmaster at Lumberton, N. C., in place of B. F. McMillan, Jr., resigned.

Michael B. Kibler to be postmaster at Morganton, N. C., in place of M. B. Kibler. Incumbent's commission expired June 25, 1939.

Marguerite W. Maddrey to be postmaster at Seaboard, N. C., in place of M. W. Maddrey. Incumbent's commission expired June 5, 1939.

Bonnie B. Shingleton to be postmaster at Stantonsburg, N. C., in place of B. B. Shingleton. Incumbent's commission expired January 16, 1939.

Duncan F. McGougan to be postmaster at Tabor City, N. C., in place of D. F. McGougan. Incumbent's commission expired June 5, 1939.

NORTH DAKOTA

George J. Mahowald to be postmaster at Garrison, N. Dak., in place of J. J. Behles, deceased.

OHIO

Clarence N. Greer to be postmaster at Dayton, Ohio, in place of C. N. Greer. Incumbent's commission expired June 1, 1939.

Glenn C. Swartz to be postmaster at Polk, Ohio, in place of G. C. Swartz. Incumbent's commission expired July 2, 1939.

Clare S. Myers to be postmaster at Roseville, Ohio, in place of C. S. Myers. Incumbent's commission expires July 22, 1939.

Grover C. Speckman to be postmaster at Warsaw, Ohio, in place of G. C. Speckman. Incumbent's commission expired July 2, 1939.

Howard W. McCracken to be postmaster at Zanesville, Ohio, in place of H. W. McCracken. Incumbent's commission expired June 1, 1939.

OKLAHOMA

Margaret Cummins to be postmaster at Chattanooga, Okla., in place of Margaret Cummins. Incumbent's commission expired June 26, 1939.

Grover H. Hope to be postmaster at Frederick, Okla., in place of G. H. Hope. Incumbent's commission expired June 12, 1939.

Hannie B. Melton to be postmaster at Hastings, Okla., in place of H. B. Melton. Incumbent's commission expired June 26, 1939.

Finis E. Gillespie to be postmaster at Hobart, Okla., in place of F. E. Gillespie. Incumbent's commission expired June 12, 1939.

James Q. Tucker to be postmaster at Hollis, Okla., in place of J. Q. Tucker. Incumbent's commission expired June 26, 1939.

Jack H. Kneedler to be postmaster at Kaw, Okla., in place of Gertrude Barker. Incumbent's commission expired May 29, 1938.

Shelby M. Alexander to be postmaster at Lone Wolf, Okla., in place of S. M. Alexander. Incumbent's commission expired June 1, 1939.

Charles H. Hayes to be postmaster at McLoud, Okla., in place of C. H. Hayes. Incumbent's commission expired March 14, 1939.

Jesse G. Ford to be postmaster at Roosevelt, Okla., in place of J. G. Ford. Incumbent's commission expired June 1, 1939.

Ernest J. Winingham to be postmaster at Sentinel, Okla., in place of E. J. Winingham. Incumbent's commission expired June 1, 1939.

Chester A. Holding to be postmaster at Tipton, Okla., in place of C. A. Holding. Incumbent's commission expired June 1, 1939.

Garland C. Talley to be postmaster at Welch, Okla., in place of G. C. Talley. Incumbent's commission expired June 1, 1939.

Robert R. McCarver to be postmaster at Wister, Okla., in place of R. R. McCarver. Incumbent's commission expired June 18, 1939.

OREGON

Sanford Adler to be postmaster at Baker, Oregon., in place of Sanford Adler. Incumbent's commission expired May 13, 1939.

Victor P. Moses to be postmaster at Corvallis, Oreg., in place of V. P. Moses. Incumbent's commission expired June 18, 1939.

Erma L. Basford to be postmaster at Florence, Oreg., in place of E. L. Basford. Incumbent's commission expired January 18, 1939.

Elof T. Hedlund to be postmaster at Portland, Oreg., in place of E. T. Hedlund. Incumbent's commission expired May 1, 1939.

William Reid to be postmaster at Rainier, Oreg., in place of William Reid. Incumbent's commission expired March 19, 1939.

Lester L. Wimberly to be postmaster at Roseburg, Oreg., in place of L. L. Wimberly. Incumbent's commission expired June 18, 1939.

PENNSYLVANIA

William Glenn Rumbaugh to be postmaster at Avonmore, Pa., in place of W. G. Rumbaugh. Incumbent's commission expires August 22, 1939.

Theodore C. Lamborn to be postmaster at Berwyn, Pa., in place of T. C. Lamborn. Incumbent's commission expired April 6, 1939.

James Robert McClure to be postmaster at Dillsburg, Pa., in place of J. R. McClure. Incumbent's commission expired May 8, 1939.

Stephen R. Stefanik to be postmaster at Elmora, Pa., in place of C. P. McCoy, deceased.

Herbert H. Park to be postmaster at Gibsonia, Pa., in place of H. H. Park. Incumbent's commission expired February 21, 1939.

Theodore K. Hagey to be postmaster at Hellertown, Pa., in place of T. K. Hagey. Incumbent's commission expired January 29, 1939.

Leon E. Shepherd to be postmaster at Malvern, Pa., in place of L. E. Shepherd. Incumbent's commission expired June 18, 1938.

Homer C. Kifer to be postmaster at Manor, Pa., in place of H. C. Kifer. Incumbent's commission expired July 3, 1939.

Franklin M. Rorke to be postmaster at Meadowbrook, Pa., in place of F. M. Rorke. Incumbent's commission expired May 2, 1939.

Alexander Grafton Sullivan to be postmaster at New Kensington, Pa., in place of A. G. Sullivan. Incumbent's commission expires August 22, 1939.

Charles L. Wagner to be postmaster at Paperville, Pa. Office became Presidential July 1, 1938.

Mary E. Stewart to be postmaster at Petersburg, Pa., in place of M. E. Stewart. Incumbent's commission expired January 29, 1939.

John Edgar Schmidt to be postmaster at Ringtown, Pa., in place of R. E. Spancake, resigned.

Bertha M. Kintzer to be postmaster at Robesonia, Pa., in place of B. M. Kintzer. Incumbent's commission expired January 29, 1939.

Irvin F. Mayberry to be postmaster at Schwenkville, Pa., in place of I. F. Mayberry. Incumbent's commission expired June 7, 1939.

Joseph E. Staniszewski to be postmaster at Shamokin, Pa., in place of J. E. Staniszewski. Incumbent's commission expired February 21, 1939.

Wilson C. Reider to be postmaster at Shickshinny, Pa., in place of W. C. Reider. Incumbent's commission expired June 9, 1938.

John N. Zimmerman to be postmaster at Sunbury, Pa., in place of J. N. Zimmerman. Incumbent's commission expired March 18, 1939.

Bessie S. Ferrell to be postmaster at Westtown, Pa., in place of B. S. Ferrell. Incumbent's commission expired May 8, 1939.

RHODE ISLAND

Robert E. Bitgood to be postmaster at Hope Valley, R. I., in place of R. E. Bitgood. Incumbent's commission expired May 15, 1939.

Edward F. McCarthy to be postmaster at Wakefield, R. I., in place of E. F. McCarthy. Incumbent's commission expired March 18, 1939.

Grace S. Croome to be postmaster at West Kingston, R. I., in place of G. S. Croome. Incumbent's commission expired April 2, 1939.

SOUTH CAROLINA

Lewis M. Jones to be postmaster at Alcolu, S. C., in place of L. M. Jones. Incumbent's commission expired June 7, 1939.

Bessie W. Martin to be postmaster at Belton, S. C., in place of R. R. Martin, resigned.

Philip M. Clement to be postmaster at Charleston, S. C., in place of P. M. Clement. Incumbent's commission expired June 18, 1939.

Walter T. Barron to be postmaster at Fort Mill, S. C., in place of W. T. Barron. Incumbent's commission expired March 23, 1939.

Rufus R. McLeod to be postmaster at Hartsville, S. C., in place of M. S. McKinnon, deceased.

Hobson B. Taylor to be postmaster at Kershaw, S. C., in place of H. B. Taylor. Incumbent's commission expired April 2, 1939.

Albert H. Askins to be postmaster at Timmonsville, S. C., in place of A. H. Askins. Incumbent's commission expired May 7, 1938.

SOUTH DAKOTA

Florence Ferguson to be postmaster at Canton, S. Dak., in place of Florence Ferguson. Incumbent's commission expired April 2, 1939.

Ian H. Maxwell to be postmaster at Delmont, S. Dak., in place of I. H. Maxwell. Incumbent's commission expired March 12, 1939.

Edward E. Colgan to be postmaster at Edgemont, S. Dak., in place of E. E. Colgan. Incumbent's commission expired January 28, 1939.

Clarence J. Curtin to be postmaster at Emery, S. Dak., in place of C. J. Curtin. Incumbent's commission expired April 2, 1939.

Robert H. Benner to be postmaster at Gary, S. Dak., in place of R. H. Benner. Incumbent's commission expired February 20, 1938.

Ernest A. Schlup to be postmaster at Hudson, S. Dak., in place of E. A. Schlup. Incumbent's commission expired February 8, 1939.

Charles R. Dean to be postmaster at Rockham, S. Dak., in place of C. R. Dean. Incumbent's commisison expired February 8, 1939.

Inez M. Bruner to be postmaster at Sanator, S. Dak., in place of I. M. Bruner. Incumbent's commission expired January 28, 1939.

Charles F. Barg to be postmaster at White, S. Dak., in place of C. F. Barg. Incumbent's commission expired January 28, 1939.

TENNESSEE

Samuel H. Chase to be postmaster at Johnson City, Tenn., in place of S. H. Chase. Incumbent's commission expired July 3, 1939.

TEXAS

Clark A. Fortner to be postmaster at Crosby, Tex., in place of C. A. Fortner. Incumbent's commission expired March 15, 1939.

John M. Diggs to be postmaster at Haskell, Tex., in place of J. M. Diggs. Incumbent's commission expired May 22, 1938.

James R. Lipscomb to be postmaster at Hereford, Tex., in place of W. L. Pickett, deceased.

Joel H. Bugg to be postmaster at High Island, Tex., in place of V. G. Kirkpatrick, removed.

William A. Ham to be postmaster at Jacksboro, Tex., in place of W. A. Ham. Incumbent's commission expired May 15, 1939.

Jennie R. Goodman to be postmaster at Laredo, Tex., in place of J. R. Goodman. Incumbent's commission expired July 18, 1939.

Charley J. McCollum to be postmaster at Lockney, Tex., in place of C. J. McCollum. Incumbent's commission expired March 15, 1939.

Paul Gene Stevens to be postmaster at Lone Oak, Tex., in place of W. C. Dowell, deceased.

A. J. Gardner to be postmaster at Muleshoe, Tex., in place of A. J. Gardner. Incumbent's commission expired March 15, 1939.

Benjamin B. Ward to be postmaster at Newcastle, Tex., in place of B. B. Ward. Incumbent's commission expired February 15, 1939.

John C. Terry to be postmaster at Plainview, Tex., in place of J. C. Terry. Incumbent's commission expired February 15, 1939.

Alvin E. Crawley to be postmaster at Ranger, Tex., in place of M. A. Davenport, removed.

Melrose H. Russell to be postmaster at Robert Lee, Tex., in place of M. H. Russell. Incumbent's commission expired May 2, 1939.

William A. Smith to be postmaster at San Saba, Tex., in place of W. A. Smith. Incumbent's commission expired January 25, 1939.

Jewell F. Cobb to be postmaster at Seminole, Tex., in place of J. F. Cobb. Incumbent's commission expired March 15, 1939.

William A. Robinson to be postmaster at Texline, Tex., in place of E. S. Sell, resigned.

Walter W. Merriman to be postmaster at Throckmorton, Tex., in place of P. E. Luker, resigned.

Annie H. Hughes to be postmaster at Woodville, Tex., in place of A. H. Hughes. Incumbent's commission expired January 25, 1939.

UTAH

Niels Stanley Brady to be postmaster at Fairview, Utah, in place of N. S. Brady. Incumbent's commission expired February 7, 1939.

Jesse M. French to be postmaster at Greenriver, Utah, in place of J. M. French. Incumbent's commission expired March 23, 1939.

Lydia R. Strong to be postmaster at Huntington, Utah, in place of L. R. Strong. Incumbent's commission expired July 1, 1939.

VERMONT

Smith M. Matson to be postmaster at Dorset, Vt., in place of S. M. Matson. Incumbent's commission expired June 18, 1938.

Irma K. Mitchell to be postmaster at Fairfax, Vt., in place of I. K. Mitchell. Incumbent's commission expired February 15, 1939.

Helen M. Boyle to be postmaster at Gilman, Vt., in place of H. M. Boyle. Incumbent's commission expired February 15, 1939.

J. Clarence Nolin to be postmaster at Jericho, Vt., in place of J. C. Nolin. Incumbent's commission expired March 16, 1939.

Henry C. Brislin to be postmaster at Rutland, Vt., in place of H. C. Brislin. Incumbent's commission expired June 18, 1938.

Francis J. Mullin to be postmaster at Wallingford, Vt., in place of F. J. Mullin. Incumbent's commission expired May 13, 1939.

Daniel P. Healy to be postmaster at White River Junction, Vt., in place of D. P. Healy. Incumbent's commission expired March 21, 1939.

VIRGINIA

Irven M. Keller to be postmaster at Abingdon, Va., in place of I. M. Keller. Incumbent's commission expired June 18, 1938.

Fletcher L. Elmore to be postmaster at Alberta, Va., in place of F. L. Elmore. Incumbent's commission expired June 18, 1939.

Rosalie H. Mahone to be postmaster at Amherst, Va., in place of R. H. Mahone. Incumbent's commission expired March 8, 1939.

Howard C. O'Bryan to be postmaster at Austinville, Va., in place of H. C. O'Bryan. Incumbent's commission expired July 1, 1939.

Joseph S. Hutcheson to be postmaster at Chase City, Va., in place of J. S. Hutcheson. Incumbent's commission expired May 13, 1939.

Nannie A. Chisholm to be postmaster at Clover, Va., in place of N. A. Chisholm. Incumbent's commission expired June 26, 1939.

Bernard E. Young to be postmaster at Dayton, Va., in place of B. E. Young. Incumbent's commission expired June 26, 1939.

Bernard M. Anderson to be postmaster at Dublin, Va., in place of B. M. Anderson. Incumbent's commission expires July 27, 1939.

John Alexander Garland to be postmaster at Farmville, Va., in place of J. A. Garland. Incumbent's commission expired June 18, 1939.

Paul Scarborough to be postmaster at Franklin, Va., in place of Paul Scarborough. Incumbent's commission expired June 6, 1938.

Horace F. Crismond to be postmaster at Fredericksburg, Va., in place of H. F. Crismond. Incumbent's commission expired June 18, 1939.

George K. Fielder to be postmaster at Fries, Va., in place of G. K. Fielder. Incumbent's commission expired June 26, 1939.

Allan A. Lanford to be postmaster at Palmyra, Va., in place of A. A. Lanford. Incumbent's commission expired June 26, 1939.

Grace H. Jenkins to be postmaster at Powhatan, Va., in place of G. H. Jenkins. Incumbent's commission expires July 27, 1939.

John E. Pace to be postmaster at Ridgeway, Va., in place of J. E. Pace. Incumbent's commission expired July 1, 1939.

William B. Cocke, Jr., to be postmaster at Stony Creek, Va., in place of W. B. Cocke, Jr. Incumbent's commission expired January 18, 1939.

Jesse F. Reynolds, Jr., to be postmaster at Stuart, Va., in place of J. F. Reynolds, Jr. Incumbent's commission expires July 27, 1939.

Haller M. Bowman to be postmaster at Timberville, Va., in place of H. M. Bowman. Incumbent's commisison expired June 26, 1939.

Ernest E. Sine to be postmaster at Woodstock, Va., in place of E. E. Sine. Incumbent's commission expires July 27, 1939.

WASHINGTON

Lloyd K. Sullivan to be postmaster at Chehalis, Wash., in place of Lloyd Sullivan. Incumbent's commission expired May 2, 1939.

Edith M. Lindgren to be postmaster at Cosmopolis, Wash., in place of E. M. Lindgren. Incumbent's commission expired March 21, 1939.

Ernest H. McComb to be postmaster at Everson, Wash., in place of E. H. McComb. Incumbent's commission expired June 25, 1939.

Clarence A. Scott to be postmaster at Harrington, Wash., in place of E. A. Phillips. Incumbent's commission expired January 16, 1939.

Walfred Johnson to be postmaster at Lowell, Wash., in place of Walfred Johnson. Incumbent's commission expired June 18, 1939.

Leonard McCleary to be postmaster at McCleary, Wash., in place of Leonard McCleary. Incumbent's commission expired March 21, 1939.

James H. Callison to be postmaster at Palouse, Wash., in place of J. H. Callison. Incumbent's commission expired January 23, 1939.

Hazel M. Surber to be postmaster at Pe Ell, Wash., in place of H. M. Surber. Incumbent's commission expired May 2, 1939.

Bertha H. Welsh to be postmaster at Prescott, Wash., in place of B. H. Welsh. Incumbent's commission expired July 1, 1939.

Peyton B. Hoover to be postmaster at Rochester, Wash., in place of P. B. Hoover. Incumbent's commission expired March 21, 1939.

M. Berta Start to be postmaster at Winslow, Wash., in place of M. B. Start. Incumbent's commission expired March 8, 1939.

WEST VIRGINIA

Duncan M. Johnston to be postmaster at Alderson, W. Va., in place of D. M. Johnston. Incumbent's commission expired May 10, 1939.

Maurice L. Richmond to be postmaster at Barboursville, W. Va., in place of M. L. Richmond. Incumbent's commission expired April 6, 1938.

Olga O. Baughman to be postmaster at Belington, W. Va., in place of O. O. Baughman. Incumbent's commission expired June 26, 1939.

Marguerite E. Whiting to be postmaster at Glenville, W. Va., in place of M. E. Whiting. Incumbent's commission expires August 1, 1939.

David J. Blackwood to be postmaster at Milton, W. Va., in place of D. J. Blackwood. Incumbent's commission expires August 27, 1939.

Patrick J. Healy to be postmaster at Piedmont, W. Va., in place of O. W. Johnson, resigned.

Roy L. Pugh to be postmaster at Winona, W. Va., in place of R. L. Pugh. Incumbent's commission expired January 29, 1939.

WISCONSIN

Clarence L. Jordalen to be postmaster at Deerfield, Wis., in place of C. L. Jordalen. Incumbent's commission expired March 19, 1939.

Mathew E. Lang to be postmaster at Gillett, Wis., in place of M. E. Lang. Incumbent's commission expired January 18, 1939.

James D. Cook to be postmaster at Marinette, Wis., in place of J. D. Cook. Incumbent's commission expired March 19, 1939.

Anna C. Buhr to be postmaster at Marion, Wis., in place of A. C. Buhr. Incumbent's commission expired June 18, 1938.

Harry A. Victora to be postmaster at Middleton, Wis., in place of H. A. Victora. Incumbent's commission expired February 9, 1939.

Harry V. Holden to be postmaster at Orfordville, Wis., in place of H. V. Holden. Incumbent's commission expired January 18, 1939.

Edwin F. Hadden to be postmaster at Poynette, Wis., in place of E. F. Hadden. Incumbent's commission expired January 24, 1939.

Michael T. Lenney to be postmaster at Williams Bay, Wis., in place of M. T. Lenney. Incumbent's commission expired January 24, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 17 (legislative day July 10), 1939

APPOINTMENTS IN THE REGULAR ARMY

Dwight True Hunkins to be second lieutenant, Infantry.

William John Penly to be second lieutenant, Corps of Engineers.

POSTMASTERS

FLORIDA

Ruth K. Palmer, South Miami.

ILLINOIS

George P. Langan, Cairo.
Charles Mancel Wightman, Grayslake.
Charles F. Loeb, Urbana.

IOWA

Harry J. McFarland, Davenport.
Kate C. Warner, Dayton.
William A. Suiter, Eau Claire.
Clarence H. Kemm, Marshalltown.
Donald D. Jansen, Onslow.
Carrie M. Skromme, Roland.
Merle B. Chader, Slater.

MAINE

Walter G. Anderson, Kittery Point.

MICHIGAN

Annah E. Turnbull, Clio.
Claude J. Tessman, New Haven.

MISSISSIPPI

Leslie L. Evans, Canton.
James H. Middlebrook, Ethel.
Charles M. Anderson, Gloster.
Erma O. Barnes, Louise.
Alec R. Moore, Meadville.
William J. Newton, Monticello.
Dallas E. Morgan, Sallis.

MONTANA

Karl Oliver Lentz, Baker.
Dudley W. Greene, Columbia Falls.
Raymond M. Birck, Corvallis.

NEW YORK

Raymond J. Watrous, Manhasset.
Olivia L. Kesselman, Roosevelt.

OHIO

Arthur C. Battershell, Hicksville.
Frederick B. Mowery, Kingston.
Hartman W. Staker, Wheelersburg.
Thomas B. Gephart, Williamsport.

OKLAHOMA

Isaac J. Loewen, Clinton.

RHODE ISLAND

William F. Harkins, West Barrington

SOUTH DAKOTA

Edith A. Sproat, Bradley.
Alex C. Lembcke, Garretson.
Ruel E. Dana, Hartford.
Thomas W. Lalley, Montrose.
William F. Curren, Vienna.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 17, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, maker of all things and lover of all men, we lift our grateful hearts to Thee in praise; this new day gives us fresh assurance of Thy fatherly care. We pray Thee to make it blessed with new hopes, new joys, and new visions of life. Thou who art the Good Shepherd, lead us into green pastures and besides still waters. Since our example means so much, may we not do the things which the restraints of a good name forbid. Fulfill in us that blessed beatitude:

Blessed are the pure in heart: for they shall see God.

We pray for Thy gracious blessing upon our President, his associates, and immediate advisers. Oh, gird them with more than human wisdom and with strength greater than their own that those things wisest and best may come to pass. Support us, O Lord, all the day long, and then give us Thy peace. In the holy name of our Saviour. Amen.

The Journal of the proceedings of Friday, July 14, 1939, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House, by Mr. Latta, one of his secretaries, who also informed the House that, on the following dates, the President approved and signed bills and a joint resolution of the House of the following titles:

On July 11, 1939:

H. R. 2310. An act to provide national flags for the burial of honorably discharged former service men and women.

On July 12, 1939:

H. R. 4674. An act to provide for the establishment of a Coast Guard station at or near the city of Monterey, Calif.

On July 14, 1939:

H. R. 3541. An act for the relief of John Chastain and Mollie Chastain, his wife; and

H. R. 4497. An act to prescribe rules for the enrollment of Menominee Indian children born to enrolled parents, and for other purposes.

On July 15, 1939:

H. R. 4511. An act to extend to Sgt. Maj. Edwin O. Swift, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to the retired enlisted men;

H. R. 5346. An act for the relief of Mrs. A. R. Barnard, Charles A. Stephens, Donald W. Prairie, and dependents of Vern A. Needles;

H. R. 5610. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes; and

H. J. Res. 133. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1939, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had ordered that the Secretary be directed to request the House to return to the Senate the bill (S. 2662) entitled "An act authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes."

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title:

H. R. 5610. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes.

DISTRICT OF COLUMBIA APPROPRIATION BILL

The SPEAKER. The Chair desires to announce that, pursuant to authority granted him on Friday last, he did, on Saturday, July 15, sign the following bill: H. R. 5610, the District of Columbia appropriation bill.

EXTENSION OF REMARKS

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by Hon. Paul V. McNutt, United States High Commissioner for the Philippine Islands, before the Institute of Public Affairs, at the University of Virginia.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE HATCH BILL

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

Mr. DEMPSEY. I ask unanimous consent to revise and extend my remarks and to insert therein an amendment which I propose to offer on Thursday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DEMPSEY. Mr. Speaker, I ask the indulgence of the House for this brief period to advise the membership that I propose to put in the RECORD today an amendment which I intend to offer to the Hatch bill on Thursday next when that bill comes up for consideration before this body. I do this for the reason that there has been so much misunderstanding with reference to this bill.

In the first place, neither the bill nor my proposed amendment makes any new prohibition against any person making a political contribution not now covered by law except as it relates to those people who receive their salaries from the relief appropriation which we recently passed.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. WALTER. During the many weeks this bill was under consideration in the Committee on the Judiciary the gentleman had ample time to urge upon the committee the consideration of the amendment he now says he is going to offer. I would like to know why he did not ask the committee to consider this particular amendment during its consideration of the bill?

Mr. DEMPSEY. The gentleman from Pennsylvania has asked, and I will gladly tell him why.

Mr. WALTER. I would like to know.

Mr. DEMPSEY. Because I was informed that the gentleman from Pennsylvania and other members of the Judiciary Committee were conferring with Senator HATCH on this particular matter and that it was being worked out. I understood that an agreement had been reached with Senator HATCH to amend section 9. When the committee reported out the bill, that amendment was not included, and a committee amendment was offered instead, which, in my opinion, would destroy and defeat the purpose of the Hatch bill. That is why I am offering this amendment. [Applause.]

Mr. WALTER. The gentleman was misinformed. I was not a member of the subcommittee that considered it.

Mr. DEMPSEY. It was my understanding the gentleman was one of those who conferred with Senator HATCH, and that as a result of that conference the bill would be reported out in such form that the amendment I propose to offer would have been unnecessary.

Mr. WALTER. Wherever the gentleman received his information, it was incorrect.

[Here the gavel fell.]

The amendment referred to follows:

On page 4, strike out lines 20 to 25, inclusive, and on page 5, strike out lines 1 to 9, inclusive, and insert in lieu thereof the following:

"SEC. 9. (a) It shall be unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof. No officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns. All such persons shall retain the right to vote as they may choose and to express their opinions on all political subjects. For the purposes of this section the term "officer" or "employee" shall not be construed to include (1) the President and Vice President of the United States; (2) persons whose compensation is paid from the appropriation for the office of the President; (3) heads and assistant heads of executive departments; (4) officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in the Nation-wide administration of Federal laws.

"(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person."

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WHEELER-LEA BILL

Mr. WARREN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. WARREN]?

There was no objection.

Mr. WARREN. Mr. Speaker, a short while ago the Secretary of War sent a powerful statement to the Congress in reference to the so-called Wheeler-Lea bill, which was followed by a similar statement in opposition by the United States Maritime Commission and the National Grange. A letter has been received today directed to the Speaker of the House from the Secretary of Agriculture stating how inimical this bill will be to the farmers of the country.

Mr. Speaker, I ask unanimous consent that this very strong letter from the Secretary of Agriculture addressed to the Speaker may be included under an extension of my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. WARREN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a letter from the Civil Aeronautics Authority.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

[Mr. LUDLOW addressed the House. His remarks appear in the Appendix.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes today at the conclusion of the legislative business in order for the day.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. MARTIN]?

There was no objection.

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include two short editorials from newspapers.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

Mr. RICH. Mr. Speaker, reserving the right to object, may I call the gentleman's attention to the fact that last week's pages 8869 to 8890, 21½ pages of the RECORD, were used to incorporate a petition in reference to Government ownership of the Federal Reserve banks by the gentleman from California [Mr. VOORHIS]. It seems to me that 21½ pages are an awful lot of space of the RECORD to use for that purpose. How much of the RECORD is the gentleman going to use for this speech?

Mr. VOORHIS of California. It is a very short proposition. There are just a couple short illustrative articles I want to use with my remarks. Those petitions were from other people, not myself.

Mr. RICH. If the gentleman had wanted to conserve space, he could have put that in and used only a half page of the RECORD. He could have thereby saved 20 pages of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in three particulars—one, on the subject of alien sedition laws; two, on the subject of the Bill of Rights, and to include in connection therewith a brief statement of Governor Lehman; and three, on the subject of jurisprudence and to include a statement of Assistant Attorney General Holtzhoff.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by the Honorable J. Edgar Hoover, delivered to the graduating class last week.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LEAVY]?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein some remarks of the Honorable Frank Murphy.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LEAVY]?

There was no objection.

WAGE-HOUR AMENDMENTS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

There was no objection.

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a report from the Wage-Hour Administrator on the Barden bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

There was no objection.

Mr. RAMSPECK. Mr. Speaker, the gentleman from North Carolina [Mr. BARDEN] has introduced a bill proposing to amend the wage-hour law, which the newspapers say is sponsored by so-called farm organizations. I have in my hand a report from the Wage-Hour Administrator on that law, directed to the chairman of the Committee on Labor, who is absent today. I am putting this report in the Appendix of the RECORD for the information of the Members of the House.

Mr. Speaker, this proposal is a far-reaching one and, in my judgment, goes far beyond anything that may be justified in the name of farming. I hope the Members will read this, because I understand an effort will be made to bring this matter before the House before the Congress adjourns.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. KIRWAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address by Postmaster Farley.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. KIRWAN]?

There was no objection.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a very short statement by a Kentucky newspaper regarding the production of power by the T. V. A.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a list of about 200 names of organizations that have endorsed a bill which will be taken up for consideration tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. GEARHART]?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in two respects; and in one extension, with reference to neutrality, to include an editorial from the News-Telegram, a local paper in Portland, Oreg., and in the other to include a resolution adopted by the Multnomah Civic Club of Portland, Oreg., with reference to the use of industrial alcohol.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

THE REAL-ESTATE SITUATION

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to include in my remarks an excerpt from the Southern California Business Review issued by the University of Southern California.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. LELAND M. FORD addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article written by the distinguished former Representative from Indiana, Mr. Pettengill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from this morning's Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered by me at the sixteenth annual Michigan State Sunday in the George Washington Memorial Chapel at Valley Forge.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KINZER asked and was given permission to extend his own remarks in the RECORD.

MOUNT RUSHMORE NATIONAL MEMORIAL

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein an address delivered by the Governor of South Dakota.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, this year marks the fiftieth anniversary of the admission of the State of South Dakota into the Union. At Mount Rushmore, in the Black Hills of South Dakota, there is being completed the gigantic sculpturing of the figures of George Washington, Thomas Jefferson, Abraham Lincoln, and Theodore Roosevelt, a project undertaken by Gutzon Borglum under commission from Congress to create the Great American Memorial. There, on the 2d of July, 12,000 people gathered in the spirit of the Fourth of July jointly to commemorate the Nation's one hundred and sixty-third birthday and the fiftieth anniversary of the admission of South Dakota into the Union. The day was marked by the unveiling of the fourth head, that of Theodore Roosevelt, who spent his early days in the Dakotas.

Members of Congress have followed this work with a great deal of interest. There, in the native, massive granite of a mountain, America's four immortals will speak for a million years or more. There at a fraction of the cost of any of our other great American memorials, will be the greatest of them all.

The significance of the ceremonies at Mount Rushmore National Memorial were recognized by Life magazine, this week, when it designated as its "picture of the week" a full-page, nighttime photograph of the four immortals on Mount Rushmore, lighted only by "the rockets' red glare" of fireworks. I hope that all Members of Congress will note the picture which I shall place on the board in the lobby.

Mr. Speaker, I ask unanimous consent to place in the RECORD the anniversary address given at Mount Rushmore by the Honorable Harlan J. Bushfield, Governor of South Dakota, at the ceremonies July 2, 1939.

The SPEAKER. Without objection it is so ordered.

NATIONAL EMERGENCY COUNCIL

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I wish to call the attention of the House to the propaganda that is being put out by the National Emergency Council in an attempt to get around the O'Mahoney Act with reference to sending out free literature by franked mail.

Mr. Speaker, I ask unanimous consent that this post card, which that agency is sending out to the people of this country, be inserted in the RECORD to show how they are getting around this law, contrary to what Congress intended.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, may I ask how many pages of the RECORD this will cover?

Mr. RICH. It will not take more than approximately one-sixteenth of a page, but it will show the gentleman from Mississippi what the National Emergency Council is doing contrary to law. We ought to stop franking this kind of mail for that agency. Too much propaganda for the N. E. C.; too much waste printed material; too much Government franking privilege in mail from bureaus.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

DEAR SIR: The O'Mahoney amendment (sec. 6 of the 1940 Post Office Department appropriation bill) prohibits Federal agencies from sending through the mail free of postage any "report, periodical, bulletin, pamphlet, list, or other article or document," with certain formal exceptions, unless this service has been requested.

The National Emergency Council now has your name on its mailing list to receive various informational material. In order to conform with the law, it will be necessary to drop your name from our list unless a request is made by you that this material be sent. A return postal card is attached for your use if you want this service continued. Unless the card is returned, we will be forced to drop your name.

THE NATIONAL EMERGENCY COUNCIL.

(Detach and mail)

NATIONAL EMERGENCY COUNCIL

309 Federal Building,
Sioux Falls, S. Dak.

It is hereby requested that the various types of informational material indicated below, which you feel would be of interest, be sent to us from time to time as it becomes available. It is specifically requested that our name be retained on the mailing list for this purpose.

☐ Booklets ☐ Releases ☐ State directories
☐ Bulletins ☐ Reports ☐ Other material.

Signature ----------
Street ----------
City ----------
(Correct address if necessary.)

JOHN L. LEWIS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I desire to call the attention of the gentleman from Illinois [Mr. SABATH] to the fact—and I do this because the gentleman is such an ardent supporter of the President—that John Lewis is again cracking his whip around the ears of the President demanding that the President take the part of the C. I. O. in a strike to force the packers in the gentleman's city, Chicago, to agree with John Lewis that no one who does not belong to the C. I. O. can work in the packing industry, that all men seeking employment in that industry pay a fee to one of Lewis' unions before going to work. Mme. Perkins is trying the same thing in the Kentucky dispute. She knows very well that the only point in dispute down there is whether or not there shall be a closed shop. She knows they have been negotiating for months on this question, yet she calls upon the operators to meet and agree within 24 hours. That is coercion of the worst kind.

Three times the Supreme Court of the United States has held that when an employer has negotiated in good faith he has done all that the N. L. R. A. requires, that he cannot be required to sign a closed-shop contract nor required to agree to a closed shop. The Supreme Court of the United States has held that when the employer has in good faith bargained and has decided that he will not agree to a closed shop that is the end of the negotiations and he need bargain no longer.

Mme. Perkins knows, as does John L. Lewis, as do the members of the N. L. R. B., that the operators of the mines in Harlan County have said they will not sign a closed-shop contract, that miners in that county have said they do not want to sign up with or join the U. M. W. Nevertheless, seeking to drive the miners into agreeing to join his union and pay dues, trying to force the operators to tell the miners they cannot work until they join the union of Lewis, the Labor Board issues complaint after complaint against the operators. Perkins calls upon them to meet and settle their differences with the union, which can only mean sign on the dotted line.

And Lewis, for the third time, calls upon the President of the United States to command the packers, the mine operators to agree with Lewis in his demands. Three times has Lewis snarled at the President and gotten away with it. Who is Lewis that he should demand that the President carry out his unlawful commands? Neither a political contribution of $470,000 nor one of $1,700,000 ever purchased a President but Lewis acts as though he thought it did.

Let us amend the Wagner Act. Let some New Dealer tell Lewis where to head in, let some good southern Democrat tell Perkins she is not Lewis' hired girl.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 moment.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, it seems to me that the gentleman from Michigan [Mr. HOFFMAN] is suffering from "Lewisitis." Each day it is his practice to complain about something or other that Mr. Lewis is doing. If it is his purpose to perturb Mr. Lewis or to embarrass the President he certainly is having very little success.

I do not rise to defend Mr. Lewis or to hold a brief for him, but I do want to assure the gentleman from Michigan that the people of Chicago are well able to take care of their own problems. I feel confident that any dispute between the packers and labor will be worked out to the satisfaction of all concerned, and not to the disadvantage of labor.

There are those who have no sympathy with labor's cause. I am not one of those. I emphatically disapprove of daily attacks upon those who are sincerely trying to improve the lot of the worker.

Now, Mr. Speaker, it has just been said that I am friendly to the President. Let there be no question on that point. I am friendly toward him, and I am entirely in approval of his policies. I see in him the desire and determination to help all the people and to make it possible for them to live. That is stating it very simply, but I can conceive of no higher endeavor, and in all my years of service here I have never known a President of the United States who has tried harder than President Roosevelt has to help all of the people.

[Here the gavel fell.]

COMMITTEE ON FOREIGN AFFAIRS

Mr. DOUGHTON. Mr. Speaker, I present a privileged resolution for immediate consideration.

The Clerk read as follows:

House Resolution 260

Resolved, That SOL BLOOM, of New York, be, and he is hereby, elected chairman of the standing committee of the House of Representatives on Foreign Affairs.

The resolution was agreed to.

Mr. DOUGHTON. Mr. Speaker, I offer a further privileged resolution.

The Clerk read as follows:

House Resolution 261

Resolved, That WIRT COURTNEY, of Tennessee, be, and he is hereby, elected a member of the standing committee of the House of Representatives on Foreign Affairs.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

EMERGENCY RELIEF APPROPRIATION ACT

Mr. MILLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

AMENDMENT OF SUBSECTION B, SECTION 16, EMERGENCY RELIEF APPROPRIATIONS ACT, 1939

Mr. MILLER. Mr. Speaker, I have just placed in the legislative hopper a resolution intended to correct what I believe was a mistake, made when we enacted the Emergency Relief Appropriations Act of 1939.

I have definitely stated to numerous constituents that I feel the requirement compelling all employees on W. P. A. to work 130 hours per month is fair and reasonable, and I can see no way in which the reduced hourly wages on W. P. A. can affect the wages paid in private employment. In fact, I feel very strongly that there should be a differential between relief wages and wages paid in private industry. We have a duty to provide an adequate subsistence wage, and we have met that duty in the provisions of the emergency relief appropriations of 1939.

However, I am convinced that subsection B of section 16 of the act was enacted by Congress as a result of apparent misinformation. We were told that there were over 900,000 citizens certified and eligible for W. P. A. employment. We were also told that there are approximately 10,000,000 unemployed in this country. It seemed only reasonable to believe that while W. P. A. could provide for approximately 2,000,000 there would be other millions among the unemployed who could be certified for W. P. A. employment. The average American workingman is just, and I am confident that those who have been on W. P. A. for 18 months would willingly step aside to give some other citizen, who might be merely existing on direct relief, an opportunity to secure employment on W. P. A. It appears now, however, at least in my district, that while we have no large waiting list in the city of Hartford, Conn., 1,200 W. P. A. workers will be discharged because of the 18-month continuous employment provision and that there are only about 350 eligible to take their places. In West Hartford there are approximately 50 to be discharged and only 5 eligible for replacement; in my own home town of Wethersfield there are about 20 to be laid off and, so far as I could ascertain, there are none eligible to fill the vacancies. Perhaps in some of the largest cities there are heavy waiting lists, but I do not believe it was the intent of Congress to lay workers off W. P. A. in communities where there are no waiting lists. Such a move would do two things, both undesirable: First, it would place on the local welfare rolls numerous citizens who had been employed on W. P. A.; and, second, particularly in the smaller communities, it would cripple W. P. A. projects which were under way.

This is not a question of yielding to pressure but simply a case of admitting that possibly we made a mistake or were misinformed but are now willing to rectify any mistake. I stand firmly on the position I have taken that no one has a right to strike against the Government—particularly a Government that has spent billions of dollars providing work relief rather than a dole, and I say right here that I believe the money spent to provide work relief was well worth while. Many cities and towns have spent millions providing materials so that skilled workers could continue their trade and not lose their skill through idleness. I realize the session is drawing to a close, but I sincerely hope that the resolution I have

introduced can be adopted before adjournment so that unnecessary hardship will not be worked on those who might be discharged from W. P. A. employment, and that added burdens will not be placed on the local relief agencies. [Applause.]

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent that immediately after the disposition of the legislative program for the day and the special orders heretofore entered, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and seventy-six Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 130]

Andrews	Ditter	Jenks, N. H.	Richards
Austin	Douglas	Johnson, Lyndon	Robertson
Ball	Eaton, Calif.	Keller	Rockefeller
Barton	Eaton, N. J.	Kelly	Satterfield
Bender	Faddis	McDowell	Schwert
Bolles	Fay	McGranery	Scrugham
Bolton	Ferguson	McMillan, Thos. S.	Secrest
Boren	Fernandez	Maas	Seger
Buckler, Minn.	Fitzpatrick	Maciejewski	Shafer, Mich.
Byron	Flannery	Magnuson	Shannon
Chapman	Gifford	Marcantonio	Smith, Maine
Chiperfield	Grant, Ind.	Massingale	Smith, Ohio
Clark	Green	May	Somers, N. Y.
Claypool	Hancock	Merritt	Sumners, Tex.
Cluett	Hart	Myers	Taylor, Colo.
Cole, N. Y.	Harter, N. Y.	Nichols	Thomas, N. J.
Connery	Hartley	Norton	Wadsworth
Curley	Healey	Patman	Weaver
Dies	Jarrett	Pierce, N. Y.	

The SPEAKER. Three hundred and fifty-three Members have answered to their names, a quorum.

Mr. RAYBURN. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

ADDITIONAL CLERK HIRE IN HOUSE OF REPRESENTATIVES

Mr. WARREN. Mr. Speaker, I call up the conference report upon the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives and for other purposes and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from North Carolina calls up a conference report upon the bill (H. R. 6205) and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 3.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 2. Section 1 of the Legislative Pay Act of 1929 (U. S. C., title 2, sec. 60 (a)), is amended by adding two new paragraphs under the caption 'Clerical Assistance to Senators', as follows:

"'Ninety-six additional clerks at $1,800 each, one for each Senator, in lieu of the assistant clerks now authorized by S. Res. 144, agreed to August 15, 1935, which resolution is hereby repealed as of January 1, 1940.

"'Each Senator shall have one additional clerk at $1,500 per annum, and in addition thereto each Senator from any State which has a population of three million or more inhabitants shall be entitled, in addition to the one clerical assistant provided for in this paragraph, to one additional clerk at the rate of $1,500 per annum.'"

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the figure "5" insert "4"; and the Senate agree to the same.

ROSS A. COLLINS,
LINDSAY C. WARREN,
JOHN J. COCHRAN,
JAMES WOLFENDEN,
Managers on the part of the House.

M. E. TYDINGS,
ALVA B. ADAMS,
JOHN H. OVERTON,
HARRY S. TRUMAN,
FREDERICK HALE,
STYLES BRIDGES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1 makes permanent 96 additional clerks at $1,800 each, one for each Senator, and repeals the Senate resolution authorizing same. It also gives each Senator one additional clerk at $1,500 per annum and each Senator from any State which has a population of 3,000,000 or more inhabitants is also given one additional clerk at $1,500 per annum. The proposal to give a research assistant to both the majority and minority leaders of the Senate has been stricken out.

On amendments Nos. 2 and 4 the numbers of the sections are merely changed.

On amendment No. 3, which would permit the office force of a Senator to be carried upon the pay rolls of the Senate for 90 days after the date of the Senator's death, also has been stricken out.

LINDSAY C. WARREN,
JOHN J. COCHRAN,
JAMES WOLFENDEN,
Managers on the part of the House.

Mr. WARREN. Mr. Speaker, on May 16, the House of Representatives by a rather decisive vote, passed a bill to permit an additional clerk for each Member at the rate of $1,500 a year. The measure went to the Senate, and I think it would be a mere repetition for me at this time to state the amendments that the Senate placed on the bill because I went into that thoroughly a few days ago. The matter went to conference, and it now returns with the unanimous report of the conferees, both majority and minority.

Here in brief is what the bill provides at the present time: Each Member of the House is permitted to have one, two, or three clerks at a total of $6,500 annually, that being an increase of $1,500; and that no one clerk shall receive over $3,900 per year. The Senate for several years, in fact, since 1934, have been paying out of their own contingent fund for a clerk to each Senator at the rate of $1,800 a year. In this bill they make that clerkship permanent, and they also give each Senator an additional clerk at the rate of $1,500 per annum, and each Senator from a State that has 3,000,000 population or over is given an additional clerk at the same rate per annum. There are 12 States that fall within that category, so that there are 24 extra clerks on that account. The bill, as boiled down, merely gives each Member of the House of Representatives and the Senate an additional clerk at $1,500 per year, plus the 24 extra clerks given to the Senators who come from States having more than 3,000,000 population, at $1,500 per year. The bill goes into effect January 1, 1940, and the adoption of the conference report is imperative at this time, because an appropriation must be secured in the deficiency appropriation bill.

I may say that the conference with the Senate was most cordial and pleasant. I subscribe to the theory that has been in effect here for over a hundred years—that there must be perfect comity in the relationship between the two Houses. That has been repeatedly stated in recent years and was very vigorously stated by a former distinguished chairman of the Committee on Appropriations, the late Martin B. Madden, of Illinois. The Senate very firmly, but at the same time very

courteously, told the House conferees that we had nothing to do with the clerical help that they might desire in their own offices, and I concur in that. At the same time, they realized that when they placed an amendment on the bill to allow a statistician or expert for the majority and minority leaders of the Senate, and when they also placed an amendment which would continue on the Senate rolls all the clerks of a deceased or resigned Senator for 90 days after his death or resignation, they were injecting new matter on the pending question, and they very readily agreed to withdraw both of those propositions.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. KNUTSON. How much are the Senators allowed now for clerk hire?

Mr. WARREN. The total I do not recall. I think they had five clerks, and this gives them six.

Mr. KNUTSON. I mean in dollars.

Mr. WARREN. I do not recall that. I think it is something around $10,000. Mr. Speaker, that is what the conferees have agreed upon.

Mr. KRAMER. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. KRAMER. When does the act go into effect?

Mr. WARREN. It will go into effect January 1, 1940.

Mr. CASE of South Dakota. Is it not a fact that the total amount allowed for the various clerks in the Senate now amounts to about $12,000 for each Senator?

Mr. WARREN. I am not sure about that. The gentleman may be correct.

If there is no further question, Mr. Speaker, I move the previous question.

The SPEAKER. The question is on agreeing to the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Baldridge, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two House on the amendments of the Senate to the bill (H. R. 6577) entitled "An act to provide revenue for the District of Columbia, and for other purposes."

EXTENSION OF REMARKS

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of the trade-agreement program.

The SPEAKER. Is there objection?

There was no objection.

WAGE AND HOUR EXCEPTIONS FOR COUNTRY NEWSPAPERS

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain rulings of the Wage and Hour Administrator.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, a week ago today I called the attention of the House to a ruling of the Wage and Hour Administrator which took away the exemption granted by Congress to certain weekly newspapers having a circulation of less than 3,000 subscribers. On Tuesday of last week I conducted a hearing before the Wage and Hour Division and strongly urged that the Administrator's ruling be rescinded. I am now happy to advise the House that the Wage and Hour Administrator has reversed himself, and under date of July 13 issued a new ruling so as to comply with the intent of Congress.

The Administrator's ruling provides for complete exemption from the provisions of the wage and hour law for all weekly and semiweekly newspapers having a circulation of less than 3,000 subscribers, irrespective of the fact that such newspapers may engage in job printing.

In order that there may be no misunderstanding with reference to the ruling of the Administrator which took away the exemption from country weekly newspapers, I quote herewith from opinions handed down by the Administrator under dates of November 1, 1938, and January 30, 1939:

UNITED STATES DEPARTMENT OF LABOR,
WAGE AND HOUR DIVISION,
November 1, 1938.

It is the opinion of the General Counsel's office that newspapers are not service establishments within the meaning of section 13 (a) (2).

You will note that section 13 (a) (8) provides an exemption for "any employee employed in connection with the publication of any weekly or semiweekly newspaper with a circulation of less than 3,000, the major part of which circulation is within the county where printed and published." If Congress had intended to exempt newspapers as service establishments, it would not have exempted a particular class of newspapers.

Under date of January 30, 1939, the General Counsel for the Wage and Hour Division ruled as follows:

In my opinion, the exemption provided by section 13 (a) (8) will not apply during any workweek in which a plant is engaged in the production of job or commercial printing for interstate commerce.

The new ruling of the Administrator which reverses his former opinion was announced on July 13, 1939, and is quoted in part as follows:

The Congress must be presumed to have provided this exemption, fully aware of the fact that the publisher of the typical newspaper described in section 13 (a) (8) employs relatively few employees, all of whom are engaged a few days a week in printing and publishing the newspaper, and the balance of the week in other related work, usually job printing. Indeed, the use of the phrase "in connection with," which is found in no other exemption provided by the act, reinforces this presumption and indicates an intent on the part of Congress to grant the exemption to employees engaged in both types of work. In our opinion, therefore, except as hereinafter stated (referring to commercial printing plants), employees employed in connection with the publication of a county weekly or semiweekly newspaper described in section 13 (a) (8) must be considered within the exemption, even though they work on job printing during that part of the week in which they are not engaged in publishing the newspaper, and even though some of the job printing is produced for customers who use the printing in interstate commerce.

Commissioner Andrews has done a fine piece of backtracking in his new ruling. He has tried to make Congress believe that he has always carried out the so-called intent of Congress with respect to his ruling for the small weekly newspapers of the country. However, his former rulings removing the exemption from weekly newspapers and the fact that within the past 2 weeks he has sent his inspectors out in the country to enforce his regulations against weekly newspapers exempted by Congress, plainly shows that he had no intention whatsoever to follow the law or carry out the "intent of Congress" in respect to the exempted newspapers until the proceedings of last week changed his mind.

The new ruling of the Administrator clears up the entire matter, and as long as it remains in effect, weekly and semiweekly newspapers with a circulation of less than 3,000 subscribers, may consider themselves exempt from the provisions of the Wage and Hour law.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. KNUTSON. How many newspapers are affected favorably by the new ruling?

Mr. AUGUST H. ANDRESEN. From eight to ten thousand weekly and semiweekly newspapers in this country.

Mr. KNUTSON. As the publisher of a small weekly paper, I want to say that the gentleman from Minnesota deserves the credit of every publisher affected by this order. [Applause.]

Mr. AUGUST H. ANDRESEN. I thank the gentleman, but I am glad that we did accomplish something worth while in behalf of the free press of this country. [Applause.]

[Here the gavel fell.]

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar Day. The Clerk will call the first bill on the calendar.

SAN CARLOS APACHE INDIANS

The Clerk called the first bill on the Consent Calendar, S. 18, authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, and reopening such lands to mineral entry.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, reserving the right to object, this bill has been subject to objection for several years. The objections were based upon the report of the Bureau of the Budget. The Bureau of the Budget held that $33,725 was due the Indians. The bill carried $277,966.37. Those interested in the bill have now agreed to accept the Budget figure. As far as I am concerned, if they will accept an amendment which I will offer, and stand by the amendment in conference, I will not object to the consideration of the bill. I do not know how others feel about it, but I am willing to withdraw my objection if those interested agree to accept the Budget figure.

Mr. MURDOCK of Arizona. Mr. Speaker, I have talked this matter over with the gentleman from Missouri [Mr. COCHRAN]. Although I think the amount for the Indians is too small, in order to get it straightened out I am now willing to accept the Budget figure in lieu of the amount stated on page 2, line 1, which I presume is the amendment which the gentleman has in mind to offer.

Mr. COCHRAN. That is the amendment, together with a minor amendment, on page 1.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any moneys in the Treasury of the United States not otherwise appropriated, as payment in full to the San Carlos Apache Indians, at the rate of $1.25 per acre for 232,320 acres of land ceded by them under the agreement of February 25, 1896, ratified by the act of June 10, 1896 (29 Stat. 358), less $12,433.63 received by the Indians as royalty under mining permits, the sum of $277,966.37 to be deposited in the Treasury of the United States to the credit of the San Carlos Apache Indians, and to be available for expenditure for the benefit of such Indians: *Provided*, That none of the funds herein authorized to be appropriated shall be subject to the payment of any claims, judgments, or demands against the San Carlos Apache Indians accruing prior to the approval of this act.

SEC. 2. The lands referred to in the first section of this act are hereby reopened to location and entry under the public land and mineral entry laws of the United States.

With the following committee amendments:

Page 2, beginning in line 4, strike out the word "That" and all of lines 5, 6, and 7 and the words "prior to the approval of this act" in line 8, and insert: "That no part of the amounts authorized in this act shall be paid or delivered to or received by any agent or attorney on account of services heretofore or hereafter rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Page 2, line 17, after the figure "2", strike out the word "The" and insert "Upon appropriation and deposit to the credit of the San Carlos Apache Indians of the amount herein authorized the."

Page 2, line 20, after the word "act", strike out "are hereby" and insert "shall be."

The committee amendments were agreed to.

Mr. COCHRAN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: Page 1, line 6, after the word "Indians", strike out "at the rate of $1.25 per acre", and on page 2, line 1, strike out "$277,966.37" and insert "$33,725."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

WAPATO SCHOOL DISTRICT, YAKIMA COUNTY, WASH.

The Clerk called the next bill, H. R. 3824, to provide funds for cooperation with Wapato School District No. 54, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AMENDING SECTION 344 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

The Clerk called the next bill, H. R. 5911, to amend subsection (h) of section 344 of the Agricultural Adjustment Act of 1938, as amended.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COSTELLO, Mr. PACE, and Mr. KEAN objected.

PAYMENT OF EXPENSES OF CERTAIN INDIANS ON QUINAIELT RESERVATION, WASH.

The Clerk called the next bill, H. R. 2654, authorizing the payment of necessary expenses incurred by certain Indians allotted on the Quinaielt Reservation, State of Washington.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

FRANKLIN D. ROOSEVELT LIBRARY

The Clerk called the next business, House Joint Resolution 268, to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOLCOTT. Was not this bill passed last week?

The SPEAKER. A similar Senate resolution was passed.

Mr. BARDEN. Mr. Speaker, I move that House Joint Resolution 268, to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes, be laid on the table.

The motion was agreed to.

CONVEYANCE OF CERTAIN PROPERTY TO WASHINGTON COUNTY, UTAH

The Clerk called the next bill, H. R. 2184, to authorize the Secretary of the Interior to convey certain property to Washington County, Utah, and for other purposes.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

AMENDMENT OF SECTION 1860 OF THE REVISED STATUTES

The Clerk called the next bill, S. 1116, to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the fourth clause of section 1860 of the Revised Statutes of the United States, as amended (48 U. S. C. 1460), is hereby further amended to read as follows:

"Fourth. No person belonging to the Army, Navy, Marine Corps, or Coast Guard shall be elected to or hold any civil office or appointment in any Territory, except officers and enlisted men of the Army, the Navy, the Marine Corps, or the Coast Guard on the retired list."

Mr. VINSON of Georgia. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: On page 2, line 2, change the period to a comma, strike out the quotation marks and insert thereafter: "And except officers of the Coast Guard who heretofore have been or hereafter may be appointed as United States commissioners or United States deputy marshals in and for the Territory of Alaska."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—PUBLIC HEALTH SERVICE AND THE FOREIGN SERVICE (S. DOC. NO. 431)

The SPEAKER. The Chair lays before the House the following message from the President of the United States.

The Clerk read as follows:

To the House of Representatives:

I return herewith without my approval, H. R. 3537, to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States.

This bill opens up a wholly new field of Government medical and dental care for Government servants. Up to the present, with a few minor exceptions, hospitalization and medical and dental care by the Government has been confined to the Army, Navy, and Coast Guard.

I do not believe that the Congress wishes to start the practice of extending such assistance to a large class of civilian representatives and employees. There seems no reason why such facilities should be extended to officers and employees in the Foreign Service within the State Department without including all the other employees within the State Department. If this is done for the State Department, it should logically be done for the employees of other departments.

The estimate that it would cost only $21,000 per annum to extend these facilities to 1,600 officers and employees is absurd. With an average of three dependents for each one of them the total would run to about 6,500 individuals, and the cost for this one branch of the Government alone would be excessive.

Incidentally, to establish such a Government policy would in a short time involve setting up dispensaries and bed facilities in every place in the country where there are many employees of the Government.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 17, 1939.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent that the message of the President and the bill be referred to the Committee on Foreign Affairs and ordered printed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONSENT CALENDAR

SIERRA NATIONAL FOREST

The Clerk called the next bill, H. R. 4635, to transfer certain lands from the Sierra National Forest to the Yosemite National Park, in the State of California, and for other purposes.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore (Mr. WARREN). Is there objection to the request of the gentleman from Illinois?

There was no objection.

UNITED STATES OPERATION OF RAILROADS IN ALASKA

The Clerk called the next bill, H. R. 4868, to amend the act authorizing the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes.

Mr. JONES of Ohio. Mr. Speaker, this is a bill wherein it is proposed that the Government buy the equipment of the Mount McKinley Tourist & Transportation Co., which consists of several pieces of moving equipment, busses, horses, tents, and so forth.

This bill would project the Government into the private business of hauling tourists from the entrance of Mount McKinley Park, a distance of about 90 miles, into the interior.

The reason for the introduction of this bill is said to be an effort to correlate train schedules with bus schedules. I am of the frank opinion, however, that the matter could be handled by the terms of the license at the time the Government issues the license. The minority views filed with the committee report point out the fact that the concessionaire has operated over a period of 10 years and has shown some small amount of profit. The passage of this bill would be for the obvious purpose of buying out the concessionaire's equipment and goodwill after the United States has fulfilled its obligations under the terms of the contract. When the contract expires the concessionaire has no goodwill to sell.

Mr. Speaker, I therefore object.

Mr. RICH. Mr. Speaker, I object.

UNITED STATES INDIAN SERVICE

The Clerk called the next bill, H. R. 5409, to authorize certain officers of the United States Indian Service to make arrests in certain cases, and for other purposes.

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, and I dislike very much to object to any bill that comes to us from the Committee on Indian Affairs, but this particular piece of legislation comes without any definition of the term "reservation" and would certainly be very questionable in its operation. It proposes in effect to make both Indians and white persons subject to arrest by tribal officers or by junior special officers for violation not merely of law but of any regulation having the force of law anywhere within the outer boundaries of any Indian reservation.

To make these Indians and whites subject to arrest by tribal officers would be to make them subject to trial by courts where they cannot have the benefit of counsel, where they are denied the right to consult an attorney, and where they are denied the right to a trial by jury. It means that citizens would be subject to punishment on the complaint of some tribal officer for the violation not merely of laws, but of regulations supposed to have the force of law. In what it attempts to do it is directly contrary to an opinion rendered by the attorney general of my State.

The bill is protested by the Indians on the ground that it is a violation of the constitutional provision against involuntary servitude.

For these reasons I ask that the bill may be passed over without prejudice.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, the gentleman from South Dakota certainly has not given a great deal of consideration to this bill. It was considered in some detail and at some length by the Indian Affairs Committee of the House and was reported out unanimously. It is a good bill and I shall object to its going over. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CASE of South Dakota. Mr. Speaker, I have considered this bill thoroughly. I object to its consideration at this time.

CLAIMS OF YAKIMA TRIBE OF INDIANS

The Clerk called the next bill, H. R. 2390, conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims which the Yakima Indian Tribes may have against the United States, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, as the committee has not seen fit to accept the recommendations of the Attorney General and as there is a minority report on this bill, I object.

Mr. COSTELLO, Mr. TABER, and Mr. RICH objected.

OUTBOARD RACING MOTORBOATS

The Clerk called the next bill, H. R. 6273, to amend certain sections of the Motorboat Act of June 9, 1910, the act of Congress approved June 7, 1897, the act of Congress approved February 8, 1895, and section 4412 of the Revised Statutes, with respect to boats equipped with detachable motors and other motorboats.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That sections 4 and 6 of the act of June 9, 1910 (U. S. C., 1934 edition, title 46, secs. 514 and 516), shall not apply to motorboats propelled by outboard motors while competing in any race previously arranged and announced, or if such boats be designed and intended solely for racing, while engaged in such navigation as is incidental to the tuning up of the boats and engines for the race.

SEC. 2. Motorboats as defined by section 1 of the act of June 9, 1910 (U. S. C., 1934 edition, title 46, sec. 511), the act of June 7, 1897 (U. S. C., 1934 edition, title 33, ch. 3), the act of February 8, 1895 (U. S. C., 1934 edition, title 33, ch. 4), and by section 4412 of the Revised Statutes (U. S. C., 1934 edition, title 33, ch. 5) shall not be required to carry on board copies of the pilot rules.

Amend the title so as to read: "A bill to exempt certain motorboats from the operation of sections 4 and 6 of the Motorboat Act of June 9, 1910, and from certain other acts of Congress, and to provide that certain motorboats shall not be required to carry on board copies of the pilot rules."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to exempt certain motorboats from the operation of sections 4 and 6 of the Motorboat Act of June 9, 1910, and from certain other acts of Congress, and to provide that certain motorboats shall not be required to carry on board copies of the pilot rules."

A motion to reconsider was laid on the table.

PROVIDING A RIGHT-OF-WAY

The Clerk called the next bill, S. 504, to provide a right-of-way.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered, under such terms and conditions as are deemed advisable by him, to grant to the Stanolind Pipe Line Co., its successors and/or assigns, an easement for a right-of-way for an oil pipe line over, across, in, and upon the Ellington Field Military Reservation, in the State of Texas: *Provided*, That such right-of-way shall be granted only upon a finding by the Secretary of War that the same will be in the public interest and will not substantially injure the interest of the United States in the property affected thereby: *Provided further*, That all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes or for failure to comply with the terms or conditions of any grant hereunder, or for nonuse or for abandonment of rights granted under authority hereof: *And provided further*, That all moneys which may accrue to the United States under the provisions of this act shall be deposited in the Treasury as miscellaneous receipts.

With the following committee amendment:

Page 2, line 7, after the word "hereof", insert a colon and the following: "*And provided further*, That all moneys which may accrue to the United States under the provisions of this act shall be deposited in the Treasury as miscellaneous receipts."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INCREASE IN SALARY FOR CARRIERS IN VILLAGE DELIVERY SERVICE

The Clerk called the next bill, H. R. 2001, for the equalization of letter carriers.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COSTELLO. Mr. Speaker, reserving the right to object, when this bill was on the calendar previously, I asked that it be passed over without prejudice due to the fact there were objections voiced in a letter from the Post Office Department. Although the committee report shows the amendments to the bill, the report does not indicate what the effect of those amendments actually would be on the bill. After further considering the bill, we find that the cost of the bill has been considerably reduced over the amount estimated by the Post Office Department. That Department had estimated the cost would be pretty close to $500,000. In view of the committee amendments, I understand the cost will be reduced to approximately $150,000 as the maximum cost.

Mr. Speaker, for these reasons I withdraw any objections I had previously to the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 10 of the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes," approved February 28, 1925 (U. S. C., title 39, sec. 106), is hereby repealed, and all post offices now having village delivery service shall have City Delivery Service instituted in lieu thereof, and such village delivery carriers and substitute village delivery carriers shall receive the compensation paid letter carriers and substitute letter carriers in the City Delivery Service: *Provided*, That such village delivery carriers and substitute village delivery carriers shall receive the same salary, hours of labor, and other benefits accorded letter carriers and substitute letter carriers employed in the City Delivery Service.

SEC. 2. This act shall take effect the first day of the month following its approval.

With the following committee amendment:

Page 1, line 8, after "(106)", strike out the remainder of line 8 and all of lines 9, 10, and 11, and lines 1 to 7 on page 2, and insert the following: "is amended to read as follows:

"'That the pay of carriers in the Village Delivery Service, under such rules and regulations as the Postmaster General may prescribe, shall be from $1,300 to $1,500 per annum. The pay of substitute letter carriers in the Village Delivery Service shall be at the rate of 60 cents per hour.'"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO ACT ESTABLISHING CIVILIAN CONSERVATION CORPS

The Clerk called the next bill, H. R. 2990, to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

Mr. RAMSPECK. Mr. Speaker, reserving the right to object, may I ask the gentleman from Michigan [Mr. WOLCOTT] what his objection to this bill is? It does nothing but extend the date. The men in charge of the operations of the Civilian Conservation Corps are very anxious to get this matter settled so that they may go ahead with their plans for next year.

Mr. WOLCOTT. I understand from several Members who have spoken to me that the question of date is highly controversial and there are certain other highly controversial subjects in the bill.

Mr. RAMSPECK. There was no controversy in the committee. The gentleman from California is here, and I think he will verify my statement that this was a compromise agreed on in committee and that the action of the committee was finally unanimous.

Mr. WOLCOTT. What is the purpose of section 3 of the bill?

Mr. RAMSPECK. That simply gives them the right to have a seal to put on contracts.

Mr. WOLCOTT. It says—

This act shall be immediately effective.

That is the procedure followed in State legislative bodies, but I have never seen that done in the Congress of the United States before.

Mr. RAMSPECK. I do not know that there is any particular purpose in that section. The bill would be effective on the date it is signed anyway and that would not change the situation at all. I hope the gentleman will not object.

Mr. WOLCOTT. I am asking that it go over without prejudice because of certain controversial matters involved in the bill. I think they can probably be worked out if we had some debate on the bill. It is a rather important question and an important matter.

Mr. RAMSPECK. We will have to go to the trouble of trying to get a rule for it, which will take a lot of time.

Mr. WOLCOTT. It is a matter of sufficient importance so that you should get a rule, or at least bring it up under suspension so we can talk about it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT].

Mr. RAMSPECK. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT, Mr. MOSER, Mr. TABER, and Mr. RICH objected.

MOTORBOAT ACT, 1939

The Clerk called the next bill, H. R. 6039, to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. AUGUST H. ANDRESEN. Reserving the right to object, Mr. Speaker, and I do so for the purpose of getting information, in this bill an attempt is made to make less stringent the regulations with reference to small motorboats, as I understand.

Mr. BLAND. That is true.

Mr. AUGUST H. ANDRESEN. A reading of the bill, however, does not show that anything in particular is being done to remove some of the restrictions against smaller motorboats. I note there is a class A, which covers all small motorboats under 16 feet in length. Each of these boats is required to have lights, life preservers, fire extinguishers, and such other equipment as may be specified. It seems to me that as most of these boats are used during the daytime for fishing purposes and pleasure purposes and are not for hire they should not be required to observe the stringent regulations that apply to other boats.

Mr. BLAND. If the gentleman will pardon me, he will find there has been considerable relief afforded in that respect. I have had an analysis made of this bill and the former motorboat bill, and I find that the smaller motorboats are relieved of many of these burdens. This bill relieves a motorboat under 16 feet in length of the duty of carrying other than the white light at the bow or stern showing all around the horizon. It relieves boats under 15 feet of the statutory requirement of carrying a whistle. There is no requirement for foghorns on motorboats. The bill relieves the outboard motorboats of certain restrictions while competing or tuning up; that is the other bill that passed. It relieves motorboats of the burden of having pilot rules on board. Another very important point is that there is in existing law a provision as to fire extinguishers and that sort of thing, and the requirements of that provision cannot be remitted by the Secretary of Commerce. This bill gives the power to the Secretary of Commerce to remit everything except the negligent operation of boats.

I believe the gentleman will find upon reading the bill that there is a considerable advantage to the protection of the smaller boats.

Mr. AUGUST H. ANDRESEN. I wanted to get an explanation of the operation of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the word "motorboat" where used in this act shall include every vessel propelled by machinery and not more than 65 feet in length except tugboats and towboats propelled by steam. The length shall be measured from end to end over the deck, excluding sheer: *Provided*, That the engine, boiler, or other operating machinery shall be subject to inspection by the local inspectors of steam vessels, and to their approval of the design thereof, on all said motorboats which are more than 40 feet in length and which are propelled by machinery driven by steam.

SEC. 2. Motorboats subject to the provisions of this act shall be divided into four classes, as follows:

Class A. Less than 16 feet in length.

Class 1. Sixteen feet or over and less than 26 feet in length.

Class 2. Twenty-six feet or over and less than 40 feet in length.

Class 3. Forty feet or over and not more than 65 feet in length.

SEC. 3. Every motorboat in all weathers from sunset to sunrise shall carry and exhibit the following lights when under way, and during such time no other lights which may be mistaken for those prescribed shall be exhibited:

(a) Every motorboat of class A shall carry a bright white light, mounted either at the bow or on the stern, so placed as to show all around the horizon.

(b) Every motorboat of class 1 shall carry the following lights:

First. A bright white light aft to show all around the horizon.

Second. A combined lantern in the fore part of the vessel and lower than the white light aft, showing green to starboard and red to port, so fixed as to throw the light from right ahead to two points abaft the beam on their respective sides.

(c) Every motorboat of classes 2 and 3 shall carry the following lights:

First. A bright white light in the fore part of the vessel as near the stem as practicable, so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass, so fixed as to throw the light 10 points on each side of the vessel; namely, from right ahead to two points abaft the beam on either side.

Second. A bright white light aft to show all around the horizon and higher than the white light forward.

Third. On the starboard side a green light so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass, so fixed as to throw the light from right ahead to two points abaft the beam on the starboard side. On the port side a red light so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass, so fixed as to throw the light from right ahead to two points abaft the beam on the port side. The said side lights shall be fitted with inboard screens of sufficient height so set as to prevent these lights from being seen across the bow.

(d) Motorboats, when propelled by sail and machinery, or by sail alone, shall carry the colored side lights, suitably screened, but not the white lights prescribed by this section, except in the case of motorboats of classes A and 1, which shall carry, ready at hand, a lantern showing a white light which shall be exhibited in sufficient time to avert collision.

(e) Every white light prescribed by this section shall be of such character as to be visible at a distance of at least 2 miles. Every colored light prescribed by this section shall be of such character as to be visible at a distance of at least 1 mile. The word "visible" in this act, when applied to lights, shall mean visible on a dark night with clear atmosphere.

SEC. 4. Every motorboat of class 1, 2, or 3 shall be provided with an efficient whistle or other sound-producing mechanical appliance.

SEC. 5. Every motorboat of class 2 or 3 shall be provided with an efficient bell.

SEC. 6. Every motorboat subject to any of the provisions of this act and also all vessels propelled by machinery other than by steam more than 65 feet in length shall carry at least one life preserver, or life belt, or ring buoy, or other device of the sort prescribed by the regulations of the board of supervising inspectors with the approval of the Secretary of Commerce, for each person on board, so placed as to be readily accessible: *Provided*, That every such motorboat and every such vessel propelled by machinery other than by steam more than 65 feet in length carrying passengers for hire shall carry so placed as to be readily accessible at least one life preserver of the sort prescribed by the regulations of the board of supervising inspectors with the approval of the Secretary of Commerce, for each person on board.

SEC. 7. No such motorboat, while carrying passengers for hire, shall be operated or navigated except in charge of a person duly licensed for such service by a local board of inspectors. Whenever any person applies to be licensed as operator of any motorboat carrying passengers for hire, the inspectors shall make diligent inquiry as to his character, and shall carefully examine the applicant as well as the proofs which he presents in support of his claim, and if they are satisfied that his capacity, experience, habits of life, and character are such as to warrant the belief that he can safely be entrusted with the duties and responsibilities of the station for which he makes application, they shall grant him a license authorizing him to discharge such duties on any such motorboat carrying passengers for hire for the term of 5 years. Such license shall be subject to suspension or revocation on the same grounds and in the same manner and with like procedure as is provided in the case of suspension or revocation of licenses of officers under the provisions of section 4450 of the Revised Statutes, as amended (U. S. C., 1934 edition, Supp. III, title 46, sec. 239): *Provided*, That motorboats shall not be required to carry licensed officers except as required in this act.

SEC. 8. Every motorboat and also every vessel propelled by machinery other than by steam more than 65 feet in length shall be provided with such number, size, and type of fire extinguishers, capable of promptly and effectively extinguishing burning gasoline, as may be prescribed by the regulations of the board of supervising inspectors, with the approval of the Secretary of Commerce, which fire extinguishers shall be at all times kept in condition for immediate and effective use and shall be so placed as to be readily accessible.

SEC. 9. The provisions of sections 4, 5, and 8 of this act shall not apply to motorboats propelled by outboard motors while competing in any race previously arranged and announced or, if such boats be designed and intended solely for racing, while engaged in such navigation as is incidental to the tuning up of the boats and engines for the race.

SEC. 10. Every motorboat and also every vessel propelled by machinery other than by steam more than 65 feet in length shall have the carburetor or carburetors of every engine therein (except outboard motors) using gasoline as fuel, equipped with such efficient flame arrestor, backfire trap, or other similar device as may be prescribed by the regulations of the board of supervising inspectors with the approval of the Secretary of Commerce: *Provided*, That this section shall apply only to such motorboats or vessels, the

construction of which or the replacement of the engine or engines of which is commenced subsequent to the passage of this act.

SEC. 11. Every such motorboat and every such vessel, except open boats, using as fuel any liquid of a volatile nature, shall be provided with such means as may be prescribed by regulations of the board of supervising inspectors with the approval of the Secretary of Commerce for properly and efficiently ventilating the bilges of the engine and fuel tank compartments so as to remove any explosive or inflammable gases: *Provided*, That this section shall apply only to such motorboats or vessels the construction or decking over of which is commenced subsequent to the passage of this act.

SEC. 12. Motorboats shall not be required to carry on board copies of the pilot rules.

SEC. 13. No person shall operate any motorboat or any vessel in a reckless or negligent manner so as to endanger the life, limb, or property of any person.

SEC. 14. Any person who shall operate any motorboat or any vessel in a reckless or negligent manner so as to endanger the life, limb, or property of any person shall be deemed guilty of a misdemeanor and on conviction thereof by any court of competent jurisdiction shall be punished by a fine not exceeding $2,000, or by imprisonment for a term of not exceeding 1 year, or by both such fine and imprisonment, at the discretion of the court.

SEC. 15. Any officer of the United States authorized to enforce the navigation laws of the United States or designated by the Secretary of Commerce, shall have power and authority to swear out process and to arrest and take into custody, with or without process, any person who may commit any act or offense prohibited by section 13, or who may violate any provision of said section: *Provided*, That no person shall be arrested without process for any offense not committed in the presence of some one of the aforesaid officials: *Provided further*, That whenever an arrest is made under the provisions of this act, the person so arrested shall be brought forthwith before a commissioner, judge, or court of the United States for examination of the offense alleged against him, and such commissioner, judge, or court shall proceed in respect thereto as authorized by law in cases of crimes against the United States.

SEC. 16. If any motorboat or vessel subject to any of the provisions of this act is operated or navigated in violation of this act or any regulation issued thereunder, the owner or operator, either one or both of them, shall, in addition to any other penalty prescribed by law than that contained in section 14 of this act, be liable to a penalty of $100: *Provided*, That in the case of motorboats or vessels subject to the provisions of this act carrying passengers for hire, a penalty of $200 shall be imposed on the owner or operator, either one or both of them, thereof for any violation of section 6, 7, or 8 of this act or of any regulations pertaining thereto. For any penalty incurred under this section the motorboat or vessel shall be held liable and may be proceeded against by way of libel in the district court of any district in which said motorboat or vessel may be found.

SEC. 17. The board of supervising inspectors with the approval of the Secretary of Commerce shall establish all necessary regulations required to carry out in the most effective manner all of the provisions of this act, and such regulations when approved by the Secretary of Commerce shall have the force of law. The Secretary of Commerce or any officer of the Department of Commerce authorized by the Secretary of Commerce may, upon application therefor, remit or mitigate any fine, penalty, or forfeiture incurred under this act or any regulation thereunder relating to motorboats or vessels, except the penalties provided for in section 14 hereunder. The Secretary of Commerce shall establish such regulations as may be necessary to secure the enforcement of the provisions of this act by any officer of the United States authorized to enforce the navigation laws of the United States or designated by him.

SEC. 18. The proviso contained in the last paragraph of section 2 of the act of May 11, 1918 (40 Stat. 549), and the proviso contained in section 4399 of the Revised Statutes, as amended (48 Stat. 125), are amended by striking out "June 9, 1910," and inserting in lieu thereof the date of the enactment of this act.

SEC. 19. This act shall take effect on and after 1 year from the date of its approval, and will then repeal the Motor Boat Act of June 9, 1910 (Public, No. 201, 61st Cong.; 36 Stat. 462): *Provided*, That nothing in this act shall be deemed to alter or amend section 4417a of the Revised Statutes (U. S. C., 1934 ed., Supp. IV, title 46, sec. 391a), the act of August 26, 1935 (U. S. C., 1934 ed., Supp. IV, ch. 7A, secs. 178 and 179), the act of June 20, 1936 (U. S. C., 1934 ed., Supp. IV, title 46, sec. 367), or repeal acts of Congress or treaties embodying or revising international rules for preventing collisions at sea.

SEC. 20. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

With the following committee amendments:

Page 5, line 12, after the word "applicant", insert "orally."

Page 6, line 2, after the word "Act", insert "*And provided further*, That licenses herein prescribed shall not be required of motorboats engaged in fishing contests previously arranged and announced."

Page 8, line 10, strike out "or designated by the Secretary of Commerce."

Page 10, line 7, strike out "or designated by him."

Page 10, line 8, after "SEC. 18.", strike out the remainder of line 8 and all of lines 9, 10, 11, 12, and 13, and insert the following: "The proviso contained in the last paragraph of section 2 of the act of May 11, 1918 (40 Stat. 549), shall apply also with like force and effect to motorboats as defined in this act.

"Motorboats as defined in this act are hereby exempted from the provisions of Revised Statutes 4399, as amended (48 Stat. 125)."

Page 10, line 20, after "SEC. 19", strike out the remainder of line 20 and all of lines 20 to 25; and on page 11, strike out all of lines 1 to 6, inclusive, and insert the following: "This act shall take effect upon its approval as to all of the sections hereof except sections 6, 7, and 8, which sections shall take effect 1 year from the date of said approval, and for a period of 1 year from the date of approval of this act sections 5, 6, and 7 of the Motorboat Act of June 9, 1910 (Public, No. 201, 61st Cong.; 36 Stat. 462), shall continue in full force and effect except that from and after the date of the approval of this act the Secretary of Commerce shall have authority to remit or mitigate all fines or penalties heretofore or hereafter incurred or imposed under sections 5 and 6 of the Motorboat Act of June 9, 1910. Except as hereinabove expressly provided, the Motorboat Act of June 9, 1910, above referred to, is repealed upon the approval of this act and as to sections 5, 6, and 7 of said act hereinabove continued the said sections are hereby repealed effective 1 year from the date of approval of this act. Nothing in this act shall be deemed to alter or amend section 4417a of the Revised Statutes (U. S. C., 1934 ed., Supp. IV, title 46, sec. 391a), the act of August 26, 1935 (U. S. C., 1934 ed., Supp. IV, ch. 7A, secs. 178 and 179), the act of June 20, 1936 (U. S. C., 1934 ed., Supp. IV, title 46, sec. 376), or repeal acts of Congress or treaties embodying or revising international rules for preventing collisions at sea."

The committee amendments were agreed to.

Mr. BARDEN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARDEN: On page 12, line 7, insert a new section to be known as section 21, and reading as follows:

"SEC. 21. The provisions of section 210 of title II of the Anti-smuggling Act, approved August 5, 1935, requiring a certificate of award of a number to be kept at all times on board of the vessel to which the number has been awarded shall not apply to any vessel not exceeding 17 feet in length measured from end to end over the deck, excluding sheer, or to any vessel whose design of fittings is such that the carrying of the certificate of award of the number on such vessel would render such certificate imperfect, illegible, or would otherwise tend to destroy its usefulness as a means of ready identification."

The amendment was agreed to.

Mr. BLAND. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 3, line 24, strike out subsection (d) on page 3, lines 24 and 25, and on page 4, lines 1 to 4, both inclusive, and insert in lieu thereof the following:

"(d) Motorboats when under sail alone or being towed shall carry the colored side lights, suitably screened, but need not carry the white lights prescribed by this section, except that such motorboats of classes A and 1 shall not be required to carry any of such lights: *Provided*, That all motorboats shall carry, when under sail alone or being towed, ready at hand, a lantern showing a white light, which shall be exhibited in sufficient time to avert collision."

Mr. BLAND. Mr. Speaker, may I be permitted to make a statement on this amendment. I always desire to have amendments such as this considered by the committee, but this came in as a recommendation from the Secretary of the Treasury as late as last Friday for clarification.

Upon examination I found there was confusion about the language and I am going to ask to insert in the RECORD at this point the statement of the Secretary of the Treasury so that the reasons for this amendment may appear.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The matter referred to follows:

TREASURY DEPARTMENT,
Washington, July 8, 1939.

Hon. S. O. BLAND,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives.

DEAR MR. CHAIRMAN: Reference is made to your letter of May 29, 1939, enclosing a copy of H. R. 6039, Seventy-sixth Congress, first session, a bill "to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes," and requesting an expression of the views of this Department on the proposed legislation.

This bill has for its purpose the amending of the Motorboat Act of 1910 (36 Stat. 462). The need for such legislation is appreciated by this Department and the change as proposed by H. R. 6039 is deemed both wise and necessary.

You are advised that this Department concurs in the views expressed by the Secretary of Commerce on the proposed legislation and recommends that H. R. 6039 be enacted. However, there is set

forth below a suggested amendment to the bill which it is hoped will receive due consideration by your committee, since it is felt that by its adoption a greater measure of protection will be afforded life and property.

Section 3 (d) of the bill appears ambiguous. It would seem that any vessel required to carry the red and green side lights and the white lights when propelled by machinery should also be required to exhibit such lights when propelled by both machinery and sail. The regular white lights could properly be dispensed with when any such vessel is proceeding under sail alone or is being towed, but there should be at hand ready to show a white light to be exhibited in sufficient time to avert possible collision. Therefore, it is suggested that section 3 (d) be amended to read as follows:

"(d) Motorboats when under sail alone or being towed shall carry the colored side lights, suitably screened, but need not carry the white lights, prescribed by this section, except that such motorboats of classes A and 1 shall not be required to carry any of such lights: *Provided*, That all motorboats shall carry, when under sail alone or being towed, ready at hand, a lantern showing a white light which shall be exhibited in sufficient time to avert collision."

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

STEPHEN B. GIBBONS,
Acting Secretary of the Treasury.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLUMBIAN FOUNTAIN IN WASHINGTON, D. C.

The Clerk called the joint resolution (H. J. Res. 159) authorizing the selection of a site and the erection thereon of the Columbian Fountain in Washington, D. C.

Mr. TABER. Mr. Speaker, I object.

NEW YORK WORLD'S FAIR, 1939

The Clerk called the joint resolution (H. J. Res. 278) to authorize the appropriation of an additional sum of $851,-111.59 for Federal participation in the New York World's Fair, 1939.

Mr. KRAMER, Mr. RICH, Mr. SHAFER of Michigan, and Mr. WOLCOTT objected.

INTERNATIONAL EXHIBITION OF POLAR EXPLORATION

The Clerk called the joint resolution (H. J. Res. 291) authorizing and requesting the President to accept the invitation of the Government of Norway to the Government of the United States to participate in an International Exhibition of Polar Exploration, which will be held at Bergen, Norway, in 1940, and authorizing an appropriation to cover the expenses of such participation.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the joint resolution be passed over without prejudice.

Mr. BLOOM. I object, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. WOLCOTT, Mr. CHURCH, and Mr. RICH objected.

MEXICAN CLAIMS COMMISSION

The Clerk called the next bill, H. R. 1821, to provide for the payment in full of the principal of awards of the special Mexican Claims Commission.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

GOLDEN GATE INTERNATIONAL EXPOSITION, 1939

The Clerk called the joint resolution (H. J. Res. 242) to authorize the appropriation of an additional sum of $606,650 for Federal participation in the world's fair to be held by the San Francisco Bay Exposition, Inc., in the city of San Francisco during the year 1939.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that the joint resolution be passed over without prejudice.

Mr. RICH. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from California a question. If we objected to the joint resolution for New York, why should we not object to the one for California on the same ground; that is, to give them an opportunity to complete 1 year of operation and see whether or not they receive sufficient money to pay for their fair. If so, they will not have to come here for more money.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California that the resolution be passed over without prejudice?

Mr. BLOOM. I object, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

Mr. RICH, Mr. KRAMER, and Mr. HOOK objected.

MEXICAN CLAIMS

The Clerk called the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 9, 1923, United States and Mexico.

Mr. FISH and Mr. COSTELLO objected.

VALIDATING CONVEYANCES HERETOFORE MADE BY SOUTHERN PACIFIC RAILROAD

The Clerk called the bill (H. R. 3560) validating a certain conveyance, heretofore made by the Southern Pacific Railroad Co., a corporation and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in the town of Indio, in the county of Riverside, State of California, acquired under the act of Congress approved July 1, 1862 (12 Stat. L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat. L. 356).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the conveyance hereinafter particularly described and heretofore executed by Southern Pacific Railroad Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain lands or interest therein, in the town of Indio, in the county of Riverside, State of California, and forming a part of the right-of-way of said Southern Pacific Railroad Co., granted by the Government of the United States of America by an act of Congress approved July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes" (12 Stat. L. 489), and by said act as amended by act of Congress approved July 2, 1864, entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes', approved July 1, 1862" (13 Stat. L. 356), is hereby legalized, validated, and confirmed with the same force and effect as if the land involved therein had been held at the time of such conveyance by the corporations making the same under absolute fee-simple title.

The conveyance, recorded in the office of the county recorder of Riverside County, Calif., in book of official records, which is hereby legalized, validated, and confirmed, is as follows: December 15, 1937: Volume 351, page 351, A. L. Wood, John Clinton Estate, Indio Fire Protection District, C. W. Walker, Jane Walker, and Faye Massey: *Provided*, That such legalization, validation, and confirmation shall not in any instance diminish said right-of-way to a width less than 50 feet on either side of the center of the main track or tracks of said Southern Pacific Railroad Co. as now established and maintained: *Provided further*, That nothing herein contained is intended or shall be construed to legalize, validate, or confirm any rights, titles, or interests based upon or arising out of adverse possession, prescription, or abandonment, and not confirmed by conveyance heretofore made by Southern Pacific Railroad Co. and its lessee, Southern Pacific Co.: *And provided further*, That there shall be reserved to the United States all oil, coal, or other minerals in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may prescribe.

With the following committee amendment:

Page 2, line 4, strike out all after the word "by" to and including the parentheses on line 15 and insert in lieu thereof "section 23 of the act of March 3, 1861 (16 Stat. 573)."

The committee amendment was agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

The title was amended so as to read: "A bill validating a certain conveyance, heretofore made by the Southern Pacific Railroad Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in the town of Indio, in the county of Riverside, State

of California, acquired under section 23 of the act of March 3, 1871 (16 Stat. 573)."

A motion to reconsider the vote by which the bill was passed was laid on the table.

CLEVELAND NATIONAL FOREST

The Clerk called the bill (H. R. 2728) to add certain lands to the Cleveland National Forest in Orange County, Calif.

The SPEAKER pro tempore. Is there objection?

Mr. RICH. Mr. Speaker, I object.

Mr. SHEPPARD. Mr. Speaker, will the gentleman reserve his objection?

Mr. RICH. I reserve the objection.

Mr. SHEPPARD. Mr. Speaker, this is for the purpose of acquiring land in order to take in some hot springs for the purpose of saving the medicinal properties of the springs for children who are suffering from the aftermath of spinal meningitis. Originally in the Seventy-fifth Congress $75,000 was asked for this land, and we have had that amount reduced to $45,000. I think the gentleman ought to reconsider this.

Mr. RICH. They are asking $50,000 in the bill, and it is going to cost $2,500 a year to administer it.

Mr. SHEPPARD. Forty-five thousand dollars is the purchase price. We worked last session of Congress for 2 months to get that reduction.

Mr. RICH. I have read the report and it states $50,000, and further, it will require $2,500 a year to administer it. We do not know whether the medicinal properties of the springs are going to do what the gentleman thinks they will. I think we ought to make further investigation of the mineral qualities of that water before we spend $2,500 a year to look after it.

Mr. SHEPPARD. The gentleman is in error, because I talked with six of the outstanding physicians of the State of California and they said beyond any question of doubt that there are very material medicinal qualities in the water.

Mr. SCHAFER of Wisconsin. Will the passage of this bill result in conflict with the so-called Warm Springs Foundation which has collected millions and millions of dollars?

Mr. SHEPPARD. No; in no way.

Mr. RICH. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENDING PROVISIONS OF FOREST EXCHANGE ACT

The Clerk called the bill (H. R. 2418) to extend the provisions of the Forest Exchange Act, as amended, to certain lands, so that they may become parts of the Whitman, Malheur, or Umatilla National Forests.

The SPEAKER pro tempore. Is there objection?

Mr. RICH. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

Mr. PIERCE of Oregon. Mr. Speaker, I wish the gentleman would reserve that request. What is the objection to this?

Mr. RICH. We are adding too much to our national forests. In the last 2 or 3 or 4 years we have added so much that the people of this country do not realize what is being done, and when they come to figure what it will cost to administer it they will be astounded. You want 263,000 acres to be added to this proposition. In 3 or 4 years from now when the people settle down they will realize that we cannot continue to increase the size of these forests. We will have to have so many people in the Forest Service that we will wonder where we are going to get the money to operate the thing.

Mr. PIERCE of Oregon. May I reply for just a moment?

The SPEAKER pro tempore. Is there objection?

Mr. RICH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore? Is there objection to the request of the gentleman from Pennsylvania?

Mr. PIERCE of Oregon. Mr. Speaker, reserving the right to object. The only object of this bill is to put this forest on a continuous cutting or sustained-yield plan. Part of this land is in the public domain and part is under private ownership. The private owners wish to trade their lands for ripe timber within the forest. It is a good trade for the Government because it gives us growing young forests. Then the lumbermen agree to cut only the ripe timber on their own land, the Government takes the land and pays for it in ripe trees on the forest reservation. There is no money involved. If you could see the bare hills today in the forest you would not object to a selective logging plan in an attempt to make these forests perpetual. These three counties and their county courts have all petitioned for this bill. This is most important, and the only object is to make the forests of some value and of continuing value.

Mr. RICH. I will say to you that in the State of Oregon the Federal Government owns more land which they are using as an excuse to get the Government into the logging business. You have practically every other cross section of your State in that category. I think it is time we got the Government out of the logging business.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania that this bill be passed over without prejudice?

There was no objection.

EXTENSION OF REMARKS ON H. R. 5409

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H. R. 5409, to which I objected when called on this calendar, and to include therein a ruling by the attorney general of my State and certain correspondence with Indians and with officials of the Indian Bureau on the proposed legislation.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

H. R. 5409 WILL PRODUCE CONFUSION AND RESENTMENT BY DENIAL OF FUNDAMENTAL RIGHTS

Mr. CASE of South Dakota. Mr. Speaker, as I stated earlier this afternoon, I dislike very much to object to any bill reported by my friends, the members of the Committee on Indian Affairs. This bill, however, contains provisions which, in my judgment, based on a fairly intimate and personal observation of conditions in the Indian country, would create strife and arouse bitter resentment both among Indians and whites. Any attempt to enforce it would produce confusion and the Congress would be besieged with petitions and delegations seeking its repeal.

The bill, in its present form, would violate fundamental American rights by making American citizens, Indian and white, subject to arrest and trial without benefit of counsel and without the right to trial by jury, and this not for alleged violations of statutory law, but for alleged violation of regulations having the force of law, or what some special tribal officer thought was a regulation having the force of law.

Let the facts speak for themselves.

PROPOSES TO INCLUDE ALL PERSONS

This bill, in section 1, proposes—

That the chief special officer, special officers, junior special officers, and deputy special officers, appointed or deputized by the Secretary of the Interior or the Commissioner of Indian Affairs are empowered to serve warrants and subpenas issued under authority of the United States and to make arrests for any violation of law, or regulation having the force of law, relating to or pertaining to the protection or welfare of Indians, or where Indians or Indian property are involved.

And originally, it proposed that these officers should have the power to make searches and seizures "with or without a warrant." But the Committee on Indian Affairs has properly proposed to strike out that language.

Section 1 concludes with this sentence:

Arrest of all persons for the violation of any regulation or tribal ordinance applying to the conduct of Indians and all other persons on an Indian reservation may be made by the Indian police or the tribal police any place within the outer boundaries of any such Indian reservation.

As originally drawn the bill did not propose to place white persons under the jurisdiction of the Indian tribal officers, but that is proposed in the bill before us as a committee amendment.

Mr. Speaker, I recognize some of the problems that have led to the proposal of this legislation, but I predict with all sincerity that I can that the troubles that have existed prior to this time in the application of law and order codes on the Indian reservations will be small compared with the trouble ahead if this bill should be enacted in this form.

Let me enumerate the specific objections to this legislation.

CONFLICTS WITH ATTORNEY GENERAL'S RULING

First is the question of jurisdiction.

I quote the first and the concluding paragraphs of an official opinion by the present attorney general of South Dakota, the Honorable Leo A. Temmey, given to Hastings Robertson, states attorney of Bennett County, S. Dak. Under date of April 27, 1939, the attorney general writes:

In your letters of March 16 and April 1 you have submitted the following statement of facts: A patent-in-fee Indian residing in Bennett County, S. Dak., was arrested by the officers of the Indian Tribal Court of the Pine Ridge Reservation for an alleged offense committed in Bennett County, S. Dak., on land held by the individual in fee simple. You state that the Indian defendant is part white, a competent Indian, having received his patent-in-fee to his allotment.

There follows, then, a review of the authority under which the Indian Tribal Court was established under the act of June 18, 1934, and the manner in which a code of offenses was adopted pursuant to powers in the constitution and bylaws of the Oglala Sioux Tribe, adopted pursuant to that act.

The Attorney General then reviews several leading cases on the question of jurisdiction in State and Federal courts pertaining to Indians, and concludes with this opinion:

From a reading of all of these decisions it is my opinion that such jurisdiction as the Pine Ridge tribal court may have would not extend beyond the boundaries of the reservation, and further, that such court could not have jurisdiction of offenses committed on such reservations by white people or by patent-in-fee Indians, and that if such court has any jurisdiction at all, the same would only extend to offenses committed by trust patent tribal Indians within the boundaries of the reservation.

Now, it must be apparent, that the intent of the proposed bill is to do exactly what the Attorney General says cannot be done under the established rulings on jurisdiction in Indian affairs.

It is true that the bill says "within the outer boundaries of any such Indian reservation," but it also says "any place" within those boundaries, and that of necessity includes patent-in-fee land within the outer boundaries of the reservation, whatever that may be.

ENTIRE DISTRICT IS WITHIN RESERVATION

Mr. Speaker, if Indian tribal officers may arrest both Indians and whites on patent-in-fee land within the boundaries of a reservation, they may make arrests on any land in the Second Congressional District of South Dakota, for all of the patent-in-fee land in the western half of the State is within the outer boundaries of the Great Sioux Reservation established by the treaty of 1868 and acts of Congress pursuant thereto.

Every foot of patent-in-fee land within the so-called boundaries of diminished reservations has been on exactly the same footing from the standpoint of the jurisdiction of State and Federal courts as the patent-in-fee land outside those reservations.

For the Federal Government now to attempt to assert a jurisdiction for Indian tribal officers over the person and conduct of both Indians and whites, with power of arrest on patent-in-fee land and trial in tribal courts is a violation of the good faith given to Indians who were issued patents-in-fee and to whites when they were permitted to buy that patented land.

If the Federal Government can now assert that jurisdiction for Indian tribal officers on patent-in-fee land within the reservations, tomorrow, it can assert that jurisdiction on every foot of land in the adjoining counties in defiance of State and Federal courts.

Indeed, in principle, it will already have done so, for the patent-in-fee lands within the diminished reservations are in so-called unorganized counties but, by State law, "attached" to specified adjoining counties for judicial purposes. The officials of those adjoining counties are now paid salaries for attending to the duties of their office for these patent-in-fee lands in the attached unorganized counties. The State's attorney and the sheriff have authority there. The county commissioners levy taxes there. The treasurer collects taxes on this patent-in-fee land or sells it at tax sale. This patent-in-fee land is on all fours with patent-in-fee land just over the line in the adjoining organized county to which it is attached. Indeed, these unorganized counties can organize whenever a majority of the voters in them decide to do so.

DENY FUNDAMENTAL RIGHTS

And what is this jurisdiction that it is proposed to assert? It is to make all Indians and all whites who violate "law, or any regulation having the force of law" subject to arrest by the Indian tribal officers, and to try them in courts where they are denied the right to consult an attorney, and where they are denied the right of trial by jury. Those are the second and third objections to this legislation.

Second. Denial of the right of counsel.

Third. Denial of the right of trial by jury.

Both of these objections are illustrated in the case of Joe Fred Thin Elk, a Sioux Indian on the Rosebud Reservation. His case was brought to my attention by C. F. Manson, State's attorney in Mellette County. I referred the matter to the Commissioner of Indian Affairs, who in turn asked the superintendent of the Rosebud Reservation for a report. I need only quote the final paragraph from the superintendent's letter to reveal the accuracy of the two objections cited:

Under date of February 17, 1939, Supt. C. R. Whitlock reported to the Commissioner of Indian Affairs, as follows:

Our records do not show any information as to his demand for a trial by jury or that he had been denied the right of an attorney. However, our Law and Order Code does not provide for jury trial.

Furthermore, our Law and Order Code specifically states in section VII, chapter 1, that: "Professional attorneys shall not appear in any proceedings before the Rosebud Sioux Tribal Court unless rules of court have been adopted as set forth in section 4 of this chapter prescribing conditions governing their admission and practice before the court." However, no rules of court have been set up providing for admission of attorneys to practice before the court.

The Commissioner, in transmitting the report to me, under date of April 22, 1939, observed:

Unfortunately, the Law and Order Code, as adopted by the council, makes no provision for trial by jury. Whether in the absence of such a provision a jury trial could be had by Thin Elk, I am not prepared to say, but I do feel that the desirability of specifically recognizing jury trials should be brought to the attention of the tribal council and am asking Superintendent Whitlock to do so.

COMMISSIONER BELIEVES IN THESE RIGHTS

Commissioner Collier has been one of the most ardent of Americans in his fight for civil liberties, and I am sure that, as the paragraph cited shows, he believes in the right of trial by jury; yet, this legislation proposes to extend the jurisdiction of courts that deny that right. This legislation proposes to put all Indians, patent-in-fee or trust, and all whites under the jurisdiction of those courts and make them subject to arrest for alleged violations of regulations prepared in the Department of the Interior, or ordinances adopted by a tribal council, neither of which are generally circulated.

The whites who would be made subject to arrest by tribal officers have not been heard from, of course, because they have not heard of the amendment that is proposed in the committee print. Indians who have heard of the original bill have voiced their protest. Let me quote this paragraph from a petition received by me and signed by 33 members of the Standing Rock Reservation:

It infringes our rights as citizens of the United States (act of June 2, 1924) and is contrary to article XIII, section 1, of the Constitution of the United States, which provides "neither slavery nor

involuntary servitude except as punishment for crime whereof the party shall have been duly convicted, shall exist within the United States or any place subject to their jurisdiction."

Their fears on this score are founded upon the unhappy experiences that have taken place in the past few years in the operation of these tribal courts with the law and order codes. Testimony before the Indian Committees of the House and Senate have related instances such as these:

SOME INSTANCES OF PROTEST

American Horse, charged with obtaining money under false pretenses because he received $4.75 in donations to help pay his expenses to Washington to appeal to Congress for help in solving problems on the Pine Ridge Reservation. The allegation was reported to be that he falsely held out the idea that he might secure repeal of the Wheeler-Howard Act as an inducement to get contributions.

Ben Chief, charged with larceny because he had possession of a copy of a letter written in the Commissioner's office to the superintendent, reciting the way money had been handled by a tribal officer. The letter had been given him by an office employee. The tribal officer whose conduct was reviewed was head of the council whose officers made the arrest and sat in judgment.

Another case recited at Senate hearings alleged that one Indian was arrested and held in jail for several days because he disagreed with the tribal officers politically. Several instances were alleged where parties selected for arrest and trial were those who had funds on deposit at the agency who could be made to pay fines in order that money would be put in the tribal treasury.

WHY EXTEND THEIR JURISDICTION?

These cases may or may not be representative. No doubt a large proportion of the arrests made by these officers and a large share of the cases tried in these courts would be upheld if appealed to or tried in regular State or Federal courts, but the measure of justice is not a percentage proposition.

The quality of justice is measured by its freedom from error.

It is true that there is little to distinguish the trust Indian from the patent-in-fee Indian today. Both have attended the same schools. Both have served in the same army. Both are citizens under the act of 1924. The reason that some of the trust Indians are not patent-in-fee Indians is that the present policy is against issuing patents-in-fee; or, that the allotment land was exhausted before the Indian was born; or, that allotments are not being made under present law.

But because the trust Indian is held to be subject to arrest by tribal officers when on trust land, is there any reason to make him subject to arrest anywhere? Or, to place the patent-in-fee Indian under the jurisdiction of courts that deny the right of counsel and the right of trial by jury? Or any reason at all to put whites under the jurisdiction of such courts?

Indeed, would not the better logic be to give the Indian who is a trust Indian by the accident of the place or time of his birth the right to the same justice that extends to whites and Indians on patent-in-fee land?

The record of the tribal courts does not justify the extension of their jurisdiction. The attempt to do so means a conflict with State authorities and increasing confusion, trouble, and resentment in the Indian country.

I have no objection to giving these tribal officers the protection of regular officers proposed in sections 2 and 3 of H. R. 5406, but their jurisdiction should not be extended to patent-in-fee lands, nor should any more persons, white or Indian, be brought under the authority of courts that deny the right of counsel and the right to trial by jury.

CONSENT CALENDAR

OCHOCO NATIONAL FOREST, OREG.

The Clerk called the next bill, H. R. 5404, to extend the provisions of the Forest Exchange Act, as amended, to certain lands so that they may become part of the Ochoco National Forest, Oreg.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. TABER. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

MAJOR GENERAL WILLIAM JENKINS WORTH MEMORIAL COMMISSION

The Clerk called the joint resolution (H. J. Res. 283) to establish the Major General William Jenkins Worth Memorial Commission to formulate plans for the construction of a permanent memorial to the memory of Maj. Gen. William Jenkins Worth.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

Mr. KITCHENS. Mr. Speaker, I object.

PORTRAYING THE STORY OF AVIATION

The Clerk called the joint resolution (H. J. Res. 123) to provide for the utilization of a part of the unfinished portion of the historical frieze in the rotunda of the Capitol to portray the story of aviation.

There being no objection, the Clerk read the resolution, as follows:

Whereas the completion of the historical frieze in the rotunda of the Capitol is most desirable both from an artistic and educational standpoint; and

Whereas the remarkable achievements in the field of aviation of citizens of the United States, beginning with Wilbur Wright and Orville Wright, of Ohio, who on December 17, 1903, made the first successful mechanical airplane flight, have been a major contribution to the progress of air transportation; and

Whereas it is most appropriate that the frieze in the rotunda of the Capitol should be completed, in part, with the story of the invention and development by citizens of the United States of the heavier-than-air flying machine: Therefore be it

Resolved, etc., That the Joint Committee on the Library is authorized and directed to provide for the utilization of a part of the unfinished portion of the historical frieze in the rotunda of the Capitol to portray the story of aviation in the United States. For that purpose the joint committee shall select a design which appropriately depicts such story, including the portrayal of the all-important achievements of Wilbur Wright and Orville Wright, and shall employ such artists as may demonstrate to the satisfaction of the joint committee their ability to perform the work in a proper manner.

SEC. 2. There is hereby authorized to be appropriated the sum of $20,000, or so much thereof as may be necessary, to carry out the purposes of this joint resolution.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent to strike out the whereases at the beginning of the joint resolution.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ACQUISITION OF SITE FOR POST-OFFICE BUILDING IN POPLARVILLE, MISS.

The Clerk called the next bill, S. 1725, relating to the acquisition of the site for the post-office building to be constructed in Poplarville, Miss.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provisions of section 3741 of the Revised Statutes (U. S. C., 1934 ed., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., 1934 ed., title 18, secs. 204 and 205) shall not be applicable with respect to any contract or agreement entered into by or on behalf of the United States for the acquisition of any part of the site for the post-office building to be constructed in Poplarville, Miss.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING POSTAL ACT

The Clerk called the next bill, H. R. 4932, to amend the act of March 3, 1879, "Postal Laws and Regulations."

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved March 3, 1879, "Postal Laws and Regulations" (20 Stat. 359, sec. 520, third paragraph), is hereby amended to read as follows:

"Paragraph third: It must be formed of printed paper sheets, without board, cloth, leather, or other substantial binding, such

as distinguish books for preservation from periodical publications. (The paper cover of the publication may have a coating or cover of thin transparent sheeting of cellulose derivative or it may be laminated to a film of cellulose derivative.)

With the following committee amendments:

Page 1, line 8, after the word "distinguish", insert the word "printed".

Page 2, line 1, after the word "periodical", strike out the balance of the line, all of lines 2 and 3, and in line — strike out the words "film of cellulose derivative" and insert: "publications: *Provided*, That publications produced by the stencil, mimeograph, or hectograph process or in imitation of typewriting shall not be regarded as printed within the meaning of this clause: *Provided further*, That the paper cover of a publication may have a coating or cover of thin transparent sheeting of cellulose derivative or it may be laminated to a film of cellulose derivative."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the act of March 3, 1879, as amended."

A motion to reconsider was laid on the table.

KLAMATH INDIAN TRIBAL FUNDS

The Clerk called the next bill, H. R. 2738, providing for the disposition of certain Klamath Indian tribal funds.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. SCHAFER of Wisconsin. Mr. Speaker, I object to the request.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, I object.

TRANSFER OF ACCUMULATED SICK AND ANNUAL LEAVE TO POSTMASTER APPOINTEES

The Clerk called the next bill, H. R. 5784, to provide for the conservation and transfer of accumulated sick leave and vacation time due classified civil-service employees who succeed to the position of postmaster, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. TABER. Reserving the right to object, Mr. Speaker, I would like to have somebody explain why such a bill as this should be taken up?

Mr. RAMSPECK. The reason for it is that when a civil-service employee is promoted to the position of postmaster, under the present law he loses his accumulated sick leave. Under existing law an employee has a right to accumulate sick leave up to 60 days as a back-log to take care of a serious illness.

This simply would do justice to those employees who may be fortunate enough to be promoted; it puts them on the same basis with other employees.

Mr. TABER. But it gives those who are appointed postmasters opportunity to take long vacations when they are supposed to be on the job with a moderate vacation each year to look after things. It looks to me as though it would upset the operation of the Post Office Department.

Mr. RAMSPECK. I call the gentleman's attention to the fact that the Fourth Assistant Postmaster General has approved the bill. It does not add anything to what the employees generally have. It simply cures a defect in existing law and applies the same rule to these people that is now applied generally in the Federal service.

Mr. TABER. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

BESTOWAL OF MEDALS UPON CIVIL EMPLOYEES OF UNITED STATES

The Clerk called the next bill, S. 1582, to authorize the President to bestow a Meritorious Service Medal upon civil-service officers and employees of the United States, and for other purposes.

Mr. KNUTSON. Mr. Speaker, reserving the right to object, as I understand this measure, it proposes to create a bemedaled class in this country. Anyone who has rendered outstanding service involving great physical bravery, or heroism, or performance of service to the Government, or for humanity characterized by exceptional merit and involving a high degree of labor or effort above and beyond the ordinary and usual requirements of his office shall be decorated with this medal.

I wonder if the gentleman would be willing to accept an amendment that would also include bureau chiefs who have a surplus on hand at the end of the fiscal year which they cover back into the Treasury? I think these heroes should be suitably recognized, yet this bill absolutely ignores them. Napoleon understood the value of conferring medals. He said it was cheaper to give a man a medal than it was to raise his pay. Now, if we could have assurance that when a civil employee of the Government had rendered some outstanding service, such as accumulating a surplus at the end of the fiscal year, or perhaps rescuing a stenographer as she was falling into a water cooler, if he would agree that after he had received the medal he would not come before Congress and ask for an increase in pay because of the fact that he belonged to the bemedaled aristocracy, this measure would not be very objectionable.

I can see some merit in this measure, of course. We might be able with the vast army of employees we now have to use a considerable portion of the gold and silver we have stored in Kentucky and at West Point in casting medals.

Mr. GARRETT and Mr. VAN ZANDT demanded the regular order.

The SPEAKER pro tempore. The regular order is, Is there objection to the present consideration of the bill?

Mr. KNUTSON. Mr. Speaker, I will have to object until I can ascertain where we are going to get the metal from which to cast the medals.

The SPEAKER pro tempore. Objection is heard.

TERM OF COURT, NORTHERN DISTRICT OF TEXAS

The Clerk called the next bill, H. R. 6672, to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747).

Mr. RICH. Mr. Speaker, reserving the right to object, I call the attention of the membership to the fact that whenever we create one of these new judgeships we are under the impression that the only monetary outlay involved is the $10,000 a year salary. It was brought out by the Treasury Department on the last appropriation bill, Mr. Speaker, that it costs $110,000 a year for every one of these new judgeships set up. I do not know whether this one is necessary, but I am not going to object to it. I do feel it my duty, however, to call attention to the cost involved in creating new judgeships.

Mr. MAHON. Mr. Speaker, this bill merely provides that the court shall meet in November rather than in December for its term. The judgeship has already been created.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act to create a new division of the District Court of the United States for the Northern District of Texas, approved May 26, 1928 (45 Stat. 747), be, and is hereby, amended to read as follows:

"That there is hereby created, in addition to those now provided by law, a new division of the District Court of the United States for the Northern District of Texas, which shall include the territory now embraced in the counties of Bailey, Borden, Lamb, Floyd, Kent, Motley, Hale, Dickens, Crosby, Lubbock, Scurry, Hockley, Cochran, Yoakum, Terry, Lynn, Garza, Dawson, and Gaines, which shall constitute the Lubbock division of said district. Terms of the district court for the Lubbock division shall be held at Lubbock on the third Monday in May and the fourth Monday in November.

"The clerk of the court for the northern district shall maintain an office in charge of himself or a deputy, in addition to the

places now provided, at Lubbock, which shall be kept open at all times for the transaction of the business of the court."

SEC. 2. All laws and parts of laws in conflict herewith are hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

DISTRICT JUDGE, WESTERN DISTRICT OF WASHINGTON

The Clerk called the next bill, H. R. 6167, to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1938, shall be a district judge for the eastern and western districts of Washington.

Mr. WALTER. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PHILIPPINE INDEPENDENCE

The Clerk called the next bill, H. R. 7096, to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes."

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TRIAL OF FEDERAL JUDGES ON THE ISSUE OF GOOD BEHAVIOR

The Clerk called the next bill, H. R. 5939, to provide for trials of and judgments upon the issue of good behavior in the case of certain Federal judges.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

ADMINISTRATION OF UNITED STATES COURTS

The Clerk called the next bill, H. R. 5999, to provide for the administration of the United States courts, and for other purposes.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LICENSING OF CIVILIAN MILITARY ORGANIZATIONS, ETC.

The Clerk called the next bill, H. R. 5138, to make unlawful attempts to overthrow the Government of the United States; to require licensing of civilian military organizations; to make unlawful attempts to interfere with the discipline of the Army and Navy; to require registration and fingerprinting of aliens; to enlarge the jurisdiction of the United States Circuit Court of Appeals in certain cases; and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COFFEE of Washington. Mr. Speaker, I object.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

The Clerk called the joint resolution (H. J. Res. 342) relating to section 322 of the Agricultural Adjustment Act of 1938, as amended.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That notwithstanding the provisions of section 322 of the Agricultural Adjustment Act of 1938, as amended, the determinations under subsection (c) may be proclaimed at any time prior to September 15, the result of the referendum under subsection (d) may be proclaimed at any time prior to October 10, and the marketing percentage under subsection (b) shall be 100 percent.

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO SECTION 335 (C) OF AGRICULTURAL ADJUSTMENT ACT OF 1938 AS AMENDED

The Clerk called the joint resolution (H. J. Res. 343) to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That section 335 (c) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(c) The farm marketing quota for any farm for any marketing year shall be a number of bushels of wheat equal to the sum of—

"(1) A number of bushels equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment; and

"(2) A number of bushels equal to the amount, or part thereof, of wheat from any previous crop which the farmer has on hand which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the wheat actually marketed during such preceding marketing year, could have been marketed without penalty.

"(3) Any farmer who does not market wheat in excess of the normal production or the actual production, whichever is the greater, of the farm acreage allotment shall not be subject to penalty under the provisions of section 339. Any farmer who stores, in accordance with regulations issued by the Secretary, an amount of wheat which is less than the amount subject to penalty, shall be presumed to have marketed the amount of such wheat subject to penalty which is not so stored."

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CEMETERY WITHIN CRAB ORCHARD CREEK DAM PROJECT, ILLINOIS

The Clerk called the next bill, H. R. 5764, to provide for the establishment of a cemetery within the Crab Orchard Creek Dam project, Williamson County, Ill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subject to the provisions of section 2, the Soil Conservation Service, Department of Agriculture, is authorized and directed to remove the bodies buried within the area of the Crab Orchard Creek Dam project, Williamson County, Ill., from their present location and reinter such bodies in any land within the area of such project which may be available for use as a cemetery. The cemetery so established shall be designated a national cemetery, but shall not be under the supervision of the Department of War.

SEC. 2. The provisions of section 1 shall not be carried out until after the formation by private interests of a corporation for the operation and maintenance of such cemetery on a nonprofit basis.

With the following committee amendment:

Page 1, line 9, after the word "cemetery", strike out the balance of line 9 and all of lines 10 and 11.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COAST GUARD

The Clerk called the next bill, S. 2170, to improve the efficiency of the Lighthouse Service, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted., etc., That section 9 of the act approved June 17, 1910 (36 Stat. 538; U. S. C., title 33, sec. 716), is amended to read as follows:

"The Commissioner of Lighthouses is authorized to employ temporarily at the seat of government, draftsmen and engineers for the preparation of plans and specifications for tenders, light vessels, lighthouses, aids to navigation, and other works for the Lighthouse Service that may be authorized or appropriated for by Congress, to be paid from the appropriations applicable to such work."

SEC. 2. Section 4661 of the Revised Statutes (U. S. C., title 33, sec. 727) is amended to read as follows:

"No lighthouse beacon, public pier, or landmark shall be built or erected on any site until cession of jurisdiction over the same has been made to the United States: *Provided*, That cession of jurisdiction shall not be required in the case of sites lying under navigable waters of the United States."

SEC. 3. The Secretary of Commerce is authorized to acquire by purchase and/or lease the necessary land for locating a lighthouse depot at or in the vicinity of St. Louis, Mo., and he is authorized to erect thereon such wharves, docks, buildings, or other structures as he may determine to be necessary or suitable for the purposes of the lighthouse depot.

SEC. 4. The Secretary of Commerce is authorized to purchase a site for a servicing base for the Lighthouse Service at or in the vicinity of Atlantic City, N. J.

SEC. 5. The Secretary of War is authorized to transfer to the Department of Commerce for lighthouse purposes the tract of land no longer needed for military purposes and comprising the whole of tract No. 2 of the United States Military Reservation on Yerba Buena Island in San Francisco Bay, State of California, containing 26.51 acres, more or less, exclusive of the two parcels, together containing 2.69 acres, now under the control and jurisdiction of the Navy Department, all as shown on map No. 6797–101, entitled "Yerba Buena Island, Calif. (Goat Island) Reservation Map," dated December 1935, revised to May 21, 1938, on file in the office of the Quartermaster General, War Department, Washington, D. C., the specific tract of land to be more fully described by metes and bounds at the time of transfer.

SEC. 6. The Secretary of Commerce is authorized and empowered to lease for a period not to exceed 25 years to the New York Central Railroad Co., a corporation organized and existing under and by virtue of the laws of the State of New York and other States, its successors and assigns, for railroad-track purposes, that portion of the Rochester Harbor Lighthouse property at Charlotte, N. Y., now occupied by wye track of said railroad company under the terms and provisions of a revocable license granted by the Department of Commerce, which license expires by limitation during 1939, or such modification thereof as may be deemed to be in the public interest. The New York Central Railroad Co. for such use of the property in question shall pay the same yearly rental as stipulated in stated existing revocable license or such yearly rental as may be hereafter determined by the Secretary of Commerce, at his discretion: *Provided*, That nothing herein contained shall grant or convey or be held to grant or convey to said railroad company, its successors or assigns, during such time as it or they may hold, said land under the lease hereby authorized nor any right or privilege to take or remove any of such land or structures other than the property of the said railroad company: *Provided further*, That the Secretary of Commerce may at any time during the said lease period of 25 years, at his discretion, terminate and cancel said lease, in case said company shall fail to comply with the stipulated terms or conditions. It shall also be stipulated in the lease hereby authorized that upon termination or expiration the said railroad company shall promptly remove from the land all of its property and restore the same to the condition when first taken or condition otherwise satisfactory to the Government.

SEC. 7. That so much of sections 1 and 2 of the act approved July 30, 1937 (50 Stat. 549), entitled "An act to authorize the Secretary of Commerce to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York, certain portions of the Stony Point Light Station Reservation, Rockland County, N. Y., including certain structures, and for other purposes," as reads in the enacting clause "to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York," and in section 1 "to convey to the Commissioners of the Palisades Interstate Park" is hereby amended to read "to convey to the Palisades Interstate Park Commission, a body corporate and politic established by compact between the States of New York and New Jersey, authorized by joint resolution of Congress approved August 19, 1937" (50 Stat. 719), and so much of section 2 as reads "In exchange for the property to be transferred to the Commissioners of the Palisades Interstate Park shall transfer title to the United States to" is hereby amended to read "The Secretary of Commerce is also authorized to accept on behalf of the United States."

With the following committee amendments:

Page 1, line 3, after the word "That" insert the words "the last clause of."

Page 1, line 6, strike out the words "The Commissioner of Lighthouses" and insert in lieu thereof the words "and the Commandant of the Coast Guard."

Page 1, line 9, strike out the words "tenders, light vessels," and insert in lieu thereof the word "vessels."

Page 1, line 10, strike out the words "Lighthouse Service" and insert in lieu thereof the words "Coast Guard."

Page 2, lines 1 to 7, inclusive, strike out all of section 2.

Page 2, line 8, strike out the figure "3" and insert in lieu thereof the figure "2."

Page 2, line 8, strike out the words "Secretary of Commerce" and insert in lieu thereof the words "Secretary of the Treasury."

Page 2, line 10, strike out the word "lighthouse" and insert in lieu thereof the words "Coast Guard."

Page 2, line 13, insert a period after the word "necessary" and strike out the remaining language of the section which reads "or suitable for the purposes of the lighthouse depot."

Strike out the figure "4" and insert in lieu thereof the figure "3."

Page 2, line 15, strike out the words "Secretary of Commerce" and insert in lieu thereof the words "Secretary of the Treasury."

Page 2, lines 16 and 17, strike out the words "Lighthouse Service" and insert in lieu thereof the words "Coast Guard."

Page 2, line 18, strike out the figure "5" and insert in lieu thereof the figure "4."

Page 2, line 19, strike out the words "Department of Commerce for lighthouse purposes" and insert in lieu thereof the words "Treasury Department for the use of the Coast Guard."

Page 3, line 9, strike out the figure "6" and insert in lieu thereof the figure "5."

Page 3, line 9, strike out the words "Secretary of Commerce" and insert in lieu thereof the words "Secretary of the Treasury."

Page 3, line 24, strike out the words "Secretary of Commerce" and insert in lieu thereof the words "Secretary of the Treasury."

Page 4, lines 6 and 7, strike out the words "Secretary of Commerce" and insert in lieu thereof the words "Secretary of the Treasury."

Page 4, lines 16 to 25, and page 5, lines 1 to 11, both inclusive, strike out all of section 7 and insert in lieu thereof the following:

"SEC. 6. Section 1 of the act entitled 'An act to authorize the Secretary of Commerce to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York, certain portions of the Stony Point Light Station Reservation, Rockland County, N. Y., including certain appurtenant structures, and for other purposes,' approved July 30, 1937 (50 Stat. 549), is amended by striking out 'the Commissioners of the Palisades Interstate Park' and inserting in lieu thereof 'the Palisades Interstate Park Commission, a body corporate and politic established by compact between the States of New York and New Jersey, authorized by joint resolution of Congress approved August 19, 1937 (50 Stat. 719)'; and section 2 of such act of July 30, 1937, is amended by striking out 'In exchange for the property to be transferred the Commissioners of the Palisades Interstate Park shall transfer title to the United States to' and inserting in lieu thereof 'The Secretary of the Treasury is also authorized to accept on behalf of the United States.'"

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to improve the efficiency of the Coast Guard, and for other purposes."

A motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF THE TREASURY TO CONVEY AN EASEMENT IN CERTAIN LANDS TO THE CITY OF NEW YORK

The Clerk called the next bill, H. R. 6880, authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. LANHAM]?

Mr. BUCKLEY of New York. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BUCKLEY of New York and Mr. RUTHERFORD objected.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point and to include a letter addressed to me July 15, 1939, by Albert S. Bard, vice chairman of the Central Committee of Organizations Opposing the Battery Toll Bridge, which letter is in opposition to the bills H. R. 6880 and S. 2662; also an editorial which appeared in the New York Herald Tribune of yesterday, July 16, in opposition to these two bills.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. CHURCH]?

There was no objection.

The matters referred to follow:

CENTRAL COMMITTEE OF ORGANIZATIONS OPPOSING
THE BATTERY TOLL BRIDGE,
New York, July 15, 1939.

HON. RALPH E. CHURCH,
Member of Congress, New House Office Building,
Washington, D. C.

DEAR MR. CHURCH: I gladly respond to your request for facts concerning the Battery Bridge project. My statement relates principally to the following points:

1. The Federal Government is involved. The matter is not just a local one. National interests are damaged.

2. The bridge is a new proposal. For 10 years it was supposed that we were to have a tunnel and the War Department approved of that.

3. This spring the War Department refused its consent to the first plan for a bridge, holding it to be an obstruction to navigation. The War Department has not yet passed upon the present revised plan. The bridge briefly described.

4. The bridge would irreparably damage little historic Battery Park and the neighborhood, ruining famous views of and in lower Manhattan. Senator WAGNER's assurance that there are no objections to the plan is greatly mistaken. Both the bridge itself and the plan to carve out of the park an additional building site are widely objected to in New York. Senator WAGNER is also mistaken in saying that the city has promised to cede to the Government a new water-front site in the park.

5. The existing situation briefly summarized; also a warning as to well-known local sentiment concerning invasions of New York parks for other than park purposes.

6. Attention is called to this committee's "Open Letter to the President" (a printed pamphlet) stating its position in opposition to the bridge. New York experience demonstrates that this type of bridge always blights the neighborhood and property values. The cost figures put out by the proponents of the bridge omit this factor and are therefore misleading.

7. Financing the bridge. Skepticism concerning earning power as claimed.

8. Other alternatives should be studied.

9. The matter should be turned back to the City Planning Commission. An appeal to Congress not to pass the Wagner-Cullen bill.

The statement below follows the paragraph numbering above.

1. The project affects the Brooklyn Navy Yard and Governors Island in the Upper Bay, and therefore national defense; also the barge office in Manhattan, above which it is proposed to build the bridge; also the Battery Park facade of the customhouse in front of which it is proposed to erect a gigantic sloping ramp wider than Broadway, on stilts. This construction is condemned with practical unanimity by the architects and landscape architects as seriously damaging to the appearance of lower Manhattan, both from the water and the land, and by other experts as ruining the famous and characteristic "gateway" to the city. As one artist says: "This bridge, if built, would destroy the most noble aspect of the island of Manhattan and in doing that destroy also the most noble aspect of the principal entrance to our country." At the point where now projected the bridge is hopelessly incongruous with its site and neighborhood.

The project raises questions of access to and from the Brooklyn Navy Yard; of possible destruction, complete or partial, by act of enemies, external or internal, and of possible obstruction to East River at a critical moment, to say nothing of ordinary obstruction of navigation; of a new argument for the removal of Brooklyn Navy Yard to another location, with the consequent Federal expense; of the undesirability of such a lofty structure upon the edge of the Governors Island military post, overlooking it and almost overhanging it; of the interference of its four lofty towers with military aviation; of the changes in Governors Island piers to avoid the obstruction created by the two large anchorages on the edge of Government land and by the two new towers adjoining, with the consequent expense of such pier changes; and of damage to the barge office and the customhouse, to say nothing of the damage to the Nation's commercial capital and chief seaport.

All these considerations emphasize the fact that the project has important national aspects. It is not just a question of a local bridge.

2. As a public question, the matter goes back only to January 25, 1939, when the proposal was first broached by Commissioner Robert Moses, who is not only park commissioner of New York City but also head of the Triborough Bridge Authority, to which it is proposed to entrust the construction of the bridge and its administration until it is paid for out of its expected (or assumed) tolls.

Prior to January of this year it had been the assumption for 10 years that an East River crossing from the Battery to Brooklyn would be by tunnel, and the War Department had approved of that.

3. The original proposal brought forward in the spring was for two suspension bridges of equal size placed in tandem in a straight line from Battery Park, Manhattan, to Hamilton Avenue, Brooklyn, having a combined length of a mile and a quarter and passing across East River 600 feet northeast of Governors Island. This plan located a large double anchorage and two great towers in the middle of the waterway between Manhattan and Brooklyn.

The city was assured by the Triborough Bridge Authority that this would have "no adverse effect upon the navigation of vessels in the East River, the Battery, or Manhattan Channel, Buttermilk Channel (between Governors Island and Brooklyn), or the balance of the waterway in that vicinity."

At a hearing before the local district engineer of the Army, Col. C. L. Hall, on April 25, 1939, this assurance was strenuously combatted by navigational interests, and the War Department later agreed with them and refused its consent to the project, holding that the proposal would be an unreasonable obstruction to navigation.

Thereupon the Triborough Bridge Authority brought forth its present project, which is still pending undetermined before the War Department.

The new plan retains the two suspension bridges, but gives a longer span to the Manhattan member of the pair. The end towers and anchorages are placed approximately where the first plan placed them, but the central anchorages (now 2 instead of 1) and the central towers are moved to points just off Governors Island, some 500 or 600 feet from their original positions, and close to the piers of that military post. The existing piers will accordingly have to be relocated by the Government. The two bridges are now planned in a dog-leg arrangement, with the Manhattan member considerably taller and bigger than its Brooklyn mate. The angle between them comes, of course, at the two central anchorages.

The Triborough Bridge Authority claims that the new plan has led to a withdrawal of all navigational objections. But the organizations represented by this committee have not withdrawn their objections upon that ground, although they admit that the second plan is less objectionable from that point of view than the plan which the War Department rejected. Aesthetically, of course, the dog-leg bridge, with unequal spans and towers, will be uglier than the original design.

4. The main aesthetic objection, however, is the invasion of historic little Battery Park by the huge Manhattan approach to the bridge.

The city of New York at long last is getting rid of the blight of its ugly, darkening, obstructive, and noisy elevated railroads. It has also just cleared out of City Hall Park the old Federal post-office and court building which another planning mistake had placed there. It ought not now perpetrate another mistake by submerging Battery Park under a giant ramp 85 or 90 feet wide, running the whole length of the park on huge, ugly stilts. This argument is more fully developed in the "open letter to the President" referred to in 6 below.

For many, many years New York has resented attempted invasion of her precious and inadequate parks for other than park purposes. This is known to all men. So it is difficult to conceive how in the Senate on July 13 Senator WAGNER, of New York, asking for unanimous approval of the Wagner-Cullen bill authorizing the Secretary of the Treasury to permit the bridge to pass above the Barge Office, could say to his colleagues, "I cannot imagine any objection at all to the bill." If Senator WAGNER is led to believe that there is no objection to the bill he is being badly misinformed, for there is widespread and militant objection on the part of individuals, organizations, and business institutions. And it is doubly inconceivable how he could say what he is recorded as saying in view of the fact that the permission to carry the bridge above the Barge Office, and so through the park, was coupled with a proposal to carve from Battery Park and convey to the Federal Government an additional 105 feet of water-front property for an extension of the Barge Office, to offset the damage the bridge would be to the present Barge Office.

Senator WAGNER, as quoted in the CONGRESSIONAL RECORD (p. 12612), made still another surprising statement. He told the Senate that the city of New York, in consideration of the granting of the easement to carry the bridge above the barge office, "has agreed to convey to the Federal Government certain properties," meaning the 105 feet of water-front land to be carved out of Battery Park. The fact is very different. So far from the city having made any such agreement, the matter had not even been publicly suggested until the idea was published in the newspapers this week in connection with the Wagner-Cullen bill. Neither the mayor nor the park commissioner has the power to make any such agreement, and there is, furthermore, a serious legal question whether under the charter of the city this particular land is not inalienable.

5. The present situation seems to be as follows:

This proposed bridge cannot be located where now suggested unless the Manhattan end passes above the barge office. The Federal Government will not consent to that easement unless it receives a grant of an additional site to be carved out of Battery Park. There is grave doubt if the city of New York will stand for that. A very large body of public opinion will be opposed to it.

The responsible organizations represented by this committee will certainly regard that plan as an additional offense to the city and to Battery Park, only increasing the original blunder in planning.

6. This committee has prepared a printed pamphlet containing "an open letter to the President and his advisers, requesting further study of the Battery toll-bridge project." This went to the President very recently and copies were sent afterward to all the Senators and Members of Congress.

That pamphlet presents our arguments against the proposed bridge more adequately than I have attempted here to state them. It calls attention to the fact that the press generally is opposed to the project and favors further study as requested by this committee before action is taken.

The pamphlet also refers very briefly to the experience of New York City in connection with the disastrous effect of high-level bridges built through and above developed property. The fact is that in the case of every such bridge in New York the property in the neighborhood of the bridge approaches, and for a considerable area around, has suffered a blight. Bridges with plenty of open space at the bridgeheads—like the George Washington Bridge across the Hudson River—are a different proposition. Tunnels also are different. In the case of the Holland Tunnel (the only local tunnel with portals in developed areas and having as yet a sufficient experience to base a judgment upon), the neighborhoods of the portals have appreciated in value. These facts indicate the close relationship between the amenity of a neighborhood and its money value, and are proof, if any were required, of the blighting effect of high-level viaducts over developed areas.

The Battery Bridge would seriously impair land and building values in lower Manhattan. In making comparison of the costs of bridge and tunnel, respectively, the Triborough Bridge Authority wholly omits this factor and the resulting loss of taxes to the city. In consequence its figures are misleading.

Confessedly the local authorities in charge have made inadequate studies of a highly complicated and difficult matter.

7. The proponents of the bridge claim that it will be a self-sustaining enterprise—paying for itself out of the tolls to be charged. The figures disclosed by them are somewhat sketchy. They have not replied to inquiry concerning the origins and destinations of the traffic they assume; nor concerning their estimate of traffic which will abandon the nearest free bridges to patronize a toll bridge. In one breath they urge the necessity of providing new trucking facilities for the Brooklyn water front, but in the next admit that all such commercial traffic plus an undefined percentage of local passenger vehicles will be only 25 percent of the estimated bridge traffic. In other words, considerably more than 75 percent of the estimated bridge traffic will be passenger vehicles having nothing to do with the commercial interests of the Brooklyn water front.

It is a fact that vehicular ferry service between Manhattan and Brooklyn was recently abandoned because of insufficient patronage, so much of the traffic prefers to use the free bridges.

In spite of this uncertainty as to traffic the bridge proponents proclaim their ability to sell enough bonds either to the Federal Government or its agencies or to private bankers, or both, to finance the bridge. Of course, there is no guaranty by the city that either the Government or the public will get its money back. The city assumes no obligation in that connection. In fact, the city of New York has about exhausted its credit. Like so many other municipalities, debt, depression, emergency taxes, and other commitments have brought the city to its legal and practical limits.

8. Other alternatives to the bridges have been proposed. As yet they have received insufficient study. With time for more consideration still other solutions of the problem might be suggested. The only objection raised, even by Commissioner Moses, to the ideal solution—a tunnel—is the financial problem involved. He claims his bridge would cost only half as much as the tunnel, but omits figures as to indirect damage and cost, as well as public commitment to many details of his proposal.

9. As a result of the above situation the committee I represent has asked that the project be returned to the city planning commission for further study, and that meanwhile the whole matter be held in abeyance.

This also is our appeal to Congress. No emergency exists for precipitate present action. The existing proposal is highly objectionable to large classes of citizens and responsible organizations and should be shelved for the present.

The Merchants Association of New York, the Real Estate Board of New York, the West Side Association of Commerce, the New York Building Congress, the Central Mercantile Association, the Broadway Association, the Fine Arts Federation of New York, with its 17 auxiliary organizations, and their colleagues, the various neighborhood, architectural, civic, and other organizations represented by this central committee of organization opposing the Battery Toll Bridge, are well-known and influential organizations. For their views they respectfully request and are entitled to serious consideration.

Yours very truly,

ALBERT S. BARD, *Vice Chairman.*

[From the New York Herald Tribune of July 16, 1939]

MR. MOSES IN BATTERY PARK

It appears, from the report of the House Committee on Public Buildings and Grounds, that Mr. Moses is prepared to give away part of Battery Park to the Treasury Department, so that he can build his bridge to Brooklyn. A vote on this plan—technically, a vote to permit the Treasury to grant an easement on the existing barge office property in return for a piece of park land of equal size immediately adjoining it to the west—is scheduled for tomorrow in the House, and it is reported that unanimous consent for immediate passage will be asked.

We suppose it is all right for Mr. Moses to want park lands; he is the master of parks in this city as well as in the State. He has promised to make Battery Park bigger, better, and more beautiful when his bridge is completed. His plans involve filling in 2 acres of land beyond the present bulkhead line, new planting, grading, and landscaping. But, regardless of Mr. Moses' undoubted abilities as a builder and planner, it would seem that the public might have some right to know what is happening to its property.

The first knowledge of the gift to the Treasury—land which is a part of the old Quigley grant, originally established for the exclusive use of the Whitehall boatmen—came in a letter from the Acting Secretary of the Treasury to the House committee, in which the offer of the new site for the barge office was "informally represented" by Mr. Moses. Even if the House permits the granting of the easement, the city planning commission and the board of estimate will still have to ratify Mr. Moses' gift, and it is not unlikely that the State legislature will have to be consulted. Perhaps it is just as well that we have heard about it.

Explicitness in public life is a wonderful thing, and no less important than foresight. Mr. Moses certainly has the latter virtue; let us hope he will soon acquire the former.

Mr. CHURCH. Mr. Speaker, referring to this editorial, Mr. Bard points out:

First. That no application has been made to the War Department to fill in the 2 acres of land beyond the present bulkhead line, and so forth.

Second. That navigation interests are opposed to it.

Third. That wholly insufficient money is available, were it advisable.

Fourth. That a promise by Mr. Moses commits no one.

Mr. Speaker, there seems to be plenty of opposition to the bill (Consent Calendar No. 354) that justifies objection to its consideration on the Consent Calendar.

MENOMINEE INDIAN DELEGATES

The Clerk called the next bill, H. R. 4831, authorizing the Secretary of the Interior to pay salaries and expenses of the chairman, secretary, and interpreter of the Menominee General Council, members of the Menominee Advisory Council, and official delegates of the Menominee Tribe.

Mr. TABER. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

ACCEPTANCE OF EASEMENT TO CERTAIN LANDS IN NEW MEXICO

The Clerk called the next bill, S. 1558, to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, there is no very enlightening committee report on this bill, and I do not know what it is about. The committee report merely calls attention to the bill and recommends its passage. Inasmuch as we do not have time to dig into the statutes and read the hearings on this bill, I thing the committee should bear in mind that it is going to be the policy of the official objectors to have these bills go over long enough to find out what they are all about, and I refer to the bills wherein an adequate committee report does not accompany the bill. We have done this several times before, and I hope the Public Lands Committee will not fall into the habit of reporting bills with reports such as this. Just what is this bill about?

Mr. DEMPSEY. Mr. Speaker, may I say to the gentleman from Michigan that this bill provides that the State of New Mexico may give to the Federal Government an easement to this project which has already been completed in New Mexico, in order that it can cooperate in the development at that point. It does not involve a cent of additional expense. We are just giving an easement to the Federal Government on the promise of the Government to accept that easement.

Mr. WOLCOTT. The Public Works Administrator is directed to acquire by purchase, condemnation, or otherwise, such lands and interests in land as he may deem necessary. How does he hold that land?

Mr. DEMPSEY. There are no other lands to be acquired, as far as I know.

Mr. WOLCOTT. What is the necessity of section 2 of the bill, then?

Mr. DEMPSEY. I really know of no necessity, unless it is land that the State government has out there that it is able to put in this project; but we are not asking for any appropriation in connection with this matter, and we are not going to ask for any.

Mr. WOLCOTT. This authorizes the Public Works Administrator to take by condemnation lands for use in connection with the maintenance of the dam and reservoir and to carry out the purposes of the act.

Mr. DEMPSEY. I may say to the gentleman it is my understanding that the project is entirely completed. I know of no reason for acquiring any additional lands out there. The Department suggested this measure just as it is.

Mr. WOLCOTT. In section 3 of the bill we authorize the use of the W. P. A. money in acquiring land. This is rather unusual. I believe this procedure has been followed in but very rare instances. I understand that it may be justifiable in the case of a works project where a large number of men may be employed, but it is not customary to authorize the W. P. A. to acquire land.

Mr. DEMPSEY. This is a project that is unlike most other projects in that when they are completed they belong to the county or the State, but in this instance the Federal Government is retaining a permanent easement, and that is the reason for this provision.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KEAN. I object, Mr. Speaker.

DISPOSITION OF CERTAIN RECORDS OF THE UNITED STATES GOVERNMENT

The Clerk called the next bill, H. R. 6585, to provide for the disposition of certain records of the United States Government.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That whenever any agency of the United States Government has in its custody an accumulation of records that are not needed by it in the transaction of its current business and that appear to it to have no permanent value or historical interest, the head of such agency shall submit a written report thereon to the Archivist of the United States in which he shall state the location and describe the character and volume of such records so as to enable the Archivist to identify them. Said report shall be submitted in triplicate and shall be accompanied by samples of the several kinds of records listed therein.

SEC. 2. When used in this act, the word "records" means originals or copies of motion-picture or other photographic records in any form whatsoever, sound recordings, correspondence, papers, indexes, maps, charts, plans, drawings, punch cards, tabulation sheets, pictures, and other kinds of records belonging to the United States Government.

SEC. 3. The Archivist, with the approval of The National Archives Council, shall submit to Congress, at such times as he shall deem expedient, lists of records reported to him in the manner prescribed by section 1 of this act that appear to him to have no permanent value or historical interest to the Federal Government.

SEC. 4. Whenever the Archivist shall submit to Congress, in compliance with the provisions of section 3 of this act, lists of records that appear to him to have no permanent value or historical interest to the Federal Government, it shall be the duty of the presiding officer of the Senate to appoint two Senators who, with the members of the Committee on the Disposition of Executive Papers of the House of Representatives, shall constitute a joint committee, to which such lists shall be referred, and said joint committee shall meet and examine said lists and submit to the Senate and House of Representatives, respectively, a report of such examination and their recommendation.

SEC. 5. If such joint committee report that any of the records described in the lists referred to them are not needed or useful in the transaction of the current business of the agency by which they were reported to the Archivist and have no permanent value or historical interest to the Federal Government, then it shall be the duty of the head of said agency to dispose of said records by one of the following methods:

(a) By sale, upon the best obtainable terms after due publication of notice inviting proposals therefor;

(b) By causing them to be destroyed;

(c) By transfer (without cost to the United States Government) to any State or dependency of the United States of America or to any appropriate educational institution, library, museum, historical, research, or patriotic organization therein, that has made application to him therefor, through the Archivist of the United States. All moneys derived from the sale of such records shall be paid into the Treasury of the United States by said agency.

If said joint committee shall fail to make a report during any regular or special session of Congress on any list of records that has been submitted to Congress by the Archivist not less than 10 days prior to the adjournment of such session, the Archivist may empower the agency by which such records were reported to him to dispose of them by any of the methods prescribed in this section.

If it shall appear to the Archivist that any records, that bear form number or form letters, or that are of the same specific kind, reported to him in the manner prescribed by section 1 of this act, while Congress is not in session, have no permanent value or historical interest and have the same form numbers or form letters or are of the same specific kind as other records of the same agency previously authorized for disposition by Congress, he may empower said agency to make disposition of said similar records by any of the methods prescribed in this section.

The Archivist shall submit to Congress at the beginning of each session a descriptive list of all records authorized for disposition by him during the preceding recess of Congress.

SEC. 6. When any records of the United States Government have been disposed of in accordance with the provisions of section 5 of this act, the head of the agency making such disposition shall submit a written report thereon to the Archivist of the United States in which he shall describe the character and volume of such records and state when and by what method the disposition thereof was accomplished. If any of the records described in a particular report are shown thereby to have been sold, such report shall give the amount of the purchase price received therefor and the total cost of effecting such sales. Said report shall also give the names and post-office addresses of all institutions, associations, or other organizations to which any records therein described have been transferred.

SEC. 7. The Archivist of the United States shall transmit to Congress, at the beginning of each regular session, a concise summarization of the data contained in the reports filed with him by heads of agencies of the Government during the preceding fiscal year in compliance with the provisions of section 6 of this act.

SEC. 8. Whenever the Archivist shall determine that any records in his custody, or which have been reported to him by any agency under the terms of section 1 of this act, are a continuing menace to human health or life or to property, he shall cause such records to be destroyed immediately at such place and by such method as he shall select: *Provided, however*, That if said records have been transferred to his custody, he shall report the disposition thereof to the Congress and to the agency from which they were transferred.

SEC. 9. Whenever it shall appear to the Archivist that there are in his custody any records that are without permanent value or historical interest to the Federal Government he shall submit lists thereof to Congress in the manner provided by section 3 of this act: *Provided, however*, That the Archivist shall not report to Congress, under the provisions of this section, records of any existing agency of the United States without the written consent of the said agency.

SEC. 10. The procedures herein prescribed to be followed are exclusive, and no records of the United States Government may be alienated or destroyed except by authority sought and obtained under the provisions of this act.

SEC. 11. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

With the following committee amendments:

Page 1, line 9, after the word "character" strike out "and volume."

Page 4, line 4, after "records" strike out "that bear form number or form letters, or that are of the same specific kind."

The Committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MONUMENT TO FATHER PIERRE GIBAULT

The Clerk called the joint resolution (H. J. Res. 219) to provide for the erection of a monument to the memory of the patriot priest Father Pierre Gibault.

Mr. KEAN. Mr. Speaker, I ask unanimous consent that the joint resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

GLACIER NATIONAL PARK, MONT.

The Clerk called the next bill, H. R. 2185, to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment and operation of a fish hatchery, and for other purposes.

Mr. BLAND. Mr. Speaker, for the present I will have to ask unanimous consent that this bill be passed over without prejudice. The right to determine matters with respect to fish hatcheries is in the Committee on Merchant Marine and Fisheries. I understand there is an amendment that is intended to be added to the bill. I do not believe bills with regard to fish hatcheries should be considered by the Committee on Public Lands, and therefore ask that the bill be passed over without prejudice.

Mr. O'CONNOR. Mr. Speaker, I have the amendment prepared, so I object to the bill's being passed over.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. McCORMACK. Reserving the right to object, Mr. Speaker, will the gentleman state the purpose of the bill?

Mr. O'CONNOR. The bill is for the purpose of establishing a fish hatchery near Glacier National Park and it is now in the course of construction. An allotment of about $56,000 has already been made by P. W. A. to buy the land and build the hatchery.

Mr. McCORMACK. Is it in Montana?

Mr. O'CONNOR. It is in Montana. I might add that it is the only available place where fish can be produced for miles around.

Mr. McCORMACK. That satisfies me, as I have the utmost faith in the gentleman from Montana.

Mr. O'CONNOR. I thank the gentleman.

Mr. BLAND. Reserving the right to object, Mr. Speaker, I wish to say that I understand that the amendment will place the operation of this fish hatchery in the hands of the Bureau of Fisheries.

Mr. O'CONNOR. The gentleman is correct.

Mr. BLAND. But whether these fish hatcheries are in public parks or otherwise, in the future I am going to object to the consideration of bills such as these unless they come to the Committee on Merchant Marine and Fisheries, which is charged with jurisdiction over fish hatcheries. I am not going to object to the consideration of this bill at this particular time, but I do not want it to be taken as a precedent in the future.

Mr. O'CONNOR. I thank the gentleman. This hatchery is badly needed, and will effect a large saving in restocking with fish the waters in the Glacier National Park, one of Nature's wonderlands.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that an identical Senate bill, S. 770, be considered in lieu of the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to administer as a part of the Glacier National Park, in the State of Montana, subject to all laws and regulations applicable thereto, the lands, or interests in land, within the State of Montana, in township 28 north, range 20 west, Montana meridian, which may be acquired by the United States for the establishment and operation by the National Park Service of a fish hatchery for restocking the waters of the said park.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment:

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 1, line 9, strike out "and operation".

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "An Act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment of a fish hatchery, and for other purposes."

A House bill (H. R. 2185) was laid on the table.

INVESTIGATION OF THE FISHERIES OF ALASKA

The Clerk called the resolution (H. Res. 162) to provide for an investigation of the fisheries of Alaska.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. RICH. Reserving the right to object, Mr. Speaker, I should like to ask the Delegate from Alaska what the size of the committee will be that it is intended to send to Alaska, and what it will cost for the expenses of this committee?

Mr. DIMOND. I may say to the gentleman I am not able to answer his question. I presume that matter will be left to the Committee on Accounts when we ask for an allotment to pay the expenses of the committee. This investigating committee will be a subcommittee of the House Committee on Merchant Marine and Fisheries. I have not even consulted with the chairman of that committee to determine the number of members the subcommittee will have, and I do not expect he will be able to answer that inquiry now. We intend to take the matter up later with the Committee on Accounts and determine then just how much ought to be expended for this purpose.

The fisheries of Alaska embrace salmon, halibut, herring, cod, crabs, and shrimps, as well as the trout, grayling, whitefish, and other species to be found in the inland waters.

But the salmon fishery is by far the most important. In the year 1938 the total value of the fish packed in Alaska was approximately $45,000,000. This included salmon of the value of approximately $41,000,000. The average number of people employed in all of the Alaska fisheries in any year would be not far from 30,000, and of those approximately 25,000 are employed in the canned-salmon industry. . The fisheries of Alaska constitute by far the most important industry of the Territory and the fishery resource with proper conservation ought to continue in perpetuity.

Most of the salmon-packing industry of Alaska is owned by people who reside in the several States. Very little of the ownership is in Alaska. As a consequence most of the profits from the industry do not remain in the Territory but come to the States, where the stockholders of the packing companies reside. The industry is, however, of the utmost importance to Alaska because approximately one-third of the Territorial income is derived from that industry. The livelihood of many thousands of the residents of Alaska entirely depends upon the industry; and it is, therefore, of great consequence both to the people of the United States and those who reside in Alaska that the fisheries of Alaska should be adequately conserved and thus be perpetual, and that there should be a fair and just balance of the economic benefits derived from the fisheries.

By an act passed by Congress in 1924, commonly called the White Act, because one of the bills which resulted in the passage of the act was sponsored by Representative—now Senator—WHITE, of Maine, the Secretary of Commerce was given extremely broad powers in the control of the fisheries of Alaska, including the authority to prescribe the type of gear that might be used in taking fish and the seasons during which the fish could be taken. Though the White Act was amended on several occasions, the general broad powers of the Secretary of Commerce with respect to the fisheries of Alaska were left unimpaired and these powers are now transferred to the Secretary of the Interior.

The principal controversies which have arisen in Alaska concerning fisheries, aside from the offshore fishing of foreign nationals for salmon in the waters adjacent to the coast of Alaska, have been (a) the use of traps which are large frame structures covered with wire net set in the seaways for the catching of salmon; and (b) the taking of large quantities of herring and the conversion of same into oil and meal.

Salmon traps are used in a large part of the Alaska waters where salmon run, but they are not used and are not permitted to be used in one of the most important salmon fishing districts in Alaska, Bristol Bay, and in the waters adjacent thereto. In the Bristol Bay region all salmon are required to be caught by gill net and no trap is permitted to be operated. But in most of the remainder of the salmon-fishing areas of Alaska, traps are permitted to be used by the regulations of the Secretary of Commerce, although numbers of small areas are closed to trap fishing. The fishermen of Alaska, who use seine and gill nets, feel very strongly that the use of traps in the taking of salmon should not be permitted or, in any event, their use should be much more severely restricted than is the case at present. And the fishermen say that to permit any person to operate a trap in the waters of Alaska is to grant a type of special privilege that ought not be permitted and that the fisheries of Alaska ought to be available to all fishermen within such limits as may be required for conservation of the species. Some of the traps set in favored locations take as many as a million salmon in the course of the season. The operators, on the other hand, who use the traps, say that they are an efficient machine and therefore their use should be permitted and, in fact, enlarged and expanded. My own considered judgment is that all salmon traps should be eliminated at the earliest possible date.

Several hundred of the fishermen of Alaska catch salmon by hook and line. They are called trollers. Most of the salmon they take are sold fresh or mild cured and the product usually brings a good price. The trollers generally, as well as the other fishermen, are a valuable part of our citizenry. They are sturdy, independent, and self-reliant. Many of them are married and have children. The trollers claim without exception that the salmon which they take

feed upon herring and that the well-nigh unrestricted taking of herring and the conversion of the same into oil and meal is likely to exhaust the salmon that are caught by trolling and thus the trolling part of the salmon industry will be entirely destroyed.

Several bills have been introduced in the House of Representatives for the elimination of salmon traps in Alaska waters and other bills to prohibit the conversion of herring into oil and meal in that part of the Alaska waters where salmon trolling is carried on. Hearings have been had upon some of those bills but it has not been possible to give to the House Committee on Merchant Marine and Fisheries a full, true, and complete picture of the existing situation in Alaska concerning the subjects of the proposed legislation. And so the committee has not taken any action on the measures mentioned.

Alaska is so far from Washington and the income of the fishermen is so meager that it is not practicable for the fishermen to appear before the House Committee on Merchant Marine and Fisheries in this city. The only way in which their views can be developed is through having a Congressional committee or subcommittee visit Alaska and take testimony on the ground. The temper of many of the fishermen, particularly with respect to salmon traps, is at the present time extremely bitter. In 1937 and in 1938 the regulations permitted traps to be operated in a number of areas in southeastern Alaska that had theretofore been closed to trap fishing and so had been available to the fishermen who fish with seines and by trolling. The fishermen considered that action to be an outrage upon them as tending to deprive them of their livelihood, an opinion with which I wholly agree. Thus to deprive the fishermen of their means of earning a living is just cause for their resentment and anger.

While, as before stated, the Secretary of the Interior has almost full control over the mode and manner of fishing in Alaskan waters and therefore undoubtedly has it within his power to prohibit the use of all fish traps in those waters, the question is really one of economic policy and therefore ought to be determined by Congress and not by an administrative officer. The same principle holds true with respect to the taking of herring and the conversion of the same into oil and meal. The only way in which the facts can be adequately developed is through an investigation or inquiry held on the ground by a committee or a subcommittee of Congress.

At the recent session of the Alaska Territorial Legislature held at the capital of the Territory, Juneau, Alaska, a resolution, called House Concurrent Resolution No. 1, was unanimously adopted by both houses requesting an investigation of the Alaska fisheries by a committee of Congress. That resolution petitions Congress to create and appoint a congressional committee for the investigation of the Alaska fisheries.

The resolution further provided that a committee of the Alaska Legislature, composed of five members from the house and senate, be selected by the members of the house and senate in joint session for the purpose of facilitating and assisting the congressional investigation. The members so selected are Senator Henry Roden, Senator J. S. Hofman (now deceased), and Representatives A. P. Walker, James V. Davis, and Harvey J. Smith.

After this resolution was adopted, the Alaska Legislature appropriated $10,000 to defray the expenses of the legislative committee which was so selected by the legislature itself to facilitate and assist in the congressional investigation. The Alaska Legislature thus expressed not only its intense interest in having a congressional investigation but has actually appropriated $10,000 in order to assist in and facilitate that investigation.

The fishermen of Alaska generally are eagerly looking forward to having the investigation made by a disinterested and impartial committee of Congress and I have received numerous telegrams and letters from fishermen and from fishermen's organizations in Alaska asking of the progress of House Resolution 162 and urgently requesting that the speediest possible action be taken thereon and the investigation be carried forward at an early date.

What is proposed is definitely not a junket. The work involved in making the investigation will be laborious and some of it unpleasant. It will be necessary to visit a number of the fishing districts of Alaska, following a coastline of more than 1,000 miles. While some conditions are practically the same in all districts, in other respects conditions in one district differ widely from those to be found in another, and, therefore, it is highly advisable that hearings be held at the centers of the more important fishing areas or regions.

The investigation proposed, if properly carried out and conducted as it doubtless will be, is bound to result in direct financial benefit to the people of the United States and of Alaska because Congress, thus more intelligently informed and with a wider knowledge of the conditions and circumstances existing with respect to the fisheries of Alaska, will be able the more surely to preserve and protect the fisheries of the Territory and by general laws provide fair opportunities to all to share in the great natural wealth of Alaska which is embraced in the fisheries.

Mr. BLAND. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Virginia.

Mr. BLAND. This resolution authorizes an investigation by the Committee on Merchant Marine and Fisheries or a subcommittee. The Committee on Merchant Marine and Fisheries approved this investigation because many times matters pertaining to fisheries have come before the committee that have involved considerable opposition. The feeling on the part of the people of Alaska is that a committee of the Congress should come up there and personally study the problem.

Mr. RICH. There is only one point about which I wanted information, and the gentleman is the proper one to answer my question. When we establish these committees sometimes they want a committee of 10 or 12 members to make the investigation. This turns it into pretty much of a joy ride. I thought if the gentleman who is chairman of the committee would say that he wants to limit the membership on the committee to three members it might be a good business proposition.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. COCHRAN. Ordinarily I would object to a resolution of this kind being considered by unanimous consent; but I want to tell the gentleman from Pennsylvania that we authorized the Committee on Merchant Marine and Fisheries to make an investigation of this character in another place and we gave them $10,000, and I may say, to the credit of the chairman of the committee, Mr. BLAND, of Virginia, that they performed an excellent job and spent only $500, returning $9,500 to the contingent fund, which is a record.

Mr. RICH. And I am sure that when the chairman of the committee states that he will have a committee of a limited number, that will not mean that there will be a lot of members on the committee to have a joy ride. I know the gentleman will do exactly what he states and will keep down the expense and we are pleased to know that he is going to limit the membership on this committee.

Mr. COCHRAN. I repeat, $500 is all the gentleman spent in the other instance when he could have spent $10,000. We certainly can be assured very little will be spent in this investigation.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The Clerk read the resolution, as follows:

House Resolution 162

Resolved, That the House Committee on Merchant Marine and Fisheries, or a duly authorized subcommittee thereof, be, and is hereby, authorized and directed to make an investigation of the fisheries of Alaska with special reference to (a) the use of traps in the catching and taking of salmon in the waters of Alaska, whether or not the use of traps should be prohibited for that purpose, and if prohibited the mode and manner and time thereof; (b) the advisability of maintaining or changing the season pre-

scribed at the present time for the catching and taking of salmon in the several fishing areas or region in Alaska; (c) the effect of fishing for and taking of herring, as at present operated, upon the salmon fishery and particularly that part carried on by trolling, and whether or not the taking of herring for conversion into oil and meal in any part of Alaska should be further restricted or entirely prohibited; (d) the offshore fishing by foreign nationals for both crabs and salmon; and (e) any other matters concerning the fisheries of Alaska which the committee or the subcommittee may think it desirable to investigate with a view to the conservation and preservation of the fishery and a reasonable development of the Alaska fishing industry.

For the purposes of this resolution, the said committee or any subcommittee thereof is hereby authorized to sit and act at such times and places within the Territory of Alaska and the United States, whether the House is sitting or has recessed or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books or papers or documents or vouchers by subpena or otherwise, and to take such testimony and records as it deems necessary. Subpenas shall be issued by the chairman of the committee or subcommittee, or by any person designated by him, and shall be served by such person or persons as the chairman of the committee or subcommittee may designate. The chairman of the committee or subcommittee, or any member thereof, may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or subcommittee, or having been required to produce necessary books or papers or documents or vouchers by authority of said committee or subcommittee, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the study and investigation heretofore authorized, or who fails to produce such books or papers or documents or vouchers as required by subpenas, shall be held to the penalties provided in section 102 of the Revised Statutes of the United States (U. S. C., title 2, sec. 192), as amended.

That the said committee shall report to the House of Representatives at the earliest practicable date the result of its investigation, together with its recommendations for the enactment of desirable or necessary legislation.

With the following committee amendments:

Page 1, line 4, insert before the word "an" the figure "1" in parentheses.

Page 2, line 10, strike out the period and insert a semicolon and the following: "(2) to make such inquiry as said House Committee on Merchant Marine and Fisheries or a duly authorized subcommittee thereof may consider in relation to the merchant marine in Alaska; and (3) such inquiry as said committee or said subcommittee may consider important or pertinent to the merchant marine or fisheries of the United States."

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF TIME FOR APPLICATION OF BENEFITS UNDER ADJUSTED COMPENSATION ACT

The clerk called the next bill, H. R. 5450, to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed.

Mr. COSTELLO. Mr. Speaker, reserving the right to object, I would like to ask the author of this bill the necessity for the passage of this legislation at the present time.

Mr. McCORMACK. Mr. Speaker, the necessity for its passage at the present time is that the law will expire on January 2, 1940, and unless we extend the expiration date in this session, then the rights of between 143,000 and 150,000 veterans and their dependents will be taken away from them. Therefore it is absolutely essential, if we intend to extend the expiration date, that this should be done now.

Mr. COSTELLO. This pertains only to their application for World War adjustment compensation.

Mr. McCORMACK. Yes.

Mr. COSTELLO. Which is something the veterans earned as a result of their services during the World War.

Mr. McCORMACK. This relates to adjusted-service-compensation certificates.

Mr. COSTELLO. Does not the gentleman feel that the date should be eliminated entirely if we are going to extend these benefits?

Mr. McCORMACK. I thoroughly agree with the gentleman, and, as far as I am concerned, when the compensation law was first passed, you will recall there was a time limit, and then the Congress extended it and then eliminated the time limit. I thoroughly agree with the gentleman, but in order to avoid any difficulties, in view of the lateness of the present session, the bill I introduced extended it 10 years and we compromised on 5 years. I am fearful that if there is no time limit it might interfere with its passage during the remaining days of this session. I am in complete agreement with the gentleman from California that there should be no time limit, but I am fearful if that is put in now it might tend to delay the passage of the measure.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Is it not true that the organized veterans' groups are heartily in favor of this amendment?

Mr. McCORMACK. All veterans' organizations appeared before the subcommittee and they are absolutely in favor of this bill. I am pleased to hear the observation of my friend from California [Mr. COSTELLO], because I am in absolute agreement with him that the time limit should in the future be completely wiped out.

Mr. COSTELLO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 2, 3, and 4 of Public Law No. 312, Seventy-fourth Congress, approved August 23, 1935, are hereby amended by striking out "January 2, 1940" wherever it appears in such sections and inserting in lieu thereof "January 2, 1950."

With the following committee amendment:

In line 7, strike out "1950" and insert "1945."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JUDGMENT FUND OF SHOSHONE TRIBE OF INDIANS

The Clerk called the bill (H. R. 5377) to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, I reserve the right to object. I have an amendment that I desire to offer to the bill. If it is accepted, I will not object to the consideration of the measure. I talked with the gentleman from Wyoming [Mr. HORTON] this morning and he was of the opinion all the amendments suggested had been accepted. I notice, however, in looking through the report, that all of the amendments recommended by the Department have not been accepted.

It seems to me it might be beneficial in the future if I have something to say about this case. Here is a situation where we amended the original Jurisdictional Act, something I have been contending we should never do, taking away from the Government the right to place its defense properly before the Court of Claims. The result was a judgment in a few weeks against the Government of over $4,000,000, and approximately $2,800,000 of that was interest, dating back about 50 years. The taxpayers are now suffering as a result of the passage of the resolution amending the jurisdictional law, because the millions to pay the claim came out of the Treasury. I would like to see the case where some citizen of this country was awarded, in a private suit, interest on the principal dating back nearly 50 years. You just cannot find one, but the Congress made it possible for these Indians to recover interest that far back by changing the original jurisdictional law. Now they are back here to dispose of the money, and the Bureau of the Budget makes certain suggestions with reference to some amendments, one amendment being that the cost of the Federal administration shall come out of this fund. Why should it not come out of that amount? Why should it come out of the Treasury of the United States?

My amendment is the one suggested by the Bureau of the Budget which the committee did not accept.

I have repeatedly called this case a Treasury raid, and I repeat it today. There is another bill on the calendar in which the same situation exists, the Klamath case, where the committee did not accept the amendments offered by the Department. The amount in the Klamath case is about the same. The money was appropriated to pay these two claims in the last deficiency appropriation bill passed in the last Congress, and it is in the Treasury of the United States. The attorneys have already received theirs, and I placed their names in the RECORD, the amount being about $800,000. Quite a nice fee, especially when the Government was required to furnish all the evidence. They are gone with theirs, and the Indians may just as well get their money, now that it has been appropriated. Now I insist that the amendment of the Bureau of the Budget be added, and if the gentleman wants to accept it, well and good. The amendment I refer to is on page 13 of the bill, line 3, to strike out the words "to defray the cost of Federal administration over the Shoshone Tribe except as herein authorized."

Mr. COSTELLO. Mr. Speaker, it is my purpose to offer that amendment to the Senate bill, which the gentleman from Wyoming [Mr. HORTON] will ask to have substituted for the House bill.

Mr. COCHRAN. Will the gentleman from Wyoming accept that amendment?

Mr. HORTON. Yes; that is exactly the amendment already agreed to.

Mr. COCHRAN. Very well, if you agree to accept that amendment and insist that the Senate accept it, I shall not object to the consideration of the bill.

Let me express the hope these two bills will be a lesson to the Congress and that we will not pass any more resolutions taking away from the Government the right to properly defend such a suit in the Court of Claims. Nearly $10,000,000 is a lot of money to pay for a mistake, but that is just what we did in the two cases on the calendar today.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. HORTON. Mr. Speaker, I ask unanimous consent to substitute Senate bill 1878 for the House bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed, with the advice and consent of the business council of the Shoshone Tribe of the Wind River Reservation in Wyoming, to prepare a roll showing the members of said tribe living on the date of the approval of this act, and such roll shall form the basis for the distribution of the judgment fund of said tribe created as the result of the passage of the act of June 25, 1938 (52 Stat. 1114–1156), and accrued interest thereon.

SEC. 2. That there shall be credited on the books of the Office of Indian Affairs the sum of $2,450 to each member of said tribe whose name appears on the roll provided for in section 1 hereof; and out of such sum so credited the Secretary of the Interior is hereby authorized to make available immediately to each individual member of the tribe the sum of $100; and, under such rules and regulations as he may prescribe, the sum of $1,350 to each adult and the sum of $500 to each minor for the following purposes: Purchase of land, improvement of lands to be acquired or already held by the Indian, for the erection and improvement of suitable homes, the purchase of building material, farming equipment, livestock, feed, food, seed, grain, tools, machinery, implements, household goods, bedding, clothing, and any other equipment or supplies necessary to enable the Indians to fit themselves for or to engage in farming, livestock, industry, or such other pursuits or vocations, including education, as will enable them to become self-supporting: *Provided, however*, That the funds of the aged, infirm, decrepit, and incapacitated members may be used for their proper maintenance and support in the discretion of the Secretary of the Interior. The remainder of the share of each adult individual Indian, including accrued interest, shall be made available under such rules and regulations as the Secretary of the Interior may prescribe, and the remainder of the share of each minor Indian shall, with accrued interest, be held intact until such Indian reaches the age of 18 years, when it shall be available under the same conditions as herein provided for adults. As herein used the term "adult" shall include the members of the tribe 18 years of age or over, and the term "minor" shall include all members less than 18 years of age. On the death of any enrolled member, adult or minor, the sum on deposit to his credit shall be available for expenditure for the benefit of his heirs for the purposes herein authorized.

SEC. 3. (a) Not to exceed $1,000,000 of said judgment fund, or interest thereon, shall be available for expenditure upon the request of the tribe and with the approval of the Secretary of the Interior, for the purchase of lands in the manner prescribed in section 6 of this act.

(b) The sum of $125,000 of said judgment fund, or interest thereon, shall, at the request of the tribe and with the approval of the Secretary of the Interior, be set aside as a loan fund for making loans to individual members, or groups of members, of said tribe under such rules and regulations as may be prescribed by the Secretary of the Interior.

(c) The remainder of said judgment fund, including interest thereon, after making the segregation provided for in section 2, and after setting aside the respective amounts authorized by this section, shall be available for appropriation, upon the recommendation of the Secretary of the Interior, and with the consent of the tribe, for purposes of benefit to the tribe, including the establishment and administration of productive enterprises for the benefit of said tribe, and any income derived from such enterprises shall be credited to the Shoshone tribal judgment fund: *Provided*, That should such enterprises also benefit the Arapaho Tribe repayment proportionate to the benefit of the Arapaho Tribe shall be made into the Shoshone judgment fund by the Arapaho Tribe out of such tribal income as the Arapaho Tribe may enjoy.

SEC. 4. That the Secretary of the Interior be, and he is hereby, authorized and directed to establish land-use districts within the diminished and ceded portions of the Wind River Indian Reservation, Wyo., and, under such rules and regulations as he may prescribe, to effect the consolidation of Indian and privately owned lands within said districts through exchange, relinquishment, donation, assignment, or purchase of lands or interests therein, including water rights or surface rights to lands, improvements thereon and improvements on undisposed-of ceded lands to the end that the respective Indian and non-Indian land holdings may be consolidated for more beneficial use. Exchanges of lands hereunder shall be made on the basis of equal value, and the value of improvements on lands to be relinquished to the Indians or by Indians to non-Indians shall be given due consideration, and allowance made therefor in the valuation of lieu lands. This section shall apply to tribal land, and trust or otherwise restricted Indian allotments, whether the allottees be living or deceased. In all transactions involving tribal Indian land, the consent of the Shoshone and Arapaho Tribes shall first be obtained. Title to all lands or interests therein acquired by the Government through exchange of tribal land shall be taken in the name of the United States in trust for the Shoshone and Arapaho Tribes of Indians of the Wind River Reservation, Wyo. Title to lands exchanged for individual Indian allotments, or purchased for individual Indians with restricted funds, shall be taken by the United States in trust for the individual Indian allottee or heir. The right herein granted individual Indians to acquire lands by purchase with restricted funds or by exchange shall not extend to lands on the ceded or opened portion of the reservation.

SEC. 5. That the Secretary of the Interior is hereby directed to restore to tribal ownership all undisposed-of surplus or ceded lands within the land-use districts which are not at present under lease or permit to non-Indians; and, further, to restore to tribal ownership the balance of said lands progressively as and when the non-Indian-owned lands within a given land-use district are acquired by the Government for Indian use pursuant to the provisions of this act. All such restorations shall be subject to valid existing rights and claims: *Provided*, That no restoration to tribal ownership shall be made of any lands within any reclamation project heretofore authorized within the diminished or ceded portions of the reservation.

SEC. 6. That the sum of $1,000,000 authorized in section 3 for use in carrying out the land-purchase and consolidation program hereinbefore authorized shall remain available until expended and any amount expended shall be reimbursed with interest at 4 percent per annum to the Shoshone Tribe of Indians of the Wind River Reservation from joint funds to the credit of the Shoshone and Arapaho Tribes of the Wind River Reservation or from future accruals to said joint fund, as and when said funds accrue. Title to all land purchases made hereunder shall be taken in the name of the United States in trust for the Shoshone and Arapaho Tribes of Indians of the Wind River Reservation, Wyo. All purchases of lands or interests therein made pursuant to this section shall receive the approval of the Shoshone and Arapaho Tribal Councils or of the business committees thereof.

SEC. 7. That in no event shall any portion of the Shoshone judgment fund become liable, payable, or subject to any debt or debts contracted prior to the passage of this act by any Indian of the Shoshone Tribe except debts to the United States or to the tribe, and in no event shall any portion of the Shoshone judgment fund be expended to defray the cost of Federal administration over the Shoshone Tribe, except as herein authorized.

Mr. COSTELLO. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 7, line 2, after the word "tribe", insert a period and strike out "and in no event shall

any portion of the Shoshone judgment fund be expended to defray the cost of Federal administration over the Shoshone Tribe, except as herein authorized."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 5377) was ordered to lie on the table.

DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

The Clerk called the bill (H. R. 5906) to repeal the prohibition against the filling of a vacancy in the office of district judge for the southern district of New York.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provision of subsection (d) of section 4 of the act entitled "An act to provide for the appointment of additional judges for certain United States district courts, circuit courts of appeals, and certain courts of the United States for the District of Columbia," approved May 31, 1938 (52 Stat. 585; U. S. C., title 28, sec. 4j–1), which reads: "*Provided*, That the first vacancy occurring in the office of district judge for the southern district of New York by the retirement, disqualification, resignation, or death of judges in office on the date of enactment of this act shall not be filled", be, and it is hereby, repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERLOCKING BANK DIRECTORATES

The Clerk called the next bill, S. 2150, to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (38 Stat. 730), approved October 15, 1914, as amended, is further amended by substituting the words "February 1, 1944" for the words "February 1, 1939" in the second paragraph thereof.

With the following committee amendment:

Page 1, line 7, strike "1944" and insert "1941."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROTECTION OF WITNESSES BEFORE CONGRESS AND ADMINISTRATIVE AGENCIES

Mr. HOBBS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6832) to provide for the protection of witnesses appearing before any department, independent establishment, or other agency of the United States, or the Congress of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. GEYER of California. Mr. Speaker, I object.

ACCEPTANCE OF AN EASEMENT WITH RESPECT TO CERTAIN LANDS IN NEW MEXICO

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent to return to Calendar No. 356 (S. 1558), to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the grant of a perpetual easement to the United States Government and the Works Progress Administration pursuant to an instrument dated November 15, 1935, and recorded on December 22, 1936, for the construction and maintenance of a dam and reservoir in Bear Canyon, on the Mimbres River, in Grant County, N. Mex., located in sections 28 and 29, township 16 south, range 11 west, New Mexico principal meridian, be, and the same hereby is, accepted.

SEC. 2. The Works Progress Administrator is hereby authorized and directed to acquire by purchase, condemnation, or otherwise, such other lands and interests in land as he may deem necessary for use in connection with the maintenance of said dam and reservoir and to carry out the purposes of this act.

SEC. 3. For the purpose of carrying out the provisions of section 2 of this act, the Works Progress Administrator is hereby authorized to use funds heretofore or hereafter appropriated to, or for, the Works Progress Administration.

Mr. DEMPSEY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEMPSEY: Page 2, line 5, after the word "dam", strike out the balance of the section.

The amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 2, line 1, after the word "The", strike out "Works Progress Administrator" and insert "Commissioner of the Work Project Administration."

Page 2, line 8, after the word "the", strike out "Works Progress Administrator" and insert "Commissioner of the Work Project Administration."

Page 2, line 10, after the word "the", strike out "Works Progress Administration" and insert "work projects."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today on House Resolution 162.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ALLOWANCES FOR LOSSES BY LEAKAGE AND EVAPORATION OF BRANDY OR FRUIT SPIRITS

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6268) to authorize the Commissioner of Internal Revenue to make certain allowances for losses by leakage and evaporation upon withdrawal of packages of brandy or fruit spirits under certain conditions.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. RICH. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman whether this is in any way a reduction of the internal revenue now derived from the sale of spirituous liquors?

Mr. BUCK. This has nothing to do with the reduction or increase of the revenues at all.

I may say for the benefit of the gentleman that there is in existence, and has been since 1894, a provision in our laws which allows manufacturers of distilled spirits and brandy a certain loss or evaporation leakage allowance in computing the amount of tax that they have to pay on withdrawal of their product from a bonded warehouse.

The Internal Revenue Code, section 2901 (a), provides for these loss allowances where the brandy or fruit spirits is in "casks or packages of a capacity of 40 or more wine gallons" or in "casks or packages" of not less than 20 gallons. No specific provision was made for loss allowances in the case of containers other than "casks or packages."

When normal grape and fruit distillery operations were resumed following the repeal of prohibition, an acute shortage developed in small cooperage, as well as in Government bonded warehouse facilities in California. This shortage led to the erection of a number of storage tanks for temporary deposit of the brandy or fruit spirits, until the casks or barrels became available and warehouse facilities were enlarged. The brandy or fruit spirits was only stored in such tanks a few months and was deposited in casks and barrels within a short time for further storage and aging. As the law is at present worded and as the regulations are interpreted, however, all of this brandy or fruit spirits which was stored at any time in a storage tank and then placed in a cask or package thereafter, is excluded from the loss allowance provisions.

In the revision of the liquor tax administration law of 1936 no consideration was given to the fact that the storage of brandy or fruit spirits had been made in tanks

temporarily. As the member of the Ways and Means Committee who introduced that bill in its final form into the House and piloted it through the House, I can truthfully say that there was no deliberate intention to exclude from the loss allowance provision brandy or fruit spirits which had been temporarily deposited for storage in tanks. This was a legislative oversight. As a result, certain fruit distillers are called upon to pay the Federal tax of $2 per proof gallon on brandy or fruit spirits lost through normal leakage and evaporation, simply because through a brief period of time these were stored in a Government bonded warehouse storage tank. All of these spirits have been under Government lock and key at all times. No question of fault or negligence is involved. Full protection of the revenue will be afforded because the allowance for losses can only be granted where the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, finds that the loss is a proper one under the law. I may add that this bill only affects these few past transactions. It cannot affect the future in the least.

The bill has the approval of the Treasury Department, as shown by the report which the Ways and Means Committee has filed, and I may add that it has the unanimous recommendation of that committee that the bill be passed.

Mr. RICH. You are sure that the people of California did not drink this wine?

Mr. BUCK. I am certain they did not, because the Government officials had the key at all times.

The SPEAKER. Is there objection to the request of the gentleman from California?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to make allowances for losses by leakage and evaporation in accordance with section 2901, Internal Revenue Code, upon withdrawal of packages of brandy or fruit spirits now deposited in internal-revenue bonded warehouses, which were filled with storage tanks in bonded warehouses prior to June 26, 1936.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO DISTILLED SPIRITS ACT

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6479) amending section 2857 of the Distilled Spirits Act.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. RICH. Reserving the right to object, Mr. Speaker, will the gentleman explain what this bill does?

Mr. BUCK. This is a bookkeeping proposition entirely. It deals with the records which the law requires wholesale but not retail dealers to keep in respect to their receipts and dispositions of distilled spirits.

A wholesale liquor dealer is defined by law as one who sells distilled spirits, wines, and so forth, in quantities of 5 gallons or more to the same person at the same time. He is required to keep certain records. He also may be a retail liquor dealer. It follows that there are many wholesale liquor dealers selling wine and distilled liquors, who sell them at retail on the same premises. Under the law and the present regulations of the Treasury Department such wholesale liquor dealers are required to record their receipts and dispositions of distilled spirits. The purpose of the bill is to relieve the wholesale distillers of their responsibility to report as to retail sales. It is a bookkeeping proposition entirely. It has the approval of the Treasury and was reported unanimously by the Committee on Ways and Means.

Mr. RICH. Is it not necessary for the wholesaler to report whom he sells to?

Mr. BUCK. It will still be necessary for the wholesaler to report his wholesale sales. It will, however, relieve him of reporting his retail sales.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I do so merely for the purpose of confirming what the gentleman from California has said: That so far as the Ways and Means Committee is concerned this bill and the previous one were reported unanimously by the committee. There was careful study of these bills by the committee, and the minority agrees with the majority that the bill should be passed.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection the Clerk read the bill as follows:

Be it enacted, etc. That the first paragraph of section 2857 (a) be amended to read as follows:

"Sec. 2857. Books of rectifiers and wholesale dealers.

"(a) Requirements.—Every rectifier and every wholesale liquor dealer who sells, or offers for sale, distilled spirits in quantities of 5 wine-gallons or more to the same person at the same time shall keep daily, at his place of business covered by his special tax stamp, a record of distilled spirits received and disposed of by him, and shall render under oath correct transcripts and summaries of such records: *Provided*, That the Commissioner may in his discretion require such record to be kept at the place where the spirits are actually received and sent out. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner, with the approval of the Secretary, may prescribe."

With the following committee amendment:

Page 1, line 3, after "(a)" insert "of the Internal Revenue Code."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting a brief editorial from a Washington newspaper.

The SPEAKER. Without objection it is so ordered.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Texas [Mr. LANHAM].

REGISTRATION OF TRADE-MARKS

Mr. LANHAM. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 6618) to provide for the registration of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes, as amended.

The Clerk read the title of the bill.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the reading of the bill and amendments be dispensed with, the amended bill to be printed in the RECORD; and I may say in this connection that the amendments are merely clarifying, some to correct typographical errors and others make changes merely in administrative matters. They are recommended by the Department.

The SPEAKER pro tempore [Mr. WOODRUM]. Is there objection to the request of the gentleman from Texas?

There was no objection.

The amended bill reads as follows:

Be it enacted etc.,

TITLE I—THE PRINCIPAL REGISTER

SECTION 1. Trade-marks used in commerce may be registered in the following manner:

(a) By filing in the Patent Office—

(1) a written application, verified by the applicant, including a statement specifying the date of first use of the mark, and the goods or services in connection with which it is used, in such form as may be prescribed by the Commissioner;

(2) a drawing of the mark; and

(3) such number of specimens or facsimiles of the mark as actually used as may be required by the Commissioner.

(b) By paying into the Patent Office the filing fee.

(c) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner.

(d) If the applicant is not domiciled in the United States he shall designate by a written document filed in the Patent Office the name and address of some person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving a copy thereof at the last address so filed. If the person so designated cannot be found at the address given in the designation, such notice or process may be served upon the Commissioner.

MARKS REGISTRABLE ON THE PRINCIPAL REGISTER

SEC. 2. No mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration as a trade-mark on account of its nature unless it—

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which tends to disparage persons, living or dead, institutions, beliefs, or national symbols, or to bring them into contempt;

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof;

(c) Consists of or comprises the name, portrait, or signature of a living individual unless by his written consent;

(d) Consists of or comprises a mark which so resembles a mark previously registered or used by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive purchasers;

(e) Consists of a mark which, (1) when applied to the goods of the applicant is merely descriptive of them, (2) when applied to the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 4 hereof, (3) is primarily merely a surname.

(f) Except as expressly excluded in paragraphs (a), (b), (c), and (d) of this section, nothing herein shall prevent the registration of any mark used by the applicant as a trade-mark which has become distinctive of the applicant's goods in commerce. Substantially exclusive use as a mark by applicant, in commerce for 2 years prior to the application, may be accepted by the Commissioner as prima facie evidence of distinctiveness.

SERVICE AND CERTIFICATION MARKS REGISTRABLE

SEC. 3. Subject to the same provisions relating to the registration of trade-marks, so far as they may be applicable, service and certification marks used in commerce shall be registrable, in the same manner and with the same effect, and when registered they shall be entitled to the protection provided herein in the case of trade-marks. The Commissioner may establish a separate register for such service and certification marks. Applications and procedure under this section may conform as nearly as practicable to those prescribed for the registration of trade-marks.

COLLECTIVE AND ASSOCIATION MARKS REGISTRABLE

SEC. 4. Subject to the provisions relating to the registration of trade-marks, so far as they may be applicable, collective marks, including indications of regional origin, used by natural or juristic persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the mark sought to be registered, even though not possessing an industrial or commercial establishment, shall be registrable under this act in the same manner and with the same effect, and when registered they shall be entitled to the protection provided herein the the case of trade-marks.

USE BY RELATED COMPANIES

SEC. 5. Where the mark sought to be registered is or may be used by subsidiary or related companies, or by the members of an association, such use shall be deemed exclusive in the holding, parent, or related company or in the association; and use of registered marks by companies subsidiary or related to the registrant or by the members of an association shall not affect the validity of such mark or of its registration.

DISCLAIMERS

SEC. 6. The Commissioner may require unregistrable matter to be disclaimed, but such disclaimer shall not prejudice or affect the applicant's or owner's rights then existing or thereafter arising in the disclaimed matter, nor shall such disclaimer prejudice or affect the applicant's or owner's right of registration on another application of later date if the disclaimed matter has become distinctive of the applicant's goods.

CERTIFICATES

SEC. 7. (a) Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the Patent Office, and shall either be signed by the Commissioner or have his name printed thereon and attested by an assistant commissioner or by one of the law examiners duly designated by the Commissioner, and a record thereof, together with printed copies of the drawing and statement of the applicant, shall be kept in books for that purpose. The certificate shall state the date on which the application for registration was received in the Patent Office.

(b) The certificate of registration of a mark upon the principal register provided by this act shall be prima facie evidence of the validity of the mark and of registrant's exclusive right to use the same in commerce.

(c) Certificates of registration of marks may be issued to the assignees of the applicant, but the assignment must first be recorded in the Patent Office. In case of succession or change of ownership the Commissioner shall, upon a proper showing at the request of the owner or successor and upon the payment of the fee herein provided, issue to such owner or successor a new certificate of registration of the said mark in the name of such owner or successor, and for the original period.

(d) The Commissioner, upon application of the registrant, may permit any registration under this or any previous act to be canceled or for good cause to be amended or disclaimed in whole or in part, at any time upon payment of the required fee: *Provided*, That the Commissioner shall determine that when so amended it shall still contain registrable matter and not require republication, and the Commissioner shall make appropriate entry upon the records of the Patent Office and upon the certificate of registration, or if said certificate is lost or destroyed upon a certified copy thereof.

(e) Copies of any records, books, papers, or drawings belonging to the Patent Office relating to marks, and copies of certificates of registration, authenticated by the seal of the Patent Office and certified by the Commissioner, or in his name by a chief of division duly designated by the Commissioner, shall be evidence in all cases wherein the originals would be evidence; and any person making application therefor and paying the fee required by law shall have such copies.

(f) Whenever a mistake in a registration, incurred through the fault of the Patent Office, is clearly disclosed by the records of the Office, a certificate stating the fact and nature of such mistake, signed by the Commissioner and sealed with the seal of the Patent Office, may be issued, without charge, and recorded and a printed copy thereof attached to each printed copy of the registration, and such certificate shall thereafter be considered as part of the original, and every registration, together with such certificate, shall have the same effect and operation in law on the trial of all actions or causes thereafter arising as if the same had been originally issued in such corrected form. All such certificates heretofore issued in accordance with the rules of the Patent Office and the registrations to which they are attached shall have the same force and effect as if such certificates and their issue had been specifically authorized by statute.

(g) Whenever a mistake has been made in a registration certificate and a showing has been made that such mistake occurred in good faith through the fault of the applicant, the Commissioner is authorized to issue a certificate of correction upon the payment of the required fee, provided the Commissioner shall determine that the correction is not such as to necessitate republication of the mark.

DURATION

SEC. 8. Each certificate of registration shall remain in force for 20 years: *Provided*, That the registration of any mark under the provisions of this act shall be canceled at the end of 5 years following its date, unless within 3 months next preceding the expiration of such 5 years the registrant shall file in the Patent Office an affidavit in such form as may be prescribed by the Commissioner stating that said mark is still in use. If, however, nonuse is due to special circumstances and not to any intention not to use or to abandon such mark, the affidavit shall so state, in which case the registration shall not be canceled because of such nonuse. Forms for such affidavits shall be attached to each certificate of registration.

RENEWAL

SEC. 9. On application of the registrant, certificates of registration may be renewed for like periods of 20 years from the end of the expiring period on payment of the renewal fees required by this act if the registered mark is still in use; and such application may be made at any time within 6 months before the expiration of the period for which the certificate of registration was issued or renewed, or may be made within 3 months after such expiration on payment of an additional fee as herein provided.

ASSIGNMENT

SEC. 10. A registered mark or a mark for which application has been filed shall be assignable either with or without the goodwill of the business. Assignments shall be by instruments in writing duly executed. Acknowledgement shall be prima facie evidence of the execution of the assignment and when recorded in the Patent Office the record shall be prima facie evidence of execution. An assignment shall be void as against any subsequent purchaser for a valuable consideration without notice, unless it is recorded in the Patent Office within 3 months from the date thereof or prior to such subsequent purchase. The Commissioner shall keep a record of assignments.

SEC. 11. Any acknowledgement or verification shall be valid if it complies with the laws of the State or country where it is made.

PUBLICATION

SEC. 12. Upon the filing of an application for registration and payment of the fees herein provided, the Commissioner shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, the Commissioner shall cause the mark to be published at least once in the Official Gazette of the Patent Office.

OPPOSITION

SEC. 13. Any person who would be damaged by the registration of a mark may file a verified notice of opposition in the Patent Office stating the grounds therefor within 30 days after the publication in the Official Gazette of the mark sought to be registered. For good cause shown, the time for filing notice of opposition may be extended by the Commissioner. An unverified opposition may be filed by a duly authorized attorney, but such opposition shall be null and void unless verified by the opposer within a reasonable time after such filing to be fixed by the Commissioner.

CANCELATION

SEC. 14. Whenever any person is damaged by the registration of a mark under this act, he may, within 10 years from the date of such registration, apply to cancel the registration thereof. If a registered mark has been abandoned or its registration was

obtained fraudulently or contrary to the provisions of section 2, subsections (a), (b), or (c) hereof, application for its cancelation may be made at any time. In the case of marks registered under the acts of February 20, 1905, and March 3, 1881, the 10-year period shall begin from the effective date of this act.

SEC. 15. After the period for the cancelation of the registration of a trade-mark has expired, the right of the registrant to use his mark in commerce shall be incontestable.

INTERFERENCE

SEC. 16. Whenever application is made for the registration of a mark which in the opinion of the Commissioner so resembles a mark previously registered by another, or for the registration of which another has previously made application, as to be likely when applied to the goods of the applicant, to cause confusion or mistake or to deceive purchasers, the Commissioner may declare that an interference exists. No interference shall be declared between an application and a mark the right to use of which has become incontestable.

SEC. 17. In every case of interference, opposition to registration, or application to cancel the registration of a mark, the Commissioner shall give notice to all parties and shall direct the examiner in charge of interferences to determine the right of registration.

SEC. 18. The Commissioner may refuse to register the opposed mark, may cancel the registration of a registered mark, or may refuse to register any or all of several interfering marks, or may register the mark for the person or persons entitled thereto.

(a) In all inter partes proceedings the doctrine of laches and acquiescence, where applicable, shall be considered and applied. The provisions of this section shall also govern cases heretofore begun in the Patent Office and not finally determined, and the provisions of section 21 respecting remands shall be applicable to this section.

SEC. 19. Appeal may be taken to the Commissioner in person from the final decision of the examiner of interferences. Appeals may also be taken to the Commissioner in person from all final decisions of the examiner in charge of trade-marks.

SEC. 20. If an applicant for registration of a mark, or a party to an interference as to a mark, or party who has filed opposition to the registration of a mark, or party to an application for the cancelation of the registration of a mark, is dissatisfied with the decision of the Commissioner of Patents, he may appeal to the United States Court of Customs and Patent Appeals on complying with the conditions required in case of an appeal from the decision of the Board of Appeals by an applicant for a patent or a party to an interference as to an invention, and the same rules of practice and procedure shall govern in every stage of such proceedings as far as the same may be applicable. The provisions of section 4915 of the Revised Statutes shall apply in trade-mark cases. The same right of review as provided in said section 4915 shall be accorded to all parties to opposition and cancelation proceedings.

SEC. 21. If it shall appear that there has been in commerce an honest concurrent use of the same or similar marks for the same or similar goods or services for a continuous period of more than 5 years immediately preceding the date of a pending application by one of such users for the registration of one of such marks, without protest by any other such user within said period, the Commissioner, or on appeal the United States Court of Customs and Patent Appeals, or the court in an action begun under the provisions of section 4915, Revised Statutes, may grant more than one registration of such marks, subject to such conditions and limitations, if any, as to mode or place of use of such marks as the Commissioner or said courts, or either of them, may require in order to minimize the probability of confusion arising from the concurrent use of such marks.

The provisions of this section shall also govern cases heretofore begun in the Patent Office, and not finally determined, where the provisions thereof may be applicable.

In any case in which an appeal is pending before the United States Court of Customs and Patent Appeals at the date of the enactment of this act, the said court, if it be of the opinion that the provisions of this section may be applicable to the subject matter of the appeal, may remand the case to the Commissioner for the taking of additional evidence or for reconsideration of his decision on the record as made, as the court may deem proper.

In any case in which an appeal is pending before the United States Court of Appeals for the District of Columbia at the time of the enactment of this act, the said court, if it be of the opinion that the provisions of this section may be applicable to the subject matter of the appeal, may remand the case to the District Court for the District of Columbia for a new trial or for reconsideration of its decision on the record as made, as the appellate court may deem proper.

REGISTRATION IS NOTICE

SEC. 22. Registration of a mark under this act is notice of the registrant's claim of ownership thereof.

TITLE II—THE SUPPLEMENTAL REGISTER

SEC. 23. In addition to the principal register, the Commissioner shall keep a continuation of the register provided in paragraph (b) of section 1 of the act of March 19, 1920, entitled "An act to give effect to certain provisions of the convention for the protection of trade-marks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", to be called the supplemental register. All marks not registrable on the principal register herein provided, except those declared to be unregistrable under paragraphs (a), (b), (c), and (d) of section 2 of this act, which have been in bona fide use for not less than 1 year in commerce by the proprietor thereof, upon or in connection with any goods of such proprietor, may be registered on the supplemental register upon payment of the filing fee to the Commissioner of Patents and compliance with such formalities as the said Commissioners may require: *Provided*, That a mark which so resembles a known mark owned and used in commerce by another, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive purchasers, shall not be placed on this register: *And provided further*, That where the mark so to be registered is or may be used by subsidiary or related companies or by members of an association, such use shall be deemed exclusive in the holding or parent company or in the association, for the purposes of the application and for all other purposes; and use of registered marks by companies subsidiary or related to the registrant or by the members of an association, shall not affect the validity of such trade-mark or of its registration.

For the purposes of this register, a mark may include a trade-mark, symbol, label, package, configuration of goods, name, word, slogan, or phrase, but such mark must be capable of distinguishing the applicant's goods.

Collective marks, including indications of regional origin, used by natural or juristic persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the mark sought to be registered, even though not possessing an industrial or commercial establishment, shall be registrable under this section: *Provided further*, That upon a proper showing by the applicant that he has begun the bona fide use of his mark in foreign commerce and that he requires domestic registration as a basis for foreign protection of his mark, the Commissioner may waive the requirement of a full year's use and may grant registration forthwith. Appeal may be had to the Commissioner from a refusal of the Examiner of Trade-Marks to register a mark on the supplemental register, but the decision of the Commissioner shall not be appealable.

CANCELATION

SEC. 24. Marks for the supplemental register shall not be published for or be subject to opposition, but shall be published on registration. Whenever any person shall deem himself injured by the inclusion of a mark on this register, he may at any time apply to the Commissioner of Patents to cancel the registration thereof. The Commissioner shall refer such application to the examiner in charge of interferences, who is empowered to hear and determine this question, and who shall give notice thereof to the registrant. If it appear after a hearing before the examiner that the registrant was not entitled to register the mark at the date of his application for registration thereof, or that the mark is not used by the registrant or has been abandoned, and the examiner shall so decide, the Commissioner shall cancel the registration. Appeal may be taken to the Commissioner in person from the decision of the examiner in charge of interferences, but the decision of the Commissioner shall not be appealable.

DURATION AND RENEWAL

SEC. 25. Registrations on the supplemental register shall remain in force for 20 years: *Provided*, That the registration of any mark on the supplemental register shall be canceled at the end of 5 years following its date, unless within 3 months next preceding the expiration of such 5 years the registrant shall file in the Patent Office an affidavit in such form as may be prescribed by the Commissioner stating that said mark is still in use. If, however, nonuse is due to special circumstances and not to any intention not to use or to abandon such trade-mark, the affidavit shall so state, in which case the registration shall not be canceled because of such nonuse. Forms for such affidavits shall be attached to each certificate of registration. Registrations on the supplemental register may be renewed as provided in section 9 of this act.

GENERAL PROVISIONS

SEC. 26. The provisions of paragraphs (a), (c), (e), (f), and (g), of section 7, the provisions of section 10 (except the provision for assignment without the goodwill of the business), and the provisions of sections 11 and 22 of this act, are hereby made applicable to registrations on the supplemental register.

SEC. 27. Registration on the supplemental register, or under the act of March 19, 1920, or expiration under section 25 hereof, shall not preclude registration by registrant on the principal register established by this act.

SEC. 28. Registration on the supplemental register or under the act of March 19, 1920, shall not be filed in the Department of the Treasury or be used to stop importations. The certificates of registration for marks registered on the supplemental register shall be conspicuously different in appearance from certificates issued for marks registered on the principal register.

TITLE III—NOTICE OF REGISTRATION

SEC. 29. It shall be the duty of the registrant to accompany a mark registered under the act of February 20, 1905, or under section 1 (b) of the act of March 19, 1920, or under this act, with the words "Registered in U. S. Patent Office" or "Reg. U. S. Pat Off." or with the letter R enclosed within a circle, thus, ®, or T. M. R. in an ellipse thus, (T.M.R.); and in any suit for infringement under this act by a registrant failing so to mark, no profits and no damages shall be recovered unless the defendant had actual

notice: *Provided, however,* That the foregoing requirement as to notice shall be deemed fulfilled in respect to goods of foreign origin if the marks thereon which are registered in the United States carry the words or indications of registration legally used or required to be used in the country of origin of the goods.

TITLE IV—CLASSIFICATION

SEC. 30. The Commissioner may establish a classification of merchandise, services, and so forth, for convenience of Patent Office administration, but not to limit or extend the applicant's rights. The applicant may register his mark in one application for any or all of the goods included in one class, upon which he has actually used the mark. The Commissioner may issue a single certificate for one mark registered in a plurality of classes upon payment of a fee equaling the sum of the fees for each registration in each class.

TITLE V—FEES AND CHARGES

SEC. 31. Fees payable to the Patent Office under this act shall be as follows: On filing each original application for registration of a mark in either the principal or the supplemental register, $15; on filing each application for renewal, $15; and on filing each application for renewal after expiration of the registration, an additional fee of $5; on filing notice of opposition or application for cancelation, $10; on appeal from the examiner in charge of trademarks to the Commissioner, $20; on appeal from the examiner in charge of interferences to the Commissioner, $20; for issuance of a new certificate of registration following change of ownership of a mark, $10; for certificate of correction of registrant's mistake, $10; for filing each application communicated to the United States from the International Bureau, Habana, $15; for filing and transmitting application to the International Bureau, Habana, including certificate, $10; for manuscript copies, for every 100 words or fraction thereof, 10 cents; for comparing other copies, 5 cents for every 100 words or fraction thereof; for certifying in any case, additional, 75 cents; for each additional registration or application which may be included under a single certificate, 25 cents additional; for each additional registration or application included, or involved in one writing where more than one is so included or involved, additional, 50 cents; for filing disclaimer after registration, $10.

For abstracts of title: For the search, 1 hour or less, and certificate, $3; each additional hour or fraction thereof, $1.50; for each brief from the digest of assignments of 200 words or less, 50 cents; each additional 100 words or fraction thereof, 10 cents.

For certificate that trade-mark has not been registered—search and certificate (for deposit in foreign countries only), $3.

For title reports required for office use, $1.

For a single printed copy of statement and drawing, 10 cents; if certified, for the grant, additional 50 cents; for the certificate, 50 cents; if renewed, for copy of certificate of renewal, additional 50 cents.

For photographic copies of records, per copy, 20 cents; if certified, for the certificate, additional 50 cents.

For photographic copies of drawings, per sheet, 20 cents.

For recording every assignment, power of attorney, or other paper not exceeding six pages, $3; for each additional two pages or less, $1.

The Commissioner is authorized to refund fees paid by mistake or in excess.

TITLE VI—REMEDIES

SEC. 32. Any person who shall, in commerce, without the consent of the registrant, (a) reproduce, counterfeit, copy, or colorably imitate any mark on either register provided by this Act, or (b) shall apply such reproduction, counterfeit, copy, or colorable imitation to merchandise or services of such a character that the use thereof is likely to cause confusion or mistake or to deceive purchasers, or to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale of such merchandise or services, or (c) shall otherwise falsely indicate that the goods or services are the goods or services of a person who shall have registered a mark under this Act, shall be liable in a civil action by the registrant for any or all of the remedies hereinafter provided.

In such action any certificate of registration on the principal register issued under this act and owned by the plaintiff shall be admissible in evidence and shall be prima-facie evidence of plaintiff's exclusive right to the use of the mark therein described on the goods therein specified. If the right to use the mark has become incontestable under section 15 hereof, the certificate shall be evidence of the registrant's exclusive right to use the mark which can be rebutted only by proof that the registration was obtained fraudulently or that the mark has been abandoned by the registrant, or by proof of one of the following defenses:

(1) That the mark whose use by the defendant is charged as an infringment has been continuously used by the defendant or by his predecessors in business in the State or States where its use is charged to infringe from a date prior to the use by the registrant or his predecessors of the trade-mark described in the registration.

(2) That the use by the defendant of the mark charged to be an infringement is a fair use of the defendant's individual name in his own business in a manner not calculated to deceive the public, or is a fair use of the only known descriptive term for goods rightfully sold by the defendant.

SEC. 33. The several courts vested with jurisdiction of civil actions arising under this act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered under this act. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, or by a judge thereof, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative, and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which said injunction was granted, or by any other district court, or judge thereof, in the United States, or by the district court of the District of Columbia, or a judge thereof. The said courts, or judges thereof, shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office, upon which said injunction was granted.

SEC. 34. Whenever the plaintiff shall have established his right to relief in any civil action arising under this act, he shall be entitled (subject to the provisions of sec. 29) to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) in the discretion of the court the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may, according to the circumstances of the case, enter judgment for any sum above the amount found as actual damages, not exceeding three times such amount, such sum to constitute compensation and not a penalty.

SEC. 35. In any civil action arising under this act, in which the plaintiff shall have established his right to relief, the court may order that all labels, signs, prints, packages, wrappers, receptacles, or advertisements in the possession of the defendant, bearing the mark of the plaintiff or any reproduction, counterfeit, copy, or colorable imitation thereof, and all plates, molds, matrices, or other means of making the same, shall be delivered up and destroyed.

SEC. 36. In any action the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent Office, and shall be controlled thereby.

SEC. 37. Any person who shall procure registration of a mark in the office of the Commissioner of Patents by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

SEC. 38. The district and territorial courts of the United States and the district court of the District of Columbia shall have original jurisdiction, and the circuit courts of appeal of the United States and the circuit court of appeals of the District of Columbia shall have appellate jurisdiction, of all civil actions arising under this act respecting trade-marks registered in accordance with the provisions of this act, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

SEC. 39. Writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this act in the same manner as provided for in cases under the patent laws.

SEC. 40. The Commissioner of Patents is authorized to make rules and regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office under this act.

CRIMINAL OFFENSES

SEC. 41. Knowingly to introduce or deliver for introduction or to receive in commerce any counterfeit of any mark upon the principal register or knowingly to transport such counterfeit in commerce shall be a misdemeanor punishable by a fine not exceeding $1,000 or imprisonment not exceeding 6 months, or both such fine and imprisonment.

Any person who shall introduce in commerce goods bearing a legend falsely indicating that the mark thereof is registered in the United States Patent Office, shall be guilty of a misdemeanor and shall be subject to a fine of not less than $100.

TITLE VII. IMPORTATION FORBIDDEN OF GOODS BEARING INFRINGING MARKS OR NAMES, FALSE DESIGNATIONS OF ORIGIN, OR FALSE DESCRIPTION

SEC. 42. (a) Any merchandise, whatever may be its source or origin, which shall bear any registered mark or any infringement thereof, except a mark registered under section 1 (b) of the act of March 19, 1920, or in the supplemental register provided by this act, shall not be imported into the United States or admitted to entry at any customhouse of the United States unless the written consent of the registrant to such importation or entry be first had and obtained or unless such offending mark be removed or obliterated; and, if brought into the United States in violation of the provision of this section, any person selling, offering for sale, or dealing in such merchandise shall be amenable, at the suit of the registrant, to the liabilities for infringement provided in this act and, in addition, be required to export or destroy such merchandise or to remove or

obliterate such infringing mark therefrom, and such merchandise shall be subject to seizure and forfeiture for violation of the customs laws. In order to aid the officers of the customs in enforcing this paragraph, the registrant may require a copy of the certificate of registration of his mark to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

(b) Any merchandise, whatever may be its source or origin, which shall bear the name or a simulation thereof of any domestic manufacture or manufacturer or trader, or of any manufacturer or trader located in any foreign country which by treaty, convention, or law affords similar privileges to citizens of the United States, shall not be imported into the United States or admitted to entry at any customhouse of the United States unless the written consent of such manufacturer or trader to such importation or entry be first had and obtained, or unless such offending name be removed or obliterated, and if brought into the United States in violation of the provisions of this section, any person selling, offering for sale, or dealing in such merchandise may be enjoined from dealing therein and in addition be required to export or destroy such merchandise or to remove or obliterate such name therefrom, and the merchandise shall be subject to seizure and forfeiture for violation of the customs laws. In order to aid the officers of the customs in enforcing this paragraph, any such domestic or foreign manufacturer or trader may require a statement of his business or commercial name and the locality where his business is located and where his goods are manufactured to be recorded in books which shall be kept for this purpose in the Department of the Treasury under such regulations as the Secretary of the Treasury shall prescribe, and thereupon the Secretary of the Treasury shall cause one or more copies of such record to be transmitted to each collector or other proper officer of customs.

(c) The owner, importer, or consignee of merchandise refused entry or seized under paragraphs (a) or (b) of this section may have relief against the registrant, manufacturer, or trader by a summary proceeding in any United States court of original jurisdiction, in the district where such merchandise is held or where such registrant, manufacturer, or trader or a designated representative is an inhabitant or may be found, or, if the registrant is a foreigner and no such designation has been filed, then in the District of Columbia, and after such notice and upon such proceedings as the court may direct the court may determine whether the plaintiff for any reason has the right to import such merchandise under the names or marks which it bears.

(d) A decree or order of such court for the plaintiff, upon being certified to the collector of the port where the merchandise is held, shall be warrant to such collector to release the merchandise from arrest or seizure or forfeiture under this section.

(e) An order or decree for either party, whether interlocutory or final, shall be appealable within 30 days, and the court making such order or decree may, in its discretion, suspend the operation thereof pending appeal.

TITLE VIII—FALSE DESIGNATION OF ORIGIN AND FALSE DESCRIPTIONS FORBIDDEN

SEC. 43. (a) Any person who shall affix, apply, or annex, or use in connection with any article or articles of merchandise, or any container or containers of the same, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such merchandise to enter into commerce, and any person who shall knowingly cause or procure the same to be transported in commerce or shall knowingly deliver the same to any carrier to be transported, shall be liable to a civil action at the suit of any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or of any association of such persons or of any person who is or is likely to be damaged by the use of any false description or representation, or at the suit of any association of such persons.

(b) Any article marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of merchandise refused entry in any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this act in cases involving merchandise refused entry or seized.

TITLE IX. INTERNATIONAL CONVENTIONS

SEC. 44. (a) The Commissioner shall keep a register of all marks communicated to him by the international bureaus provided for by the Conventions for the Protection of Industrial Property, trade-marks, commercial and trade names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees herein prescribed may place the marks so communicated upon such register. This register shall show a facsimile of the mark or name; the name and residence of the registrant; the number, date, and place of the first registration of the mark, including the date on which application for such registration was filed and the term of such registration; a list of goods to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section (a) of the act of March 19, 1920.

(b) Persons nationals of, or domiciled in, or having a bona fide and effective business or commercial establishment in any country, which is party to the International Convention for the Protection of Industrial Property, concluded at Paris on March 20, 1883, or to any subsequent revision thereof, as well as to the convention between American republics concerning the protection of trade-marks and trade names and the repression of unfair competition, to which the United States is also a party, by the proclamation of February 27, 1931, shall be entitled to the benefits and subject to the provisions of this act except as provided in the following paragraphs of this section.

(c) No registration of a mark in the United States by a person described in paragraph (b) of this section shall be perfected until such mark has been registered in the country of origin of the applicant, except when such country makes no such requirement of nationals or residents of the United States or the applicant alleges use in commerce.

For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment and, in the case of associations, the country in which the association has its domicile or its principal office.

(d) An application for registration of a mark under sections 1 or 23 of this act filed by a person described in paragraph (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in paragraph (b) shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: *Provided,* That—

(1) the application in the United States is filed within 6 months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this act, but use in commerce need not be alleged;

(3) the applicant files a certified copy of the application filed in the foreign country: *And provided further,* That—

(4) the rights acquired by third parties before the day of the first application in the foreign country shall in no way be affected by the registration obtained on the application under this paragraph; and

(5) nothing in this paragraph shall entitle the foreign applicant to sue for infringement of his mark prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

(e) A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. The application shall be accompanied by a certified copy of the registration in the country of origin of the applicant.

(f) The registration of a mark under the provisions of paragraphs (c), (d), and (e) of this section by a person described in paragraph (b) shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this act.

(g) Trade names of persons described in paragraph (b) of this section used in commerce shall be protected in accordance with the provisions of this act.

(h) Any person designated in paragraph (b) of this section as entitled to the benefits and subject to the provisions of this act, shall be entitled to effective protection against unfair business competition, and in repressing acts of unfair competition, the remedies provided herein against infringement of trade-marks shall be available so far as they may be appropriate.

(i) Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in paragraph (b) hereof.

TITLE X—CONSTRUCTION AND DEFINITIONS

SEC. 45. In the construction of this act, unless the contrary is plainly apparent from the context—

The United States includes and embraces all territory which is under its jurisdiction and control.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, association, or similar organization capable of suing and being sued in a court of law.

The terms "applicant" and "registrant" embrace the legal representatives and successors and assigns of such applicant or registrant.

The term "Commissioner" means the Commissioner of Patents.

The term "related company" means any individual, partnership, or person within the definition above where by stock ownership, contractual relationship, or otherwise, the nature and quality of the goods upon which the mark is used is controlled by the registrant.

The terms "trade-mark" and "mark" include any mark which is entitled to registration under the terms of this act and whether registered or not. "Service marks" are marks so used as to distinguish the user's services of any nature from the similar or related services of others. "Certification marks" are marks indicating that the goods in connection with which they are used are certified by

the registrant as to origin, material, mode of manufacture, quality, accuracy, or other characteristic. There may be included in the category of certification marks the marks of labor unions and other associations. "Collective marks" means marks lawfully used by two or more persons.

For the purposes of this act a mark shall be deemed to be applied to an article when it is placed in any manner in or upon either the article or its container or display or upon tags or labels or is otherwise used in the advertisement or sale thereof in commerce.

A mark shall be deemed to be "abandoned"—

(a) When its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Discontinuance of use for 2 years shall be prima facie abandonment.

(b) When any conduct of the registrant causes the mark to lose its significance as an indication of origin.

The term "colorable imitation" includes any mark which so resembles a mark registered under this act as to be likely to cause confusion or mistake or to deceive purchasers.

A "counterfeit" is a mark which is identical with, or substantially indistinguishable from, a registered mark.

Words used in the singular include the plural, and vice versa.

The intent of this act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trade-marks and unfair competition entered into between the United States and foreign nations.

TITLE XI—REPEAL OF PREVIOUS ACTS

SEC. 46. This act shall be in force and take effect 60 days from its enactment, but except as otherwise herein specifically provided shall not affect any suit, proceeding, or appeal then pending. All acts and parts of acts inconsistent herewith are hereby repealed, including the following, namely: The act of Congress approved March 3, 1881, entitled "An act to authorize the registration of trade-marks and protect the same"; the act approved August 5, 1882, entitled "An act relating to the registration of trade-marks"; the act of February 20, 1905 (U. S. C., title 15, secs. 81 to 109, inclusive), entitled "An act to authorize the registration of trade-marks used in commerce with foreign nations or among the several States or with Indian tribes, and to protect the same," and the amendments thereto by the acts of May 4, 1906 (U. S. C., title 15, secs. 131 and 132; 34 Stat. 169), March 2, 1907 (34 Stat. 1251, 1252), February 18, 1909 (35 Stat. 627, 628), February 18, 1911 (36 Stat. 918), March 3, 1911 (36 Stat. 1167), January 8, 1913 (37 Stat. 649), June 7, 1924 (43 Stat. 647), March 4, 1925 (43 Stat. 1268, 1269), April 11, 1930 (46 Stat. 155); act June 10, 1938 (Public, No. 586, 75th Cong., ch. 332, 3d sess.); the act of March 19, 1920 (U. S. C., title 15, secs. 121 to 128, inclusive), entitled "An act to give effect to certain provisions of the convention for the protection of trade-marks and commercial names made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes"; and the amendments thereto, including act June 10, 1938 (Public, No. 586, 75th Cong., ch. 332, 3d sess.); and section 526 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1536), except that this repeal shall not affect the validity of registrations under said acts, respectively, or rights or remedies thereunder.

Registrations now existing under the act of February 20, 1905, shall continue in full force and effect for the unexpired term thereof and may be renewed under the provisions of section 9 of this act. Such registrations shall be subject to and shall be entitled to the benefit of the provisions of this act relating to marks registered on the principal register established by this act. Marks registered under the "10-year proviso" of section 5 of the act of February 20, 1905, as amended, shall be deemed to have become distinctive of the registrant's goods in commerce under paragraph (f) of section 2 of this act and may be renewed under section 9 hereof as trade-marks coming within said paragraph.

Registrations now existing under the act of March 19, 1920, shall expire in 20 years from the date of registration and may not be renewed unless renewal is required to support foreign registrations. In that event renewal may be effected under the provisions of section 9 of this act. Such registrations shall be subject to and entitled to the benefit of the provisions of this act relating to marks registered on the supplemental register established by this act. Marks registered under previous acts may, if eligible, also be registered under this act.

SEC. 47. Section 4 of the act of January 5, 1905 (U. S. C., title 36, sec. 4), as amended, entitled "An act to incorporate the National Red Cross," and section 7 of the act of June 15, 1916 (U. S. C., title 36, sec. 27), entitled "An act to incorporate the Boy Scouts of America, and for other purposes," and the act of June 20, 1936 (U. S. C., title 22, sec. 248), entitled "An act to prohibit the commercial use of the coat of arms of the Swiss Confederation," are not repealed or affected by this act.

The SPEAKER pro tempore. Is a second demanded?

Mr. MARTIN of Massachusetts. Mr. Speaker, I demand a second for the purpose of having the bill explained to us by the gentleman from Texas.

The SPEAKER pro tempore. Without objection a second will be considered as ordered.

There was no objection.

Mr. LANHAM. Mr. Speaker, this bill is the result of prolonged work of the Committee on Patents in the study of trade-marks and is one in which the owners of trade-marks have been interested for many years. Very extensive hearings have been held by the Committee on Patents. Last year I was chairman of the subcommittee that considered a trade-mark bill. With the collaboration of other Members on both the majority and minority sides we conducted extensive hearings which were attended by most representative citizens of all phases of business having to do with trade-marks. Certain suggestions and recommendations by way of amendment were made, and thereupon a bill embodying those recommendations was introduced.

At this session of Congress extensive hearings by a similar subcommittee were held. I had the honor to serve as chairman of that subcommittee. Amendments agreed upon and adopted by this committee were incorporated in this bill, and the bill now under consideration represents the result of several years of very laborious effort to get a proper bill upon this very technical subject.

The pending bill has been endorsed by the Patent Bar Association; it has been endorsed by the National Association of Manufacturers. We have had the assistance of some of the ablest authorities on trade-marks in the United States in the hearings and in the preparation of this measure.

The purpose of the bill is to protect the owners of trade-marks which are legitimately used in business in order that they may not be subjected to piracy and unfair trade competition.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman from Texas [Mr. LANHAM] has very carefully gone over the brief I submitted to him which I received from a great corporation, and he has discussed this bill with me. Is the gentleman confident that this bill will protect that firm rather than permit somebody to use a trade-mark which this corporation has spent millions of dollars in advertising?

Mr. LANHAM. I am very sure of it. Furthermore, this bill contains a provision that if that trade-mark to which the gentleman refers should be counterfeited, a penalty is imposed against the willful, deliberate use of that mark by someone other than the registrant.

Mr. COCHRAN. I realize that under suspension of the rules a bill cannot be amended, therefore I am perfectly willing to accept the gentleman's explanation which is, that it protects the trade-mark in question.

Mr. LANHAM. In my judgment, there is absolutely no doubt of that.

Mr. COCHRAN. I thank the gentleman and I know the officials of this corporation will be pleased to get that information.

Mr. LANHAM. And may I say that it is the consensus of opinion that this trade-mark bill, upon which we have labored so long and so hard, is a very great improvement over the existing statutes in bringing them together and correlating them, and adapting them to modern business practice.

There has been practically a unanimous demand for this legislation and the report of the Committee on Patents is unanimous.

The SPEAKER pro tempore. The question is on the motion to suspend the rules and pass the bill, as amended.

So (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

ACCEPTANCE BY SECRETARY OF THE NAVY OF CERTAIN LANDS IN SEATTLE, WASH.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6045) to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain what this bill is?

Mr. MAGNUSON. Mr. Speaker, this bill provides that the Secretary of the Navy may accept without encumbrance a piece of land in the city of Seattle in which there is now in process of construction a naval armory. The money has been appropriated by the State legislature.

Mr. MARTIN of Massachusetts. Who owns the land?

Mr. MAGNUSON. The city owns the land, so it is taking nothing off the tax roll.

Mr. MARTIN of Massachusetts. The city is giving the United States Government this land?

Mr. MAGNUSON. Yes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized on behalf of the United States to accept from the city of Seattle and county of King, Wash., a site free from all encumbrances, the title in fee simple, together with the improvements, rights, privileges, and appurtenances belonging thereto, including an armory building constructed or to be constructed thereon for use of the United States Naval and Marine Corps Reserve: *Provided*, That the acquisition of said land shall be without cost to the United States, and that the grading and landscaping of said land and the construction and completion of said armory building thereon shall not entail any obligation against appropriations of the Navy Department or relief funds apportioned to it: *Provided further*, That the grading and landscaping of said land and the construction of said armory building are satisfactorily completed.

With the following committee amendments:

Page 1, line 9, after the word "thereon", insert "in accordance with plans to be approved by the Secretary of the Navy."

Page 2, line 7, after the word "further", strike out the balance of line 7 and all of lines 8 and 9 and insert the following: "That the acceptance by the Secretary of the Navy shall not be made until the grading and landscaping of the said land and the construction of said armory building are satisfactorily completed."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADMINISTRATION OF UNITED STATES COURTS

Mr. CHANDLER. Mr. Speaker, I move to suspend the rules and pass the bill (S. 185) to provide for the administration of the United States courts, and for other purposes, with an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Be it enacted, etc., That the Judicial Code is hereby amended by adding at the end thereof a new chapter to be numbered XV and entitled "The Administration of the United States Courts," as follows:

"CHAPTER XV—THE ADMINISTRATION OF THE UNITED STATES COURTS

"SEC. 302. There shall be at the seat of government an establishment to be known as the Administrative Office of the United States Courts, with a Director at the head thereof, who shall be appointed by the Supreme Court of the United States and hold office at the pleasure of and be subject to removal by the aforesaid Court. There shall be in said establishment an Assistant Director, to be appointed and hold office in like manner, who shall perform such duties as may be assigned to him by the Director and, during the absence or incapacity of the Director or during a vacancy in that office, shall act as Director. The Director and Assistant Director shall receive annual salaries of $10,000 and $7,500, respectively. The Director shall cause a seal of office to be made for the said establishment of such design as the Supreme Court of the United States shall approve, and judicial notice shall be taken of the said seal.

"SEC. 303. The Director, with the approval of the Supreme Court, shall have authority, subject to the civil-service laws, to appoint such employees as are deemed necessary to perform the functions and duties vested in said establishment by this chapter, and the Director shall fix their compensation according to the Classification Act of 1923, as amended. During his term of office or employment, no officer or employee of said establishment shall engage directly or indirectly in the practice of law in any of the courts of the United States.

"SEC. 304. The Director shall be the administrative officer of the United States courts and shall have charge, under the supervision of the conference of senior circuit judges, of—

"(1) All administrative matters relating to the offices of the clerks and other clerical and administrative personnel of the courts, but nothing contained in this chapter shall be construed as affecting the authority of the courts to appoint their administrative or clerical personnel, or the authority of the Attorney General respecting United States marshals and their deputies, United States attorneys and their assistants;

"(2) Examining the state of the dockets of the various courts and securing information as to their needs for assistance, if any, and the preparation of statistical data and reports of the business transacted by the courts, and promptly transmitting the information so obtained quarterly to the senior circuit judges of the respective circuits, to the end that proper action may be taken with respect thereto, but inspections of the dockets of the courts outside the continental United States shall be made through officials of the United States Government residing within the jurisdiction, respectively, of the said courts;

"(3) The disbursement, directly and through the several United States marshals as now provided by law, of the moneys appropriated for the maintenance, support, and operation of the courts;

"(4) The purchase, exchange, transfer, and distribution of equipment and supplies;

"(5) The examination and audit of vouchers and accounts of the officials and employees covered by this chapter;

"(6) The providing of accommodations for the use of the courts and the various officials and employees covered by this chapter; and

"(7) Such other matters as may be assigned to him by the Supreme Court and the conference of the senior circuit judges. The clerks of the district courts, their deputies and assistants, and all other employees of said courts shall comply with any and all requests made by the Director or one of his assistants for information and statistical data bearing on the state of the dockets of such courts.

"SEC. 305. The Director, under the supervision of the conference of senior circuit judges, shall prepare and submit annually to the Bureau of the Budget estimates of the expenditures and appropriations necessary for the maintenance and operation of the United States courts and the administrative office of the United States courts, and such supplemental and deficiency estimates as may be required from time to time for the same purposes, in accordance with the provisions of the Budget and Accounting Act. Such estimates in respect of the circuit courts of appeals, the district courts of the United States, and the courts hereinafter referred to in the Territories and possessions, and of the administrative office shall be approved by the conference of senior circuit judges before their presentation to the Bureau of the Budget. Such estimates in respect to the United States Court of Customs and Patent Appeals, the Court of Claims, and the United States Customs Court shall be approved by the judges of such courts, respectively, before submission to the Bureau of the Budget. The Director shall submit annually to the conference of senior circuit judges a report of the activities of the administrative office and of the state of business of the courts, together with the statistical data compiled and submitted by him to the senior circuit judges as provided by clause 2 of section 304, with his recommendations. Such report shall be filed at least 2 weeks prior to the annual meeting of the conference, and a copy thereof shall also be filed with the Congress and with the Attorney General. Such report shall be a public document.

"SEC. 306. To the end that the work of the district courts shall be effectively and expeditiously transacted, it shall be the duty of the senior circuit judge of each circuit to call at such time and place as he shall designate, but at least twice in each year, a council composed of the circuit judges for such circuit, who are hereby designated a council for that purpose, at which council the senior circuit judge shall preside. The senior judge shall submit to the council the quarterly reports of the Director required to be filed by the provisions of section 304, clause (2), and such action shall be taken thereon by the council as may be necessary. It shall be the duty of the district judges promptly to carry out the directions of the council as to the administration of the business of their respective courts. Nothing contained in this section shall affect the provisions of existing law relating to the assignment of district judges to serve outside of the districts for which they, respectively, were appointed.

"SEC. 307. A conference shall be held annually in each judicial circuit, at such time and place, as shall be designated by the senior circuit judge thereof, which conference shall be composed of circuit and district judges in such circuit who reside within the continental United States, with participation in such conference on the part of members of the bar under rules to be prescribed by the circuit courts of appeals, for the purpose of considering the state of the business of the courts and advising ways and means of improving the administration of justice within the circuit. The senior circuit judge and each judge summoned and attending such conferences shall be allowed his actual expenses of travel and his necessary expenses for subsistence, not to exceed $10 per day, which payments shall be made by the United States marshal for the district in which the conference is held upon the written certificate of the judge incurring such expenses.

"SEC. 308. The provisions of this chapter shall apply to the several United States circuit courts of appeals, the United States Court of Appeals for the District of Columbia, the several district courts of the United States in the continental United States, the Court of Claims, the United States Court of Customs and Patent Appeals, the United States Customs Court, the District Court for the District of Alaska, the District Court for the District of Hawaii, the District Court of the United States for Puerto Rico, the United States District Court for the District of the Canal Zone, the District Court of the Virgin Islands, and the United States Court for China. The term 'courts' as used in this chapter means the courts specified in this section. The term 'continental United States' as used in this chapter means the States of the Union and the District of Columbia. For the purposes of this chapter,

the District of Columbia shall constitute a judicial circuit. The chief justice of the United States Court of Appeals for the District of Columbia shall have the duties, powers, and authority of the senior circuit judge for such circuit, and the associate justices of the United States Court of Appeals for the District of Columbia shall have the duties, powers, and authority of circuit judges for such circuit.

"SEC. 309. The following quoted provision of the act making appropriations for the Departments of State and Justice, and for the Department of Commerce (H. R. 6392) for the fiscal year ending June 30, 1940, approved June 29, 1939, Public Act No. 156, Seventy-sixth Congress, first session, to wit:

" 'That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts' is hereby repealed."

SEC. 2. Those employees of the Department of Justice engaged in the audit of accounts and vouchers referred to in section 304 of the Judicial Code shall, as far as practicable, be transferred to the Administrative Office of the United States Courts. In such event, the appropriations available for the current fiscal year, from which such employees are paid, shall be apportioned between the Department of Justice and the Administrative Office of the United States Courts, on the basis of duties transferred to the latter office. All records, documents, and papers relating to the audit of accounts referred to in section 304 of the Judicial Code shall be transferred from the Department of Justice to the Administrative Office of the United States Courts.

SEC. 3. All unexpended appropriations for the support, maintenance, and operation of the courts specified in section 306 of the Judicial Code for the current fiscal year, and all unexpended appropriations covering judicial personnel as specified in section 304 (1) of the Judicial Code, including appropriations for the salaries of justices and judges who have retired or who have resigned under the provisions of section 260 of the Judicial Code (U. S. C., title 28, sec. 375), are hereby transferred to the control of the Administrative Office of the United States Courts.

SEC. 4. All powers and duties now conferred or imposed by law upon the Department of Justice or the Attorney General, relating to the administrative audit of the accounts and vouchers referred to in section 304 of the Judicial Code, are hereby transferred to and vested in the Administrative Office of the United States Courts.

SEC. 5. All administrative powers and duties now conferred or imposed by law upon the Department of Justice or the Attorney General, respecting clerks of courts, deputy clerks of courts and clerical assistants, law clerks, secretaries, and stenographers to the judges, and librarians in charge of libraries of the courts, are hereby vested in the Administrative Office of the United States Courts.

SEC. 6. This act shall take effect 90 days after its approval.

The SPEAKER pro tempore. Is a second demanded?

A second was not demanded.

Mr. CHANDLER. Mr. Speaker, I ask unanimous consent to extend my own remarks on this bill at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee [Mr. CHANDLER]?

There was no objection.

Mr. CHANDLER. Mr. Speaker, this bill has been the subject of extensive hearings in the Senate and House Committees on the Judiciary, and the work of putting the amendment in final form was done by the gentleman from Iowa [Mr. GWYNNE], the gentleman from Michigan [Mr. MICHENER], and myself. They have very courteously suggested that I make the explanation of the bill in the absence of the chairman of the Committee on the Judiciary [Mr. SUMNERS of Texas], and I believe that the explanation will cover all the essential points of the bill.

In the play Hamlet, Shakespeare has the melancholy Dane soliloquize about the things which go to make life unbearable, and one of them is "the law's delay."

Today the litigant in the Federal courts faces that agonizing experience because of the 36,015 civil cases, bankruptcy proceedings excepted, in the United States district courts at the end of the fiscal year June 30, 1938, the latest figures available, 4,720, or 13 percent, had been pending 5 years or longer; 5,910 cases, or 16 percent, had been pending 4 years or more; 7,750 cases, or 22 percent, had been pending 3 years or more; 11,396 cases, or 32 percent, had been pending 2 years or longer; and 18,077 cases, or 50 percent, had been pending 1 year or more.

This deplorable condition of the court dockets is made the more significant by the fact that the total number of cases of all classes, criminal, United States civil cases except customs cases, private suits and bankruptcy cases, pending and unfinished in the inferior courts at the end of the fiscal year 1938 was 104,138. While this was a slight decrease in number from the previous year, there is certain to be a steady growth of litigation in the Federal courts because of the increasing number of Federal offenses, and the mounting number of quasi-judicial proceedings before administrative boards, commissions, bureaus, and departments. Furthermore, as population increases, especially urban population, controversies increase, and litigation increases.

Congress has not been unmindful of the necessity of accelerating the disposition of litigations in the Federal Courts, and this problem has been under consideration for several years. Additional judicial personnel have been provided, rules of civil, criminal, and bankruptcy procedure to expedite the trial of causes have been promulgated, the Conference of Senior Circuit Judges has been authorized by statute, and laws enabling the retirement of Federal judges have been enacted; and now the Committee on the Judiciary presents this bill designed to create an efficacious administrative machinery for all the inferior courts of the United States.

An administrative office is to be established with a director and assistant director appointed by the Supreme Court and with adequate personnel selected under the civil-service laws. The principal duties of the administrative office are specified in sections 304 and 305 of the bill and include—

Examining the state of the dockets of the various courts and securing information as to their needs for assistance, if any, and the preparation of statistical data and reports of the business transacted by the courts, and promptly transmitting the information so obtained quarterly to the senior circuit judges of the respective circuits, to the end that proper action may be taken with respect thereto, but inspections of the dockets of the courts outside the continental United States shall be made through officials of the United States Government residing within the jurisdiction, respectively, of the said courts;

The disbursement, directly and through the several United States marshals as now provided by law, of the moneys appropriated for the maintenance, support, and operation of the courts;

The purchase, exchange, transfer, and distribution of equipment and supplies;

The examination and audit of vouchers and accounts of the officials and employees covered by this chapter;

The providing of accommodations for the use of the courts and the various officials and employees covered by this chapter; and

Such other matters as may be assigned to him by the Supreme Court and the conference of the senior circuit judges.

* * * * * * *

SEC. 305. The Director, under the supervision of the conference of senior circuit judges, shall prepare and submit annually to the Bureau of the Budget estimates of the expenditures and appropriations necessary for the maintenance and operation of the United States courts and the administrative office of the United States courts, and such supplemental and deficiency estimates as may be required from time to time for the same purpose in accordance with the provisions of the Budget and Accounting Act. Such estimates in respect of the circuit courts of appeals, the district courts of the United States, and the courts hereinafter referred to in the Territories and possessions, and of the administrative office shall be approved by the Conference of Senior Circuit Judge before their presentation to the Bureau of the Budget. Such estimates in respect of the United States Court of Customs and Patent Appeals, the Court of Claims, and the United States Customs Court shall be approved by the judges of such courts, respectively, before submission to the Bureau of the Budget.

Several of the Attorneys General of the United States have considered it "anomalous and potentially threatening to the independence of the courts" for the chief litigant before them to have control of the financing of the courts, the budget, the accounting and the other details of that nature; and the effect of section 305 is to give the courts the power of managing their own business affairs, as well as relieve the Department of Justice of that responsibility.

Under the present system, an Attorney General wishing to do so could interfere with the freedom of the courts, and

his negligence could impair the functioning of the judiciary. As pointed out by former Attorney General Cummings:

> The Attorney General personaly fixes the number and the salaries of the court clerks and their deputies, and of judges' secretaries, and the amount and character of equipment for judges and clerks. He controls the travel arrangements, the accommodations in Federal buildings, the payment of salaries of judges, clerks, and deputies, and the traveling expenses of judges and clerks. He controls even the power of judges and their law clerks and secretaries to travel on official business. He prepares and presents to the Bureau of the Budget an estimate for the expenses of courts, and is, with all of this power over the affairs of the courts, the principal litigant before them. If criminal cases are included, about 70 percent of the cases before the Federal courts are Government cases; of civil cases alone, about 30 percent.

Another purpose of the bill is to secure an improved supervision of the work of the Federal courts through an organization under judicial control. The data assembled by the director and submitted quarterly to the courts of appeals is the subject of study by a council of judges in each circuit to be held semiannually, and directions are to be given to the district judges "as to the administration of the business of their respective courts."

In addition, the bill provides for a conference annually of the Federal circuit and district judges in each judicial circuit, participated in by members of the bar, for the purpose of "considering the state of the business of the courts, and advising ways and means of improving the administration of justice within each circuit."

"The director of the administrative office is required to submit annually to the conference of senior circuit judges a report of the activities of the administrative office and of the state of business of the courts, together with the statistical data compiled and submitted by him to the senior circuit judges as provided by clause 2 of section 304, with his recommendations. Such report shall be filed at least 2 weeks prior to the annual meeting of the conference, and a copy thereof shall also be filed with the Congress and with the Attorney General. Such report shall be a public document."

Thus, with all the Federal courts, except the Supreme Court, included in the purposes of the bill, we shall have a coordinated and integrated system of judicial administration of the United States courts. Congress has created the inferior Federal courts and has the right to expect that they will function efficiently and expeditiously, but Congress thus far has failed to provide adequate administrative machinery whereby the best results may be obtained from the Federal judicial system. This bill is intended to supply that need.

This measure places the responsibility for judicial administration where it belongs—with the judiciary—and it will be an urge to the avoidance of the evil of judicial delays that the citizens of the country know that the courts have in their power the prompt and adequate disposition of pending cases.

Congress will be able to know definitely whether the country has too many or too few Federal judges; which of those judges work and which do not do their full duty; and whether changes are needed in district and circuit boundaries. The public will be enabled to know what to expect from Federal judges, the extent of administrative efficiency of the courts, and the effectiveness of law enforcement in the Federal tribunals; and the judges will be aided in their efforts to protect litigants from dilatory practices of counsel, to press the bar to bring their cases to issue and trial promptly and directly, and to abolish the continuing of causes except where extreme hardship to the litigant will result.

Ours is the most extensive judicial system that has ever existed, and by enacting this law Congress thus furnishes the Federal courts the administrative machinery for self-improvement. By including the bar in the annual conferences in each circuit, an obligation is imposed on those officers of the courts to cooperate toward the high aims to be achieved.

The administrative officer should have a staff adequate for constant inspection of the work of the different courts, and in the furtherance of his duty to secure the economical and efficient use of judge power, time should be given for independent study of administrative problems arising frequently in the evolution of judicial administration. The bill further provides that those employees of the Department of Justice engaged regularly in the audit of accounts and vouchers under existing law shall be transferred to the administrative office in the consideration of the purposes intended by the bill. It is estimated that the cost of the administrative office will not exceed $200,000 per annum, and part of this cost will be a transfer of expense from the Department of Justice.

When it is realized that the gross cost of operating the judicial branch of the Federal Government is about one-fifth of 1 percent of the total gross cost of operating the Government as a whole, exclusive of relief appropriations, and that the annual income from the operation of the United States courts, including judgments, fines, forfeitures, costs, and fees collected by the clerks and others, aggregates more than $10,000,000 per annum; and when it is recognized that the combining of activities now performed by various separate agencies of the Federal Government, and the elimination of duplication of work, will make possible a substantial decrease in the operating cost of the judicial system, as well as save those who are required to become litigants in the Federal courts many thousands of dollars now represented by loss of interest and principal caused by the delays of justice; the cost of the administrative office to be set up by the bill is negligible, especially when the inestimable value and public importance of promptness and efficiency in the administration of justice are taken into consideration. Indeed, it is not unreasonable to believe that the Administrative office can be a profitable establishment financially, through the savings, economies, and reductions which can be brought about by proper management of the business side of the Federal judicial system.

The American people will pay gladly for the benefits made possible by this measure. There are many well-informed judges, lawyers, and laymen who believe that this bill, if enacted, will represent a landmark in the development of American jurisprudence. Personally, I share that belief. The American Judicature Society, in endorsing the bill, stated:

> We have no hesitation in declaring this measure to be the most important one ever drafted for the enforcement of either State or Federal judicature.

There is ample precedent for the soundness of the plan proposed in the bill for the accomplishment of the objectives sought. The administrative office in the judicial department of the State of Connecticut is a noteworthy example in this country; and, in England, the principle has worked successfully in actual practice. In fact, it has been said that people are so accustomed to prompt termination of litigation that they write the London Times if a decision is delayed a fortnight.

To those who have expressed apprehension "as to the safety of entrusting great powers to isolated judges, subject to no check except appeal according to law, and subject to suspicion in spite of good conduct and wise decisions," this bill should be a welcome answer. Indeed, it is my own hope that, out of the investigations of the administrative office, and the deliberations of the conferences provided for in the bill, there will arise the sense of unfailing obligation resting on our judiciary to promote and abide by the highest ethical standards of which the bench and bar of America are capable, and as are reflected in the established canons of judicial and professional ethics.

The SPEAKER pro tempore. The question is on suspending the rules and passing the bill.

So (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

AMENDMENT OF NARCOTIC DRUGS ACT

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6555) to amend the act of March 28, 1928 (45 Stat. 374), as amended, relating to the advance of funds in connection with the enforcement of acts relating to narcotic drugs, so as to permit such advances in connection with the enforce-

ment of the Marihuana Tax Act of 1937, and to permit advances of funds in connection with the enforcement of the customs laws.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. ROBERTSON]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain this bill?

Mr. ROBERTSON. Mr. Speaker, this bill was unanimously reported by the Ways and Means Committee, and simply liberalizes the present law, permitting the Treasury Department to use an appropriation we make each year for the Treasury Department to get evidence in narcotic and contraband cases. This bill permits them to authorize the agent in the field to expend a limited amount without getting previous authority from his superior officer, which frequently involves delay which may ultimately nullify the action that is to be taken.

Mr. MARTIN of Massachusetts. Is there any restriction as to the amount an individual may incur in the way of expense?

Mr. ROBERTSON. The restriction is not carried in the bill, but it is covered by Department regulations. They give only a limited discretion to the man in the field as to how much he may expend.

Mr. TREADWAY. May I say to my colleague from Massachusetts, I think the purport of the bill is to make it more difficult to secure this very dangerous drug? I believe the bill has the approval of all better-thinking people. We want to prevent the use of this drug and this is an administrative matter bringing about that result.

Mr. ROBERTSON. I appreciate the comment of the gentleman from Massachusetts. We are making war on marihuana, which has gotten to the high-school boys and girls of this country, and the object of this bill primarily is to get evidence against the peddlers of marihuana.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. ROBERTSON]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide for advances of funds by special disbursing agents in connection with the enforcement of acts relating to narcotic drugs", approved March 28, 1928, as amended (U. S. C., title 31, sec. 529a), is hereby amended to read as follows:

"That the Commissioner of Narcotics, with the approval of the Secretary of the Treasury, is authorized to direct the advance of funds by the Division of Disbursement, Treasury Department, in connection with the enforcement of the act entitled 'An act to provide for the registration of, with collectors of internal revenue, and to impose a special tax upon, all persons who produce, import, manufacture, compound, deal in, dispense, sell, distribute, or give away opium or coca leaves, their salts, derivatives, or preparations, and for other purposes', approved December 17, 1914, as amended; the act entitled 'An act to amend an act entitled "An act to prohibit the importation and use of opium for other than medicinal purposes", approved February 9, 1909', as amended, known as the Narcotic Drugs Import and Export Act; and the act entitled 'An act to impose an occupational excise tax upon certain dealers in marihuana, to impose a transfer tax upon certain dealings in marihuana, and to safeguard the revenue therefrom by registry and recording', approved August 2, 1937, known as the Marihuana Tax Act of 1937.

"SEC. 2. The Commissioner of Customs, with the approval of the Secretary of the Treasury, is authorized to direct the advance of funds by the Division of Disbursement, Treasury Department, in connection with the enforcement of the customs laws.

"SEC. 3. A certificate by the Commissioner of Customs or the Commissioner of Narcotics, as the case may be, stating the amount of an expenditure made from funds advanced and certifying that the confidential nature of the transaction involved renders it inadvisable to specify the details thereof or impracticable to furnish the payee's receipt shall be a sufficient voucher for the sum expressed to have been expended.

"SEC. 4. The provisions of this act shall not affect payments made for the Bureau of Customs in foreign countries, nor the right of any customs or narcotics officer or employee to claim reimbursement for personal funds expended in connection with the enforcement of the customs or narcotics laws.

"SEC. 5. Advances pursuant to this act in connection with the enforcement of the customs or narcotics laws may be made, notwithstanding the provisions of section 3648 of the Revised Statutes of the United States (U. S. C., title 31, sec. 529), from the appropriations available for the enforcement of such laws. The Secretary of the Treasury is authorized to prescribe such rules and regulations concerning advances made pursuant to this act as are necessary or appropriate for the protection of the interests of the United States.

"SEC. 6. When used in this act, the term 'narcotics laws' includes the 'Marihuana Tax Act of 1937'."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SEIZURE AND FORFEITURE OF VESSELS, VEHICLES, AND AIRCRAFT USED IN THE TRANSPORTATION OF NARCOTIC DRUGS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6556) to provide for the seizure and forfeiture of vessels, vehicles, and aircraft used to transport narcotic drugs, firearms, and counterfeit coins, obligations, securities, and paraphernalia, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. ROBERTSON]?

Mr. TREADWAY. Mr. Speaker, reserving the right to object, there has been previously some slight objection to this measure, but I think if the gentleman from Virginia will explain the bill to the House there will be no objection at this time.

Mr. ROBERTSON. Mr. Speaker, for a number of years we have had a provision in the law by which the Government could seize an automobile or other vehicle engaged in the unlawful transportation of ardent spirits. The purpose of this bill is to extend that law to narcotics, to contraband sawed-off shotguns, and to counterfeiting equipment, in order to bring these other subjects under the forfeiture law.

Mr. JENKINS of Ohio. I reserve the right to object, Mr. Speaker, in order to make a statement regarding this matter.

We had this bill under consideration by the Committee on Ways and Means. At that time I made what I thought was rather a strong objection to it, based on my experience with the enforcement of the old prohibition law and my experience as a lawyer in the United States courts. This experience taught me that that law was terribly abused, especially when it came to seizures. The officers would take automobiles and property that was encumbered by mortgages and would shift matters around so the lien holder had very little opportunity to present his case.

However, since this matter has been under consideration by the Committee on Ways and Means, I have talked with the enforcement officials in the Bureau of Customs, and they tell me they have a well-developed system by which they look after matters of this kind now and that there is very little objection to it. Therefore, having great faith in the customs-enforcement officers and not wanting to throw my own opinion in here, I am very glad to withdraw my objection in the hope that the situation will not work out as it used to work out but will develop as these men have promised it will do.

Mr. ROBERTSON. I appreciate the comment of my colleague from Ohio. The purpose of this bill is to facilitate the enforcement of law against racketeers and criminals. As the gentleman from Ohio [Mr. JENKINS] has said, we feel that both in the bill and through the departmental practice we have thrown every necessary safeguard around the innocent owner of a vehicle that may be caught carrying contraband.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That (a) it shall be unlawful (1) to transport, carry, or convey any contraband article in, upon, or by means of any vessel, vehicle, or aircraft; (2) to conceal or possess any contraband article in or upon any vessel, vehicle, or aircraft, or upon the person of anyone in or upon any vessel, vehicle, or aircraft; or (3) to use any vessel, vehicle, or aircraft to facilitate the transportation, carriage, conveyance, concealment, receipt, possession, purchase, sale, barter, exchange, or giving away of any contraband article.

(b) As used in this section, the term "contraband article" means—

(1) Any narcotic drug which has been or is possessed with intent to sell or offer for sale in violation of any laws or regulations of the United States dealing therewith, or which is sold or offered for sale in violation thereof, or which does not bear appropriate tax-paid internal-revenue stamps as required by law or regulations;

(2) Any firearm, with respect to which there has been committed any violation of any provision of the National Firearms Act, as now or hereafter amended, or any regulation issued pursuant thereto; or

(3) Any falsely made, forged, altered, or counterfeit coin or obligation or other security of the United States or of any foreign government; or any material or apparatus or paraphernalia fitted or intended to be used, or which shall have been used, in the making of any such falsely made, forged, altered, or counterfeit coin or obligation or other security.

SEC. 2. Any vessel, vehicle, or aircraft which has been or is being used in violation of any provision of section 1, or in, upon, or by means of which any violation of section 1 has taken or is taking place, shall be seized and forfeited: *Provided*, That no vessel, vehicle, or aircraft used by any person as a common carrier in the transaction of business as such common carrier shall be forfeited under the provisions of this act unless it shall appear that the owner or the master of such vessel or the owner or conductor, driver, pilot, or other person in charge of such vehicle or aircraft was at the time of the alleged illegal act a consenting party or privy thereto: *Provided further*, That no vessel, vehicle, or aircraft shall be forfeited under the provisions of this act by reason of any act or omission established by the owner thereof to have been committed or omitted by any person other than such owner while such vessel, vehicle, or aircraft was unlawfully in the possession of a person who acquired possession thereof in violation of the criminal laws of the United States, or of any State.

SEC. 3. The Secretary of the Treasury is empowered to authorize, or designate, officers, agents, or other persons to carry out the provisions of this act. It shall be the duty of any officer, agent, or other person so authorized or designated, or authorized by law, whenever he shall discover any vessel, vehicle, or aircraft which has been or is being used in violation of any of the provisions of this act, or in, upon, or by means of which any violation of this act has taken or is taking place, to seize such vessel, vehicle, or aircraft and to place it in the custody of such person as may be authorized or designated for that purpose by the Secretary of the Treasury, to await disposition pursuant to the provisions of this act and any regulations issued hereunder.

SEC. 4. All provisions of law relating to the seizure, summary and judicial forfeiture, and condemnation of vessels and vehicles for violation of the customs laws; the disposition of such vessels and vehicles or the proceeds from the sale thereof; the remission or mitigation of such forfeitures; and the compromise of claims and the award of compensation to informers in respect of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this act, insofar as applicable and not inconsistent with the provisions hereof: *Provided*, That such duties as are imposed upon the collector of customs or any other person with respect to the seizure and forfeiture of vessels and vehicles under the customs laws shall be performed with respect to seizures and forfeitures of vessels, vehicles, and aircraft under this act by such officers, agents, or other persons as may be authorized or designated for that purpose by the Secretary of the Treasury.

SEC. 5. Any appropriation which has been or shall hereafter be made for the enforcement of the customs, narcotics, counterfeiting, or internal-revenue laws, and the provisions of the National Firearms Act shall be available for the defraying of expenses of carrying out the provisions of this act.

SEC. 6. The provisions of this act shall be construed to be supplemental to, and not to impair in any way, existing provisions of law imposing fines, penalties, or forfeitures; or providing for the seizure, condemnation, or disposition of forfeited property or the proceeds thereof; or authorizing the remission or mitigation of fines, penalties, or forfeitures.

SEC. 7. When used in this act—

(a) The term "vessel" includes every description of watercraft or other contrivance used, or capable of being used, as means of transportation in water, but does not include aircraft;

(b) The term "vehicle" includes every description of carriage or other contrivance used, or capable of being used, as means of transportation on, below, or above the land, but does not include aircraft;

(c) The term "aircraft" includes every description of craft or carriage or other contrivance used, or capable of being used, as means of transportation through the air;

(d) The term "narcotic drug" means any narcotic drug, as now or hereafter defined by the Narcotic Drugs Import and Export Act, the internal-revenue laws or any amendments thereof, or the regulations issued thereunder; or marihuana as now or hereafter defined by the Marihuana Tax Act of 1937 or the regulations issued thereunder;

(e) The term "firearm" means any firearm, as now or hereafter defined by the National Firearms Act, or any amendments thereof, or the regulations issued thereunder; and

(f) The words "obligation or other security of the United States" are used as now or hereafter defined in section 147 of the Criminal Code, as amended (U. S. C., title 18, sec. 261).

SEC. 8. The Secretary of the Treasury shall prescribe such rules and regulations as may be necessary to carry out the provisions of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROTECTION OF WITNESSES

Mr. HOBBS. Mr. Speaker, I renew my unanimous-consent request for the immediate consideration of the bill (H. R. 6832) to provide for the protection of witnesses appearing before any department, independent establishment, or other agency of the United States, or the Congress of the United States.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. HOOK. Mr. Speaker, reserving the right to object, I should like to have an explanation of the bill.

Mr. HOBBS. Mr. Speaker, this is a bill which has the unanimous approval of the House Committee on the Judiciary, the Attorney General, the American Bar Association, the committee on jurisprudence and law reform of the Bar Association of the District of Columbia, and everyone else familiar with its provisions. The bill simply throws around witnesses appearing before departments or agencies of the Government, and committees of Congress the same protection that for a number of years has been thrown around witnesses appearing before the courts. It outlaws intimidation, coercion, and corruption of other witnesses, just exactly as existing law protects witnesses called to testify in courts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. GEYER of California. I object, Mr. Speaker.

PROPOSED INVESTIGATION OF NATIONAL LABOR RELATIONS BOARD AND THE NATIONAL LABOR RELATIONS ACT

The SPEAKER pro tempore. Under a previous special order, the gentleman from Colorado [Mr. MARTIN] is recognized for 10 minutes.

Mr. MARTIN of Colorado. Mr. Speaker, a rule has been granted for the consideration of House Resolution 258, to investigate the National Labor Relations Board and the National Labor Relations Act. As the time for debate will be very limited when the resolution comes up Thursday, and what time there is will be in the control of the opposition to the National Labor Relations Board and the National Labor Relations Act on both sides of the aisle, I am taking this opportunity to make a few brief observations concerning the investigation.

In the first place, while it is permissible under the rules of the House and also under the rules of the Senate, for each body, by resolution, to institute and conduct an investigation of a department or an executive agency of the Government, I do not believe that such independent procedure by either House is in accord with the constitutional intent and purpose in setting up the three cordinate branches of government—legislative, executive, and judicial.

I believe that nothing less than a concurrent resolution of both Houses and a joint committee of the two Houses can accord the executive branch of the Government the treatment to which it is entitled, especially in a matter of such magnitude and importance as the subject matter of the proposed investigation. The House of Representatives has no special interest in the operation of a national law or the administration of such law. These matterns concern the Congress as a whole.

It is true that many of these investigations originating in one House might not be concurred in by the other. If so, this would be all the more reason for requiring their concurrence. The vice of the investigation of an executive agency by one House, resulting in unwarranted and ofttimes largely punitive investigations, is illustrated by the fact that they are frequently brought in in the last days of a session of Congress, and the resolutions go through more as a gesture than as the well-considered action of the House, and as a reward of the persistence of a small group who are in a position to prevail on the House leaders, who are high-pressured into according recognition to such resolutions against their own judgment.

I feel confident the House leadership cannot be in sympathy with the purposes of this resolution. The purposes of this

resolution are not only to discredit the National Labor Relations Board but the National Labor Relations Act. Its sponsorship is hostile to that act and the Wage and Hour Act, which are Democratic measures, and to every act for the benefit of labor, and it is being urged by Members who are equally antipathetic toward labor.

This investigating committee, in the very nature of things, will be stacked, not by the action of the Speaker, but by the rules of the House, against the National Labor Relations Board and law. The committee is to consist of five members. Under the rules of the House the sponsor of the resolution will be the chairman of the committee. Two members of the committee must come from the minority, and be selected by the minority. They will be against the National Labor Relations Board and the National Labor Relations Act. They want to see the Board discredited and the act emasculated. They want a National Labor Relations Board and law for the benefit of the corporations, not the workers. So, before the alleged investigation starts, a verdict of guilty on all counts will have been arrived at against the defendants and, of course, the law will need much amending, that is to say, emasculation and hamstringing in the interest of the employers.

It was during the last days of the last session of Congress that a resolution went through the House practically by default setting up the Committee on Un-American Activities. The last croak that came from a member of that committee was an attempt to smear Mr. MacLeish, the newly appointed Librarian of Congress, with communism. The answer was his confirmation by the Senate with only eight negative votes. It went the way of the attempt to smear the Secretary of Labor and impeach her for communistic leanings. It went the way of the attempt to smear Governor Murphy of Michigan, who, after being duly paraded to the world as a Communist sympathizer, was appointed by the President as the chief law officer of the Nation and unanimously confirmed by the Senate. The most effective work of that committee was to smear the national administration with communism in the midst of a national election.

It will be the same with the committee to investigate the National Labor Relations Board and law. It will be a smearing committee. Slapping Roosevelt over the shoulders of his appointees. It will be, not simply anti-National Labor Board and labor law, but antilabor. I hope there are other Members of the House who feel as I do about this matter who will not hesitate to speak out. It is high time the forces of organized labor quit burying the hatchet in each other and bury it in the other fellow. Apparently they do not like the Work Relief Act of 1940, but there are some other bills on the calendar they will like a whole lot less than that.

The resolution will, of course, pass. All the Republicans and 65 percent of the Democrats will vote for this resolution, says the Washington Post in a summary of the House Calendar for this week. That, I hope, is a rather high estimate of the percentage of Democrats who think the time has come to make a Republican sideshow of the Democratic Party and drive the organized workers of America in reprisal over to the Republican Party. Responsibility for legislation rests on the Democratic majority and it cannot be avoided. We seem to be trying to make the Republicans a present of the House of Representatives. The Democrats ought to know that if we lose the big industrial States in the next election we will lose the House of Representatives. [Applause].

Mr. JOHNS. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Wisconsin.

Mr. JOHNS. I should like to know whether the gentleman feels that the American Federation of Labor, which has asked for an investigation of the National Labor Relations Board and for certain amendments to the National Labor Relations Act, is insincere and against labor?

Mr. MARTIN of Colorado. I will say this in answer to the gentleman; I have the greatest respect for the American Federation of Labor, but if the internecine strife in the ranks of organized labor has reached the point where a labor group will back an investigation of this character, they will find that they are going to get a lot of things out of it that they did not bargain for in the first place. I want to predict now and have it stay in the RECORD that if this investigation goes through, and I have no doubt it will, the American Federation of Labor will be appearing before Congress in opposition to the emasculating and hamstringing amendments to the National Labor Relations Act that will come out of the investigation.

Mr. JOHNS. On what does the gentleman base his idea that we should not have an investigation, when he feels that all the Republicans want it as well as 65 percent of the Democrats?

Mr. MARTIN of Colorado. The House Committee on Labor has been investigating the National Labor Relations Board and law for the last 3 months. The Senate Committee on Education and Labor has been doing the same thing. We now propose to set up one of these little one-horse, one-sided, incompetent, inadequate committees of the House and turn it loose to keep on going from now until Christmas, smearing the national administration through its agencies. That is just exactly what you are proposing to do. It will be an inquisition, not an investigation.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Is it not, in the gentleman's judgment, a direct insult to the Labor Committees of both the House and the Senate that we should in the midst of their investigating the National Labor Relations Board as regularly constituted committees undertake by a special committee to take from them their regular work?

Mr. MARTIN of Colorado. It is more than an insult; it is an indictment of those committees as incompetent and undependable to carry on an investigation of this sort.

Mr. HOOK. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Michigan.

Mr. HOOK. Does the gentleman know that the author of this resolution, when asked whether or not legislation was needed instead of an investigation, made the statement that there was a certain amount of agitation needed before they could get legislation?

Mr. MARTIN of Colorado. I am not surprised at that. I understand the same gentleman is getting up a bill to investigate the Wage-Hour Administrator, and he has a bill on the calendar here to abolish the Bill of Rights. You will get plenty of agitation out of this investigation.

Mr. GEYER of California. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from California.

Mr. GEYER of California. In answer as to how the A. F. of L. stands on this, I would like to say that I believe the rank and file of the A. F. of L. are opposed to it. I have a letter from California in which there are over 200 organizations, most of them A. F. of L., that have gone on record as opposing this investigation.

Mr. MARTIN of Colorado. Yes; and I know they are opposed to it in my State, and they would be opposed to it everywhere if they knew how it was loaded against them.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield again?

Mr. MARTIN of Colorado. I yield.

Mr. THOMAS F. FORD. Has the gentleman read the resolution?

Mr. MARTIN of Colorado. I have the resolution in my pocket, and have read it several times.

Mr. THOMAS F. FORD. Does the gentleman know that at least six of the whereases in the resolution are mistatements of fact?

Mr. MARTIN of Colorado. Well, they will be findings of fact, I will say to the gentleman, when this commission gets through with its alleged investigation. [Laughter and applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent that at the conclusion of the remarks of the gentleman from Missouri [Mr. ANDERSON] I may address the House for 10 minutes.

The SPEAKER pro tempore (Mr. WOODRUM of Virginia). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, on July 12 I obtained unanimous consent to address the House for 20 minutes. I now ask unanimous consent to vacate that order and be allowed to address the House for that length of time at the conclusion of the remarks of the gentleman from California.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF REMARKS

Mr. VAN ZANDT asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short essay written by a high-school girl on Americanism.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BRYSON asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short article about Alaska by the noted Arctic explorer, Dr. Vilhjalmur Stefansson.

The SPEAKER pro tempore. Is there objection to the request of the Delegate from Alaska?

There was no objection.

The SPEAKER pro tempore. Under the previous order of the House the gentleman from Missouri [Mr. ANDERSON] is recognized for 15 minutes.

STOP, LOOK, LISTEN—THERE IS DANGER AHEAD

Mr. ANDERSON of Missouri. Mr. Speaker and Members of the House, I want to discuss in the limited time allowed me the most intensely interesting and momentous question confronting this Nation today, and before naming the subject to which I refer I want to ask you if we ever had a depression, which is a major panic, or a panic, which is a minor depression, since the foundation of this Government, that has not been financial? My answer is "No," and your answer will be "No." Therefore, if this be a fact, there is something radically wrong with our banking and monetary system, and it is my honest conviction that our banking and monetary system is the fundamental cause of all our economic troubles.

In order that we may intelligently discuss and comprehend the money and banking question, it is necessary that we should familiarize ourselves with a little of its historical background.

On the 4th day of July 1776 our forefathers signed the Declaration of Independence. On the 2d day of September 1776 the Continental Congress passed our first financial law and made the silver dollar the unit of value at the ratio of 14½ to 1. In 1786 we changed the ratio to 15¼ to 1, but as we had no mints to coin money we were forced to recognize the Spanish mill dollar as the unit of value, and it was not until after we had won the Revolution and adopted a constitution and had become an organized government that we established, by statute enacted by the Second Congress in 1792 our first monetary system. That Congress, by resolution, requested Alexander Hamilton to submit to them a plan for a monetary system. In compliance with that resolution Hamilton drafted the bill which provided that 371¼ grains of silver should be the unit of value, and gold should be coined at the ratio of 15 to 1, which made the content of the gold dollar 24¾ grains of gold to 371¼ grains of silver. Mr. Hamilton submitted his plan to Thomas Jefferson with the following communication:

To annul the use of either gold or silver as a money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from the comparison of the benefits of a full circulation with the evil of a scanty circulation. * * * It seems most advisable not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of mere merchandise.

Mr. Hamilton wisely concludes that this reduction of either of the metals to mere merchandise "would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals." Mr. Jefferson replied as follows:

DEAR SIR: I return you the report of the mint, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals.

In 1834 we changed our ratio from 15 to 1 to 16.002 to 1. We did not change the content of the silver dollar—the unit value. However, the content of the gold dollar was reduced from 24¾ grains of gold to 23.2 grains to make the weight of the silver and gold coins conform to the new ratio, and that remained the ratio until 1837, when we added two one-hundredths grains to the gold dollar in order to make it exactly nine-tenths fine, which made the ratio of gold to silver 15.988 to 1, and that is the present coinage ratio today. It has never been exactly 16 to 1. For your information, I will state that from 1687 to 1873, a period of 186 years, the different commercial ratios of gold and silver coins did not exceed 16 to 1 except in 3 years. In 1837, when we established our last ratio, up to 1873, when silver was demonetized by trickery, without the knowledge and consent of the American Congress, there never was a year that the commercial value of the silver equaled the value of the bullion in the gold dollar. The demand for silver was so great that dealers in bullion would accumulate our subsidiary silver coins, half dollars, quarters, and dimes and sell them in foreign countries for a profit, which practice forced us, in order to keep our subsidiary silver, to lower the content in weight of our smaller coins in 1857 so that they could not be melted and sold at profit. In 1873, the year that silver was demonetized, the average commercial ratio of silver to gold was 15.63 to 1, but as the result of this demonetization—its destruction as basic money—it took a downward plunge, with the result that in 1932 the average commercial ratio was 73.29 to 1.

I doubt if there was a single Member of either branch of Congress, other than Representative Hooper, of Massachusetts, and Senator Sherman, of Ohio, who knew that the bill which became a law demonetizing silver did demonetize silver. James G. Blaine, who was Speaker of the House at that time, subsequently, when he was a Member of the Senate, stated in a speech on the floor of the Senate that although he signed the bill, which was passed without a yea-and-nay vote, he did not know that silver was being demonetized and President Grant said that if he had known the bill demonetized silver he would not have signed it. In 1878, when the people of the Nation became informed of the destruction, they became thoroughly aroused with indignation. Just before the resumption of specie payment in 1879, Richard P. Bland, of Missouri—"Silver Dick"—offered a bill in Congress remonetizing silver, which was adopted by the lower House, but when it went to the Senate, after a heated discussion, Senator Allison offered an amendment providing that no less than $2,000,000 nor more than $4,000,000 worth of silver should be purchased by the Government per month and coined as fast as purchased. This was known as the Bland-Allison bill. That law was in operation until 1890, at which time Senator Sherman, of Ohio, offered a bill repealing the Bland-Allison bill, and provided for the purchase of 4,500,000 ounces per month to be coined into silver dollars. The last fatal shot was fired at silver in 1893, when the Sherman bill was repealed. In 1900, for the first time in the history of the Government, a law was passed placing the Government definitely on the single gold standard. This law

provided that all money issued or coined by the Government should be redeemed in gold and issued Government bonds payable in gold and permitted the money changers to write payment of gold dollars of 23.22 grains in their contracts when loaning money on notes, bonds, and mortgages. The international bankers were in fact running the Government. It also provided that a gold reserve of $150,000,000 should be maintained by the Treasury to redeem money offered for redemption and when the gold reserve fell below one hundred and fifty million the Secretary of the Treasury was authorized to issue bonds for gold to build up the reserve to one hundred and fifty million. This provision was used under the last Cleveland administration to force the Government to issue to the money changers two hundred and sixty-two millions of bonds. Today we have suspended specie payment and neither money nor obligations of the Government is redeemed in gold, although we have more than $16,000,000,000 in gold buried in the ground in Kentucky and vaults of the Government. The question is often asked, What are we going to do with all of this gold? That is an enigma that you will have to answer yourselves, or perhaps the international bankers can give you the answer, as they generally know what is going to happen in the future in regard to financial problems.

I am now going to make a few statements of fact in regard to the gold standard. The first Christian nation on earth to adopt the gold standard was England in 1816. No other nation followed suit until silver was demonetized in 1873, then the other nations of Europe followed suit, guided by the same insidious influence of the international bankers. The 1932 report of the United States Mint listed the monetary systems of 118 nations, and 116 out of the 118 were on the single gold standard; the exceptions were China and Ethiopia, which were silver-standard countries.

In 1933 the Director of the United States Mint reported that twenty-three and one-half billion dollars of gold had been dug from the earth during the preceding 440 years, but only $12,600,000,000 was to be found in the world money stock. Nearly one-half of the gold produced since 1493 was missing. The production of gold from 1 A. D. to 1493, only a trickle, was approximately $642,000,000. Records of gold production date back more than 5,000 years, and that noted Egyptologist, Petrie, estimates from archeological exploration that in all of these centuries the total amount of gold that has come out of the ground was only $40,100,000,000. The foregoing statistics are based on the old valuation of $20.67 per ounce; therefore, you will have to add approximately 40 percent to these statistics on account of the revaluation from $20.67 to $35 an ounce. The gold standard, on account of limited quantities of gold, has bankrupted the world. Nations have toppled like tenpins, repudiated their debts, debased their money, and made this Nation of ours a land of plutocrats and paupers, millionaires and mendicants.

Today there is not a single nation in the world which is 100 percent on the gold standard. While the United States has two-thirds of the gold of the world and its unit of value is 13 71/100 grains of pure gold, it does not redeem its currency in gold and it is a criminal offense for its citizens to have either gold coins or gold certificates in their possession, a queer condition to say the least.

Before we go into the discussion of the banking system, I want to pay my respects to the bankers of this country. In my opinion, ninety-nine out of every hundred men engaged in banking are honest, conscientious, patriotic citizens. The one crooked banker out of the hundred, I am going to name a money changer and viper and feel justified in so branding this crook because he is of the same type of banker that Jesus Christ drove out of the temple, saying—

> My house shall be called a house of prayer, but you have made it a den of thieves—

And the same type that Andrew Jackson drove out of the White House with the words:

> Gentlemen, I am convinced that you used the funds of the (United States) bank to speculate in the breadstuffs of the country. You are a den of vipers and thieves.

We will now analyze our banking system which is of second importance to our monetary system, and it would not make any difference if our basic money were iron, if you, by law, permitted a private bank to hold a warehouse receipt for all of the iron, thereby controlling the volume of money and the power to contract and expand the same at will. We would continue to have panics and depressions just as we do today.

The history of our so-called Government banks, both in name and operation, is patterned after the English banking system established by the money changers of that country. To make clear to you what I mean, I quote from the following historical comments on the origin of the Bank of England which will give you a pretty good idea of the methods of the money changers in getting their schemes established. You will please note that the bank was not established by a law called a banking law, but by an act called a tonnage act.

The Bank of England was not the original scheme of William Patterson, its founder. As is usual in English political history, it came into being almost by the back door, deriving its life from the Tonnage Act of 1694, of which the preamble read:

> An act for granting to Their Majesties several acts and duties upon tonnages of ships and vessels, and upon beer, ale, and other liquors, for securing certain recompenses and advantages in the said act mentioned to such persons as shall voluntarily advance the sum of fifteen hundred thousand pounds toward carrying on the war with France.

The Tonnage Act conveyed the privilege to the corporations of issuing notes or paper money to the full amount of its capital, its capital in gold being all loaned to the Government at 8-percent interest with which to carry on the war with France. The corporations thus had the 8-percent interest on their capital loaned and all their money back in the issue of paper money to lend at interest to other people in trade and commerce. From the Tonnage Act eventuated the Bank of England, being given a name to imply that the bank was owned by the Government when it was a privately owned bank. Thus, there was established a practice of misnaming banks that has been followed by the money changers of the United States since 1792 up to the present day.

The first banking law enacted by Congress after we became an organized government was February 25, 1791. It was known as the First United States Bank, but in giving it this name it was only practicing the deception set by the establishers of the Bank of England. It was not a United States bank, in fact, but a private bank given that name. When its charter expired in 1811 it was so unsatisfactory that Congress refused to renew its charter, and it was then that Thomas Jefferson said:

> I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monetary aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people, to whom it rightfully belongs. * * *

If the American people ever allow private banks to control the issue of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers conquered.

The refusal of Congress to renew its charter did not deter the money changers in their efforts to have their charter renewed, which they succeeded in doing in 1816 by resorting to all kinds of wiles, insidious and subtle influence on Congress. The First and Second United States Banks were permitted to issue their own currency, but the Government did not make it legal tender, as they do the Federal Reserve notes. United States banks, capital stocks, dividends, and property of all kinds were taxable, in contrast to the nontaxable capital stock, dividends, and profits of the Federal Reserve banks. The money changers who owned the Second Bank of the United States began their fight for renewal of their charter which expired in 1816, and by a vote of Congress the

charter was renewed, but President Andrew Jackson, a courageous, patriotic citizen and a real tribune of the people, vetoed the bill granting the charter, and when the money sharks made their last visit to the White House to importune him not to veto the charter, it was then that Jackson drove them out of the White House and branded them as a den of thieves and vipers. Oh, that we had another Jackson in the White House.

From 1836 all banks were independent organizations and issued their own currency and no money was legal tender except the gold and silver coins.

When Lincoln was elected President, the Government and the money changers began to prepare for war, and as a result specie payment was suspended. The money changers began hoarding gold and silver. The Government issued and sold for gold $68,415,000 of Government bonds, of which the money changers took a toll of $7,358,544.19. This was immediately before war was declared. When war was declared, President Lincoln called for 75,000 volunteers for 3 months. This action showed that the public had not grasped the situation. This was soon succeeded by a call for a half million volunteers for 3 years, showing the magnitude of the situation had begun to dawn upon the public mind. The call was responded to with the greatest alacrity by the people, and the ranks were soon filled. But how to feed, clothe, and equip them confronted the administration. President Lincoln called upon the money changers to come to the Government's aid. They told the President, as related in Appleton Cyclopedia, 1861, page 296, as follows:

> Well, war is a hazardous business, but we can let you have it at from 24 percent to 36 percent.

The President and his Secretary are said to have heatedly refused and stated the terms were outrageous, scandalous, unpatriotic. They were, of course, greatly disturbed and in a quandary as to what to do and how to get money to prosecute the war, and to feed, clothe, and equip the soldiers and sailors giving their lives to save the Union while the money sharks stayed at home and were growing rich by usurious interest.

It was then that Congress gave Lincoln authority to issue $60,000,000 of demand notes—Lincoln greenbacks. This was the first Government money ever issued, and these demand notes were full legal tender and were always on a par with gold.

These demand notes circulated freely among the people and throughout business, bringing prosperity in their wake. However, the fertile brain of greed set to work to overcome this prosperity of the people and create a market for their hoarded gold. These were trying times, and their work must be done on the "quiet." It was a sore disappointment to have the Government use its own credit to carry on the war. Some plan must be devised to get the Government to abandon its own credit and delegate authority to the money changers to use the Government credit. This scheme was carried through under the excitement of war and unaware to the people; even the Congress itself was unaware of the crime it had committed.

In the subsequent issue of greenbacks a bill was quietly slipped through Congress putting this inscription upon them: "Except interest on the public debt and duties on imports." What happened? The importer who had received a cargo of goods from abroad took his greenbacks and went to the customs agent to pay the duty on them. Again, what happened? He was told that the Government would not receive this greenback—its own paper or note—in the payment, but the importer must bring gold to pay. The astonished importer exclaimed: "Why will you not receive your own money or note in payment of debt to you? Why discredit your own obligation?" The agent said he had instructions from the Government not to receive it, but must have the gold. So the importer was forced, by an act of repudiation of his own Government, to go to the gold-holding money changer and exchange his greenback for gold.

Of course, at each customshouse the money sharks with their hoarded gold had an office and sold the gold to the importer for an average throughout the war of $2 of greenback to one of gold. Then they took the greenbacks and bought Government bonds at par, which practically cost them 50 cents on the dollar. Every bond sold during the war was sold for United States notes—Lincoln greenbacks.

The money changers could then take the Government bonds bought with depreciated greenbacks and establish a national bank by depositing the bonds with the Government and have issued to them 90 percent of the face value of the bonds—national bank notes—which they loaned out at usurious interest. What a racket! And yet the country stood for it.

Matters were now brightening for the money changer with his hoarded gold. It was now, by this act, bringing him an enormous profit. However, the Government was not benefited by it in carrying on the war; not a dollar of gold was ever found on the wounded or in a dead soldier's pocket. It was the greenback he sent home to his wife and little ones to care for them while he was fighting his country's battles. He was risking his life to save a country which had repudiated the very money which it paid him. Where was coward gold all this time? Safely hid away in the vaults of the money changers demanding its pound of flesh. The despised greenback was out at the front with the soldier as he stormed up the heights of Lookout Mountain, or wading through the swamps and morasses of the Wilderness, staying with the "boys in blue" until Appomattox was reached, then home to wife and loved ones. But this act of repudiation was but the beginning of the money changers' acts of despoliation.

I am incorporating in my remarks a circular letter known as the famous Hazzard letter, which was sent out by the European money changers to the American brethren in 1862 in our darkest hour of the war:

> Slavery is likely to be abolished by the war power, and chattel slavery destroyed. This, I and my European friends are in favor of, for slavery is but the owning of labor and carries with it the care for the laborer, while the European plan, led on by England, is for capital to control labor by controlling the wages. This can be done by controlling the money. The great debt that capitalists will see to it is made out of the war must be used as a means to control the volume of money. To accomplish this, the bonds must be used as a banking basis. We are now waiting for the Secretary of the Treasury to make the recommendation to Congress. It will not do to allow the greenback, as it is called, to circulate as money any length of time, as we cannot control that.

This letter met with such a favorable reception by the money sharks of America that it inspired the Rothschild brothers, at that time the money kings of England, to send their agents to this country to devise a banking scheme that would enable them to pillage and plunder indefinitely the people of this country after the war had ended, and to that end they proposed to the Lincoln administration that they would finance the war for bonds provided the Government would give them a bank charter which would permit them to deposit said bonds with the Government as collateral and the Government would issue to them 90 percent of the face value of the bonds in currency which would circulate as a medium of exchange and perform all the functions of real money. Lincoln was very much opposed to this scheme as it was his desire to continue the issuing of greenbacks without the exception clause. He was an ardent believer in the Government issuing its own money, as was evidenced by his statement on this subject as follows:

> Money is the creature of law; its creation and original issue should be maintained as an exclusive monopoly of the National Government. The needs of all can best be served by issuing national currency and credit through the operation of a national banking system.

In analyzing the above statement of President Lincoln, do not be misled by thinking that he referred to the present deceptively named national bank system composed of privately owned banks—for he said that the Government should have an exclusive monopoly on the issue of money and control of credit, therefore, he meant a real Government-owned system.

When he was severely criticized by his friends, who believed as he did for yielding to the money changers, he replied:

> What could I do when I was confronted with the Confederate Army courageously fighting for the disunion of the Nation in front of me and the avaricious greedy and unpatriotic bankers behind me?

I had to yield to the bankers to save the Union and thusly with the aid of Senator Sherman, of Ohio, and Congressman Hooper, of Massachusetts, the iniquitous national banking system was established.

At last the war was ended, with a sore and bleeding Nation, the North jubilant in its glory, but hardly a hearthstone that did not have its share of grief and sorrow for its dead or maimed soldier, brother and father. The South, crushed to remain so for many years, for a lost cause, but one in which they believed to the very bottom of their hearts was a just one. Thanks to God they were later to realize they really won their greatest victory when they lost the war, and were saved to remain a part of the future greatest nation the world has ever known.

Thanks to the money barons, the Government had been saddled with a bonded debt of billions of dollars, to be met with taxes for generations to come, instead of the Government having been allowed to continue issuing its full-legal tender greenbacks, which Lincoln lauded as "America's greatest blessing," her own paper money to pay her own debts.

I am quoting for your information an interview of Lord Goschen, eminent English monetary authority and director of the Bank of England, giving his views as to the ultimate result of the American Government using greenbacks to finance the Civil War:

What, it may be asked, will be the value of gold to them (the people of the United States) if they neither require it for internal circulation nor for payment of foreign liabilities, from which, under our hypotheses, they will be comparatively free?

If that mischievous financial policy which has had its origin in the North American Republic during the late war in that country should become indurated down to a fixture there, that Government will furnish its money without cost. It will pay off its debts and be without debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of civilized governments of the world. The brains and wealth of all countries will go to North America. That Government must be destroyed, or it will destroy every monarchy on this globe. (London Times, 1865.)

The first and second banks of the United States were the "horse and buggy" days of banking—the privileges granted them by the Government were inconsequential in comparison to the privileges that were granted to future banking systems. When they were put out of business by Jackson, the American people endorsed Jackson's veto of their charter. The money changers remained dormant until the Civil War broke, at which time they became active again to take advantage of the Government in the direst days of its existence and forced upon the people a "model T Ford" banking system, which was known as the national banking system—misnamed, as it was not a Government bank, as the name implies—but a great improvement over the United States banks to rob the people by controlling the credit of the country, inflating and deflating at will. The money changers, operating the national banking system, did their dirty work by clandestine meetings and secret correspondence.

In 1877 Mr. James Buel, secretary of the Associated Bankers of New York, Boston, and Philadelphia, sent the following circular letter to the members of his association. It was an astounding letter, which reads as follows:

DEAR SIR: It is advisable to do all in your power to sustain such prominent daily and weekly newspapers, especially the agricultural and religious press, as will oppose the issuing of greenback paper money; and that you also withhold patronage or favors from all applicants who are not willing to oppose the Government issue of money. Let the Government issue the coin and the banks issue the paper money of the country, for then we can better protect each other. To repeal the law creating national-bank notes or to restore to circulation the Government issue of money will be to provide the people with money, and will therefore seriously affect your individual profits as bankers and lenders. See your Congressman at once and engage him to support our interests, that we may control legislation.

(Signed by the secretary:)

JAS. BUEL,
No. 177 Broadway, Room 4, New York.

Another letter of the same character reads as follows:

DEAR SIR: The interests of national bankers require immediately financial legislation by Congress. Silver, silver certificates, and Treasury notes must be retired, and the national-bank notes upon a gold basis made the only money. This will require the authorization of from $500,000,000 to $1,000,000,000 of new bonds as a basis of circulation. You will at once retire one-third of your circulation and call in one-half of your loans. Be careful to make a money stringency felt among your patrons, especially among influential businessmen. Advocate an extra session of Congress for the repeal of the purchasing clause of the Sherman law, and act with the other banks of your city in securing a large petition to Congress for its unconditional repeal, per accompanying form. Use personal influence with Congressmen, and particularly let your wishes be known to your Senators. The future life of national banks as fixed and safe investments depends upon immediate action, as there is an increasing sentiment in favor of Government legal-tender notes and silver coinage.

After the model T Ford became antiquated, Ford built a new model, a great improvement over his original machine. Likewise, the money changers got out a new banking law, a great improvement over the original, so they came to Congress with the plea:

We have just got to rescue our country or it will all go to the dogs, but if we do this we will just have to have more money. You know money is "tight" and hard to get, and we have just about got all the money from Uncle Sam on the Government bonds that we can (and, besides, those Government bonds are too high; we simply can't afford them). But we have a whole vault full of nice yellow corporation bonds that we have kindly ficated in the last 10 years, and if you (to our Congress) will just permit us to turn these over to the Treasury and issue us nice new national bank notes on these bonds, then we can loan out the nice new money and save the country. But you will have to hurry; no time to lose; never can tell what will happen.

So Congress hurried and passed the Aldrich-Vreeland emergency law, giving the money changers their law, and the Secretary of the Treasury—kindly, without any authority in the bill—changed the wording on the new national bank notes to read, "This note is secured by bonds of the United States or other securities," instead of just "by the United States bonds."

The improved machine over the old model T system, the Aldrich-Vreeland emergency law, did not work so well. Something went wrong with the brakes, with it going at full speed in turning the corner, and it went into the ditch and the people woke up one morning in 1907 and found banks refusing to cash their checks. This was an awful bad break for the money changers, as they were caught red-handed operating the money system.

Another national election off-year came around and elected a Democratic Congress which portended evil for the money changers. Then followed the national election in which Woodrow Wilson was unexpectedly nominated and elected President by the Democrats. The money changers were shaking in their boots—terrified. Who was this man, Wilson, the college professor, accidently elected as Governor of New Jersey? What was his record in regard to banking when he was Governor? In ferreting out this information, they ascertained he had convictions concerning the money changers' operation of our banking system, which was evidenced by the following excerpt of a speech he made while Governor of New Jersey in 1911:

The great monopoly in this country is the money monopoly. So long as that exists our old variety and freedom and individual energy of development are out of the question.

A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men who, even if their actions be honest and intended for the public interest, are necessarily concentrated upon the great undertakings in which their own money is involved and who, necessarily, by every reason of their own limitations, chill and check and destroy economic freedom. This is the greatest question of all; and to this, statesmen must address themselves with an earnest determination to serve the long future and the true liberties of men.

The opinion expressed in this speech convinced the money changers that something had to be done to give the people a new system. The old models had worn out and had become dangerous to operate. Ever resourceful, the money sharks picked the man of the hour. Who was he? None other than Paul M. Warburg himself. The banker right from the holy of holies of all money changers—temples on the Rhine at Frankfort, Germany, the Rothschild temple itself. Well, now, maybe this fellow can "figger" out something in the way of money changing for us over here.

Paul Warburg did not fall down on the job. He threw all the old systems into the junk pile and presented to Congress, with his compliments, a new streamlined 16-cylinder Rolls Royce banking law, and he gave all of his time gratis lobbying the bill through Congress, and inspired the chambers of commerce, boards of trade, newspapers, periodicals, little banks, to get busy and write their Congressmen and

Senators to be sure and vote for it. It was to be named, as usual, a deceptive name, something to fool the people, the mighty Federal Reserve Act—the ultimate of ultimates, the last word in banking and the death to all panics and hard times, and the people were fooled again, with the result that the bill was passed December 23, 1913, and Mr. Paul M. Warburg's name will always be associated with that infamous law, and that distinguished gentleman who was coached and trained by the high priests of the money changers in all the intricate and complicated money-manipulation trickery known to the "House of Rothschild on the Rhine," and who had been in our country only 6 or 8 years before he became the "father" of the "monstrosity"—the Federal robbers act.

And does it work—this money changers' "last word" in banking practice? Does it make panics impossible? Does it make money plentiful at all times? Does it keep our farmers and industries running at a paying rate? Well, dear countrymen, look about you and see the effect of the "last word" put over on us by the "House of Rothschild" and decide for yourself.

It is said in well-informed circles, now that the Federal Reserve System was especially prepared for us, and rushed through Congress just in time to have it working smoothly so we could finance and pay for the great World War, that they, the Morgans, the Warburgs, the Schiffs, the Kuhns, Loebs, the Seligmans, the Monds, the Sassoons, the Rothschilds, and other money changers of their kind are said to have had in preparation, boiling and stewing for years, and were just about ready to cut loose, and which was "cut loose" in August 1914.

My friends, kindly let your minds travel back to the founding of the first big legal bank, spoken of in an earlier chapter, the Bank of England. Same story—privately owned. Then again, the first bank of the United States; the same thing again. Sounded like the Government owned it, did it not? And again, the second bank of the United States, ditto—privately owned. Then, later, a slight change, but still confusing and misleading. The National Bank Act, giving name of "national banks." The same old thing again—deception, make believe, confusion. Then the crowning glory of all "the Federal Reserve System," or as some people call it, "the Federal Robbers' System." The same old stuff again, and if the reader will start asking his acquaintances who owns the Federal Reserve banks he will likely be surprised at the great number of people that really believe that they are owned by our Federal Government. So the idea of the name really works, and does as it is intended to do—confuse and mislead the people into thinking the banks are owned by the Government and, of course, as safe and sound as the Government.

President Wilson knowing the leading part played by Mr. Warburg, his energetic, untiring, and patriotic efforts in the enactment into law of the modern streamlined Rolls-Royce banking system, showed him his appreciation for the sacrifice he had made without pay by appointing him a member of the first Federal Reserve Board. When his name was sent to the Senate, as is usual, to investigate his fitness for the job, Mr. Warburg told the Senate Committee that he was making a heavy financial sacrifice to accept the position on the Federal Reserve Board. Quoting Senator REED, who was a member of the investigating committee: "May I ask what your motive is, or your reason for making that sacrifice?" Mr. Warburg replied: "My motive is that I have, as you know, taken a keen interest in this monetary reform since I have been in this country."

St. Matthew, chapter 22:

> Beware of false prophets, who come to you in the clothing of sheep but inwardly they are raving wolves. By their fruits you shall know them. Do men gather grapes of thorns or figs of thistles?

No one can gainsay the avowed purpose of the Federal Reserve law was not beneficial to the general welfare had it been administered by honest conscientious men for the welfare of the people. The fundamental principles of the law was to furnish an adequate supply of money for legitimate business free from monopoly control, and to keep it in active circulation among the business interests of the country. This intent was right and under proper administration would have proved very beneficial to the public welfare and we would not now be experiencing these hard times. That it has passed from the hands of the people and into the hands of the money changers as Mr. Warburg intended, is evidenced in the impoverished condition of the country in general.

Laws may be ever so beneficial if administered right and just as injurious when administered wrong. It is not so much in making laws as administering them. Had this law been administered as intended, by President Wilson and Congress, the congestion of money for stock gambling purposes could not have occurred, and the past 10 years would have been prosperous instead of disastrous.

The World War started in 1914 and the Federal Reserve System performed wonderful service. The Democratic Party was proud of their responsibility for its banking law, as was evidenced by the financial plank in the 1916 platform:

1916

> Democratic: Our archaic banking and currency system, prolific of panic and disaster under Republican administrations—long the refuge of the Money Trust—has been supplanted by the Federal Reserve Act, a true democracy of credit under Government control, already proved a financial bulwark in a world crisis, mobilizing our resources, placing abundant credit at the disposal of legitimate industry, and making a currency panic impossible.

You will note the last few words of the plank "and making a currency panic impossible." Now, let us see what happened when there was a change in administration in 1921 and there was a new board of engineers who took charge of the system. I insert the Democratic platform of 1924 and it will tell you what happened:

1924

> Democratic: We denounce the recent cruel and unjust contraction of legitimate and necessary credit and currency, which was directly due to the so-called deflation policy of the Republican Party as declared in its national platform of June 1920 and in the speech of acceptance of its candidate for the Presidency. Within 18 months after the election of 1920 this policy resulted in withdrawing bank loans and discounts by over $5,000,000,000 and in contracting our currency by over $1,500,000,000. This contraction bankrupted hundreds of thousands of farmers and stock growers in America and resulted in widespread industrial depression and unemployment. We demand that the Federal Reserve System be so administered as to give stability to industry, commerce, and finance, as was intended by the Democratic Party, which gave the Federal Reserve System to the Nation.

You will see that they charge the new engineers in administering the Federal Reserve System, which they claim would prohibit the money changers and speculators of Wall Street from robbing the people. They charge the new engineers with "withdrawing bank loans and discounts by over $5,000,000,000 and in contracting our currency by over $1,500,000,000," with the result that it "bankrupted hundreds of thousands of farmers and stock growers in America and resulted in widespread industrial depression and unemployment," and they might have added truthfully, according to the report of the Committee on Agriculture, "it reduced the value of farm products from $78,000,000,000 to $58,000,000,000, a clear loss of $20,000,000,000 to the farmers of the Nation. This is the banking system that was handed to the American Congress by Paul Warburg and was operated as was expected by him.

Now, let us briefly call your attention to some of the maneuvers which brought about the 1921 depression. A secret bankers' meeting was held May 18, 1920, in Washington, D. C., behind closed doors and closed curtains and in the very shadows of the Capitol. And in the name and style of "the orderly deflation committee of the American Bankers' Association," a secret resolution was passed declaring for the contraction of money and credits, and then they folded their tents and silently moved away.

No one knew of the meeting. No one knew who attended. No one knew of the resolution passed. And for 2 years 8 months and 4 days this meeting was kept a guarded secret. But true to an old saying, murder will out. And on the 22d day of February 1923 the manipulating bankers and finan-

ciers became involved in a dispute and contention over certain Liberty Loan bonds affected by the resolution passed. And in revenge, or in retaliation, or for other causes the proceedings of the secret meeting were published in the Manufacturers Record of Baltimore, Md., and for the first time the proceedings of this meeting and the names of the bankers attending were known to the outside world.

The published proceedings of this secret meeting show the same held as a conference in the name and style of the Federal Reserve Board and advisory council, with the action taken on a resolution assuming to be presented by the American Bankers Association. George L. Harrison was there. James B. Forgen was there. J. H. Puelicher was there. James A. Alexander was there, and other bankers who participated. But the manipulating financiers and bankers, and the master minds of frenzied finance engineering this gigantic secret movement, were not there, present and in person, but were pulling the wires, directing, and promoting their tools, puppets, and cat's-paws from afar, who may have been unmindful or unconscious of the crime they were bringing down upon their unsuspecting fellow men.

John Skelton Williams, Comptroller of the Currency and a member of the Board at the time of this secret contraction of money, who protested and remonstrated against the secret orders of the Federal Reserve Board, in explaining the course being taken, said:

I heard much talk while I was a member of the Federal Reserve Board about forcing the farmer to sell his wheat or the cotton planter to sell his cotton or the cattle raiser to sell his livestock or the wholesaler or retailer to sell their stock of goods.

But I must frankly tell you that I do not recall of a single occasion during the last 2 years of deflation when the Board ever discussed seriously the importance or desirability of requiring the big banks of New York City to liquidate (pay) a portion of their loans; some of which were lending millions of dollars to their own executive officials on highly speculative securities and to big syndicates in which those officials were actively interested, and which those banks had been carrying for months, and some for years, to liquidate a portion of their loans.

To corroborate the foregoing, I quote the following statement made by John A. Simpson, former president, National Farmers' Union, made in a Nation-wide radio address:

The latter part of January 1920 I was here in Washington and visited Mr. John Skelton Williams, who was the Comptroller of the Currency. I asked Mr. Williams, "When is deflation to begin?" He answered me, "The other members of the Board have just voted for it to begin May 1, this year." He said: "I told them that such a course would break lots of little country banks." He said: "They answered me that the little banks ought to break; there are too many of them." Tears were on his cheeks when he said that he told them "such a course would ruin lots of farmers," and that they cold-bloodedly replied, "They ought to be ruined; they are getting so prosperous they won't work."

Mr. Williams should have told the Board also that it would ruin millions of low-salaried laboring people, such as shopgirls, policemen, motormen, and common laborers, whose patriotism was aroused in every city, town, and hamlet in the country by prominent speakers, actors, brass bands, and torchlight processions, and the word flashed on every moving-picture screen in the United States:

Buy Liberty bonds, buy until it hurts, and if you do not have the money, your bank will finance you and accept monthly payments. Contribute your part toward winning the war—

With the result that three-fourths of the bonds sold were bought by people of ordinary means and not able to invest in bonds. The banks were filled with bonds purchased by the people who had no cash, but were paying for them on the installment plan, and the banks were honest in informing them that they would be taken care of by the partial-payment plan; but when the Federal bank robbers' system sent out the word to call loans, reduce the volume, which was done at the extent of $5,000,000,000, and reduce the volume of money from one billion and a half to two billion dollars, the little banks of the country were forced to throw millions and millions of bonds on the market in order to secure cash to pay their depositors, with the result that bonds depreciated as much as 20 percent on the dollar, which, of course, caused a loss of the original purchase and all of the payments they had made. The money sharks did not finance the war, but the great masses of people financed the war by buying the bonds. The money sharks loaded up on the depreciated bonds, stock, and so forth, as they had control of the money and fostered the depression behind closed doors through the operation of the Federal robbers' banking system to rob the people.

Mr. Simpson stated in his broadcast that he wished that he would be asked to prove the truth of the above interview with Mr. Williams in court. You will note above that Mr. Williams told the Board that if they carried through their deflation program that it would break lots of little country banks. They answered that the little banks ought to break for there were too many of them. Did Williams' prophecy come true? Judge for yourself. The official records show that on June 30, 1921, there were 30,560 banks of all kinds in the country. On December 31, 1938, the official records show that there were 15,265 banks of all kinds in this country. Subtract this number of banks from the 30,560 and the result will show you that 15,295 banks were wiped out of existence by the deflation program of the Federal Reserve Banking System. Mr. Williams also told the Board such a course would ruin lots of farmers and they cold-bloodedly replied: "They ought to be ruined; they are getting so prosperous they won't work," and Mr. Williams' prophecy again came true, and the records show that untold millions of farmers have been evicted from their homes by the foreclosing of mortgages, and are now tenants where they have to work to clothe and feed their families on the farms they once owned and made their happy homes. While Mr. Williams did not say so, it would mean ruination to thousands of business enterprises of the country. The records show that from 1920 until 1933 there were 302,314 business failures throughout the country.

Now, my countrymen, just stop and think for a moment of the wreck and ruin, the sorrow and suffering, the suicides, hunger, rags, and wretchedness wrought by the Federal Reserve Board at the behest of the heartless, cruel money changers.

The panic of 1921 was not a mystery—it was a conspiracy, as are all other panics, a deep-laid criminal plot. No pirates boarded a merchant ship to scuttle and sink the vessel; no highway robbers ever rode masked; no bandit burglars ever blew a safe with more deliberate criminal intent than the international financiers and their American mercenary money changers who maneuvered from afar or pulled the manipulating wires from behind closed doors and closed curtains, directing their tools and puppets in the secret bankers' meeting and on the Federal Reserve Board, fawning to do their will and bidding.

Oh, that I had the power of eloquence and command of language to coin sentences that would sear like sulfurous flames coming hot from Hell—I would weave of words a whip of scorpions to lash the money changers naked through the words.

I would rather be a fox and steal fat geese that a miserly millionaire and prey upon the misfortunes of my fellows. I would rather be a peddler of hot peanuts than vote for a law that gives to bond grabbers and boodlers privilege to despoil the pantries of the poor. I would rather play a cornstalk fiddle while pickaninnies dance than to be an unscrupulous politician and build of widows' sighs and orphans' tears and flimsy bubble of fame to be blown adown the narrow beach of Time and Eternity's shoreless sea.

The 1921 panic was comparatively of short duration. It was a test of the power and the efficiency of the Federal Reserve System to manipulate the prices of stocks, bonds, mortgages, commodities, livestock, and so forth, and it worked beautifully—100 percent.

The money changers were in a high glee. They closed thousands of banks and foreclosed tens of thousands of mortgages and made millions in buying depressed stocks. They used good judgment in not prolonging the panic into a depression, therefore, they began reviving their victims by administering a dose of inflation, expanding credit, bringing back prosperity, good times, in order that their victims might be able to accumulate for the next picking. In 1926 the country became very prosperous but instead of having

another little panic and fleecing their victims, the money changers concluded to further test the efficiency of their new banking system by making "a big killing" and they extended credit without limit and brought about a wild orgy of speculation in the stock markets. The Federal Reserve banks could have stopped this orgy of speculation any time before the crisis in 1929 but their avarice and greed blinded them to their fate and like the speed fiend in the automobile who keeps stepping on the gas, they extended credit until they met their Waterloo; when the hydraulic brakes refused to work, they lost control and their machine went into the ditch. This catastrophe was too much for the people of the country and when the next national election rolled around, the people lost faith in Herbert Hoover and his promise of prosperity just around the corner, two cars in every garage, and a chicken in every pot, and buried him under an avalanche of indignant American voters.

The present depression, which started in 1929, is the worst depression of all time, world-wide, and of the longest duration of any yet to occur, more unemployment, more bankruptcies and business failure, more misery and starvation, loss of homes, suicides, and demoralization than the world has ever experienced before. This is the result of the operation of the present banking and monetary system.

After nationalizing gold in 1933, the President, by authority of Congress, revalued gold by increasing its price from $20.67 an ounce to $35 an ounce. This automatically reduced the content of the gold dollar from 23.22 grains to 13.71 grains plus. This revaluation produced a great howl from the Shylocks of the country, who always want their pound of flesh. And the money changers predicted dire results. However, the change took place, and the man on the street did not know it happened, and no complaint was registered from anyone except the Shylocks who had written gold dollars of 23.22 in their notes and bonds, which was declared unlawful by the lower courts and sustained by the Supreme Court.

I want to call your attention to the fact that no bonds or obligations from the foundation of the Government, including the billions issued during the Civil War, were made payable in anything except United States money. However, in 1869, the money changers influenced Congress to pass what is known as the Credit Strengthening Act, which made bonds payable in coin—gold and silver basic money. In 1873 silver was demonetized as basic money, which had the effect of making all bonds and other obligations of the Government payable in gold. Had the President revalued gold, by reducing the content of the gold dollar in the same proportion that France reduced the content of her franc, our gold today would be worth over $250 an ounce.

To illustrate to you how far the debasing of the French franc has come, will state that before the debasing began a tourist in France could take a United States $20 gold piece, which is approximately an ounce of gold, and exchange it for 107 francs. Now you can take that same $20 gold piece and exchange it for over 1,300 francs. Yet a lot of the money changers in this country are complaining because the President has made a modest revaluation of the gold ounce.

No President of the United States was ever confronted with a more stupendous problem than was President Roosevelt—15,000,000 laboring men tramping the highways and byways looking for work, their wives and children in hunger and rags, being fed by charity—farmers bankrupt, all commodity prices at their lowest ebb, business of every kind stagnated, factories closed, people losing their life savings when banks were toppling like tenpins. The President took drastic action by closing every bank in the country, as there was not a bank in the Nation that could have paid its depositors, and all of this catastrophe, rack and ruin, was deliberately brought about by the manipulation of the Federal Reserve Banking System. In my opinion the President made the mistake of his life in not coming to Congress and asking for legislation providing for the taking over of the Federal Reserve banks by the Government and following in the footsteps of the immortal Lincoln at the beginning of the Civil War when he was confronted with a like emergency, and by putting the presses to work printing Roosevelt greenbacks like Lincoln printed Lincoln greenbacks. Instead, he pursued another course and began printing interest-bearing, nontaxable bonds, and kept the Federal Reserve System which on two occasions had wrought such unprecedented havoc. But he changed the personnel of the management of the System and appointed as chairman of the Board an unsophisticated country banker from the West by the name of Marriner S. Eccles. The people had implicit confidence that the System would be run in the interest of the great masses of the people rather than in the interest of the money changers. In the meantime the President, leaving the banking problems to Mr. Eccles, turned to the Herculean task of restoring price levels of commodities so that the farmers of the Nation who produced the wealth could return the country to the road to permanent prosperity and to that end he spent billions of dollars in every conceivable way—subsidies, bonuses, fertilizer, seed, and so forth, all of which the farmers appreciated, or should have appreciated, in his efforts to help them out of the rut that had been brought about by the international bankers through the operation of the Federal Reserve System. His plan seemed to be reduction of the production of commodities—the plan of scarcity—when, in my opinion, he could have accomplished the purpose he desired by increasing the volume of money and credit which would have entailed no expense to the Government. I will show later on by Mr. Eccles' own statement that he agrees in this opinion. The President's scarcity plan was accomplishing the results he desired, as evidenced by the rising commodity and other prices in the latter part of 1936 and 1937. But it seems the recovery of price levels did not meet the approval of Mr. Eccles, as evidenced by the annual report of the Federal Reserve banks of 1936 and 1937. I am going to prove this assertion by quoting in part a speech made on the floor of the Senate by Hon. KEY PITTMAN, the distinguished Senator from Nevada, on April 11, 1939. Senator PITTMAN was chairman of the committee investigating relief appropriations and silver, and Mr. Eccles was a witness before that committee.

Mr. PITTMAN. Mr. President, I never have been able to see how borrowing money by our Government, and its expenditure for work-relief labor, could ever raise commodity prices in this country to the level of 1926, which we seek. In fact, it has not done so. I think the time should very quickly come when this policy should cease; but I do not believe it ever will cease unless some action is taken by Congress to restore the price level of commodities in this country.

We certainly have some control over our monetary agents in this country. It would seem that we should have some control over the Federal Reserve Board, and some control over the Treasury Department. If we have not, we should have. It is perfectly evident that the Federal Reserve Board, in connection with the Secretary of the Treasury, in the latter part of 1936 and the early part of 1937, caused the recession of 1938, as it is called, and did it deliberately.

In the latter part of 1936 and the early part of 1937 commodity prices in this country had reached nearly the parity of 1926. As a matter of fact, farm commodity prices had reached 96, as compared with 100, which meant that the purchasing power of the dollar was down to 101.

Within a few months after that commodity prices were driven down 24 percent, and they are down at that point now. The general prices of agricultural products were driven down more than 24 percent, and they are there now.

We have tried every kind of scheme to save agriculture. We have paid the farmers to reduce their production; we have paid them bonuses in the form of loans. Yet it has not affected their commodity prices at all, and unless something is done to affect commodity prices, the present condition is bound to last forever.

Let us look at what Mr. Eccles, the great genius in charge of the Federal Reserve Board, said in his report at the end of 1936. This is a splendid report. In 1936 it looked as though we were not going to have any unemployment in 1937 and 1938; it looked as though the prices of all commodities would reach 100.

I want Senators to listen to this report for just a moment. On page 3 of the Annual Report of the Board of Governors of the Federal Reserve Board for 1936 we find the following:

"Progress in industry and trade was substantial in 1936. Production of durable goods increased considerably, and output of nondurable products also showed growth, particularly in the latter half of the year."

I am reading from a great monetary and economic genius, and I hope to conclude in a moment:

"The increase in durable-goods production reflected purchases of equipment both by industry and by individuals, as well as further expansion in construction. There was a general rise in employment, and income in both urban and rural areas was considerably

larger than in other recent years. Capital values increased during the year, and in the latter part of the year there was a general advance in commodity prices. Total national income rose to $63,800,000,000 for the year, as compared with $55,000,000,000 in 1935 and a low of $39,500,000,000 in 1932."

That was a splendid showing. On page 2 of the report we find the following:

"During 1936, however, business drew upon the banks and upon investors' funds to a considerably larger extent. Commercial loans to bank customers, after 3 years of little change, increased by $1,000,000,000, and securities issued by corporations to obtain new capital (as distinct from refunding issues) amounted to $1,200,000,000 or more than the aggregate for the previous 4 years combined."

The same story of prosperity proceeds. On page 1 of the report for the year 1937 we find the following:

"At the opening of 1937 economic activity was increasing rapidly. The output of mines and factories, after a steady rise for 2 years, had reached the average level of 1929. Increased activity was manifested both in the industries producing goods for immediate consumption and in those producing durable goods. Capital expenditures by manufacturing industries were increasing rapidly, in line with output and profits. There was some revival in residential construction, which had dwindled to a very low level during the depression and was still far from normal. Employment was expanding and wage payments were rising even more rapidly as the result both of reduction in part-time employment and of increases in hourly wage rates. Increased farm income, a large volume of dividend disbursements, and larger wage payments resulted in an increase in retail and wholesale distributions. Prices of securities were at the highest level since the early part of the depression; yields on bonds, both Government and corporate, had reached exceptionally low levels, and capital issues of corporations were in the largest volume of the recovery years. Many commodity prices were rising rapidly. Advances were particularly pronounced in agricultural and other raw materials; prices of finished goods were also rising. Increased domestic demand, together with a considerable volume of foreign demand, contributed to the advance. A wave of buying was in progress. * * *

"Relative to bank loans and the expansion of deposit currency, the Board reports as follows from page 2: 'The total volume of bank deposits and currency continued to grow and at the beginning of 1937 was at the highest level in the country's history. Bank loans to trade and industry had increased considerably and were growing. New York City banks were reducing their holdings of Government securities, but total investments of banks had changed little in the last half of 1936. Idle funds in the hands of institutions and individual investors continued large, and long-term money rates were exceptionally low.'"

On page 3 of the 1937 report we find the following assertion:

"Currency outside of banks had increased by about $2,000,000,000 between 1930 and 1937."

That is where currency must be to have any effect.

Now comes the report of the destruction of that prosperity, an admission on the part of Mr. Eccles that the Board deliberately destroyed that prosperity.

Yet I have never heard anything said in Congress against it. I have heard of no effort in Congress to control a situation of that kind. We are concerning ourselves with a feared waste of $50,000,000, when the act of the Federal Reserve Board struck down billions of dollars' worth of capital in this country with one blow. We are talking now about saving the taxpayers' money, and in my opinion, there is not a thing that we are talking about which has anything whatever to do with the restoration of the price level.

This is what the Federal Reserve Board did in conspiracy with the Treasury Department. On page 2 of the 1937 report we find the following:

"The rate of advance in business activity was, in fact, so fast that there were evidences of unsound developments."

There is the whole secret. There were evidences of unsound development. Prosperity was moving forward too rapidly to suit them, and there was threat of a boom. Yet there were 8,000,000 unemployed in this country at the time of that so-called threat of a boom. I read further:

"There was a large increase in forward orders in anticipation of further price and wage increases, together with uncertainties regarding deliveries, partly due to labor disputes, and shortages were developing in plant and equipment and in some classes of skilled labor. Notwithstanding the fact that recovery was far from complete and that there was still a large amount of unemployment, boom conditions were developing in particular industries and boom psychology began to be manifested."

Then what happened? On page 1 of the report of 1936 we find that the Board took action to check the upswing. This is what it reported:

"In July 1936 and again in January 1937 the Board of Governors took action to increase reserve requirements and thereby to eliminate a large part of the excess reserves that had accumulated. The combined effect of these two actions of the Board was to double the reserve requirements of member banks. Thus the power conferred upon the Board by the Banking Act of 1935 to increase reserve requirements for the purpose of preventing injurious credit expansion was fully utilized.

"In December 1936 the United States Treasury inaugurated a policy of setting aside in an inactive stock all gold purchased subsequent to December 23, 1936, and thereby preventing the further acquisition of gold from increasing bank reserves. The Treasury and Federal Reserve measures taken together largely eliminated the basis of a potential credit expansion arising from the large movement of gold to this country which had begun in 1934 and had greatly expanded the credit base of the country."

Again, on page 2 of the 1937 report the Board reported that the Treasury Department joined in the program which had the effect of curtailing and checking the return of prosperity. I read:

"In December the United States Treasury, after consultation with the Board, adopted a policy of placing new gold acquisitions in an inactive account, thus preventing further gold imports from adding to the reserves of member banks."

On page 3 of the 1937 report we find the following:

"In August 1936 the Board of Governors had raised reserve requirements for member banks by 50 percent in order to absorb a part of the $3,000,000,000 of reserves in excess of requirements held by member banks. Under the law the Board has the responsibility of changing reserve requirements in order to prevent injurious credit expansion or contraction, and the Board had acted to eliminate from the credit base a part of the redundant reserves accumulated through a large volume of gold imports. The Board's action was in the nature of a precautionary measure to prevent an uncontrollable expansion of credit in the future. The policy of maintaining easy money and credit conditions pursued by the System since the beginning of the depression continued to be in effect."

On page 3 of the 1936 report we find the following:

"The Board, therefore, in January and March 1936, took action to increase the margin requirements applicable to security loans made by brokers and dealers in securities and in March also made these requirements, as increased, applicable to loans made by banks on stocks for the purpose of purchasing or carrying stocks registered on national securities exchanges. By these measures the Board undertook to check the growing use of borrowed funds for speculation in securities, without limiting the supply or raising the cost of credit available for commercial, industrial, or agricultural purposes."

Senators, watch the development and see what happens. See what happens with this control of our monetary system. I continue to read from the 1937 report, page 8:

"About the middle of March prices of stocks and of lower-grade corporate bonds began to decline from the high levels to which they had risen. Advance buying by industry and trade slackened, and early in April prices of commodities traded on organized exchanges began to decline. During the summer increases in crop production contributed to the declines in prices of cotton and grains, while livestock prices advanced. Industrial output continued large, however, reflecting to a considerable extent the filling of orders previously received. In the spring months there was a decline in offerings of securities for refunding purposes which had been in record volume in the early part of 1936 when business organizations, particularly the public utilities, were taking advantage of the prevailing low level of money rates to reduce the cost of their indebtedness."

Here is the end of the story on page 10 of the 1937 report:

"As a consequence of these developments industrial production declined at an exceptionally rapid rate, and the Board's index, which had averaged 116 in the first 8 months of the year, fell to 84 in December. There were also sharp declines in factory employment and pay rolls. Movement of goods over the railroads was reduced and, with costs at a higher level, the earning prospects and financial positions of many railroads were impaired. In the commodity markets prices of raw materials and semifinished products showed widespread rapid declines, and prices of finished goods, which had risen somewhat further during the summer, also decreased. In December prices of some raw materials continued to decline but others, including steel scrap and cotton, advanced. Reductions in incomes were reflected toward the end of the year in reduced consumer buying of automobiles, furniture, and other durable goods. Residential building, which earlier in the year had decreased as a consequence primarily of higher building costs, declined further in the autumn, as uncertainties arose regarding income prospects. At this time there were some reductions in buildings costs, but with business activity declining people were reluctant to build new houses or buy old ones."

There is the history of the rise in 1936 and 1937, and there is the history of the decline down to the present time.

The Federal Reserve Board, which has extraordinary control over the monetary affairs of the United States, conceived in 1936, at a time when there were 8,000,000 unemployed persons in this country, at a time when the price levels had not yet reached those of 1926, that there was a boom, and that conditions were unsound, and the Board took every step in its power to stop the boom, and it did stop the boom, and put conditions where they are now, and since the conditions were brought to that point the Board has taken no action to overcome the wrong and the destruction it did. Instead of that, we have Mr. Eccles, in a very confused and pitiful way, writing a letter to the Committee on Banking and Currency, saying there have been very many disagreements on both sides, and that they would be very happy to have the Committee on Banking and Currency suggest to the Board what they should do.

Mr. President, there is no question what they should do. They cannot control the credit of this country, because a depositor in a bank will not use his money to buy anything so long as he thinks there is a deflationary movement under way and prices are going down. A bank for the same reason will not lend money so long as it believes there is a deflationary movement and prices are going

down. Let the depositor think that prices are going up and he will buy, and the bank will join him in lending. The Board has no control over the bank's credit. It has control over the currency in this country. Every time the suggestion is made that the Government use its function in issuing currency, business and banking institutions have been taught to be afraid and they are afraid that something will happen to our currency similar to what happened to the German mark. Therefore, the Board does not know what to do. It will say that there is just as much currency in this country now as there was in 1929. That is true. But where is it? In 1929 it was in the hands of the people. At the present time it is hoarded by the banks on one hand and hoarded by the depositors on the other.

Mr. Eccles tells us that in 1936 not only were deposits moving freely but currency in circulation out of the banks increased. I say "in circulation." I do not mean in circulation as the Treasury considers it to be when it is merely outside of the Treasury. I mean in circulation out of the Treasury and outside the banks.

The deposits at the present time are hoarded. It would make no difference if there were $20,000,000,000 in currency registered in the Treasury reports as being in circulation, which would simply mean that it was outside the Treasury, if all of it were hoarded in banks, both by the banks and the depositors. But there is no doubt that when the Thomas amendment to the agricultural bill was agreed to, authorizing the United States Treasury to issue and spend $3,000,000,000 in Treasury notes, it had an inflationary effect. Why? Because, as Jimmie Warburg said, there had never before been such an inflationary movement in this country as that. In addition, it provided another $3,000,000,000 which the Government might use to take up its current accounts. That made a total of $6,000,000,000. It was Jimmie Warburg who suggested that if such a bill were passed everyone who had a deposit would run out and buy something solid—buy commodities and real estate—and there would be the greatest inflation in commodity values that the United States ever saw. That was exactly what we wanted to the point of reflation.

But, Mr. President, none of that power was ever utilized by the President of the United States. He did not utilize the $3,000,000,000. And to make matters worse, as the inflationary period was coming, and the course of prosperity and commodity prices moved up, to July 1933, the Treasury Department again became frightened of boom, and deliberately issued a statement that there would be no inflation, and then prices dropped.

There are many definitions and theories as to inflation and to what effect it will have on the prosperity of the country.

For the information of the country, I am going to quote verbatim from the CONGRESSIONAL RECORD. The high mogul and authority on banking, Myron T. Eccles, was interrogated by Senator PITTMAN, chairman of the committee investigating silver, as follows:

The CHAIRMAN. What do you call "currency inflation"? Describe "currency inflation." I have heard the expression used quite a lot. I would like to know distinctly what it is.

Mr. ECCLES. To me it would mean where the supply of money, bank deposits, and currency, in the hands of those that spend that money, is greater than a country's ability to produce the goods for the market. It would be a condition of overemployment, a condition of inability to produce the goods, so that the supply of money in the hands of those who spend it is in excess of a country's ability to supply the demands.

The CHAIRMAN. What would be the effect, then?

Mr. ECCLES. The effect would be the rapidly rising price level. It would be a diminution of the purchasing power of the dollar.

The CHAIRMAN. Has not the Government been striving apparently for 6 years to lower the purchasing power of the dollar and to raise the price level of commodities? That has certainly been the effort of our Government for 6 years.

Mr. ECCLES. Of course, you speak of "the Government." It is difficult for me to say. There are different views with reference to it. There are some people in the Government, and I think practically everybody felt that the prices should go up, it would be desirable to have higher prices certainly than they were in 1932, that the prices should bear certainly some relationship to fixed charges and debt structure. If it is possible to create that condition, I would think that was desirable.

The CHAIRMAN. As I understand you now, and I hope I do, the effect of currency inflation would be to raise rapidly price levels; isn't that true?

Mr. ECCLES. That is right.

The CHAIRMAN. Then by "currency inflation" you could bring the price levels up to what the Department of Labor fixes as parity. That is true, isn't it?

Mr. ECCLES. You may get a great variation in prices. You may have some prices very low, and you may have other prices higher. Taking an average price level, I think that is true.

Now read carefully and analyze the above statement and determine whether you want inflation and prosperity or deflation and poverty.

From the foregoing information every fair-minded man must come to the conclusion that the Federal Reserve Banking System brought on the depression of 1920 by contracting the volume of money. About 1922, after the victims of the depression had been buried and forgotten, the bankers running the System began to expand credit, and through the subsidized press painted a glorious picture of the future. The expansion continued until the depression of 1929 broke upon the country like a clap of thunder out of a clear sky. They extended unlimited credit on a bull market and contracted credit on a bear market, when they should have done exactly the reverse in each instance. This has been the method of the money changers who have controlled the credit of the country, through the national and Federal banking systems ever since the Civil War. It was a case of the pitcher going to the well once too often. Drunk with power, they extended credit and encouraged speculation until prices reached the sky, and when the big financial operators had a conference and decided to unload on the public it was like hollering "fire" in a crowded theater, and they all rushed to get out at once and lost control, like the blind Sampson they pulled the temple down upon themselves.

The official statistics of the Treasury show that in 1929 there were 25,330 banks in operation with $57,910,641,000 on deposit. Every depositor had a right to think that his check would be honored with cash on presentation, when, in fact, there was only $4,459,000,000 of all kinds of currency, from 1-cent copper pieces to $10,000 bills, in existence. Now, how could the banks cash the depositors' checks? It was a physical impossibility, with a result that more than 10,000 banks closed their doors, with colossal loss to the depositors. This is the direct result of our present banking system.

The Good Book says, "By their fruits ye shall know them"; therefore, it would be fair to judge the Federal Reserve System by this standard.

During the 23 years of its operations commodity prices have fluctuated more than during any comparable period in the country's history. Commercial failures have been more than ever before in a like period in the history of this Nation. Through its manipulations, 3 years prior to 1930, saw the greatest period of stock gambling and speculation in the history of the world. It created hundreds of thousands of stock gamblers, and when the crash came left otherwise reputable citizens insolvent and millions broken in spirit. It piled up an amount of loans through the banking institutions of the Nation that reached the stupendous total of more than $40,000,000,000. Such a condition cannot be found in the financial history of any of the great countries of the world.

It has been the greatest piece of legislation for special privilege that has ever been conceived in the legislative halls of the Nation. During its operation greater combinations of capital have been formed than the country has ever known. The records show that at the peak of the depression 15,000,000 men were walking the highways and byways for work they could not get. Twenty-five million men, women, and children—hungry, ragged, and wretched—were on relief. Ten thousand bank failures, entailing the life savings of millions of people, left in their deadly trail bankrupt States, cities, and counties, farmers and businessmen; and we were told that the Federal Reserve System would insure confidence and make financial panics impossible.

Now, my countrymen, when the people complain that we do not have enough money the stereotyped answer is that the banks are loaded with money—more money than they know what to do with. "Now let's look at the record," as Al Smith says. Therefore, for your information, I incorporate in my remarks a letter over the signature of the Deputy Comptroller of the Currency dated May 27, 1939:

TREASURY DEPARTMENT,
COMPTROLLER OF THE CURRENCY,
Washington, May 27, 1939.

DEAR SIR: In reply to your communication of the 24th instant, there is shown below the information requested with respect to the capital stock of Federal Reserve banks, and the number, total deposits, and cash in vaults of member banks of the Federal Reserve

System, and nonmember banks in the United States and possessions:

As of Dec. 31, 1938

Capital stock of Federal Reserve banks	$134,575,000
Member banks:	
Number	6,338
Total deposits	$43,363,138,000
Cash in vaults	$745,650,000
Nonmember banks:	
Number	8,927
Total deposits	$18,544,623,000
Cash in vaults	[1] $204,744,000

[1] Cash in nonmember insured banks only. Cash in all nonmember banks not available.

Very truly yours,

C. B. UPHAM, *Deputy Comptroller.*

Now, I will analyze the data in the above information. By dividing the total deposits of the member banks of the Federal Reserve System by the total number of Federal Reserve banks the answer will be that the average deposits in the member banks is $6,841,769. By dividing the total cash in the vaults of the Federal Reserve banks by the number of banks it will give you $117,647, the average amount of cash in each bank. Now divide the total deposits of all the member banks into the total cash in the vaults of all the member banks and the result will be that for every dollar that the people of this country had on deposit in the Federal Reserve Banking System there was just 1¾ cents in cash in the vaults of the banks to pay the depositors.

The number of nonmember banks in the country on December 31, 1938, was 8,927. Divide that into the total deposits as indicated above and the result will be $2,077,264, the average amount deposited in each nonmember bank. The cash in vaults of all nonmember banks is $204,744,000. Divide that by the total number of nonmember banks as indicated above and the result will be that the average amount of cash in the vaults of nonmember banks is $22,936. Now divide the cash in the vaults of the nonmember banks as indicated above by the total deposits as indicated above and the result will be that for every dollar that the depositors have in the nonmember banks, there are 1⅒ cents in cash in the vaults of the banks to pay the depositors.

To carry this analysis a little further, you will add the total amount of deposits in the member banks and the total amount of deposits in the nonmember banks which makes a total of $61,907,771,000 deposits in all the banks of the country, Federal and non-Federal. Now we will add the total amount of cash in the vaults of the member banks, $745,650,000, and the total amount of the cash in the vaults of the nonmember banks, $204,744,000 which makes a total of $950,394,000 which shows that the people of this country on the 31st day of December 1938 had more than 60 times the amount of money on deposit as there was actual cash in the vaults to pay their checks. Let us carry this analysis a little further. On December 31, 1938, the report of the Treasury showed that there was in circulation $6,856,408,515. Now subtract from that the total amount of actual cash in all the vaults of all the banks of the country and the result will be that there is $5,906,014,515. Now where is this stupendous amount of money? Your guess is just as good as mine. But why appeal to the banks of the country to loan more money when the records show there is less than 2 cents of actual cash in the vaults to pay each dollar of deposits.

STATISTICS FROM THE UNITED STATES COMPTROLLER GENERAL'S OFFICE

As of June 30, 1928

Number of member banks	8,929
Total deposits	$36,060,000,000
Actual cash in vaults	$449,000,000
Number of nonmember banks	17,384
Total deposits	$22,371,000,000
Actual cash in vaults	$439,000,000

Analyze the above statistics and it will show that there was less than $1.25 in cash in the vaults of the member banks of the Federal Reserve System to pay each $100 deposit on June 30, 1928, and $1.96 in cash in the vaults of the nonmember banks to pay each $100 deposit, and yet we are told on every hand that the banks of the country are loaded with money.

As of June 30, 1932

Number of member banks	6,980
Total deposits	$27,864,000,000
Actual cash in vaults	$481,000,000
Number of nonmember banks	12,183
Total deposits	$17,525,000,000
Actual cash in vaults	$313,000,000

Analyze the above statistics and it will show that there was less than $1.75 in cash in the vaults of the member banks of the Federal Reserve System to pay each $100 deposit on June 30, 1932, and a little over $1.78 in cash in the vaults of the nonmember banks to pay each $100 deposit, and yet we are told on every hand that the banks of the country are loaded with money. This is the high-powered streamlined 16-cylinder Rolls Royce Rothschild banking system placed on the statute books of this country by Paul Warburg.

Would not the bankers be in a devil of a fix if everybody in case of a panic naturally rushed to get their money out? There would not be a bank in the United States that could pay off its depositors, and the only thing that could save the country would be to do what the President did in 1933—call a bank holiday. In the meantime, thousands of banks would close their doors permanently, and the depositors would lose their life savings as they did in 1933. I hear someone say the Federal Deposit Insurance Corporation would pay off all deposits up to $5,000. In that you are mistaken. The Federal Deposit would have to close its doors. A great majority of the people think that the Government insures your deposits. This is not a fact. The Federal Deposit Insurance Corporation is only a corporation in which the Government has some stock, and the Government does not guarantee deposits, and the Federal Deposit Insurance Corporation has only a certain amount of cash on hand, and when that is exhausted they will have to close their doors like any other banks.

I am now going to make some personal observations. Insert quotations, interviews, and statistics for the information of those who are interested in the reform of our monetary and banking system.

Aristotle, universally proclaimed the greatest philosopher of all times, who lived nearly 2,000 years ago, said:

> If the shuttle could weave of itself and the lyre play without hands, there would be no need of servants and slaves.

Half prophecy, half imagination, Aristotle looked down the ages and mused with the closing years of the nineteenth century. He seemed to fancy that with improved machinery, social comforts would multiply among the poor and the burdens of labor would cease. But alas! the dream of Aristotle has not been realized. The shuttle weaves of itself and the lyre plays without hands, but the machine through the greed of monopoly and the despotism of capital are the masters of the poor and slavery continues. Through the exigency of war, chattel slavery in this country gave way before the onward march of advancing civilization, but in the gloom of despair that overshadowed the South and the jubilee of victory that dazzled the North, the international bankers found the citadel of liberty unguarded and thrust its venomous fangs into the very vitals of our monetary superstructure and by trickery and deception foisted on the American people a monetary and banking system, thereby fastening the shackles of slavery more revolting than chattelhood in its haughtiest days—a slavery that now chains the whites and blacks on farms, in factories, and mines—which has resulted in making millions of prosperous farmers tenants on land they once owned—and 10,000,000, more or less, able-bodied laboring men tramps—looking for work they cannot get, and untold millions in hunger, rags, wretchedness for no fault of their own.

What is wrong? In God's name, what is right? Here we have the most fertile land upon the globe, the best supplied

with all things necessary to a prosperous people. Our resources are not half developed; our working people are the most intelligent, energetic, and capable upon which the sun ever shone. Man for man the world never contained their equal. Their productive capability is the marvel even of this age of industrial miracles. And yet, with every nerve strained to its utmost tension; toiling, saving—at very death grips with destiny—they are sinking year by year deeper into the slough of despond—into that most frightful of all gehennas, the hell of want.

"God help the rich! the poor can beg," appears to be the motto of the international bankers to whom an inscrutable Providence has given control of this Government; and perhaps the saying is not so foolish as one might at first imagine, for history has a bad habit of repeating itself, and the day may not be distant when the rich will have more occasion for pity than the poor. There are many and unmistakable signs that we are rapidly nearing the patience limit of the common people when they will decline to be longer hoodooed and humbugged by fake panaceas for poverty cooked up by money changers; and what then? Well, strange things have happened when the toiling millions became maddened by misery and frantic with hope deferred. Conditions in France during the closing years of last century were not materially different from those existing in America today; it was a greedy and impudent aristocracy versus a patient and long-suffering people; and when the latter could endure their privations no longer the former went to the wall and there was little left of them but hide and hair. Deprived of property and imprisoned, guillotined, and trampled beneath the iron-shod feet of the people they had learned to despise, one would imagine, after this terrible rebuke, written in fire and blood, the money changers would never again tempt the murderous wrath of the "many-headed monster," but the curse of greed, the lust for gain, the thirst for power blinds men to danger and drives them on to their doom.

Hold yourself down a moment, my ultraconservative friend, until I can work the idea into you that I am not an "anarchist," or any of those dreaded things that flit like monstrous nightmares through the stertorous dreams of multimillionaires, and terrify the waking hours of those who humbly serve in the house of Dives and board themselves. Let us understand each other. Now, what are you that see only the rose pictures painted there by the money changers? In ninety-nine cases out of a hundred you are a pitiful hanger-on, echoing parrotlike ideas of the plutocrat, and condemning the honest workingman who cannot conceal his poverty. It is by the aid of such as you that the money changers retain their power to despoil the people. It makes of you a cat's-paw to rake the chestnuts out of the coals and despises you as a matter of course. I am not inciting a revolution or fostering the spirit of unrest. I am simply calling the attention of Dives to the law of cause and effect that he may stand from under the avalanche. I am not posing as a philanthropist who has nothing to do but weep for the world's woes, but I dislike to see men taking a siesta on the muzzle of a loaded volcano which may get into action any moment. I have no desire to see an upheaval of the fires of hell. For these reasons, if for no other, I am anxious to see the condition of the working people so improved that they will be contented and prosperous. But just so sure as death and taxes there is trouble ahead for Dives if Lazarus be left much longer to care of the dogs.

Excerpt from the inaugural speech made by President Roosevelt March 4, 1933:

This is preeminently the time to speak the truth, the whole truth, frankly and boldly. * * * This great Nation will endure as it has endured, will revive and will prosper. * * *

* * * Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply. Primarily this is because the rulers of the exchange of mankind's goods have failed, through their own stubbornness and their own incompetence, have admitted their failure, and abdicated. Practices of the unscrupulous money changers stand indicted in the court of the public opinion, rejected by the hearts and minds of men.

* * * Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.

Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort. * * * These dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men.

* * * and there must be an end to a conduct in banking and in business which too often has given to a sacred trust the likeness of callous and selfish wrongdoing. * * *

Restoration calls, however, not for changes in ethics alone. This Nation asks for action, and action now.

Ricardo says:

That commodities rise or fall in proportion to the increase or diminution of money, I assume as a fact that is incontrovertible.

John Locke, one of England's greatest thinkers and economists, says:

The lessening of the quantity of money makes an equal quantity of it exchange for a greater quantity of any other commodity.

John Stuart Mill tells us:

That an increase of the quantity of money raises prices and a diminution lowers them, is the most elementary proposition in the theory of currency, and without it we should have no key to any of the others.

Old Adam Smith (they have called him the father of political economy) said, in substance, this:

Money measures things and things measure money. Each measure the other by and according to its own abundance, by comparison. If you double the volume of money in circulation, you double the price of everything. By doubling the price you divide the debt because it takes only half as much labor or the products of labor to pay the same debt. If you divide the amount of money in circulation, you divide the price of everything. By dividing the price of everything, you double your debts, for it will take twice as much labor or the products of labor to pay the same debt.

W. J. Bryan said:

The Federal Reserve bank that should have been the farmers' greatest protection has become his greatest foe. The deflation of the farmer was a crime deliberately committed, not out of enmity to the farmer but out of indifference to him. Inflation of prices had encouraged him to buy, and then deflation delivered him into the hands of the money lender. The Federal bank can be a blessing or a curse according to its management. If the Wall Street speculators are in control of it they can drain the agricultural districts and keep up a fictitious prosperity among the members of the plunderbund.

While the Federal Reserve bank law is the greatest economic reform achieved in the last half century, if not in our national history, it would be better to repeal it, go back to old conditions and take our chances with individual financiers, than to turn the Federal Reserve bank over to Wall Street and allow its tremendous power to be used for the carrying out of the plans of the Money Trust.

Abraham Lincoln said:

If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt was paid, it is the most heinous crime a government could commit against the people.

Thomas Jefferson said:

I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monetary aristocracy that has set the Government at definance. The issuing power should be taken from the banks and restored to the Government and the people, to whom it rightfully belongs.

Excerpt from a letter written by Abraham Lincoln to his friend William P. Elkin, November 21, 1864:

I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of war, corporations have been enthroned, and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all the wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless.

True and prophetic warning by the immortal Lincoln. He foresaw "the enslavement of the country to corporations"

(National Bank System), "the corruption in high places" (from carpetbag days in the South to the Teapot Dome scandal in the West), "the concentration of wealth in the hands of a few." (Today 5 percent of the people own or control 95 percent of the wealth. This means that 6,500,000—5 percent of 130,000,000 people, total population—control 95 percent of the wealth of the Nation.) Do you doubt it? Well might he, a patriot, "tremble for the safety of his country"—but the people, what are they doing? They are camping on a volcano, refusing to be warned. It is a pity they should be so unmindful of the eruption soon to follow.

Hon. Joseph G. Cannon:

This legislation was had in the Forty-second Congress, February 12, 1873, by a bill to regulate the mints of the United States, and practically abolished silver as money, by failing to provide for the coinage of the silver dollar. It was not discussed, as shown by the RECORD, and neither Members of Congress nor the people understood the scope of the legislation.

Hon. William D. Kelley ("Pig Iron" Kelley), of Pennsylvania, who introduced the bill:

All I can say is that the Committee on Coinage, Weights, and Measures, who reported the original bill, were faithful and able, and scanned its provisions closely; that as their organ I reported it; that it contained provision for both the standard silver dollar and the trade dollar. Never having heard until a long time after its enactment into law of the substitution in the Senate of the section which dropped the standard dollar, I profess to know nothing of its history; but I am prepared to say that in all the legislation of this country there is no mystery equal to the demonetization of the standard silver dollar of the United States. I have never found a man who could tell just how it came about or why.

Senator William Boyd Allison, of Iowa:

But when the secret history of this bill of 1873 comes to be told, it will disclose the fact that the House of Representatives intended to coin both gold and silver, and intended to place both metals upon the French relation instead of on our own, which was the true scientific position with reference to this subject in 1873, but that the bill afterward was doctored, if I may use that term, and I use it in no offensive sense, of course.

In 1890 President McKinley declared on the floor of the House:

I would give it (silver) equal credit and honor with gold; I would make no discrimination; I would utilize both metals as money and discredit neither; I want the double standard.

When Mr. Harrison wrote his letter of acceptance, September 3, 1888, he said:

The resolution of the convention in favor of bimetallism declares, I think, the true and necessary condition of a movement that has upon these lines my cordial adherence and support. I am thoroughly convinced that the free coinage of silver at such a ratio to gold as will maintain the equality in their commercial uses of the two coined dollars would conduce to the prosperity of all the great producing and commercial nations of the world.

Quotation from Mr. Garfield's inaugural address of March 4, 1881:

By the experience of commercial nations in all ages it has been found that gold and silver afford the only safe foundation for a monetary system.

Hon. Daniel Webster's opinion on the Nation's monetary system:

I am certainly of the opinion that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this standard.

Hon. James G. Blaine, from the floor of the Senate, February 7, 1878:

I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disaster in the end throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money.

Hon. John G. Carlisle, of Kentucky, who was elected seven times as a Member of Congress from Kentucky, serving from 1877 to May 26, 1890, at which time he resigned to take his seat in the United States Senate; subsequently he resigned his seat in the Senate to become Secretary of the Treasury in President Cleveland's last administration. He was Speaker of the House in the Forty-eighth, Forty-ninth, and Fiftieth Congresses, and has lived in history. He is one of the greatest parliamentarians that ever presided over the House of Representatives.

Excerpt from speech made by Hon. John G. Carlisle:

I know that the world's stock of the precious metals is none too large, and I see no reason to apprehend that it will ever become so. Mankind will be fortunate indeed if the annual production of gold and silver coin shall keep pace with the annual increase of population, commerce, and industry. According to my view of the subject the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three-sevenths to one-half of the metallic money of the world is the most gigantic crime of this or any other age.

The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world. The absolute and instantaneous destruction of half the entire movable property of the world, including houses, ships, railroads, and all other appliances for carrying on commerce, while it would be felt more sensibly at the moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of one-half of the metallic money in the world. With an ample currency an industrious and frugal people will speedily rebuild their works of internal improvement and repair losses of property, but no amount of industry or economy on the part of the people can create money. When the Government creates it or authorizes it the citizen may acquire it, but he can do nothing more.

Our power of legislation over this subject will not be exhausted by the passage of this measure, and we ought not to halt for a single moment in our efforts to complete the work of relief inaugurated by it. The struggle now going on cannot cease, and ought not to cease, until all the industrial interests of the country are fully and finally emancipated from the heartless domination of syndicates, stock exchanges, and other great combinations of money grabbers in this country and in Europe. Let us, if we can do no better, pass bill after bill, embodying in each some one substantial provision for relief, and send them to the Executive for his approval. If he withholds his signature, and we are unable to secure the necessary vote, here or elsewhere, to enact them into laws notwithstanding his veto, let us as a last resort suspend the rules and put them into the general appropriation bills, with the distinct understanding that if the people can get no relief the Government can get no money.

Hon. James G. Blaine, of Maine, elected six times to the United States House of Representatives, and was Speaker of that body in the Forty-first, Forty-second, and Forty-third Congresses; was Republican candidate for President in 1884 and was defeated by Grover Cleveland; was appointed to the United States Senate to fill the vacancy of Senator Lot M. Morrill, and was subsequently elected to that body; was Secretary of State in the Cabinet of Presidents Garfield and Harrison. Senator Blaine was Speaker of the House of Representatives on February 12, 1873, the day silver was demonetized. He heard the debate and signed the bill in his official capacity. Subsequently he was elected to the Senate.

Mr. BLAINE. The discussion on the question of remonetizing silver, Mr. President, has been prolonged, able, and exhaustive. I may not expect to add much to its value, but I promise to add much to its length. I shall endeavor to consider facts rather than theories, to state conclusions rather than arguments.

First. I believe gold and silver coin to be the money of the Constitution, indeed, the money of the American people anterior to the Constitution, which that great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare that either metal should not be money. Congress has therefore, in my judgment, no power to demonetize silver any more than to demonetize gold; no power to demonetize either any more than to demonetize both. In this statement I am but repeating the weighty dictum of the first of constitutional lawyers. "I am certainly of opinion," said Mr. Webster, "that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this standard." Few persons can be found, I apprehend, who will maintain that Congress possessed the power to demonetize both gold and silver, or that Congress could be justified in prohibiting the coinage of both; and yet in logic and legal construction it would be difficult to show where and why the power of Congress over silver is greater than over gold—greater over either than over the two. If, therefore, silver has been demonetized, I am in favor of remonetizing it. If the coinage has been prohibited, I am in favor of ordering it to be resumed. If it has been restricted, I am in favor of having it enlarged.

The two metals have existed side by side in harmonious, honorable companionship as money, ever since intelligent trade was known among men. It is well-nigh 40 centuries since "Abraham weighed to Ephron the silver which he had named in the audience of the sons of Heth—400 shekels of silver current money with the

merchant." Since that time nations have risen and fallen, races have disappeared, dialects and languages have been forgotten, arts have been lost, treasures have perished, continents have been discovered, islands have been sunk in the sea, and through all these ages and through all these changes, silver and gold have reigned supreme, as the representatives of value, as the media of exchange. The dethronement of each has been attempted in turn and sometimes the dethronement of both; but always in vain. And here we are today, deliberating anew over the problem which comes down to us from Abraham's time—the weight of the silver that shall be current money with the merchant.

Those who advocate bimetallism—the use of both gold and silver as basic money—are branded by the subsidized press and college professors who are the paid emissaries of the international bankers, as fools, knaves, cranks, demagogues, repudiators, and so forth. Therefore, in order to disabuse your minds of the truthfulness of these vile names, I am going to make a retrospective tour of the platforms of the two major political parties so that you may see for yourselves exactly how they stood.

The Democratic plank in 1884, Cleveland and Hendricks candidates, was:

We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss.

The Republican plank, Blaine and Logan candidates, was:

We have always recommended the best money known to the civilized world; and we urge that efforts should be made to unite all commercial nations in the establishment of an international standard, which shall fix for all the relative value of gold and silver coinage.

To show you how much respect Mr. Cleveland had for the Democratic platform plank, his first message to Congress asked for the repeal of the Bland-Allison bill, which was the only recognition that silver had.

In 1888 the Democratic platform, Cleveland and Thurman candidates: No financial plank.

The Republican plank, Harrison and Morton candidates, was:

The Republican Party is in favor of the use of both gold and silver as money and condemns the policy of the Democratic administration in its efforts to demonetize silver.

In 1892 the Democratic plank, Cleveland and Stevenson candidates, was:

We denounce the Republican legislation known as the Sherman Act of 1890 as a cowardly makeshift, fraught with the possibilities of danger in the future which should make all of its supporters, as well as its author, anxious for its speed; repeal. We hold to the use of both gold and silver as the standard money of the country and to the coinage of both gold and silver without discriminating against either metal or charge for mintage; but the dollar unit of coinage of both metals must be of equal intrinsic and exchangeable value. * * *

The Republican plank, Harrison and Reid candidates, was:

The American people, from tradition and interest, favor bimetallism, and the Republican Party demands the use of both gold and silver as standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals. * * *

I want to again call your attention to the bimetallic plank—the use of both gold and silver as standard money—upon which Mr. Cleveland was elected. In his first message to Congress he called for the repeal of the Sherman Silver Purchase Act which was more liberal to silver than the Bland-Allison Act which was repealed and passed in its stead.

In 1896 the only difference in the financial plank on the silver question which was a paramount issue was that the Democratic platform, Bryan and Sewell candidates, declared for the free and unlimited coinage of silver at the ratio of 16 to 1, without the aid and consent of any other nation.

The Republican platform, McKinley and Hobart candidates, declared:

We are, therefore, opposed to the free coinage of silver except by international agreement with the leading commercial nations of the world, which we pledge ourselves to promote.

You will note that they were for the free coinage of silver provided we were permitted to do so by European countries or international agreement.

In 1900 the Democratic platform reaffirmed and endorsed the principles of the financial plank in the 1896 platform.

The Republican Party platform went body and soul to the money changers in the following language:

We renew our allegiance to the principle of the gold standard and declare our confidence in the wisdom of the legislation of the Fifty-sixth Congress, by which the parity of all our money and the stability of our currency upon a gold basis has been secured.

In 1873 we passed the bill demonetizing silver, and therefore when we began specie payment nothing was coin but gold, and it made all of our obligations payable in gold. Most of them were held by European bankers, and it doubled or quadrupled their purchasing power.

Let me give you a little homely illustration of what Congress did when it demonetized silver. Let us assume, for the purpose of this illustration, that corn and wheat are the only grain fit for food for mankind, that there were no substitutes in the world. There is just a certain type of land that produces corn only and the other type produces wheat only. All of this land has been developed to its highest state of cultivation, and every acre that can possibly grow those products has been discovered and used.

We find by statistics that we produce in the Western Hemisphere 84 percent of the wheat of the world and the Eastern Hemisphere produces 75 percent of the corn. The Western Hemisphere produces 84 percent of silver. The Eastern Hemisphere produces 75 percent of the gold of the world. We deliberately pass a law prohibiting mankind from eating bread made out of wheat. Let us say that wheat is silver and corn is gold. What is the result? Wheat goes down, just like silver went down. Corn in all countries on the gold-corn standard goes to the sky. We have got to send to them to get something to eat which by our law is only corn.

That is exactly what we did. We destroyed the purchasing power of silver, our own precious metal.

In 1929, the peak production of silver in the history of the world, we produced twice as much silver in the United States alone as all of Europe, Asia, and Africa combined. I got this from the report of the mint.

When those who believe in the quantity theory of money controlling the general level of prices in which 99 percent of the honest, conscientious economists agree, the money sharks counter with the statement that this is not a fact and they tried to prove it by the statement that during the 1921 depression that there was more money available for circulation than at any other time in the history of the country, which is a fact, but where was it? Locked up in the vaults of the bank and the people wanting to borrow it with good collateral, but were refused. They were in the same fix as a hungry, starving man would be if you put him in a meat house with a muzzle on him. He would simply starve to death with food in sight, but he could not get to it. April 1, 1920, there was approximately $5,000,000,000 available for circulation, the largest amount of money in circulation up to that time.

Horace Greeley:

We boast of having liberated 4,000,000 slaves. True, we have stricken the shackles from former bondsmen and brought all laborers to a common level, but not so much by elevating the former slaves as by practically reducing the whole working population to a state of serfdom. While boasting of our noble deeds we are careful to conceal the ugly fact that, by our iniquitous monetary system, we have nationalized a system of oppression more refined, but none the less cruel than the old system of chattel slavery.

To the Senate of the United States:

In reply to the resolution of the Senate of the 27th of February last, requesting the President to institute inquiries as to the proper place for the establishment of a branch mint at some point in the Western States or in the Mississippi Valley, I transmit herewith the report, and accompanying papers, of the Director of the Mint, who was charged with the duty of making the inquiries called for by said resolution.

U. S. GRANT.

EXECUTIVE MANSION, *January 6, 1876.*

The above Executive order of the President is self-explanatory and is positive proof that neither the Senate nor the President knew of the demonetization of silver as this resolution was passed by the Senate 3 years after the demonetization

and at a time when we were off specie payment and before the Bland-Allison bill was passed which provided for the limited coinage of the silver dollar. Nine-tenths of the coinage of the mints was silver and, of course, there was no need of an additional mint. On the contrary one mint would suffice the entire country.

How many American people know that American gold was shipped to Europe in 1930, 1931, and 1932, when it was valued at $20.67 an ounce; then, when the New Deal revalued it up to $35 an ounce, it was brought back to the United States and sold at the higher price, netting the money changers hundreds of millions of dollars on the transaction through such a temporary transfer from abroad.

Daniel Webster, when asked how panics come, replied:

The people wonder why financial panics occur so frequently. I can tell them why. It is to the interest of the money changers that they should occur. It is one of the specious methods by which these despotic and utterly useless knaves rob the producing, manufacturing, and mercantile classes of their earnings. It is one of the chief plans by which this infamous ring is riveting the chains of slavery upon the limbs of labor. It is one of the chief means adopted to build up a money aristocracy that shall live in idle luxury and ape the pretentious airs of European nobility.

The circulating statement of United States money of May 31, 1939, shows that $6,967,395,463 was in circulation. Of that amount, $4,663,105,258 was Federal Reserve notes, Federal Reserve bank notes, and national-bank notes. This entire amount can be taken out of circulation at the behest of the Federal Reserve banks. There was also in circulation $2,004,127,597 composed of silver certificates, United States notes, and Tresaury notes, of which the Federal Reserve bank has no control. The balance in circulation was subsidiary coins. Mr. Eccles, the wizard of the Federal Reserve System, is on record expressing his desire that all currency should be Federal Reserve notes, which the Federal Reserve banks would have the power to retire at their will. This statement is evidenced by his answer to a question propounded by Mr. Trent, the attorney for the Silver Investigation Committee, on March 23, 1939. Mr. Eccles replied, "I would very much prefer that all the currency consist of Federal Reserve notes."

This would mean the retirement of all silver certificates, United States notes (Lincoln greenbacks), and Treasury notes, amounting to $2,004,127,597, giving absolute control of all currency in circulation to the Federal Reserve bank.

You have heard a great deal of talk about Lincoln greenbacks. Did you ever see one? Perhaps you have but did not recognize it. The next time you are fortunate enough to get a $5 bill with Lincoln's picture on it, on the upper edge of the bill will appear "United States Note." That is the greenback.

Congress authorized the President to issue at different times $450,000,000 of United States notes—greenbacks. The money sharks, time after time, attempted to have them all destroyed but were not successful. There has been $346,681,016 in circulation ever since the Civil War, performing the functions of money every day at no expense to the Government. Had we issued 5-percent bonds instead of the greenback, compounded semiannually, the interest on these bonds would have amounted to more than $12,406,000,000.

The President, by the Thomas amendment to the Federal Farm Loan Act of 1933, was authorized to issue $3,000,000,000 of United States notes—greenbacks. In the same bill he was also authorized to direct the Federal Reserve banks to issue $3,000,000,000 of Federal Reserve notes to pay and retire Government obligations. This would have the effect of adding three billion of additional money to our volume of money available for circulation.

We have today in this land of the free and home of the money changers, thousands of self-important economists and brain trusters who know as little of political economy as a parrot of the power of prayer. Men who could not tell a fundamental principle from their funny bone, an economic thesis from a hot tamale—who do not know whether Ricardo was an economist or a corn doctor—evolve from their empty ignorance new systems of "saving the country."

PRESIDENT ROOSEVELT'S PROMISES

During the first days of the new administration the President announced a policy of raising commodity prices. On May 6, 1933, over a Nation-wide radio hook-up, President Roosevelt said:

The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed.

Again on July 3, 1933, in a message to the London Economic Conference, the President said:

Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the near future.

And on July 5, 1933, in a second message to the World Economic Conference in London, he said:

The revaluation of the dollar in terms of American commodities is an end from which the Government and the people of the United States cannot be diverted. We wish to make this perfectly clear: We are interested in American commodity prices.

On October 22, 1933, in a Nation-wide radio address, the President said:

It is the Government's policy to restore the price level first. When we have restored the price level we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during the succeeding generation. I said that in my message to the American delegation in London last July, and I say it now once more.

THOMAS EDISON

In an interview on this subject, published in a December 1923 issue of the New York Times, Thomas A. Edison, the great inventor, said:

Now, here is Ford proposing to finance Muscle Shoals by an issue of currency. Very well, let us suppose for a moment that Congress follows his proposal. Personally, I don't think Congress has imagination enough to do it, but let us suppose that it does. The required sum is authorized, say, $30,000,000. The bill are issued directly by the Government as all money ought to be. When the workmen are paid off they receive these United States bills. Except that perhaps the bills may have the engraving of a water dam instead of a railroad train and a ship, as some of the Federal Reserve notes have, they will be the same as any other currency put out by the Government; that is, they will be money. They will be based on the public wealth already in Muscle Shoals, and their circulation will increase that public wealth, not only the public money but the public wealth—real wealth.

When these bills have answered the purpose of building and completing Muscle Shoals, they will be retired by the earnings of the power dam. That is, the people of the United States will have all that they put into Muscle Shoals, and all that they can take out for centuries—the endless wealth-making water power of that great Tennessee River—with no tax and no increase of the national debt.

"But suppose Congress does not see this, what then?" Mr. Edison was asked.

Then Congress must fall back on the old way of doing business. It must authorize an issue of bonds. That is, it must go out to the money brokers and borrow enough of our own national currency to complete great national resources, and we must pay interest to the money brokers for the use of our own money.

That is to say, under the old way any time we wish to add to the national wealth we are compelled to add to the national debt.

Now, that is what Henry Ford wants to prevent. He thinks it is stupid, and so do I, that for the loan of $30,000,000 of their own money the people of the United States should be compelled to pay $66,000,000—that is what it amounts to, with interest. People who will not turn a shovelful of dirt, nor contribute a pound of material, will collect more money from the United States than will the people who supply the material and do the work. That is the terrible thing about interest. In all our great bond issues the interest is always greater than the principal. All of our great public works cost more than twice the actual cost on that account. Under the present system of doing business we simply add 120 percent to 150 percent to the States' cost.

Salmon P. Chase, Secretary of the Treasury under Lincoln:

My agency in procuring the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly that affects every interest in the country. It should be repealed. But before this can be accomplished the people will be arrayed on one side and the banks on another, in a contest such as we have never seen before in this country.

These money changers are the scribes and pharisees of the present day so well described in Matthew 23.

The concentration of wealth is greater in our country, in such a short time, than in any other country of history.

The demand for money is equivalent to the sum of the demand for all other things whatsoever, for it is through a demand first made upon money that all the wants of man are satisfied.

The amount of farm products are regulated by the laws of nature, the amount of money is regulated by man-made laws, the one under the control of man, the other God and nature.

Our money changers of today are carrying on in the same arrogant manner, and stand, as the slaveholder did, to lose all, for the people will not always submit to their exactions and their patience will become exhausted, then look out for the deluge which they will bring upon themselves. We would save him from this disaster, but will his greed permit?

Our whole banking system is the greatest piece of debt-creating machinery that the world has ever known.

Ten thousand eight hundred and sixteen failed in the United States from 1921 up to and including 1932. These banks were members of the Federal Reserve System as well as nonmember with an aggregate deposit of $4,885,126,000.

From 1929 until 1934 we experienced the greatest period of falling prices the world has ever known.

The law creating the Federal Reserve Banking System forcefully absorbed all of the 7,500 national banks of the country.

The dollar now used is no longer the unit of value but a unit of account.

Before we get out of our troubles and permanently stay out of them, the Government and not the Federal Reserve banks must issue its own money and, the most important of all, control the credit of the country; in other words, the Government must issue printing-press money instead of printing-press bonds.

What is the difference between a thousand-dollar bill issued by the Government and a thousand-dollar bond issued by the Government? The answer is, there is no difference as far as its security is concerned, but the big difference is that the bond draws interest and is nontaxable, while the money draws no interest and is taxable.

The late Hon. Charles A. Lindbergh, Sr., father of the aviator, of Minnesota, in his book The Economic Pinch, writing of the panic of 1920, says:

> Before the Federal Reserve Act became law the panics were not scientifically created. They were brought about in a bungling way, just forced by a combination of circumstances that the profiteers managed.
>
> Under the Federal Reserve Act panics are scientifically created. The present panic is the first scientifically created one, worked out as we figure a mathematical problem.

The United States Government lends $1,000 to a farmer for $45 a year.

The United States Government lends $1,000 to a home owner for $60 a year.

The United States Government lends $1,000 to a Federal Reserve bank for only 30 cents a year.

Why is not a farmer or home owner as good as a banker?

Now, my countrymen, we who believe in the quantity theory of money and advocate the liberal increase of the volume of real money to bring about prosperity are met with the argument "That is inflation," when there is not one man in a thousand who really knows what inflation is. You cannot inflate without deflating. The dollar, our unit of value, measures everything—property, labor, commodities, livestock—in fact, everything that is bought and sold. When the dollar is inflated, everything the dollar buys is deflated. To illustrate: If you can buy 20 pounds of cotton for a dollar, you have an inflated dollar and a deflated cotton. If you can buy 2 pounds of cotton for a dollar, you have an inflated cotton and a deflated dollar. We should have neither extreme. By controlling the volume of money we can fix the general level of prices with the same precision as the speed of an automobile is controlled—by increasing and decreasing the amount of gas fed to the engine.

The President evidently is a believer in the quantity theory of real money—basic money—gold, our unit of value, as evidenced by revaluing the gold ounce from $20.67 to $35 per ounce, which automatically reduced the content of the gold dollar from $23\frac{22}{100}$ grains to $13\frac{71}{100}$ grains. The President issued the order of revaluation on January 31, 1934. The Treasury report of that day showed that we had $4,035,000,000 of gold in the Government's possession. The next day, February 1, 1934, the report of the Treasury showed that we had $7,018,000,000. Our wealth expressed in gold dollars had increased $2,797,000,000 overnight. Subsequently additional gold that belonged to the Government on the 31st day of January 1934 was turned into the Treasury, increasing the Government's profits to a total of $2,811,000,000 by reason of revaluation. I want to call the attention to the worshipers of the golden calf, who always holler "fiat money" when you speak of the Government issuing its own money "greenbacks." The above statement of facts should convince them that all money is fiat money regardless of what kind of material the Government places its fiat money on.

Prices of outstanding stock sold on the New York Exchange

	1929	1932-33
General Motors	$91.00	$7.50
General Electric	100.00	8.50
General Railway Signal	126.00	6.00
Gillette Safety Razor	143.00	7.50
Anaconda Copper	174.00	3.00
Bethlehem Steel	140.00	7.00
American Telephone & Telegraph	310.00	70.00
Westinghouse Electric	292.00	15.00
United States Steel	261.00	21.00
Standard Oil of New Jersey	83.00	19.00

It is an anomaly of human nature that we cannot see far into the future and soon forget the past. The above table shows the prices in which gilt-edged stock was sold on the stock exchange in 1929 and the downward plunge they made in 1932 and 1933 and the smaller stocks quoted between $30 to $60 a share went down from 50 cents to $1 a share and millions of shares were sold daily and somebody bought them—not the man on the street but the insiders, the money changers, and who is responsible for this catastrophe—the Federal Reserve Bank System, and it operated on the small scale in the recession of 1938, when Mr. Eccles, "the wizard of finance," thought we were going to have a boom. He destroyed the upturn in prices in commodities that the President had spent billions of dollars to achieve.

Can we by law loosen the grip of the money changers on the throats of the American people. Of course we can if the American Congress will do it. I am going to give you my idea in the rough for such a law. The Government to take over the 12 Federal regional banks—lock, stock, and barrel—and provide that the President shall appoint the seven Governors for life at a salary of $15,000 a year, to be retired for incapacity or old age just on the plan of the law regarding Federal judges, but here is the most important part of the law. Any one or all of the Board may be retired from service by a simple resolution adopted by a majority elect of the Lower House of Congress, and when they are retired their salary ceases and the Lower House of Congress elects their successor without the advice and consent of the President or the Senate. You ask, why ignore the Senate? I am prompted to do so for the same reason the framers of our Constitution provided that when the joint session of Congress met after a national election and canvassed the returns of the result and no one candidate received the majority of all the electoral votes, the Constitution provides that the roll of States shall be immediately called and elect the President—each State regardless of its population has only one vote. Why did the framers of the Constitution make such a provision? For the good and sufficient reason that the Lower House of Congress is a voice of the people elected every 2 years. If we enact a law along the lines I have indicated, the Congress would coin money and regulate the value thereof, instead of the private banking corporations.

In conclusion, my countrymen, I want to say that there is burning in the hearts of our people and trembling on their lips is the question, Can the American Government endure? It is the question of the hour. I do not set up any hypothesis when I assert that the threat to the fundamentals of our form of government is so immediate and urgent as to involve an issue of vastly greater importance than any other with which we have had to deal in generations.

I recognize the fact that the people of America have the responsibility of substituting economic freedom and security for the system of premeditated exploitation and robbery which has made millions today homeless and unemployed. The American people must make an end of such wholesale exploitation, as well as of all other attempts to reduce our people to a state of peonage. To do this they must know the forces arrayed against them.

I have given facts concerning our Government, which have been carefully analyzed by thinkers who have well-founded convictions that the government of any country should exist only to promote the welfare of all the people.

I have attempted to set forth in simple language and by means of recorded facts, the actual causes of the want and destitution existing in the midst of plenty, the reasons for the accumulation of the national wealth in the hands of a few persons.

I trust that those who read will not content themselves with merely reading, but will acquire a knowledge of the salient facts, so that they may instruct and inspire others to organize and strike a decisive blow for national restoration. It is only upon a basis of facts that a solution of any problem can be found. [Applause.]

EXTENSION OF REMARKS

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short letter from the Mississippi River System Carriers Association.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from California [Mr. VOORHIS] is recognized for 10 minutes.

MODIFICATION OF W. P. A. ACT

Mr. VOORHIS of California. Mr. Speaker, the talk I want to make this afternoon is not one that is written out and prepared. It is simply in the nature of an appeal for the poorer people of this country.

THE UNEMPLOYED

There has been a good deal of talk lately about the W. P. A. and about the National Labor Relations Act and about the wages-hours law, and about other efforts that have been made by the Government trying to meet the immediate situation with regard to many of these people. Much of this talk has consisted of an effort to discredit all these agencies. We have pending before us a lending bill to attempt to bring about better economic conditions in the country and stimulate employment. The main thing I want to say is this: The duty of people who are charged with responsibility of government is not to follow where the pressure is greatest but to find where the need of the people of their nation is greatest and attempt to meet it as best they can. This is not always the most popular thing to do. It is not always popular to attempt to defend the rights of those groups of the people who are least able to speak for themselves, but evidently the duty of conscientious legislators must necessarily be to seek out those very groups within the population and attempt to do justice by them.

I am perfectly clear in my own mind that those people are substantially correct who have said that the Congress cannot act under compulsion from any group. It is hard for me to distinguish, however, between pressure exerted by W. P. A. strikers on the one hand and "well heeled" lobbyists for some special interest on the other. There does not somehow seem to be as much concern over the second kind of pressure or as much fear that Congress will yield to it as there ought to be. I agree. I do not think it can. But I do not believe that the Congress should pass legislation when it knows full well that the impact of this legislation is necessarily going to fall on groups of people who are tremendously hard pressed, or on groups of people who during a long period of years have clung tenaciously to a most tenuous thread of a meager W. P. A. wage standard of living, and who may fall beneath the weight of one more difficulty.

Yet that is just about what we have done. My principal appeal to the House this afternoon is not that it act under compulsion from any group but that it give consideration before it adjourns to changing the bill recently passed covering the W. P. A., so that future conditions among these people who are compelled to depend on that agency for a living need not be, at a time when Congress may not even be in session, so desperate as to cause further hardship than already exists throughout the country. I wonder how many Members know that not only will thousands be deprived of employment but that throughout the North and West the meager subsistence wages heretofore paid to W. P. A. workers are going to be cut.

I was greatly heartened today when the gentleman from Connecticut [Mr. MILLER], a member of a different political party from myself, rose on the floor and stated that he had offered a resolution to change the requirement now in the law that all people who have been on W. P. A. for 18 months or more must be summarily dismissed. It happens that I offered such a bill some days ago, although I have said nothing about it on the floor. My bill simply substitutes the language of the Senate bill and adds certain exemptions. It provides that in consideration of employment preference shall be given to people who have been certified for 3 months or more over those who have been employed for a year and a half or more, but that in no case shall a person who is 45 years of age and the head of a family, or who is a veteran be dismissed under those circumstances. That would be a workable plan, and it would not require summary dismissals. It would mean that if there are large numbers of people knocking at the gate that gradually they may have a chance when the time comes. I am convinced that we should do something about this matter as well as to prevent these wage cuts, which will work so much real hardship.

Next, we must adopt legislation giving opportunity for skilled workers to have jobs not on W. P. A. necessarily, but on a program where their wage scale can be maintained. We need to provide, either in this new lending program or elsewhere, for a program of P. W. A. employment or something similar.

I have thought for a long time that it is evident that the disparity between the incomes of different groups of workers on W. P. A. is probably too great and have tried to work out in my own mind an answer to that problem. Nobody, I think, believes 130 hours a month is too long for a man to work. But it is pretty tough to have hours lengthened and wages cut all at the same time, and a wage standard is the very heart of every labor movement. I believe it can be worked out, but I do not think it can be worked out merely by having Congress decide that we want it such and such a way, and that it is just too bad if it happens to fall on some particular group of people. I am not talking about yielding to pressure. I am talking about passing workable legislation in the first place and taking all factors into consideration.

THE LABOR RELATIONS ACT

Next, Mr. Speaker, mention has been made this afternoon of a proposed investigation of the National Labor Relations Board and the National Labor Relations Act. I shall oppose that investigation and for substantially the reasons given this afternoon by the gentleman from Colorado [Mr. MARTIN]. Here is a law—an attempt by Congress to protect the right of collective bargaining. Why is it under attack? Fundamentally, because it is a law intended to benefit a group to which in the past little attention has been paid by government. The Board has made mistakes, no doubt. So has everybody else. The act may not be perfect, but the Labor Committee

has certainly been working its head off to find out where and how it could be improved. I want to act on the findings of that committee, if at all. The matter of determining the bargaining unit has caused some difficulty. But an editorial in the conservative Washington Post of this morning would indicate that this problem is being worked out and that in future elections will be relied upon more largely than in the past.

This editorial concludes with the following paragraph:

These rulings may be set down, therefore, as an indication of the N. L. R. B.'s struggle to be fair, despite the inadequacies of the law and the dilemma resulting from the divided ranks of labor.

I am convinced that that is true. We must remember that over a period of time any agency of government has a difficult time, especially when it is administering new legislation, to find the answer to all the problems that confront it. I can see that no good purpose is going to be served by throwing this whole matter into another investigating committee, to try to drag out things that may be politically advantageous from the standpoint of somebody or other.

Mr. LEAVY. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. LEAVY. If this resolution came with good faith, for the purpose of finding something constructive and affirmative, would it not provide that this committee should come from the House Labor Committee?

Mr. VOORHIS of California. Obviously it would, because the House Labor Committee has already conducted a very long period of hearings, and would be in a far better position to do the job and do it right than any other group of people would be. I would be glad to vote for a resolution of that kind myself, although I do not see that it is necessary, because I believe the Labor Committee by its proper prerogatives in the exercise of its work is doing that already.

THE HOMELESS MIGRANT

In conclusion, I want to say there is another group of people in this country, a group of people who are not going to conduct any strikes or make any protests. They are not in a position to do so. Does that mean they will continue to be neglected? It should not. These are people who, because of the economic conditions of the Nation, have perhaps been forced into more difficult circumstances than anybody else. It happens that this group of people is also mentioned in an editorial in the Washington Post this morning—the lead editorial—which I hope everyone will read. Those people I have reference to are what are known in California as "the migrants." What they are is uprooted, homeless families, wandering about the country from place to place in search of work.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. MURDOCK of Arizona. I want thus publicly to express my appreciation of the work done by the gentleman who now occupies the floor [Mr. VOORHIS of California] with regard to these various groups of poor people, particularly with regard to the this homeless group, driven out by drought from the Dust Bowl, seeking refuge in the far Southwest. They come into the gentleman's State of California by the thousands. Many of them are going through my State. They do not all get through my State. Thousands of them stop. The Farm Security Administration has done a great piece of work in providing transient camps. The gentleman knows more about this than I do and has done more about it than I have. I want to pay tribute to the work the gentleman has done in getting many of these camps established. And yet not enough has been done in the solution of this great national problem.

Mr. VOORHIS of California. I thank the gentleman.

Mr. MURDOCK of Arizona. If the gentleman will allow me just another word, may I sanction what the gentleman says in regard to the need of using more care with regard to throwing certain persons off the W. P. A. rolls after serving 18 months, even if there may be almost as many waiting to be put on? I think that is an unusually harsh proposition and I worked against the proposal when it was before the House. I would like to see it modified.

Mr. VOORHIS of California. I thank the gentleman. He, too, has always done his very best to protect the people of his State and other States who needed our help. It happens that with regard to this group of migratory people, they are people who, through economic circumstances, have been removed from the homes they once occupied and who are now seeking new homes. Most of them are farm families. All of them are of old American pioneer stock. The long-range solution for those people must be one whereby somehow they can go back onto the soil in some way. I believe that can be done. But it is a Federal problem, not just a California problem or any State problem. I have introduced legislation, the best I could devise, to provide that as the locality where these people now are must assume responsibility for somehow absorbing them over the long run, therefore the Federal Government, whose problem this really is, must recognize its responsibility and should pay the cost of necessary relief and assistance to those people until such time as they shall find a residence or local settlement. Further than this I believe a long-range resettlement program must be begun at once. There are possibilities of this in the new lending bill.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. VOORHIS of California. The upshot of my remarks, therefore, is this: We will object to "strikes against the Government," and things of that sort; and if that is going to be our attitude, then I tell you that more than ever there devolves the responsibility on this body to be sure that this body of its own volition, under its own responsibility, does justice to people who are not, by our own definition, in position to demand it of us.

We cannot break down their wage scales. We cannot break down and deny their right to earn a living. We cannot deny them an opportunity to find a home some place in America without the responsibility being on our shoulders. So, I say that while we are considering other problems of Government, while we are considering a long-range solution of this economic problem, which we must do, we must remember that that nation whose legislators adopt a policy which is right and just and Christian toward the poor people of that nation is going to be blessed, and that which fails to do so will not fare so well. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from California has again expired.

EXTENSION OF REMARKS

Mr. JOHNS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD today and to include therein a joint resolution of the Wisconsin Legislature memorializing the Federal Surplus Commodities Corporation to purchase dairy and cheese products of Wisconsin.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

DISTRICT OF COLUMBIA TAX BILL

Mr. NICHOLS. Mr. Speaker, I file a conference report on the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, for printing under the rule.

The SPEAKER. The gentleman from Tennessee [Mr. TAYLOR], under previous order of the House, is recognized for 20 minutes.

THE BATTLE OF FRANKLIN

Mr. TAYLOR of Tennessee. Mr. Speaker, I requested this time in order that I might be afforded an opportunity to call to the attention of the membership of the House and the country a bill which I introduced on April 24, last, being H. R. 5960, providing for the creation of a national historical

park in the area of the famous Franklin Battlefield. This memorable and crucial battle was fought on the 30th day of November 1864, a few months prior to the close of the War between the States. My father, the late James W. Taylor, was a participant in that sanguinary struggle, serving as quartermaster sergeant in Company C, Fourth Tennessee Cavalry.

While characteristic of those who fought in the bloody sixties, my father was always reluctant to discuss his war experiences; however, from criptic remarks from time to time, I became convinced that this engagement to him was a nightmare of sacrifice and carnage.

It will be recalled that it was predicted by some of the more overzealous of that era that the war would be of very brief duration; however, unfortunately it continued with increasing ferocity for 4 long, weary, and dreary years—from the assault on Charleston, April 12, 1861, to the surrender at Appomattox.

During the closing months of the war the political leaders of both the Union and the Confederacy became apprehensive of outside interference. It became known that the French were giving us no little concern in the South and Southwest, and the English were thought to be threatening us on our northern and eastern boundaries. The financial resources of both the North and South were in desperate condition. Both armies were haggard and worn, the soldiers were tired and exhausted.

The people, North and South alike, were discouraged and impatient for the war to end. Yet, Mr. Speaker, despite the grief, the sorrow and desperation of the mothers, daughters, and sweethearts at home, and notwithstanding the hunger, the exposure and the untold agony endured day after day, and night after night; yes, after weeks and months of anxiety and privation, the soldiers on both sides at the battle of Franklin rallied their residual energies to stage a martial magnificence the like of which the world has never beheld. No, it was not at Marathon or Thermopylae, it was not at Waterloo, nor was it at Gettysburg—it was at Franklin that the world witnessed the greatest demonstration of heroism and martial prowess that historians have ever recorded.

In comparison with other major engagements in war the contending armies at Franklin were relatively small, but no armies of whatever magnitude, in all history, have ever displayed in a single battle the determination and bravery and reckless abandon that was exhibited by the soldiers under Hood and Schofield at Franklin. Here we had contending forces of approximately 30 and 40 thousand. It is estimated that of these numbers only 16,000 Federal troops and 24,000 Confederates were actively engaged in the conflict. The Federal troops were fortified behind an almost impregnable wall while the Confederates charged their works in the open without a shadow of protection. The battle began about 4 o'clock in the afternoon, and by 9 o'clock at night almost 10,000 men were dead, wounded, or captured. As history records, no battle in the memory of man claimed as many fatalities among the high ranking officers as fell dead or mortally wounded on that tragic day.

When the firing ceased, it was ascertained that five generals were dead, seven mortally wounded and one captured. The dead were generals Cleburne, Adams, Gist, Strohl, and Granbury. The wounded were generals Brown, Carter, Manigault, Quarles, Cockerall, and Scott, all Confederates, and General Stanley, of the Union Army. General Gordon, a Confederate commander, was captured, but not until he had led his men over the enemy's lines.

Mr. Speaker, to fully understand the importance of this historical battle, and to know why it was so bitterly contested, one should follow its history step by step; also, bear in mind the many correlating circumstances.

It will be remembered that General Hood had just 3 or 4 months prior to the battle succeeded Gen. Joseph E. Johnston as commander of the Southern Army. Johnston and Sherman had skirmished in north Georgia and around Atlanta, each endeavoring to gain an advantage for several months. Johnston was a recognized strategist and a cautious commander. Grant was evading a final engagement with General Lee in Virginia, and Johnston had refused to risk a crucial battle with Sherman in Georgia. The public, therefore, were becoming more or less critical in both the Northern and Southern States. President Davis, of the Confederacy, was being appealed to by many Confederate sympathizers to remove Johnston and to drive Sherman out of the South. General Hood was known to be a dashing, forceful, and impatient commander, so President Davis removed Johnston and invested Hood with the command. General Hood had fought under Stonewall Jackson, the peerless soldier and aide to Lee. He had, therefore, had an opportunity to study the tactics which Jackson had employed so successfully on so many occasions. Every Confederate general was known to be eager to avenge Longstreet's failure to flank for Lee at Gettysburg, as Jackson had so ingeniously done in previous engagements.

General Hood had been credited with saying shortly after he was placed in command, "Now is my chance. I'll flank the Yankees out of Dixie or drive them into the Gulf."

At this juncture, however, many of Hood's most conservative staff officers and corps commanders appealed to him to first restore the morale of the soldiers. His men were tired and haggard and hungry. They needed food, rest, recuperation, and better clothing. Hood thought he saw an opportunity to rest and feed and clothe his army—enlist more fighting men under recently enacted conscription laws and make a raid on Cincinnati. This campaign, he thought, would cause Grant to rush west and order Sherman to march north to guard General Lee's army at Richmond—thinking thus to reward himself an abundance of supplies, give Lee's army a needed rest, and serve to fire the hope of the entire Confederacy, as well as to revitalize his own army.

To succeed in this undertaking, Hood had to meet General Thomas' army, which Sherman had left in Tennessee to guard his reserve supplies and communications. Hood planned to take Thomas by surprise, rout and capture his army, and march on into Kentucky and Ohio. Thomas had only three corps under his command. Hence, Hood's plans were not only possible, but exceedingly feasible. No one has ever doubted that; and had President Davis and General Beauregard fully cooperated, Hood might have made his dreams come true.

However, first Davis and then Beauregard hesitated to agree to the campaign. In the meantime fall rains set in. Hood was delayed collecting supplies, due to wet roads and poor railroad facilities.

Then, when ready to break camp and march north to attack the Union forces under General Thomas, Hood learned that Forrest, one of the greatest cavalrymen the world has yet produced, was in west Tennessee and would have to march to Florence, Ala., in order to cross the Tennessee River.

In the meantime and due to the delay for which General Hood was in no sense responsible, Thomas learned of Hood's presence near the State line and had sent General Schofield to Columbia to harass and check Hood's advance until reinforcements, which he had requested, could reach Nashville.

General Hood had dispatched scouts to ascertain the size of the Union Army under Thomas, and to learn where each corps and division were camped. Therefore, he knew that Schofield was at Columbia, and was aware of the approximate size of his command.

When Hood learned that General Forrest had reached Florence and was crossing the river, he gave orders to his entire command to move on to Columbia. Upon arrival at Columbia, Gen. Stephen D. Lee, who commanded one of the three corps that made up Hood's army, was to attack the enemy with such ferocity that the Union forces could not retreat, which would have permitted the other two corps under Generals Stewart and Cheatham sufficient time to flank the enemy and cut him off from the main body of his army.

To the credit of General Hood, it should be said that his strategy was good. His dream and life's ambition to emulate

his idol, Gen. Stonewall Jackson, and to prove to the world that he had learned well the lessons taught him by that master strategist, had all but come true.

Generals Stewart and Cheatham had executed their flanking movement successfully and the Union forces under Schofield were completely cut off from General Thomas and were at Hood's mercy. But here again fate intervened. For some unknown reason, though apparently later excused, General Cheatham, who had orders to block Schofield's retreat at Spring Hill, either failed to attack or failed to note the presence of the enemy during his stealthy midnight escape, and the Union forces made safe their retreat to Franklin.

Of the many discouraging and disheartening events since Hood took command, this incident, no doubt, meant the failure and defeat of the entire campaign; and not only did General Hood realize it, but his entire command seemed to sense the crisis.

Thus, Mr. Speaker, we have in a measure reviewed the prologue to the Battle of Franklin. And now before I enter into a further discussion of events leading up to the conflict itself, and in order that one might better realize the sacred significance of this battleground and the inspiration attached to its memory—together with the exploits of superb bravery, along with the pugnacity displayed, and the magnificence of the stirring pageant presented by the contending hosts—I want to especially call your attention to the fact that some forty-two of the regiments in the advancing army were Tennesseans, and that about one-half of the defending battle lines were filled with Tennesseans and Kentuckians. What a battle that must have been.

These men felt no little exhilaration at being again on their native soil. This feeling was intensified on the part of the Confederates by the fact that they had seen their foe fall back before them at Pulaski, Columbia, and Spring Hill. Now they saw their enemy with a river in their rear, and they were determined, if possible, to drive their opponents into the river. They knew well that, if they should do so, there was no army to keep them from the Ohio River. This thought also, no doubt, animated the men on the defensive that day. Moreover, there were in the ranks of the Confederate forces not a few who lived in Franklin, and it was a delight to again see their native town. They felt that sense of defense of home and State, therefore, a victory here would mean more to them than a victory anywhere else.

There were other things that inspired the Confederates to fight as they had never fought on any battlefield before. Cheatham's and Stewart's corps were friendly rivals, each claiming to be the superior in fighting prowess.

General Hood had lost an arm and a leg in previous battles, and for that reason he was not physically fit to endure prolonged forced marches. After he had successfully flanked Schofield's army and was in position to strike the decisive blow, and having every reason to believe that Cheatham would block the enemy's escape, he retired to rest. When morning came and he learned of Cheatham's failure to engage and block the enemy he became desperate. He immediately gave orders to follow the enemy with every possible dispatch.

Now, let us keep this picture in mind. Gen. Stephen D. Lee was at Columbia with two of his three divisions. Stewart and Cheatham each had three divisions. Stewart had eight brigades under his command, and one under General Ector, which he had left behind to guard the pontoons where the army had crossed the Duck River. Cheatham had 10 brigades in his corps, and General Johnston had four brigades in his division of Lee's corps which was to serve as a rear guard and as reserves. This was the army that followed the retreating Union Army to Franklin. Stewart's corps approached the enemy by way of the Lewisburg Road and Cheatham's corps with Johnston's division marched via the Columbia Pike.

The rear guard of General Schofield's army reached Franklin about noon, that was Opdycke's brigade of Wagner's division. The main body of the Union Army had reached Franklin about dawn, and immediately began to construct a defense line. General Wagner was ordered to take an advanced position with two brigades of Cox's corps under command of Generals Lane and Conrad, and to hold this position until forced to retreat should Hood's army attack.

Behind the main line of breastworks and between the river and the Columbia Pike General Reilly was placed in command of Cox' corps. General Stiles' brigade was stationed between the river and the Lewisburg Road, while General Casement's brigade was on the right of the Lewisburg Road, and joining his right and running on around to the Columbia Pike Reily placed his own brigade. Between the Columbia Pike and Carters Road General Cox placed Ruger's division of three brigades, as follows: General Strickland's brigade was stationed on the right of Columbia Pike, General Moore's brigade was placed on the left of Carters Road, while General Cooper's brigade was held in reserve.

The other corps, under command of General Stanley, was behind the line that extended from Carters Road back to the river on the right—consisting of Kimball's division, with three brigades under Generals Grose, Kirby, and Whittaker, and General Wood's division of three brigades, under Generals Beatty, Streight, and Post—which was held in reserve, as was General Opdycke's brigade, of Wagner's division, which, as stated, did not reach Franklin until about noon. These forces, together with the cavalry unit under General Wilson, was used to prevent General Forrest and General Buford's cavalry from flanking on the east and General Chalmer's cavalry from flanking on the west.

At this stage of the impending battle the Confederate troops were deployed in an open plain below Winstead's Hill, in the southern outskirts of the town of Franklin. Each command was in plain view of the other and could observe the maneuvers of the others. The commanding officers had been stung by the rebuke of Hood in the early morning when he learned of Schofield's escape, and each general was determined that there should be no excuse for censure that day. The colonel of each regiment, the captain of every company, and each and every tired and worn man in the ranks felt the same keen disappointment when they realized what had happened that night. Both officers and privates were more determined than ever to crush Schofield's army before Thomas could come to his rescue.

Now, when the boys in gray reached the crest of Winstead's Hill, they caught sight of the Union Army in the lowlands ahead and instantly the rebel yell went up all along the advancing ranks. The bands began playing, flags were unfurled, and the columns began to deploy in battle array. Staff officers ran here and there carrying orders to each brigade. The colonels, majors, and captains worked in and out of the ranks exhorting and encouraging their men to do or die. Orderlies scuttled to the rear, and as they did so each and every man buckled his belt and brought his cartridge box in play. Guns were loaded, then came the commands to "forward into line," "close ranks," "shoulder arms!" Ahead was an open plain so extensive that the earth seemed to slope evenly in all directions toward the enemy's line. The late afternoon shadows had begun to creep over the Winstead Hill. Slowly the sun was sinking in the west. The autumn air was crisp. Cowbells were tinkling on the adjacent plantations as the milking herds assembled at the stiles for the night. The day would soon come to a close. Small rings of white smoke could be seen lazily floating behind the enemy's line. The boys in blue were preparing their evening meal. Little did they expect what was about to happen; for they had received orders to prepare an early supper and retire for the night, as they were to break camp at dawn and make good their escape to Nashville where General Thomas' army was awaiting with reinforcement. Some stood on their ramparts watching the awe-inspiring forward march of the men in gray as though they were on dress parade—thinking that they would soon come to a halt and pitch camp for the night. No one could imagine that an army would march 30 miles from dawn to 4 and make an attack without food or rest.

But on and on the enemy came in quick step, trailing arms and not firing a shot, when suddenly their color bearers came marching to the front. Immediately the drums began to roll; the bands struck up their favorite battle hymns. The boys in gray looked to the right and to the left, and observed that their generals were not retiring to some vantage point in the rear but were still riding in front and between the lines. The order to fix bayonets was passed along the entire front. No sooner had this command been executed than they heard the order thunder as in unison, "Double time! Charge your enemy!" And they were off with a mighty yell to assault the enemy's line.

Three divisions of Stewart's corps came charging down the Lewisburg Road. Loring's three brigades, under Generals Featherstone, Adams, and Scott on the right, Walthall's division with three brigades under Generals Quarles, Reynolds, and Shelley in the center, and French's division with two brigades under the command of Generals Cockerell and Sears, attacked the Union line on the left along the Columbia Pike.

The three divisions of Cheatham's corps struck the enemy astride the Columbia Pike and all the way around to the river on the left. Cleburne's division of three brigades was momentarily held up by Wagner's advanced brigades, as was Walthall's and French's divisions; and when they reached the main defense lines, Cleburne's brigades, under Generals Polk, Govan, and Granbury, were on the right and astride the Columbia Pike, thus overlapping French's two brigades. Brown's division went forward in two lines. In the first line were General Gordon's brigade bearing on the Columbia Pike, with Gists' on Gordon's left. In the second line, Strahl's brigade was in support of Gordon's and Carter's in support of Gists'. Bates' division of three brigades, under command of Generals Smith, Jackson, and Finley, together with some of Cholmar's cavalry units, charged on the extreme left and faced Stanley's corps of two divisions under Generals Kimball and Wood, each composed of three brigades.

When Lane's and Conrad's men who were in rifle pits about 400 paces in advance of the main line realized that the Confederates were not on dress parade but were attacking in full force, they became panicky. Some threw down their guns and surrendered, others ran for openings in the main line defenses, after firing only a few volleys.

The rebels were quick to take the advantage. The shout was raised "Go into the works with them." This cry was taken up and vociferated from a thousand throats as they rushed on after the confused and retiring forces.

The Union Army was compelled to hold their fire. But finally, when they realized the gravity of the situation, they opened fire, and with such a hailstorm of shot, shell, cannister, and musketry that the entire atmosphere was hideous with the shrieks of the messengers of death. Then came the booming of cannon and the bursting bombs. The whizzing shells came wreathing the air in great circles of smoke from the Union batteries over the river and on the hills back of the town. All of this, with the shouting of throats and the screams of the dying in their struggle for victory made a scene of both surpassing terror and awful grandeur.

Terribly torn at every step by an oblique fire from the Union batteries advantageously posted on the right and left, no less than by the destructive fire in front, the boys in gray moved on and did not falter until they reached the abattis fronting the works. Over this obstruction no organized force could go, and here, the main line of the attacking forces, both front line and reserve, was repulsed in confusion. However, over this obstacle, impossible for a solid line, many officers and men made their way. Numbers of every brigade are known to have gained the ditch and there continued the struggle, and some successfully held their ground. It is said that at least 11 consecutive assaults were made on the Union works, until finally the dust and smoke of battle made it impossible to distinguish between friend and foe.

Thus was the struggle brought to a close, with the dead and dying piled three and four deep. It is said that within 100 paces of the ramparts there was not a foot of ground that was not covered with the dead and dying. In some brigades on the Confederate side the generals, colonels, and line officers were all killed, and in many cases a single surviving captain was left in command—so fierce and deadly was the slaughter of men that day.

And so, Mr. Speaker, ended, as many contend, the bloodiest and most heroic battle of the Civil War.

A little less than 5 months from that eventful day, the war was brought to a close by the surrender of General Lee to General Grant at Appomattox.

Naturally and inevitably, profound prejudices and bitter animosities were engendered by that unhappy conflict. Fratricidal wars have always been fraught with more intense and acrimonious feeling than wars involving different nationalities. This is also notably true of civil disagreements. So, with the signing of the article of peace, came an avalanche of persecution and reprisal in which both sides participated to a greater or less degree.

Scars were inflicted which required many succeeding years to erase. But time has ever been a great healer. And through the intervening years, time, with her stealing tread, has gradually but surely "plucked from memory that deep-rooted sorrow, razed out the written troubles of the brain, and with some sweet, oblivious antidote" entirely cleansed the conflicting atmospheres so that today the Mason-Dixon line is but a memory, and Yankee-Doodle and Dixie have been blended into one national anthem, representative of an inseparable and impregnable Union.

The magnanimity of President McKinley, who had served as a major in the Union Army, had much to do in breaking down the feeling of sectionalism during the Spanish-American War. But it remained for the great World War to wholly eradicate its last vestige.

In the language of the beloved and immortal Bob Taylor:

> The grass now grows green where but a few years ago death sat on the pale horse beckoning the blue and the gray to the opening grave, and roses now bloom where heroes once bled. Blow, bugler, blow, but thy shrillest notes can never again call the matchless armies of Grant and Lee to the carnival of death!
>
> Let the silver trumpets sound a jubilee of peace. Let the sons of those who wore the blue and gray and their descendants join together in united acclaim of the Republic. Let them kiss the silken folds of its gorgeous ensign, fling it to the breezes, and sing the national hymn. Let them bow, and with uncovered heads salute Old Glory. It is the flag of the inseparable Union.

It is the glorious ensign of that Republic whose bounds are the oceans, whose cover are the stars, and under which burn the everlasting fires of freedom.

And now, in conclusion, pardon me, my friends, for again calling to your attention the bill introduced by me to create a national park of the sacred Franklin Battleground.

Such a park will be a fitting memorial to the intrepid men, both North and South, who gave here the "last full measure of their devotion."

Such a park will serve as a wholesome inspiration to the youths of today and to their posterity. It will stand as a signal testimonial of a grateful Government, proclaiming through the years that those who suffer and die for patriotic conviction shall not perish in vain.

Such a park, and the cemetery hard by, will also serve as a grim reminder that war is the greatest scourge of humanity and that no pains should be spared to avert a future repetition. The words of General Grant at Appomattox, "Let us have peace," should be instilled into the heart of every American. Let us have peace at home, and by all means let us scrupulously refrain from any commitment or entangling alliance which might lead us into another conflict on foreign soil. [Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MAGNUSON, indefinitely, on account of official business.

To Mr. PATMAN (at the request of Mr. RAYBURN), indefinitely, on account of illness in family.

REQUEST OF SENATE

The SPEAKER. The Chair lays before the House the following request from the Senate of the United States.

The Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,
July 14, 1939.

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 2662) entitled "An act authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes.

The SPEAKER. Without objection, the request will be granted.

There was no objection.

ADMINISTRATION OF UNITED STATES COURTS

The SPEAKER. Without objection, the bill (H. R. 5999) to provide for the administration of the United States courts, and for other purposes, will be laid on the table, a similar Senate bill (S. 188) having been passed under suspension today.

There was no objection.

EXTENSION OF REMARKS

Mr. BYRON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made by me at the dedication of the Shafer Memorial Park at Boonsboro, Md., and also a speech made by Hon. John Hershberger, the mayor of that city.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5748. An act to amend the Second Liberty Bond Act, as amended; and

H. J. Res. 329. Joint resolution consenting to an interstate oil compact to conserve oil and gas.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1796. An act to amend the Tennessee Valley Authority Act of 1933.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on Saturday, July 15, 1939, present to the President, for his approval, a bill of the House of the following title:

H. R. 5610. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1940, and for other purposes.

ADJOURNMENT

Mr. SPARKMAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 34 minutes p. m.) the House adjourned until tomorrow, Tuesday, July 18, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

The Foreign Affairs Committee will start hearings on Tuesday, July 18, 1939, at 10 a. m., on proposed legislation dealing with treaty violations, with special reference to the Orient: H. R. 4232 (Mr. VOORHIS of California), H. R. 5432 (Mr. COFFEE of Washington), H. R. 6837 (Mr. EATON of New Jersey), H. R. 7159 (Mr. IZAC), House Joint Resolution 42 (Mr. CRAWFORD), House Joint Resolution 113 (Mr. FISH), House Joint Resolution 254 (Mr. FISH), House Joint Resolution 318 (Mr. WALLGREN).

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

On Tuesday, July 18, 1939, at 10 a. m., hearings will be held on H. R. 7090, to amend section 4488 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 481), and H. R. 7091, to amend section 4471 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, 464).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization on Wednesday, July 19, 1939, at 10:30 a. m., for the consideration of H. R. 6443 and H. R. 7066. Public hearing.

COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Committee on the Public Lands on Wednesday, July 19, 1939, at 10:30 a. m., in room 328, House Office Building, for the consideration of H. R. 6668.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, July 19, 1939, at 10:30 a. m., for the consideration of H. R. 953, H. R. 6054, H. R. 6859, House Joint Resolution 288, and House Joint Resolution 289.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, July 20, 1939. Business to be considered: Hearing on H. R. 5472.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1003. A letter from the Acting Secretary of the Department of Agriculture, transmitting the draft of a proposed amendment to the act of December 28, 1922, known as the Small Claims Act; to the Committee on Claims.

1004. A letter from the chairman, Temporary National Economic Committee, transmitting a preliminary report concerning the work of the Temporary National Economic Committee; to the Committee on the Judiciary.

1005. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Federal Works Agency amounting to $445,000 (H. Doc. No. 422); to the Committee on Appropriations and ordered to be printed.

1006. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Civil Aeronautics Authority for the fiscal year 1940, amounting to $300,000 (H. Doc. No. 423); to the Committee on Appropriations and ordered to be printed.

1007. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation of the Works Progress Administration of the Federal Works Agency (H. Doc. No. 424); to the Committee on Appropriations and ordered to be printed.

1008. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Passaic River, N. J., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted December 9, 1938 (H. Doc. No. 430); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

1009. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Pocomoke River, Md., with a view to determining if the improvement of the channel above the bridge at Snow Hill

is advisable at this time, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted October 21, 1938 (H. Doc. No. 429); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

1010. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Louisiana and Texas Intercoastal Waterway with view to determining advisability of providing a suitable connecting channel between this waterway and Barroom Bay, Tex., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 428); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

1011. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Ouachita River near Calion, Ark., authorized by the Flood Control Act approved June 28, 1938 (H. Doc. No. 427); to the Committee on Flood Control and ordered to be printed, with an illustration.

1012. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Cohasset Harbor, Mass., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 11, 1938 (H. Doc. No. 425); to the Committee on Rivers and Harbors, and ordered to be printed, with an illustration.

1013. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 25, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Cherry Creek and its tributaries, Colorado, authorized by the Flood Control Act approved August 28, 1937 (H. Doc. No. 426); to the Committee on Flood Control, and ordered to be printed, with an illustration.

1014. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Department of the Interior for the fiscal year 1940 (H. Doc. No. 421); to the Committee on Appropriations and ordered to be printed.

1015. A letter from the Attorney General, transmitting the draft of a proposed bill to extend the terms of judges of the district courts in Alaska, Hawaii, and the Virgin Islands to 8 years; to the Committee on the Judiciary.

1016. A letter from the Secretary of Agriculture, transmitting a report of the Secretary of Agriculture on pending railroad legislation; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CELLER: Committee on the Judiciary. S. 190. An act to authorize the temporary appointment of a special judge for the District Court of the Virgin Islands; without amendment (Rept. No. 1195). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. S. 185. An act to amend section 224 of the Criminal Code so as to penalize the making of false claims for the loss of insured mail matter; without amendment (Rept. No. 1196). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 7015. A bill to reenact section 259 of the Judicial Code, relating to the traveling and subsistence expenses of circuit and district judges; without amendment (Rept. No. 1197). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 7233. A bill to amend the act entitled "An act to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes," approved August 27, 1935 (Public, No. 351, 74th Cong.), and for other purposes; without amendment (Rept. No. 1198). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. S. 1874. An act to amend the Criminal Code in regard to obtaining money by false pretenses on the high seas; without amendment (Rept. No. 1199). Referred to the House Calendar.

Mr. KING: Committee on the Territories. H. R. 6943. A bill to ratify and confirm act 58 of the Session Laws of Hawaii, 1939, extending the time within which revenue bonds may be issued and delivered under act 174 of the Session Laws of Hawaii, 1935; without amendment (Rept. No. 1200). Referred to the House Calendar.

Mr. FADDIS: Committee on Military Affairs. S. 28. An act to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont.; without amendment (Rept. No. 1204). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Connecticut: Committee on Military Affairs. H. R. 3840. A bill to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes; without amendment (Rept. No. 1205). Referred to the Committee of the Whole House on the state of the Union.

Mr. NICHOLS: Committee of conference. H. R. 6577. A bill to provide revenue for the District of Columbia, and for other purposes (Rept. No. 1206). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 3005. A bill granting an increase of pension to Mrs. Thomas H. Jackson; without amendment (Rept. No. 1201). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 4122. A bill granting an increase of pension to Minnie Wetmore Cole; without amendment (Rept. No. 1202). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6092. A bill granting an increase of pension to Isabelle Johnston; without amendment (Rept. No. 1203). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 6868) granting an increase of pension to Mary Hurry; and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DISNEY:

H. R. 7250. A bill to authorize the coinage of 50-cent pieces in commemoration of Will Rogers; to the Committee on Coinage, Weights, and Measures.

H. R. 7251. A bill to amend certain provisions of the Internal Revenue Code relating to manufacturers' and producers' taxes on gasoline and lubricating oil; to the Committee on Ways and Means.

By Mr. DEROUEN:

H. R. 7252. A bill to authorize the Secretary of the Interior to sell or lease for park or recreational purposes, and to sell for cemetery purposes, certain public lands in Alaska; to the Committee on the Public Lands.

By Mr. MILLER:

H. R. 7253. A bill amending section 16, subsection (b) of the Emergency Relief Appropriation Act of 1939 to provide for removal from Work Projects Administration relief rolls and only in the event of other persons being available for replacement; to the Committee on Appropriations.

By Mr. ROBINSON of Utah:

H. R. 7254. A bill authorizing the temporary detail of J. L. Savage, an employee of the United States, to service under the Government of the State of New South Wales, Australia; to the Committee on Military Affairs.

By Mr. CALDWELL:

H. R. 7255. A bill to incorporate The National Institute of Metals; to the Committee on the Judiciary.

By Mr. BARRY:

H. R. 7256. A bill to provide for the local delivery rate on certain first-class mail matter; to the Committee on the Post Office and Post Roads.

By Mr. BURCH:

H. R. 7257. A bill to permit the expenditure of public money for the erection of post-office buildings on sites or land acquired by the United States in the Commonwealth of Virginia; to the Committee on Public Buildings and Grounds.

By Mr. ALLEN of Pennsylvania:

H. J. Res. 363. Joint resolution to prohibit the export of arms, ammunition, implements of war, and other articles to foreign states under certain circumstances; to the Committee on Foreign Affairs.

By Mr. FISH:

H. J. Res. 364. Joint resolution requesting the President to invite the Interparliamentary Union to hold its annual conference in New York in 1940, and authorizing the appropriation to defray the expenses of the conference; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 117 A, concerning foreclosures; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HARNESS:

H. R. 7258. A bill granting a pension to Ula M. Hoover; to the Committee on Pensions.

H. R. 7259. A bill granting an increase of pension to Nellie B. King; to the Committee on Invalid Pensions.

By Mr. LEA:

H. R. 7260. A bill for the relief of Robert Berkeley Finn; to the Committee on Claims.

By Mr. TOLAN:

H. R. 7261. A bill for the relief of Jaroslav Paul; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4692. By Mr. ANGELL: Petition presented by F. G. A. Kalbus, of Portland, Oreg., and signed by sundry citizens of the Pacific Northwest country, urging an embargo on shipment of war materials to Japan; to the Committee on Interstate and Foreign Commerce.

4693. By Mr. COFFEE of Washington: Resolution of the city of Olympia, capital of the State of Washington, O. U. Tatro, clerk-treasurer, pointing out that Olympia has been carrying an average bank balance of approximately $200,000, and it feels it is entitled to some earnings, however small, on that balance; that the paying of interest to the city of Olympia is prohibited by the Federal Banking Act of 1935 because the banks in which the city's funds are deposited are both members of the Federal Reserve; and therefore urging the support of the Congress of House bill 6744; to the Committee on Banking and Currency.

4694. By Mr. DISNEY: Petition of the Oklahoma Stripper Well Association, of Tulsa, Okla., concerning Senate bill 2181; to the Committee on the Judiciary.

4695. By Mr. MICHAEL J. KENNEDY: Petition of the National Consumers League, opposing amendment of the National Labor Relations Act during the present session of the Congress; to the Committee on Labor.

4696. Also, petition of the Tri-State Authority and Citizens Flood Committee, of Pittsburgh, Pa., pertaining to the proposed flood-control program for that State; to the Committee on Flood Control.

4697. Also, petition of the Maritime Association of the Port of New York, favoring passage of House Joint Resolutions 344 and 347, which would permit the continued operating of the American whaling industry; to the Committee on Ways and Means.

4698. Also, petition of the United American Artists of Chicago, favoring enactment of pending legislation which would restore the Arts Projects to the Work Projects Administration relief bill; to the Committee on Appropriations.

4699. Also, petition of the Nonsectarian Anti-Nazi League, favoring enactment of House bill 3286, which would eliminate or reduce to a minimum the unfair competition which German corporations have been giving to American industrial enterprises; to the Committee on Ways and Means.

4700. Also, petition of the Department of Borough Works, city of New York, opposing enactment of legislation creating an easement for the construction of the Brooklyn-Battery Toll Bridge, House bill 6880; to the Committee on Interstate and Foreign Commerce.

4701. Also, petition of the New York District Council of Carpenters, urging legislation which would restore the prevailing wage scale in the Work Projects Administration relief bill; to the Committee on Appropriations.

4702. Also, petition of the Atlantic States Shippers Advisory Board, New York City, pertaining to the omnibus transportation bill; to the Committee on Interstate and Foreign Commerce.

4703. Also, petition of the New York Typographical Union, No. 6, protesting against the security-wage system as voted in the 1940 relief appropriation bill; to the Committee on Appropriations.

4704. By Mr. KEOGH: Petition of the Maritime Association of the Port of New York, concerning the passage of House Joint Resolutions 344 and 347, for the continued operation of the American whaling industry; to the Committee on Ways and Means.

4705. Also, petition of the New York Typographical Union, No. 6, New York City, protesting against the security-wage system in the 1940 Relief Act; to the Committee on Appropriations.

4706. Also, petition of the National Consumers' League, New York, N. Y., concerning the National Labor Relations Act; to the Committee on Labor.

4707. By Mr. KOCIALKOWSKI: Memorial of the Legislature of the State of Illinois to the Congress of the United States, to establish an American-Scandinavian educational week to begin on October 9, Leif Ericson Day, and continue to and include October 16 of each year; to the Committee on the Judiciary.

4708. By Mr. PFEIFER: Petition of the Maritime Association of the Port of New York, favoring the passage of House Joint Resolution 344; to the Committee on Foreign Affairs.

4709. Also, petition of the Chinese-American Citizens Alliance, San Francisco, Calif., urging effective measures prohibiting war materials to Japan; to the Committee on Foreign Affairs.

4710. Also, petition of the National Consumers League, New York City, concerning the amendment to the National Labor Relations Act; to the Committee on Labor.

4711. Also, petition of the New York Typographical Union, No. 6, New York City, concerning the security-wage system in the 1940 relief bill; to the Committee on Appropriations.

4712. Also, petition of the Atlantic States Shippers Advisory Board, New York City, concerning the omnibus transportation bill; to the Committee on Interstate and Foreign Commerce.

4713. Also, petition of the Mohawk Milk Products Co., Inc., Cattaraugus, N. Y., concerning proposed amendments to the Labor Standards Act and the Government Contracts Act; to the Committee on Labor.

4714. Also, petition of the Mohawk Milk Products Co., Inc., South Dayton, N. Y., concerning proposed amendments to the Labor Standards Act and Government Contracts Act; to the Committee on Labor.

4715. By the SPEAKER: Petition of Alfred M. Kunze, of New Rochelle, N. Y., petitioning consideration of his petition with reference to legislation for 1940 program; to the Committee on Banking and Currency.

4716. Also, petition of the City Council of Quincy, Ill., petitioning consideration of their resolution with reference to Works Progress Administration working-hours legislation; to the Committee on Appropriations.

4717. Also, petition of the City Council of the city of Newport News, Va., petitioning consideration of their resolution with reference to the United States Housing Act of 1937 and Senate bill 591 and House bill 2888; to the Committee on Banking and Currency.

SENATE

TUESDAY, JULY 18, 1939

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O God, our Righteousness, Sustainer of life, and Giver of every good and perfect gift: Grant Thy blessing upon the President of the United States, upon these, Thy servants, in Congress assembled, and upon every person whom they serve; that the course of our lives may be peaceably ordered by Thy good Providence, upon the sure foundations of wisdom and justice, and we may ever be mindful of the trust which Thou hast given us, and thankful for every gift which Thou hast bestowed, until we and those that follow us shall present unto Thee a godly nation, given to all good works. Through Jesus Christ, Thy Son our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, July 17, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hill	Murray
Andrews	Danaher	Holman	Neely
Ashurst	Davis	Holt	Nye
Austin	Donahey	Hughes	O'Mahoney
Bailey	Downey	Johnson, Calif.	Overton
Bankhead	Ellender	Johnson, Colo.	Pepper
Barbour	Frazier	King	Pittman
Barkley	George	La Follette	Radcliffe
Bilbo	Gerry	Lee	Reed
Bone	Gibson	Lodge	Russell
Borah	Gillette	Logan	Schwartz
Bridges	Glass	Lucas	Schwellenbach
Bulow	Green	Lundeen	Sheppard
Burke	Guffey	McCarran	Slattery
Byrd	Gurney	McKellar	Stewart
Byrnes	Hale	McNary	Taft
Capper	Harrison	Maloney	Thomas, Okla.
Chavez	Hatch	Mead	Thomas, Utah
Clark, Idaho	Hayden	Miller	Tobey
Clark, Mo.	Herring	Minton	Townsend
Truman	Van Nuys	Walsh	White
Tydings	Wagner	Wheeler	Wiley
Vandenberg			

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from South Carolina [Mr. SMITH], and the Senator from New Jersey [Mr. SMATHERS] are detained from the Senate because of illness in their families.

The Senator from Michigan [Mr. BROWN] and the Senator from Arkansas [Mrs. CARAWAY] are absent on important public business.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

CATHERINE HUMLER—VETO MESSAGE (S. DOC. NO. 97)

The VICE PRESIDENT laid before the Senate a veto message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on Military Affairs and ordered to be printed, as follows:

To the Senate:

I return herewith, without my approval, S. 556, an act for the relief of Catherine Humler.

Under the provisions of the enrolled bill there would be authorized a lump-sum award of yearly renewable term insurance in the amount of $13,732.

Careful consideration has been given to the facts in this case at set forth in Senate Report No. 157 from the Committee on Military Affairs and in House Report No. 602 from the Committee on War Claims.

The pertinent facts are that the veteran, Joe McFarland Humler, enlisted in the Marine Corps on June 20, 1917; that he applied for insurance on October 20, 1917, in the amount of $10,000, naming his father, Bert Humler, as beneficiary, and his mother, Catherine Humler, as contingent beneficiary, and that instead of following the usual procedure of authorizing deduction of the premiums from the applicant's service pay, that provision in the printed application form was specifically lined out and the following inserted in lieu thereof:

Premiums to be paid by first-named beneficiary above.

Unfortunately, however, the premiums were not paid, although a period of 9 months elapsed between the date of the soldier's application for insurance and the date of his death in service on July 20, 1918. That the father was informed by the veteran regarding the provision for payment of premiums on the insurance is clearly indicated by the father's letter of October 28, 1917, which was received and acknowledged prior to the receipt of the insurance application by the Bureau of War Risk Insurance on November 15, 1917. The father again communicated with the Bureau of War Risk Insurance on January 1, 1918, and the Bureau's reply of January 7, 1918, explicitly emphasized the necessity of taking action with regard to payment of the premiums. The father failed to make payment of premiums, and at the time of the veteran's death in service, July 20, 1918, 9 months after the date of application, there was no insurance in force.

Cases such as this are very appealing. However, attention must necessarily be given to the fact that there were approximately 5,000,000 men in the armed forces of the United States during the World War, and that there are, of course, many other cases of equal merit which do not come within the terms of the existing law. Approval of this bill would be used as a precedent in many other cases where for various reasons insurance contracts were not consummated.

While no award of insurance could be made in this case, the following awards have been made to the veteran's mother, Mrs. Catherine Humler: $463.50 under the World War Adjusted Compensation Act, as amended, and continuing death compensation benefits in the amount of $45 per month.

It is with regret that I do not, for the reasons above stated, feel justified in giving this bill my approval.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 18, 1939.*

PUNISHMENT FOR KILLING OR ASSAULTING FEDERAL OFFICERS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend the act of May 18, 1934 (48 Stat. 780; 18 U. S. C., 253 and 254), as amended, providing punishment for killing or assaulting Federal officers, which, with the accompanying paper, was referred to the Committee on the Judiciary.

EXPRESSIONS OF APPRECIATION BY THE LEGISLATURE OF PUERTO RICO

The VICE PRESIDENT laid before the Senate the following concurrent resolutions of the Legislature of Puerto Rico, which were referred to the Committee on Territories and Insular Affairs:

Senate Concurrent Resolution 1

To express to the President of the United States and to the National Congress the satisfaction experienced by our people on learning that the Nation has decided to make use of our island to strengthen its lines of defense, and for other purposes.

Whereas the President of the United States and the other civil and military authorities of the Nation have publicly recognized and proclaimed the importance of Puerto Rico as a cornerstone in the defense of the Atlantic coast of America and of the Panama Canal; and

Whereas the Government of the United States has decided to establish in the island of Puerto Rico a military department of the first order for purposes of defense; and

Whereas in accordance with reports sent from Washington to the Puerto Rican press it has been said that there are plans for the expenditure of $1,000,000,000 in the military defenses of this island; and

Whereas those same reports state that there will be a fuller recognition, popular as well as congressional, of the importance of Puerto Rico to the continental United States; and

Whereas from that military extension of the United States to Puerto Rico and the heavy expenditures which the National Government will make in the island, it may be inferred that the metropolis has a special interest in permanently binding to its destiny the destinies of this island; and

Whereas the people of Puerto Rico, which is composed of loyal citizens of the United States, would be willing to show, as often as may be necessary, its determination to collaborate in the military plans and actions of the Nation by offering its soldiers, contributing its money, and cooperating with its labor and its discipline as it has already done once during the intervention of the United States in the World War; and

Whereas without that friendship and without that loyalty which the people of Puerto Rico feel toward the metropolis, the island could not be considered as a stronghold in spite of the armed forces which might be established therein; and

Whereas the present disposition of the Government of the United States toward Puerto Rico with reference to the establishment in the island of a military department of the first category, inspires confidence in the investment of capital in properties properly acquired and in industries installed with reciprocal advantages to continental and insular citizens; and

Whereas the people of Puerto Rico, first in the election of 1932 and later in the election of 1936, expressed, by a considerable majority, taking into account the platform of the political parties constituted here, its wish that its destiny should continue to be linked to that of the metropolis; and

Whereas the dignity of the United States citizenship which we enjoy is the best proof that we should aspire to maximum civil rights and to the enjoyment of all the prerogatives guaranteed by the Constitution, under the same conditions as they are enjoyed by the sons of the States of the Confederation: Now, therefore, be it

Resolved by the Senate of Puerto Rico (the house of representatives concurring), To express to the President of the United States, to his Government, and to the National Congress, the satisfaction experienced by the people we represent, upon their learning that the Nation has need of us as we have need of her; our best and most enthusiastic determination to serve her unreservedly so that she may strengthen her necessary line of defense, locating it mainly on Puerto Rican soil and counting on the loyalty of her fellow citizens of this island; and our hope that, true to their liberal tradition and to their firmly established sense of justice, the national authorities will give the most watchful and fruitful attention to the interests of the people of Puerto Rico and to the right which we Puerto Ricans, as citizens of the United States, long to have recognized in the nearest possible time, to have the State of Puerto Rico incorporated within the Federal Union.

We, Enrique González Mena and Antonio Arroyo, secretaries of the Senate and the House of Representatives of Puerto Rico, respectively, do hereby certify:

That the foregoing Senate Concurrent Resolution No. 1 was approved by the Senate and House of Representatives of Puerto Rico on May 15 and 18, respectively, 1939.

In witness whereof we have hereunto set our hands and caused to be affixed the seals of the Senate and the House of Representatives of Puerto Rico on this the 20th day of May, A. D. 1939.

[SEAL] ENRIQUE GONZÁLEZ MENA,
Secretary, Senate of Puerto Rico.

[SEAL] ANTONIO ARROYO,
Secretary, House of Representatives of Puerto Rico.

Senate Concurrent Resolution 2

To express the gratitude and appreciation that the people of Puerto Rico feel toward its executive the Honorable Blanton Winship, and to declare him an adoptive son of this island of Puerto Rico, and for other purposes

Whereas the Honorable Blanton Winship, a retired general of the United States Army, was appointed Governor of Puerto Rico by His Excellency Franklin D. Roosevelt in the year 1934;

Whereas during his incumbency as chief executive of the island Governor Winship has distinguished himself by his active interest in assisting the people of Puerto Rico in the search for suitable solutions of the many grave problems that affect its happiness and welfare—problems with which he identified himself to the extent of championing them earnestly and zealously during his frequent appearances before the authorities of the metropolis;

Whereas in his character as Governor he cooperated with this legislature in the solution of many of the problems already mentioned and, as a result of this cooperation the following legislation was approved: An act establishing universal suffrage; an act establishing the 8-hour work day; an election law which guarantees free and conscientious suffrage; an act to intensify industrial rehabilitation; the Hospital Charities Act, creating four district hospitals; the Workmen's Compensation Act; an act for the protection and development of the agricultural wealth; an act to stimulate sports in the island; the Housing Authority Act; an act establishing the insular lottery to combat tuberculosis; an act creating the Arecibo Harbor Authority; an act creating the labor relations board; an act to promote the welfare of the aged; an act creating agricultural farms; laws on eugenics; an act to create the emergency measures advisory board; an act to establish a plan of municipal roads and insular roads and bridges; an act for the dredging of the bay of San Juan; an act for the establishment of a graving dock; an act for the elimination of grade crossings; an act for the construction, with combined insular and Federal funds, of roads, bridges, and public buildings; an act regulating home work; acts for the enforcement of constitutional provisions for the holding of lands; an act for the protection of new industries; and numerous transcendental labor, social, and economic laws of vital importance to the country;

Whereas Gen. Blanton Winship, a fervent admirer of the landscapes and the climate of Puerto Rico, of the irresistible lure of its shores, and of the strategic position of the island in the heart of the two continents, was a persistent propagandist of the natural advantages of Puerto Rico as a winter resort, and brought to the attention of the War Department the advisability of locating one of their bases at San Juan, P. R., and did the same with the Navy Department, and as a consequence of his work the Federal Congress passed the appropriations to construct the naval and air bases at Isla Grande in the port of San Juan;

Whereas the institute of tourism, the exclusive creation of Governor Winship, has served to establish bonds between the island and the continental States through the ever-increasing number of visitors who are surprised by the charming beauty of our land;

Whereas Gov. Blanton Winship took advantage of his excellent connections in the official world of Washington so as to procure for Puerto Rico participation in like proportion as the other States and Territories in the benefits of the Federal New Deal legislation directed at solving the economic depression of these last years, and succeeded in having many of those laws made extensive to the island;

Whereas Gov. Blanton Winship has devoted the last 5 years entirely to the defense of the rights and of the best interests of the people of Puerto Rico, and in his love and loyalty for the island was one with those of us who have had the privilege of being born in it;

Whereas the Legislature of Puerto Rico has learned that Gov. Blanton Winship will soon leave the island after having rendered to it 5 years of brilliant service; and

Whereas it is the duty of this legislature, in behalf of the people it represents, to state solemnly its appreciation of the fruitful work done by Gov. Blanton Winship during the time he has occupied the old palace of La Fortaleza: Now, therefore, be it

Resolved by the Senate of Puerto Rico (the House of Representatives concurring):

(1) To acknowledge, as by this resolution is acknowledged, that His Excellency Gen. Blanton Winship, Governor of Puerto Rico, is entitled to the fervent gratitude of the Puerto Rican people for his fruitful work and his earnest resolve to secure for our island the benefits of Federal New Deal legislation and to bring about that the island and its problems be better known in official circles of Washington.

(2) To declare the Honorable Blanton Winship, as he is hereby declared, an adoptive son of the island of Puerto Rico.

(3) That a certified copy of this resolution be transmitted to His Excellency Franklin D. Roosevelt, President of the United

States of America; to the Honorable Harold Ickes, Secretary of the Interior; to the honorable, the Secretary of Agriculture, and the heads of the bureaus of said Departments; to the chairmen and the members of the permanent committees of both Houses of Congress, to the press of the country, and to the chief newspapers of the United States.

(4) That a certified copy of this resolution, when transmitted, be delivered to the Honorable Blanton Winship by a joint committee designated by the President of the Senate and the Speaker of the House of Representatives.

We, Enrique González Mena and Antonio Arroyo, secretaries of the Senate and the House of Representatives of Puerto Rico, respectively, do hereby certify:

That the foregoing Senate Concurrent Resolution No. 2 was approved by the Senate and the House of Representatives of Puerto Rico on May 17 and 18, respectively, 1939.

In witness whereof, we have hereunto set our hands and caused to be affixed the seals of the Senate and the House of Representatives of Puerto Rico, on this the 20th day of May A. D. 1939.

[SEAL] ENRIQUE GONZÁLEZ MENA,
Secretary, Senate of Puerto Rico.

[SEAL] ANTONIO ARROYO,
Secretary, House of Representatives of Puerto Rico.

PETITION

The VICE PRESIDENT laid before the Senate a resolution adopted by the Baltimore (Md.) Branch, National League of American Pen Women, favoring the return of the U. S. frigate *Constellation* to the port of Baltimore and requesting that the frigate be assigned a permanent berth at Fort McHenry, Md., which was referred to the Committee on Naval Affairs.

REPORTS OF COMMITTEES

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (H. R. 985) to authorize the Secretary of War to furnish certain markers for certain graves, reported it without amendment and submitted a report (No. 815) thereon.

Mr. BILBO, from the Committee on the Library, to which was referred the joint resolution (H. J. Res. 272) to provide for the observance and celebration of the one hundred and fiftieth anniversary of the settlement of the city of Gallipolis, Ohio, reported it without amendment.

Mr. CLARK of Missouri, from the Committee on Commerce, to which was referred the bill (H. R. 6634) amending previous flood-control acts, and authorizing certain preliminary examinations and surveys for flood control, and for other purposes, reported it with amendments and submitted a report (No. 816) thereon.

Mr. TYDINGS, from the Committee on Naval Affairs, to which was referred the bill (S. 2805) to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair, reported it without amendment.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2626) to amend the act of June 30, 1936 (49 Stat. 2041), providing for the administration and maintenance of the Blue Ridge Parkway, in the States of Virginia and North Carolina, by the Secretary of the Interior, and for other purposes, reported it with an amendment and submitted a report (No. 845) thereon.

He also, from the same committee, to which was referred the bill (S. 29) to authorize the use of certain facilities of national parks and national monuments for elementary-school purposes, reported it with amendments and submitted a report (No. 846) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1780. A bill to authorize the Secretary of the Interior to acquire property for the Antietam Battlefield site in the State of Maryland, and for other purposes (Rept. No. 847);

S. 2299. A bill for the relief of Hubert Richardson (Rept. No. 848);

S. 2493. A bill to provide for the operation of the recreational facilities within the Chopawamsic recreational demonstration project, near Dumfries, Va., by the Secretary of the Interior through the National Park Service, and for other purposes (Rept. No. 849); and

S. 2625. A bill to authorize the Secretary of the Interior to sell or otherwise dispose of surplus animals inhabiting the national parks and national monuments, and for other purposes (Rept. No. 850); and

S. 2627. A bill to empower and authorize special agents and such other employees of the Division of Investigations, Department of the Interior, as are designated by the Secretary of the Interior for that purpose, to administer oaths in the performance of their official duties (Rept. No. 851).

Mr. McNARY, from the Committee on Commerce, to which was referred the bill (S. 2375) to amend the Bonneville Project Act, reported it with amendments and submitted a report (No. 852) thereon.

Mr. VAN NUYS, from the Committee on Expenditures in the Executive Departments, to which was referred the bill (H. R. 2751) to repeal sections 3711, 3712, and 3713 of the Revised Statutes which relate to the purchase in the District of Columbia of coal and wood for public use, and for other purposes, reported it with an amendment and submitted a report (No. 853) thereon.

Mr. BAILEY, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2578. A bill to designate the lock and dam at Alton, Ill., as the Henry T. Rainey Dam (Rept. No. 854);

S. 2754. A bill to amend section 4471 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 464) (Rept. No. 855);

S. 2755. A bill to amend section 4488 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 481) (Rept. No. 856); and

H. R. 5611. A bill to amend section 9 of the act of July 3, 1926 (44 Stat. 817), entitled "An act to readjust the commissioned personnel of the Coast Guard, and for other purposes (Rept. No. 857).

Mr. BAILEY also, from the Committee on Commerce, to which was referred the bill (H. R. 6747) relating to the retirement of employees to whom the provisions of section 6 of the act approved June 20, 1918 (40 Stat. 608; U. S. C., 1934 ed., title 33, sec. 763), as amended, apply, reported it with an amendment and submitted a report (No. 858) thereon.

Mr. SLATTERY, from the Committee on Military Affairs, to which was referred the bill (S. 2608) authorizing the President of the United States to appoint Sgt. Samuel Woodfill a captain in the United States Army and then place him on the retired list, reported it without amendment and submitted a report (No. 859) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the joint resolution (S. J. Res. 101) defining and classifying gratuity expenditures allowable as offsets in favor of the United States and against the Five Civilized Nations or Tribes of Indians, reported it with amendments and submitted a report (No. 860) thereon.

He also, from the same committee, to which was referred the joint resolution (S. J. Res. 128) to amend section 5 of Public Law No. 360, Sixty-sixth Congress, reported it with an amendment and submitted a report (No. 861) thereon.

BRIDGE BILLS REPORTED FROM COMMITTEE ON COMMERCE

Mr. LEE. By direction of the Committee on Commerce, I report back favorably some 28 bridge bills. I wish to say that some of the bills—in fact, most of them—are urgent, and it is very important that they be passed. A number of Senators are interested in them. They are all in the usual form, and there is no objection to these 28 bills. None of them provides for an appropriation. Therefore I hope the Senate may act on the bills at the earliest possible moment.

The VICE PRESIDENT. The bills will be placed on the calendar.

Mr. LEE, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1996. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg. (Rept. No. 823);

S. 2188. A bill granting the consent of Congress to the Providence, Warren & Bristol Railroad Co. to construct, maintain, and operate a railroad bridge across the Warren River at or near Barrington, R. I. (Rept. No. 824);

S. 2306. A bill relating to the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa (Rept. No. 825);

S. 2392. A bill to legalize a bridge across Bayou La Fourche at Cut Off, La. (Rept. No. 826);

S. 2407. A bill granting the consent of Congress to the counties of Valley and McCone, Mont., to construct, maintain, and operate a free highway bridge across the Missouri River at or near Frazer, Mont. (Rept. No. 827);

S. 2484. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo. (Rept. No. 828);

S. 2564. A bill granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Red Rock, Iowa (Rept. No. 830);

H. R. 5036. A bill authorizing the State highway departments of North Dakota and Minnesota and the counties of Grand Forks of North Dakota and Polk of Minnesota, to construct, maintain, and operate a free highway bridge across the Red River near Thompson, N. Dak., and Crookston, Minn. (Rept. No. 831);

H. R. 5523. A bill authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn. (Rept. No. 832);

H. R. 5525. A bill to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes (Rept. No. 822);

H. R. 5781. A bill to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala. (Rept. No. 834);

H. R. 5785. A bill granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss. (Rept. No. 836);

H. R. 5786. A bill granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss. (Rept. No. 835);

H. R. 5963. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill. (Rept. No. 837);

H. R. 5964. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill. (Rept. No. 833);

H. R. 5984. A bill granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania (Rept. No. 838);

H. R. 6111. A bill to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation, from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17 (Rept. No. 839);

H. R. 6502. A bill granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn. (Rept. No. 840);

H. R. 6527. A bill granting the consent of Congress to the commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio (Rept. No. 841);

H. R. 6578. A bill granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River (Rept. No. 842);

H. R. 6748. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn. (Rept. No. 843); and

H. R. 6928. A bill to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes (Rept. No. 844).

Mr. LEE also, from the Committee on Commerce, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2574. A bill authorizing the construction of a highway bridge across the Chesapeake and Delaware Canal at St. Georges, Del. (Rept. No. 817); and

S. 2589. A bill to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind. (Rept. No. 821).

Mr. LEE also, from the Committee on Commerce, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 2502. A bill authorizing the county of Howard, State of Missouri, to construct, maintain, and operate a toll bridge across the Missouri River at or near Petersburg, Mo. (Rept. No. 820);

S. 2563. A bill granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Levy, Iowa (Rept. No. 829);

H. R. 6049. A bill authorizing the village of Cassville, Wis., or its assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Cassville, Wis., and to a place at or near the village of Guttenberg, Iowa (Rept. No. 818); and

H. R. 6353. A bill granting the consent of Congress to the State of Connecticut, acting by and through any agency or commission thereof, to construct, maintain, and operate a toll bridge across the Connecticut River at or near Hartford, Conn. (Rept. No. 819).

ENLARGEMENT OF ROCKY MOUNTAIN NATIONAL PARK

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the resolution (S. Res. 147) authorizing an investigation of the matter of the proposed enlargement of Rocky Mountain National Park (submitted by Mr. ASHURST on June 20, 1939), reported it without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

PROBATIONARY APPOINTMENT OF REGULAR ARMY OFFICERS

Mr. SHEPPARD. By direction of the Committee on Military Affairs, I report back favorably from that committee the House amendment to Senate bill 1155.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1155) to provide for probationary appointments of officers in the Regular Army, which was, in line 13, to strike out all after "Army:" and insert *"Provided*, That until July 1, 1942, the marriage of an officer shall not be a cause for revocation of commission but that after that date, under regulations issued pursuant to the authority contained in this act, marriage may be a cause for revocation of commission only in the event that the officer marries within 1 year subsequent to the date of his original commission."

Mr. SHEPPARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

AMENDMENT TO ARMY RETIREMENT ACT

Mr. SHEPPARD. By direction of the Committee on Military Affairs, I report back from that committee the amend-

ment of the House of Representatives to the bill (S. 839) to amend the Retirement Act of April 23, 1904. I move that the Senate disagree to the amendment of the House and ask for a conference thereon, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from Texas.

The motion was agreed to.

The VICE PRESIDENT. If the Senator will send up the names of the conferees, the Chair will appoint them.

Mr. SHEPPARD. Very well. I will confer with the Chair about the matter.

The VICE PRESIDENT subsequently appointed Mr. SHEPPARD, Mr. HILL, and Mr. HOLMAN conferees on the part of the Senate.

ENROLLED BILLS PRESENTED

Mr. TRUMAN (for Mrs. CARAWAY), from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On July 13, 1939:

S. 955. An act creating the City of Dubuque Bridge Commission and authorizing said commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill.

On July 14, 1939:

S. 289. An act for the relief of the West Virginia Co.;

S. 1575. An act to provide that the annual registration of motor vehicles and the annual licensing of certain public vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year; and

S. 2336. An act to authorize an exchange of lands at the Fort Francis E. Warren Military Reservation, Wyo.

On July 18, 1939:

S. 1796. An act to amend the Tennessee Valley Authority Act of 1933.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BURKE:

S. 2823. A bill granting a pension to Grace Gerecke; to the Committee on Pensions.

By Mr. ASHURST:

S. 2824 (by request). A bill to amend certain laws governing Federal prisoners, and for other purposes; to the Committee on the Judiciary.

By Mr. TRUMAN:

S. 2825. A bill granting the consent of Congress to Frank O. Lowden, James E. Gorman, and Joseph B. Fleming, trustees of the estate of the Chicago, Rock Island & Pacific Railway Co., to construct, maintain, and operate a railroad bridge across the Missouri River at or near Randolph, Mo.; to the Committee on Commerce.

By Mr. GUFFEY:

S. 2826. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Susquehanna River, from the borough of Wyoming, in the County of Luzerne, Commonwealth of Pennsylvania, to Jenkins Township, County of Luzerne, Commonwealth of Pennsylvania; to the Committee on Commerce.

By Mr. MEAD:

S. 2827. A bill to provide for the recognition of the heroic conduct and devotion to duty of Matthew A. Henson, one of the survivors of the polar expedition of Admiral Peary, and to provide a life pension for the said Matthew A. Henson; to the Committee on Banking and Currency.

S. 2828. A bill to provide for the establishment of terms of the District Court of the United States for the Southern District of New York at Poughkeepsie, N. Y.; to the Committee on the Judiciary.

By Mr. KING:

S. 2829. A bill to provide for the regulation of the business of making loans of $300 or less in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. STEWART:

S. 2830. A bill to provide for the registration of aliens; to the Committee on Immigration.

INTERSTATE OIL COMPACT—RECONSIDERATION AND POSTPONEMENT OF SENATE JOINT RESOLUTION

Mr. THOMAS of Oklahoma. Mr. President, on a former occasion the Senate passed the joint resolution (S. J. Res. 155) consenting to an interstate oil compact to conserve oil and gas, and at the same time the House passed a similar joint resolution. When the House measure reached this body I asked for its consideration, and it was passed. I then entered a motion to reconsider the vote by which the Senate joint resolution had passed, and then I asked that the Senate joint resolution be returned from the House. The House has returned it; and I now ask unanimous consent that the vote by which Senate Joint Resolution 155 was passed be reconsidered.

The VICE PRESIDENT. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and the vote is reconsidered.

Mr. THOMAS of Oklahoma. I now ask unanimous consent that Senate Joint Resolution 155 be indefinitely postponed.

The VICE PRESIDENT. Is there objection to the request? The Chair hears none, and it is so ordered.

TRUTH IN FABRIC; WOOL PRODUCTS—AMENDMENT

Mr. LUCAS submitted an amendment intended to be proposed by him to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, which was ordered to lie on the table and to be printed.

TREATIES WITH JAPAN

Mr. VANDENBERG. I offer a resolution, which I send to the desk and ask to have read.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 166) was read, as follows:

Resolved, That it is the sense of the Senate that the Government of the United States should give Japan the 6 months' notice required by the treaty of 1911 for its abrogation, so that the Government of the United States may be free to deal with Japan in the formulation of a new treaty and in the protection of American interests as new necessities may require.

Resolved further, That it is the sense of the Senate that the Government of the United States should ask that the Conference of Brussels of 1937, now in recess, should be reassembled to determine, pursuant to the express provisions of the Nine Power Treaty of Washington of 1922, whether Japan has been and is violating said treaty, and to recommend the appropriate course to be pursued by the signatories.

Mr. VANDENBERG. I ask that the resolution be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, it is so ordered.

ACTIVITIES OF THE DEPARTMENT OF JUSTICE UNDER ATTORNEY GENERAL MURPHY

[Mr. ASHURST asked and obtained leave to have printed in the RECORD a report on the activities of the Department of Justice during the first 6 months of incumbency of Hon. Frank Murphy, Attorney General of the United States, which appears in the Appendix.]

DISCOVERY OF RADIGEN—LETTER AND STATEMENT BY NOEL GAINES

[Mr. LOGAN asked and obtained leave to have printed in the RECORD a letter to the Secretary of Agriculture and a statement by Noel Gaines, of Frankfort, Ky., relative to his discovery of radigen, which appears in the Appendix.]

THE LENDING PROGRAM—EDITORIAL FROM BIRMINGHAM NEWS

[Mr. HILL asked and obtained leave to have printed in the RECORD an editorial from the Birmingham News of July 13, 1939, entitled "Repairing the Weak Point in Our National Economy," which appears in the Appendix.]

PEOPLE VERSUS PROPERTY—EDITORIAL FROM CORYDON (IND.) DEMOCRAT

[Mr. MINTON asked and obtained leave to have printed in the RECORD an editorial from the Corydon Democrat in regard to freedom of speech, freedom of the press, and freedom of political activity, which appears in the Appendix.]

WOMAN COMMISSIONER FOR FEDERAL COMMUNICATIONS COMMISSION

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an open letter to the President of the United States from the editor of Radio Guide suggesting the appointment of a woman commissioner to membership on the Federal Communications Commission, which appears in the Appendix.]

PUBLIC EXPENDITURES AND THE NATIONAL DEBT—EDITORIAL FROM LIBERTY MAGAZINE

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an editorial from Liberty Magazine of the issue of July 15, 1939, entitled "Common Horse Sense Tragically Needed," which appears in the Appendix.]

NEUTRALITY—ARTICLE BY SENATOR NYE

[Mr. LUNDEEN asked and obtained leave to have printed in the RECORD an article by Senator NYE entitled "Can the United States Be Neutral?" published in the Christian Science Monitor for July 15, 1939, which appears in the Appendix.]

CIVILIAN CONSERVATION CORPS—EDITORIAL FROM WASHINGTON (D. C.) TIMES-HERALD

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an editorial relative to the Civilian Conservation Corps, published in the Washington (D. C.) Times-Herald, which appears in the Appendix.]

STRIKE OF W. P. A. WORKERS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Senate Committee on Appropriations an editorial from the Pittsburgh Press of July 16, 1939, entitled "A Crisis for Labor, Relief, and Social Security."

There being no objection, the editorial was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

[From the Pittsburgh Press of July 16, 1939]

A CRISIS FOR LABOR, RELIEF, AND SOCIAL SECURITY

The W. P. A. strike, with its attendant violence, can easily become the most disastrous thing which has ever happened to organized labor, to relief, and to social security in general.

It is jeopardizing the whole W. P. A. program.

Coming on the heels of the costly warfare between C. I. O. and A. F. of L. and the unpopular conduct of the National Labor Board, this strike is the climax in a series of injurious union developments.

"You cannot strike against the Government," said President Roosevelt—and we believe the American people are overwhelmingly behind that statement. But in defiance of the President and in disregard of public opinion, the strike continues; and blood flows—of all places—at a W. P. A. sewing project. More than almost any other type of projects, the W. P. A. sewing activities are pure relief, complete charity, utterly made work. They have been set up by the Government, not because there is any genuine need for them but solely to furnish employment.

These things have given to the critics of Mr. Roosevelt and to the opponents of relief spending their perfect excuse to say:

"See, we told you so. There is complete lack of appreciation. We have spent billions to make work, and those for whom it was provided aren't even willing to work 7½ hours a day for 4 days a week to earn their pay. And now they turn—as always—on their friends; they even oppose Mr. Roosevelt, who has pretty nearly wrecked the country trying to help them."

This strike is playing into the hands of every reactionary in the country.

It is a boon for all those Fascist elements who would like to crush unions, suppress civil liberties, and regiment the people as they have been regimented in Germany and Italy.

It is suicidal for organized labor.

It is building public resentment, not only against W. P. A. but against relief in general and against social security and other humane measures adopted under the New Deal to help the poor and weak.

It is widely recognized that the Workers Alliance—one of the striking organizations—is a Communist-led outfit whose president recently went to Russia (through contributions of relief funds) to attend a celebration honoring Lenin and whose secretary-treasurer admitted before a congressional committee that he is a Communist Party member. The Workers Alliance leadership has only one objective—to raise hell. By destroying relief, by sabotaging old-age assistance, by wrecking the New Deal, and undermining public confidence in the American Government, the Workers Alliance leaders and their fellow Communists and fellow travelers are trying to turn unemployment evils into revolution.

The Nation knows this, and it knows also that a strike against the Government is in itself a form of rebellion.

The Nation knows that if Congress can be whipped by strike action into passing certain laws, then the next logical step is to compel legislation by other violent means.

This strike is creating a crisis for democratic principles, for relief, for the right of labor to organize, and for other humane principles of the New Deal. It is a crisis created by those whom Mr. Roosevelt has been trying to help.

It is a strike that cannot be won—a strike which, if continued, can only react increasingly against those engaging in it.

Those who are taking part in this strike are being woefully misled. In the case of the Workers Alliance, the misleading is deliberate. But, strangely enough, the strike is also being encouraged by A. F. of L. leaders who are undeniably loyal but who are proving to be both dumb and blind. These latter seem intent on leading their own organization over a cliff.

THE WILL TO PEACE—EXCERPT FROM ADDRESS BY DR. NEIL CAROTHERS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD a brief portion of an excellent address by Dr. Neil Carothers, dean of the College of Business Administration of Lehigh University, delivered at this year's commencement exercises of the Bethlehem (Pa.) High School. Dr. Carothers courageously declared that, despite the fears that oppress us, there is no danger of another general world war at this time. In my judgment, if we could have more of this talk of peace, and action making for peace, we might be able to substitute peaceful change for the savage destruction of war.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

NO WAR DANGER, SAYS CAROTHERS AT GRADUATION

Many wise and thoughtful men believe that we are on the eve of the most ghastly and destructive war in history. They believe that this war will be a war of the entire world and that it will destroy all the civilization that men have built in 5,000 years. They believe that in this war cities will be destroyed, women and children will be killed and mutilated, and that out of it all may come upon the world another Dark Ages, like that which followed the collapse of the Roman Empire.

I do not believe it. These prophets of doom selected 1939 as the year for the outbreak of this holocaust. But it has not come. They now predict 1940 or 1941 as the year for the outbreak of war. But even with all the unhappy forces at work in the world today to promote war, there are countervailing forces opposing war, and I believe that we shall escape it. War is a curse, an unmitigated evil and horror, and it will disappear with the growth of intelligence and knowledge and education.

Second, there is the problem of the form of government under which you young people will live. Here, again, there are admittedly grave dangers. There is undoubtedly the possibility that some revolutionary change in our form of government impends. It is possible that this country is destined to endure some form of dictatorship which will destroy all that we know as the American way of life. But here, again, I doubt it. Our American people have withstood the pressure of unemployment and destitution for 10 years, and they will not now at this late date fall victims to the false promises of demagogues and revolutionaries and dictators.

And now for the economic problem that you graduates face. Admittedly it is a serious one. Depression still surrounds us. Unemployment still is widespread. There should be a job for every boy and every girl in this graduating class who wants a job and needs a job. It is entirely natural that many of you should feel that there is something absolutely wrong and absolutely unsound about an economic system which has no place for young people finishing high school. And some of you may be bitter about it. Last year the graduates of a large high school in the West bore a banner to graduation exercise bearing the legend, "W. P. A., here we come."

This is a natural slur at our economic system, but it is not justified. Our economic system has not collapsed. It has been sorely hurt by depression, which was caused by a world war. It still has much injustice in it. But it is sound at heart. I wish that I could say that there is now a job waiting for every one of you who wants one. I cannot say it, for it would not be true. But I can say that there will be before so very long a job for every one of you, for this unhappy depression is at last drawing to a close. And in the future there will be a greater prosperity, a higher level of wages, and a better standard of living than this Nation, rich as it is, has ever known in the past. You young people, with all that you may have gone through so far, will have a happier, cleaner, and fairer economic life than we older people have had.

CONFIRMATION OF NOMINATION OF CHARLES ALVIN JONES

Mr. DAVIS. Mr. President, I expect to vote for the confirmation of Charles Alvin Jones to be United States judge

for the third circuit because he is a good man for the position to which he has been appointed. It was a pleasure for me to notify the Senator from Arizona [Mr. ASHURST], chairman of the Senate Judiciary Committee, that I would have no objection to this appointment, for I regard Mr. Jones as a man of ability. I believe he will be faithful to the trust reposed in him and give justice to all the people. I congratulate the people of Pennsylvania, especially my own city of Pittsburgh, that such an able judge has been nominated for the third circuit court.

THE BUSINESS UPTURN

Mr. LEE. Mr. President, on the front page of the Washington Post of this morning is a very encouraging article by an Associated Press correspondent pointing to the business upturn. I ask unanimous consent to have printed as a part of my remarks a brief chart which is a part of that article, showing the business upturn at this time. I also announce that it is my hope that this upturn may continue, and that the Congress will do its part by staying in session until we pass the President's self-liquidating lending program to continue this upturn, lest we sink back.

We have marched up the hill. I believe we should make secure our gain by the passage of this lending program, which will make unnecessary marching back down the hill. By the passage of this program now we shall save from several months to a year, and thereby prevent a business slump.

While I should like to go home, yet I hired out to the people of Oklahoma on a 12-month basis, and am not only willing but desirous that we continue this business upturn by supporting President Roosevelt through the enactment of the lending self-liquidating program which he has asked that we pass at this session.

I ask unanimous consent that the chart to which I have referred be included in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The chart is as follows:

A half-year look at business—Wall Street prices soar in business upturn

	First half of 1939	Gain over 1938
		Percent
PRODUCTION		
Steel ingots, tons	18,629,927	73
Automobiles, units	2,028,356	55
Electric power, kilowatt-hours	57,324,080,000	10.5
CONSUMPTION		
Wool, pounds	299,000,000	70
Rayon, pounds	161,000,000	62
Cotton, bales	3,534,000	65
Rubber, tons	274,659	51
BUILDING		
Nonresidential	$516,579,000	19
Residential	$644,527,000	61

THE CALENDAR

The VICE PRESIDENT. Morning business is closed. The consideration of bills on the calendar under rule VIII is in order.

Mr. BARKLEY. Mr. President, I ask unanimous consent that beginning with Calendar No. 755, Senate bill 2465, where we left off at the last call, the Senate proceed to consider bills to which there is no objection.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky?

INVESTIGATION OF ADMINISTRATION OF J. ROSS EAKIN AS SUPERINTENDENT OF GREAT SMOKY MOUNTAINS NATIONAL PARK

Mr. VANDENBERG. Mr. President, may there be just one exception? The Senator from Tennessee [Mr. MCKELLAR] and I are now in agreement regarding his resolution for an investigation of Mr. Eakin, and I should like to get it out of the way.

Mr. BARKLEY. I will say to the Senator from Michigan that it is my purpose to go back and have the calendar called from the beginning after we finish the bills on the list that were not reached the other day; and it may be that we can take care of the resolution on that call. I have no objection to that arrangement, however.

Mr. MCKELLAR. It will take us but a moment.

Mr. VANDENBERG. It will take but a moment, and I may not be here at the conclusion of the calendar. With that exception, I have no objection.

Mr. BARKLEY. Very well.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky, with the exception suggested by the Senator from Michigan? The Chair hears none. The clerk will read the resolution referred to by the Senator from Michigan.

The Chief Clerk read Senate Resolution 131, submitted by Mr. MCKELLAR on May 16, 1939, as follows:

Whereas sometime in 1931 J. Ross Eakin was appointed superintendent of the Great Smoky Mountains National Park and stationed at Gatlinburg, Tenn.; and

Whereas on or about July 18, 1936, H. E. Myers, regional fiscal supervisor, was sent by the Department of the Interior to audit and check the accounts of the said J. Ross Eakin dealing with control of Civilian Conservation Corps camps; and

Whereas on November 27, 1936, the said H. E. Myers made a report to the Department of the Interior concerning his examination and audit of the accounts of J. Ross Eakin; and

Whereas in such report the said examiner and accountant made many charges against the said J. Ross Eakin, among which were the following:

(1) "Receipts from materials and supplies were not obtained in majority of instances."

(2) "A review of the following comments will disclose that proper purchase and contract procedure were not followed. In the auditor's opinion, the greater portion of these discrepancies can be charged to incompetent personnel in charge of purchasing, and lack of proper supervision by ones responsible. Several excuses were given for mistakes that had been made, the favorite one being to place blame on clerk that was suspended on August 1, 1936, and the next being failure to receive information from Washington office."

(3) "It would appear that anything that was wanted by anybody was purchased, regardless of regulations, and that every known means used to get the same paid by the finance officer, giving him answers to his questions that were not borne out by the facts, when he would hold up payment of vouchers for additional information.

"While audit was being made several suggestions were made to correct errors as they were discovered, and a later check would disclose that suggestions were not followed out immediately, if at all."

(4) "Motor oil purchased in open market, not under Navy contract; typewriter rentals, no contract; purchase of typewriter; service-station deliveries of gasoline; photographic equipment; printing of forms; time books, field books, ledgers, daybooks, and columnar journals; repair parts for automobiles not under TPS contracts 7807 and 7808; office furniture, desks, drafting tables, stools, steel desks, steel cabinets, and steel files; drafting instruments; printed envelopes; spark plugs in large quantities at double TPS contract price; junk batteries traded in on new batteries, a dozen or more at one time; and blowtorches traded in on new ones."

(5) Excess purchases: "It was noted that a great many automobile tires and tubes were purchased. A check of these purchases shows that between April 1, 1935, and June 30, 1936, tires and tubes amounting to $13,012.62 were purchased. Just why it would be necessary to purchase a hundred tires at one time and place them in stock at the two warehouses and service stations carrying a complete line of truck tires at Knoxville Tenn., and Asheville, N. C. As a large stock of tires were on hand at Sugarlands warehouse, inquiry was made and answer received that they were for detached-service cars, and when it was pointed out that it was not necessary to have extra tires on hand, when they could be obtained from Knoxville, when and as needed, the answer was then given that the tires on hand had been purchased by the clerk that had been suspended.

"As a great many partly worn-out tires were in several places, instructions were given to have all of these tires placed in one building under lock and key, and when this was done it was found that one abandoned barrack building at Sugarlands was completely filled with worn-out, or partly worn-out tires from camps in Tennessee, some of them, in the auditor's opinion, being good tires showing very little use."

(6) "It was impossible for auditor to check accountability for all tires purchased, due to the method of handling the same all around.

"Many purchase orders were issued for batteries for automobiles and trucks, orders being for 1 dozen; sometimes 2 dozen or more at a time. Here again it was discovered that as no uniform truck drivers' report system was being used; in fact, only one camp showed a battery hydrometer on property inventory, so it was impossible for truck drivers to properly test batteries."

(7) Irregular contracts: "Inspection of contracts in file shows that a general understanding of contract procedure was not had by all concerned with the preparation of contracts."

(8) Real-estate leases: "For rent of 'one building approximately 20 feet 2 inches by 16 feet 2 inches for use as an office for Government employees.' Beginning October 21, 1933, to as long as needed, with option in either party to terminate same upon 30 days' notice. Rental, $21 a month. Heat and light furnished."

A contract with one Huff was for a building "with 1,156 square feet floor space" for which he paid $53 per month. Another contract with A. J. Huff was for a "building located in rear Mountain View Hotel used as a garage containing two stalls." The rental for this was $6 per month.

These leases were all made in 1933 and never renewed and did not conform to regulations.

(9) Cement contracts: Invitations for bids were sent on February 28, 1936, for "cement in paper bags of 94 pounds net." No quantity was stated. "Volunteer Portland Cement Co., Penn Dixie Cement Corporation, and Southern States Portland Cement Co. all submitted identical bids of $2.49 per barrel, of 4 paper sacks, in carload lots of not less than 132 barrels. The above 3 mentioned firms were equal low bidders; a fourth bidder was 5 cents per barrel higher.

"On these 3 bids, under the same invitation, 3 contracts were awarded for a carload of 132 barrels, viz: a contract with Volunteer for 132 barrels, 1 with Penn Dixie for 132 barrels, and 1 with Southern States for 132 barrels." This was contrary to the law and to the regulations. Another contract "dated March 17, 1936, with Volunteer Portland Cement Co., for $414.38. Three equal low acceptable bids were received. Award was made to concern nearest park, instead of by lot, following justification being stated on statement of award: 'But it would result in increased cost to split the award, and due to the fact that it would also result in delay and cost to Government to request that representatives of these companies draw lots for award.'"

(10) The rental of teams and horses was denounced by the auditor as being contrary to the law and regulations.

(11) "Purchases in excess of $100 not covered by contracts: Statement made to auditor that it was the understanding of all concerned at the park office that, beginning April 1, 1935, authority was granted to make open-market purchases up to $299.99."

(12) "Travel orders were issued by superintendent of park, and in a few cases by acting superintendent, reading 'Great Smoky Mountains National Park and vicinity,' and based on these travel orders, files show that travel was performed and paid for by finance officer to and from various places in Tennessee, North and South Carolina, and Georgia. Other travel orders were issued specifying certain places in Tennessee, North and South Carolina, Georgia, and Virginia, all outside of limits of Great Smoky Mountains National Park."

Travel orders were issued by the Washington office and the amount changed by the park officers with this justification: "It is determined to be more economical and advantageous to the Government for you to use your personal car at a mileage rate that will not exceed cost by common carrier."

Travel orders were issued, and per diem paid thereon, to various people who did not leave the park.

"Several travel vouchers were paid to Emergency Conservation Work clerks in park office, and supervising mechanics, that have the appearance of Federal Government paying for employees' pleasure trips. For example, Emergency Conservation Work clerk in Gatlinburg office being paid for per diem on trips to Knoxville, Tenn., showing leaving headquarters (Gatlinburg) after 4:30 p. m. (office closing time) for Knoxville, Tenn., remaining in Knoxville (a distance of 40 miles from Gatlinburg) overnight, and leaving there the next morning at 7 a. m., arriving Gatlinburg at 8 a. m. Another example was supervising mechanic leaving Bryson City, N. C., at 7:30 p. m., arriving at Knoxville 11:15 p. m., and leaving Knoxville at 6 a. m. next morning, arriving at Bryson City at 9:45 a. m. This party's headquarters was Smokemont, N. C., several miles from Bryson City, N. C. He spent a great many evenings in Knoxville, Tenn., and Asheville, N. C., arriving at these places after regular closing hours for all kinds of official business, and leaving the next morning before opening hours, and collected per diem for the time away from official station.

"Travel orders were issued, and per diem paid thereon, to various parties whose official duties placed them in travel status, who would leave official headquaters, either Bryson City, N. C., or Gatlinburg, Tenn., between 7 and 10 a. m., traveling to places within park or points in vicinity, returning to official headquarters early in the evening.

(13) "Very little attention was paid to bills of lading. Of those issued by this office, no record was kept; that is, no register was maintained."

A long list of these bills of lading was given concerning which the auditor could make no report.

(14) Shipping tickets were found to be in the same situation.

(15) There were very few paid copies of pay rolls in the park files, and little could be told from those.

(16) The auditor pointed out numerous mistakes in allotment ledgers, telegraphic reports, cost records, and reimbursements, all of which had been managed improperly.

(17) The auditor then made a statement of a test check, as follows:

Total funds allotted	$533,145.00
Less: Type-mapping allotments	19,127.00
Total allotments for work program	514,018.00
Less: Balance unexpended (adjusted)	602.95
Total to be accounted for	513,415.05
Cost reported:	
Fifth period	175,589.98
Sixth period	149,242.10
First half, seventh period	56,542.35
Total costs reported	381,374.43
Unaccounted for	132,040.62

When this same auditor was questioned about this shortage he made some correction about it, as shown in the following excerpt from the CONGRESSIONAL RECORD of April 17, 1939:

"Senator MCKELLAR. You thought this was such an unusual circumstance that you ought to talk to Mr. Spillers, the general engineer who had charge of the books, did you not?

"Mr. MYERS. Yes, sir.

"Senator MCKELLAR. And you called his attention to this unaccounted-for amount of $132,040.62, did you not?

"Mr. MYERS. Yes, sir.

"Senator MCKELLAR. And when you did that he said there was a detached pay roll that would account for it; and when that was brought in it was $17,259. Is that right?

"Mr. MYERS. Yes, sir.

"Senator MCKELLAR. If you deduct $17,259 from $132,040.62, it leaves $114,781.62. They never did find any detached or other pay rolls that accounted for that difference, did they?

"Mr. MYERS. Well, as I say, they would just tell me of items that they did not include. They did not prove it to me."

And although 3 years have passed away, that $114,781.62 has never been accounted for; and

Whereas prior to February 16, 1938, another report was made by Auditors Brown and Jones, and criticisms of memorandum of employment, unsigned by the superintendent; time slips; purchases of gasoline and oil; travel vouchers; purchase of office furniture; and other matters were listed; and

Whereas on January 19, 1939, Mr. Myers again made an examination in which many things were criticized; and

Whereas the testimony of Mr. Myers, auditor, as taken by Senator MCKELLAR, found on pages 4324 to 4338, inclusive, in the CONGRESSIONAL RECORD of April 17, 1939, shows a distressing condition in the park at the time of the second examination; and

Whereas A. E. Demaray, Assistant Director of the National Park Service, on May 21, 1937, wrote to Mr. J. Ross Eakin a letter calling his attention to Mr. Myers' report, from which letter the following excerpts are taken:

(1) "The Emergency Conservation Work monthly progress and cost report was not in agreement with the allotment ledgers. A discrepancy of approximately $132,000 was reported to exist."

(2) "Your procurement procedure has not conformed with Emergency Conservation Work regulations."

(3) "More than $1,000,000 have been allotted to your park from Emergency Conservation Work funds, and judging from the auditors' report, there has been extreme laxity in control of funds, and the purchasing and contracting has not been properly supervised."

(4) "The auditors reported other open-market purchases in amounts exceeding the statutory limitations for which payments have not been made because competitive bids were not secured or contracts prepared."

(5) "Purchase orders for motor oil have been issued in the open market and spark plugs and automotive repair parts have not been purchased under the General Schedule of Supplies contracts."

(6) "In another instance, in which three equally low and acceptable bids were received, the award was made to the concern nearest the park instead of by drawing lots."

(7) "When the auditors arrived at the park, the property records were in very poor shape and indicated extreme negligence on the part of the employees who were responsible for the maintenance of the records"; and

Whereas there appears a letter from J. Ross Eakin, superintendent of the Great Smoky Mountains National Park, to the Assistant Director of the National Park Service, Mr. A. E. Demaray, dated June 2, 1937, in which he says:

(1) "We heartily regret your apparent consternation in receiving the unsatisfactory report, but believe you will understand from this explanation that the records were not as irregular and the violations as numerous as portended in the report."

(2) "There were also extenuating circumstances in many instances which were explained to the auditors, but from their abusive attitude and threats at times when the audit was trying, it was expected that no quarter would be given, and sufficient justification for their extended visit would be recorded."

(3) "It will be a difficult matter to clear up the FD570 and FD870, unliquidated encumbrances."

(4) "Our failure to encumber packing, handling, and transportation charges on Government shipping tickets was due to ignorance on our part."

(5) "There were not numerous instances where travel orders were issued and reimbursement of per diem claimed by various employees who would leave their official headquarters between 7

and 10 a. m. in the morning for points within the park nearby and return to their official headquarters early in the evening."

(6) "As to open-market purchases reported by the auditors in amounts exceeding the statutory limitation for which payments have not been made because competitive bids were not secured or contracts prepared, we fail to find any outstanding on our books."

(7) "Your reference to the trade-in of tires and tubes under contract No. 1-23p-756 E. C. W. has been noted, and there will not be a repetition of this irregularity."

(8) "The property records were in poor condition, and are not correct as yet."

(9) "In conclusion, I desire to state that in my many years' experience as superintendent never has an auditor come into my park with the supercritical attitude of Messrs. Myers and Douglas. Helpfulness should have been their first objective, but it was secondary to criticism. The most of their criticism could have been covered by a simple statement that our system was not in line with the newly approved accounting system, of which we had not the slightest inkling until they arrived. This statement would have obviated the necessity of a 78-page report. Their attitude and manner of speaking were most objectionable. I venture the assertion that few if any chief clerks in the Service could have done better than Chief Clerk Ray under the circumstances"; and

Whereas from the above closing paragraph of the letter it will be seen that Eakin undertook himself to condone his own mismanagement, waste, destruction, and probable dishonesty by abusing the auditors, who did their duty and showed the facts, and that not only their attitude and manner were objectionable to Eakin, but their report—in which hundreds of charges of every kind and description, including an unaccounted-for sum of at least $114,000 were made against him—must have been objectionable to him also; and

Whereas, in order to curry favor with the Department of the Interior, the said Eakin has signed an affidavit stating that he voted for President Roosevelt in the November 1936 election, as follows:

"It is my understanding that it has been claimed that in the 1936 general election I voted for Landon for President. This is untrue, as I voted for President Roosevelt.

"I had heard rumors from a source which I do not remember that my ballot was to be checked to see for whom I voted. I marked my ballot, laid it on top of the ballot box, turned around, and walked from the room. Any ballot voted for Mr. Landon was certainly not the ballot I marked"; and

Whereas D. Neal Adams, Clarence C. Corpening, and J. Mayes have made affidavits that they were election officers in the November 1936 election, and after the election saw the ballot of the said J. Ross Eakin which he marked not for President Roosevelt but for Mr. Landon, which, if true, shows that the said J. Ross Eakin falsified in such above-quoted affidavit for the purpose of currying favor with the Department of the Interior: Now, therefore, be it

Resolved, That a committee of five Senators, three of the majority party and two of the minority party, to be appointed by the President of the Senate, is authorized and directed to examine into all the facts concerning these reports and references to the report, and to examine the auditors and the said J. Ross Eakin, and to examine the three affiants, Mayes, Corpening, and Adams, and to investigate other matters connected with the management of the said Great Smoky Mountains National Park. The committee shall report its findings and recommendations to the Senate at the next session.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-sixth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. VANDENBERG. Mr. President, I move that, on page 12, line 1, the language reading "a committee of five Senators", and so forth, down to the name "Senate" in line 3 shall be stricken out and in lieu thereof shall be inserted the words, "The Committee on Public Lands and Surveys, or any subcommittee thereof."

Mr. McKELLAR. I have no objection to that amendment.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. McKELLAR. There are some amendments of the Committee on Public Lands and Surveys which I should like to have stated.

The VICE PRESIDENT. The amendments will be stated.

The CHIEF CLERK. On page 12, line 4, after the word "concerning", it is proposed to strike "these reports and references to the report, and to examine the auditors and the said" and insert "the conduct and administration of."

The amendment was agreed to.

The CHIEF CLERK. On page 12, line 7, after the name "Eakin", it is proposed to strike out "and to examine the three affiants, Mayes, Corpening, and Adams, and to investigate other matters connected with the management of the said" and insert "as superintendent of the said."

The amendment was agreed to.

Mr. McKELLAR. I offer an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 12, line 10, after the word "Park", it is proposed to insert:

The committee shall also examine into all the facts concerning the ballot of the said J. Ross Eakin in the November 1936 election, and especially concerning the conflicting affidavits of the said J. Ross Eakin and the three election officials, Mayes, Corpening, and Adams, and whether any of them committeed any illegal act in regard thereto.

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That the Committee on Public Lands and Surveys or any subcommittee thereof is authorized and directed to examine into all the facts concerning the conduct and administration of J. Ross Eakin, as superintendent of the said Great Smoky Mountains National Park. The committee shall also examine into all the facts concerning the ballot of the said J. Ross Eakin in the November 1936 election, and especially concerning the conflicting affidavits of the said J. Ross Eakin and the three election officials Mayes, Corpening, and Adams, and whether any of them committed any illegal act in regard thereto. The committee shall report its findings and recommendations to the Senate at the next session.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-sixth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The preamble was amended so as to read:

Whereas a resolution has been filed making charges against J. Ross Eakin as to his conduct and administration as superintendent of the Great Smoky Mountains National Park: Now, therefore, be it

The preamble, as amended, was agreed to.

DECORATION OF GEORGE J. FRANK

The VICE PRESIDENT. Under the unanimous-consent agreement, the Senate will now proceed to the consideration of unobjected-to bills on the calendar.

The Senate proceeded to consider the bill (S. 2465) to authorize the award of a decoration for distinguished service to George J. Frank, which was read, as follows:

That the President is hereby authorized to cause the recommendation for the award of a decoration to George J. Frank, formerly a bugler, Company K, Thirtieth Regiment United States Infantry, for distinguished conduct during the German offensive at the Marne River on July 15, 1918, to be considered by the proper boards or authorities, and such award made to Frank as his said conduct merits.

Mr. KING. Mr. President, I rather reluctantly invite attention to the action of the War Department and the Secretary of War expressing opposition to the bill.

Mr. TYDINGS. Mr. President, will the Senator withhold his objection?

Mr. KING. Certainly.

Mr. TYDINGS. Those of us who served in the World War are pretty definitely of the opinion, I am sure, that one of the most difficult things to do was to award decorations to those who were entitled to them. The reason is perfectly obvious. In the first place, the individual soldier may perform some act of heroism, but it is very infrequent that his officers are in the vicinity where the act is performed. Oftentimes not even lieutenants are in the vicinity where the act is performed, particularly if an advance has been going on for some time. This explains why frequently soldiers perform some outstanding act of heroism entitling them to a decoration which they do not receive.

In the particular case before us, the captain of the company in which Mr. Frank served was killed in action at Chateau Thierry, but before he was killed, being familiar with the

services of Mr. Frank, he made the remark to other officers that he intended to recommend him for a decoration. In my judgment, if the captain of the company had lived, and if the man had been recommended by the captain, he would have received his decoration. But, unfortunately, not many hours afterward the captain of the company was killed, after this man—who did not serve in any outfit with which I was connected—had performed an outstanding feat of heroism. The other officers in his command, the major of the battalion and various others on the spot, have made affidavits, which appear in the record, testifying to the act performed by Mr. Frank and asking that he be awarded the Distinguished Service Cross.

It so happened that the reason why he was not given the Distinguished Service Cross during the war was, as I have stated, that his commanding officer, who was familiar with his act of heroism, was killed, and the haste of battle action and the aftermath frequently terminate the opportunity for the recognition of many fine services. In this case, however, some time afterward some of the friends of this man who were familiar with the service he had rendered recommended his decoration and assembled the affidavits now in the record.

As one who had a very small part in the World War, but some little first-hand information, I am of the opinion that there are probably many cases of deserving men who would have been decorated except for the fact that those who were immediately superior to them were wounded or were killed, and in the natural confusion of battle, and as a result of death, oftentimes, many of the soldiers did not receive the decorations they otherwise would have been granted.

The testimony which appears in the record, testimony from the colonel, testimony from the major, testimony from the lieutenant, testimony from the sergeant, and testimony the captain who commanded the outfit had stated that he intended to recommend Mr. Frank for a decoration, I think ought to be pretty conclusive evidence that he is entitled to the decoration.

There is no dispute about the act Mr. Frank performed. The point is that after all these years it is natural to ask, "Why did he not get the decoration at the time?" I remember talking to a division commander 5 years after the war who made this statement, "If I had my time to go over again there are 20 or 30 men I would recommend for the Distinguished Service Cross, but I put such a high value on that cross that I leaned over backward. However, when I saw what was done in some other outfits, I felt that I had been unfair to many of the men in my command." Each division had a different standard.

All I am appealing for is justice to a man who risked his life at Chateau-Thierry to carry over a fire-swept terrain a message which was of great and vital importance to those engaged in that conflict, whose company commander appreciated then and there the outstanding service of the man, and said, "I am going to recommend him for the Distinguished Service Cross."

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CLARK of Missouri. I agree entirely with what the Senator has stated, and there are probably thousands of such deserving cases.

Mr. TYDINGS. That is a fact.

Mr. CLARK of Missouri. It seems to me there should be a general statute enacted allowing a reopening of those questions. I am familiar with one case, that of a sergeant, who deliberately risked his life—and his action later resulted in his death—by taking off his gas mask at Chateau-Thierry and giving it to a younger man. His company commander recommended that he be awarded the Distinguished Service Cross, but unfortunately his recommendation was lost. I had the affidavit of the company commander after the performance of this act of heroism resulting in the death of this man, and I have been trying to get him the Distinguished Service Cross posthumously. I am happy to say that the measure providing for the decoration finally passed Congress and is before the President for his signature.

The case cited by the Senator from Maryland and many other cases which have fallen under my observation lead me to say that there should be a general act passed giving the Secretary of War and the Secretary of the Navy authority to reopen such cases instead of passing a private bill through Congress in each particular case.

Mr. TYDINGS. I am in complete agreement with the Senator from Missouri, but whether it would be wise to reopen the cases entirely is a question which should be studied pretty thoroughly. However, when we can get affidavits from a man's colonel, and his major, and his lieutenant, and from enlisted men, and also the evidence that the man's captain stated that he was going to recommend him, and there is no dispute about the act, it seems to me he ought to be given every consideration. It is not as if he were coming in with flimsy evidence. It is not as if his company commander had lived and now was asked, "Why did you not recommend him then?" The fact is that the company commander stated at the time, "I am going to recommend Bugler Frank for the Distinguished Service Cross for what he has done." Shortly afterward the company commander was killed, and because the company commander was killed this man was never recommended. But if the company commander had lived he would have been recommended and probably would have received the decoration.

I am very familiar with this case. The Committee on Military Affairs has gone into it thoroughly. The affidavits are from Regular Army people, as well as others, who substantiate all the statements I have made. I hope this man may receive justice and the commendation from a great government, to which, it seems to me, he is clearly entitled.

Mr. KING. Mr. President, Senators will recognize the fact that in the hasty disposition of cases we have before us merely the reports of the committees, and those reports usually carry the recommendations or views of the various departments. It is therefore impossible always to weigh justly and accurately the merits of cases which are presented by bills.

The bill under consideration I did not have an opportunity to examine, but I hastily looked at the report of the Secretary of War, which is adverse to the enactment of the bill. In view of the explanation which has been made by the Senator from Maryland, it seems to me that this man is entitled to the relief which the bill gives him.

I was interested in the observations made by the Senator from Missouri. I think they deserve consideration, and I hope that the Committee on Military Affairs and the Committee on Naval Affairs, perhaps conjointly, or separately, will give attention to this question, with a view to providing some fair and equitable method of meeting the various requirements which may be made to grant recognition of acts of distinguished service in our military activities.

I have no objection to the bill before us. Indeed, I think it should be passed.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the consideration of recommendation of an award of a decoration to George J. Frank for distinguished service."

Mr. TYDINGS. Mr. President, in order to make the RECORD complete, I make the additional observation, that if this bill shall pass the Congress and go to the President, the War Department will in all likelihood be consulted, and unless a fairly preponderant case is made out in line with what I have stated, the President will probably veto the bill. So that there is still one more court of last resort, if there has been any overpainting of this man's record.

PARK FIELD MILITARY RESERVATION, TENN.

The bill (H. R. 3364) to transfer the control and jurisdiction of the Park Field Military Reservation, Shelby County, Tenn., from the War Department to the Department of Agriculture, was considered, ordered to a third reading, read the third time, and passed.

CAPT. ROBERT E. COUGHLIN

The bill (H. R. 4617) for the relief of Capt. Robert E. Coughlin was considered, ordered to a third reading, read the third time, and passed.

ISSUANCE OF COMMEMORATIVE COINS

The bill (S. 101) to regulate the issuance of commemorative coins, was announced as next in order.

Mr. KING. Let us have an explanation of the bill. In the absence of explanation, let it go over.

Mr. ADAMS. Mr. President, I shall be very glad, in the absence of the Senator from Connecticut [Mr. MALONEY], to make an explanation of the bill, if the Senator will withhold his objection.

Mr. KING. I should be very glad to have an explanation.

Mr. ADAMS. The Committee on Banking and Currency have been confronted for several years with a flood of commemorative coin bills. The President of the United States has written saying the enactment of such measures was interfering very greatly with the currency operations, opening the currency to continual changes. The Secretary of the Treasury has written us in regard to the matter, and the Committee on Banking and Currency has been endeavoring to restrain the undue issuance of such coins. This bill attempts to regulate and to put restrictions upon the issuance of such coins and to provide for the appointment of a commission—not a senatorial commission—to which coin bills would be referred in order to secure approval of the contention that there was a genuine national historical event to be commemorated.

Mr. McKELLAR. It would seem to me clearly to be a meritorious measure, and I hope there will be no objection to its passage.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 101) to regulate the issuance of commemorative coins, which had been reported from the Committee on Banking and Currency with amendments.

The first amendment was, in section 1, page 1, line 6, after the word "President", to strike out the comma and the following: "one from the American Historical Association, one from the Library of Congress, one from the Smithsonian Institution, one from the National Geographic Society, and one from the American Numismatic Association.", so as to make the section read:

Be it enacted, etc., That there is hereby established a Commemorative Coin Commission (hereinafter referred to as the "Commission") to be composed of five commissioners to be appointed by the President. The commissioners first appointed under this act shall hold office for the terms of 1, 2, 3, 4, and 5 years, respectively, from the date of enactment of this act, the term of each to be designated by the President, but their successors shall be appointed for terms of 5 years; except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he succeeds.

The amendment was agreed to.

The next amendment was, in section 3, page 2, line 14, after the word "shall", to strike out "be submitted to the Commission for its approval" and to insert "be first submitted"; in line 15, after the word "which", to strike out "it was referred" and to insert "such bills were referred, to the Commission for its approval.'"; and in line 23, after the words "taken on it.", to strike out "In no case shall more than 10 such bills be approved by the Commission during any one session of the Congress."; so as to make the section read:

SEC. 3. All bills introduced in either House of Congress providing for the issuance of a commemorative coin shall be first submitted, by the Senate or House committee to which such bills were referred, to the Commission for its approval. In determining whether any such bill shall be approved, the Commission shall take into consideration the national importance of the event to be commemorated. In the event the Commission disapproves any such bill pending before any such committee of the Senate or House because the event to be commemorated is not of sufficient national importance, no further action shall be taken on it.

The amendment was agreed to.

The next amendment was, in section 4, page 3, line 8, after the word "Treasury", to strike out "(3) the United States shall not be subject to the expense of making the necessary dies and other preparations for such coinage;" and to insert "(3)"; in line 13, after the word "act", to strike out "(5)" and to insert "(4)"; in line 15, after the word "value", to strike out "(6)" and to insert "(5)"; in line 16, after the word "time", to strike out "(7)" and to insert "(6)"; in line 17, after the word "par", to strike out "or at a premium by the association, committee, or other organization to whom they are issued and that the net proceeds be used by such association, committee, or other organization in defraying the expenses incidental and appropriate to the commemoration of such event", and to insert "by the Secretary of the Treasury through such agencies as he may designate"; and in line 23, after the word "and", to strike out "(8)" and to insert "(7)", so as to make the section read:

SEC. 4. No such bill shall be approved by the Commission unless it provides that (1) the coins authorized to be issued shall be coined at one mint of the United States, to be designated by the Director of the Mint; (2) such coins shall be silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury; (3) such coins shall bear the date of the year in which they are authorized and shall all be issued within 1 year from the date of enactment of the authorizing act; (4) such coins shall be legal tender in any payment to the amount of their face value; (5) not less than 25,000 such coins shall be issued at any one time; (6) such coins may be disposed of at par by the Secretary of the Treasury through such agencies as he may designate; and (7) all laws in force on the date of enactment of the authorizing act relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention or debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage authorized in such act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 145) proposing an amendment to the Constitution of the United States relating to old-age assistance was announced as next in order.

Mr. McKELLAR. Mr. President, that is a very important measure.

SEVERAL SENATORS. Over!

The PRESIDENT pro tempore. The joint resolution will be passed over.

Mr. ANDREWS. Mr. President, may I say a word or two in connection with the joint resolution? The joint resolution provides for the adoption of a constitutional amendment. The question has been afforded a considerable amount of discussion. Every speech we have heard made on the floor of the Senate regarding old-age assistance and old-age pensions has consistently verified the fact that we ought to provide a permanent department of the Government to deal with the question. The method provided by the joint resolution is practically the only way to handle the situation.

I wish to give notice that on Thursday, as soon after the convening of the Senate as possible, I shall ask unanimous consent to discuss this particular amendment. I will not insist on the consideration of the measure at this time. There are others who are very much interested in the amendment and will desire to speak at that time.

The PRESIDENT pro tempore. Under objection, the joint resolution will be passed over.

FEDERAL AID TO STATE HOMES FOR DISABLED VETERANS

The Senate proceeded to consider the bill (H. R. 4647) to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States, and for other purposes, which had been reported from the Committee on Finance with an amendment at the end of the bill to add a proviso, so as to make the bill read:

Be it enacted, etc., That the act entitled "An act to provide aid to State or Territorial homes for the support of disabled soldiers

and sailors of the United States," approved August 27, 1888, as amended (U. S. C., 1934 ed., title 24, sec. 134), is amended by striking out in the first paragraph thereof "$120 per annum" and inserting in lieu thereof "$240 per annum."

SEC. 2. The amendment made by this act shall apply to payments with respect to the care given to disabled soldiers and sailors on and after the first day of the month next following the month during which this act is enacted: *Provided*, That said payments shall be made regardless of whether said veteran may be receiving domiciliary care or hospitalization in said home and the appropriations of the Veterans' Administration for medical, hospital, and domiciliary care shall be available for this purpose: *Provided further*, That no payment to a State or Territory under this act shall be made for any period prior to the date upon which the Administrator of Veterans' Affairs determines that the veteran on whose account such payment is requested is eligible for such care in a Veterans' Administration facility.

Mr. McKELLAR. Mr. President, may be have an explanation of the bill?

Mr. WALSH. The bill is a House bill, and was considered by the Senate Committee on Finance and reported favorably by that committee.

In 1888 the Federal Government agreed to pay to the several States that maintain homes for disabled veterans a certain percentage of the cost of domiciling and hospitalizing them. The amount agreed upon at that time was 33⅓ cents per veteran. Twenty-eight States are maintaining such homes. The States undertook the responsibility before the Federal Government undertook the obligation or responsibility which it assumed. The portion of payment of the cost agreed to be made by the Government at that time has never been increased. The pending measure would increase the Government's contribution so as to maintain the same yardstick which prevailed in 1888 and would involve an additional expense of $750,000, distributed to the several States which have maintained these homes.

Mr. McKELLAR. That would be annually?

Mr. WALSH. Yes; yearly. The alternative would be to close these homes and let the Federal Government take care of all the veterans as is now being done with the facilities it has.

If that were brought about, and the States should decide to transfer these veterans to Federal homes, there would be the expense of building, or maintaining, or leasing, or purchasing the present State homes, and also an additional cost of $750,000. In other words, if the 6,000 disabled veterans now maintained in these homes were transferred to the Federal Government, the Federal Government would have to pay all that it is paying now to the States and the amount of the increase in this bill and $750,000 in addition.

The committee heard General Hines, of the Veterans' Administration, and the amendments which are added to the act are in conformity with suggestions made by him in the event the committee reported the bill favorably.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMENDMENT OF SECTION 322 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

The Senate proceeded to consider the bill (S. 2694) amending section 322 of the Agricultural Adjustment Act of 1938, as amended, which was read, as follows:

Be it enacted, etc., That section 322 of the Agricultural Adjustment Act of 1938, as amended, is further amended by adding a new subsection, as follows:

"(f) Notwithstanding any other provision of this section, the determinations under subsection (c) may be proclaimed at any time prior to September 15, the result of the referendum under subsection (d) may be proclaimed at any time prior to October 10, and the marketing percentage under subsection (b) shall be 100 percent."

Mr. KING. Mr. President, may we have an explanation of the bill by the Senator from Illinois [Mr. LUCAS]?

Mr. LUCAS. Mr. President, this bill is an amendment to section 322 of the Agricultural Adjustment Act of 1938, as amended. There are two points involved in the amendment. Under section 322 of the Agricultural Adjustment Act, when the Secretary of Agriculture from available statistics which he may have before him, finds that the total supply of corn in any one calendar year is 10 percent above the normal, he has the power under the law to determine and proclaim quotas.

The first part of the amendment merely defers the time 30 days when he has the right to make that determination. At the present time it is September 1, and this amendment would merely defer the time until October 1. That is point No. 1.

Point No. 2 deals in this amendment with the market percentage. Under the present law, as I understand it, if a farmer out in my section of the State is allotted 100 acres for the purpose of producing corn, if marketing quotas are declared by the Secretary of Agriculture, there will be a certain amount of that acreage which he would be able to dispose of so far as production is concerned, and a certain amount that he would be compelled to store. In other words, if he had 100 acres allotted to him, for example his marketing percentage might permit him to dispose of what he produced on 90 acres of that farm and what he produced on 10 acres he would be compelled to place under seal in storage.

Under the amendment now before the Senate the farmer, after he receives his corn-acreage allotment, would not be compelled to store any corn whatsoever. In other words, the marketing percentage is increased to 100. That, Mr. President, in my opinion, is a very constructive and commendable amendment, because it eliminates a great deal of confusion and chaos which has existed out in the Corn Belt country from which I come, and it would eliminate all the confusion that exists in the administration of the act insofar as the storage part is concerned.

The cooperating farmer under this amendment would be able to dispose of all the corn that he produced on the acres that would be allotted to him by the Secretary of Agriculture, whether it was an average or normal yield, or whether it was beyond an average or normal yield. In other words, he would not have to store a single bushel of corn.

In addition to that there are certain exceptions now under the statute to which this would apply. For instance, to those who plant less than 10 acres, where there is an exception of about 300 bushels, and those who obtain a total crop which does not exceed the normal yield of their corn allotment. Mr. President, if the total yield of the noncooperator is more than the normal yield he will be subject to the storage or penalty provisions. For example, if A is a noncooperator in the program and is allotted 100 acres, and the normal yield on that 100 acres is 30 bushels to the acre, he could dispose of 3,000 bushels of corn without being subject to any penalty, but in the event that A planted more than his allotted amount, for instance 130 acres—30 acres over his allotment—and that 130 acres yielded, we will say, 3,900 bushels instead of the 3,000 bushels, he would be compelled under the amendment and under the present law, to seal 900 bushels of that corn, assuming that the normal yield is 30 bushels per acre, or in the alternative, pay the penalty of 15 cents per bushel on the surplus over 3,000 bushels.

Mr. President, that is the practical effect of the amendment.

In my opinion this amendment will facilitate the administration of the program. It will be more just and more equitable and more fair, and less expensive, and it will also eliminate a tremendous amount of confusion and chaos which has existed in the corn and wheat producing commercial areas of the country.

I should also like to advise the Senate that the bill following No. 2695 is a bill affecting the marketing percentage of wheat. What I have said about corn is equally applicable to wheat under the last-mentioned amendment.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from New Mexico.

Mr. HATCH. In the case of wheat, may a cooperating farmer who has complied with the entire wheat program

sell his actual production when a marketing quota has been put into effect?

Mr. LUCAS. Under the provisions of the bill, when the wheat farmer has been given a quota or an acreage allotment the marketing percentage would be increased to 100, which would entitle the wheat farmer to dispose of every bushel of wheat raised upon the acres allotted to him, without paying any penalty whatsoever. He would not be required to store a single bushel of wheat. It seems to me that is a very fine provision, and one in which the farmers are vitally interested from the standpoint of simplifying the whole program, should the farmers ever vote in a referendum for marketing quotas.

Mr. HATCH. In my opinion, it is not only a fine provision, but it is an amendment to the present act which is absolutely required if the program is to be successful.

Mr. LUCAS. It is in line with what has been done for the farmers producing cotton. In looking over the CONGRESSIONAL RECORD this morning, I noticed that the House of Representatives yesterday passed a similar measure when the Consent Calendar was called.

Mr. KING. Mr. President, I think the statement made by the Senator warrants the amendments to which he has referred; but he will pardon me if I say that his statements, as I interpret them, are indicative of the control, if not regimentation, by the Federal Government, of the farmers of the United States.

Undoubtedly there is a growing tendency upon the part of the National Government and its bureaus and agencies to exercise control over individuals, and the private activities of individuals. Many persons believe that the encroachments of the Federal Government and the regimentation policies of officials of the Government, particularly in the fields of agriculture, are reminiscent of the policies of Hitler. In my opinion, the Federal Government is superimposing upon the farmers as well as upon industry unjust and unwise regulations. Individual initiative is being destroyed, and the effects upon our economic life have been most unfortunate, and a continuation of the policies of the Government will have more serious economic and industrial results.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. LUCAS. I believe I understand the theory of Hitler regimentation. If I thought for one moment that the Senator's conclusions were correct, insofar as concerns regimenting the farmer to the point where he would become "Hitlerized," so to speak, I would be on my feet opposing such legislation rather than favoring an amendment. I will say to the Senator that, so far as the farmer is concerned, the matter is entirely voluntary. He may either come in or stay out of the program. He has that option.

If the farmer who is allotted 100 acres and wishes to avoid the program by planting more, that is his privilege. Obviously he will not receive any benefits from the Soil Conservation Act, parity payments, or the full amount of the benefit of the loans. If the Senator believes, because of those advantages, that the Government is coercing him to the extent that he is being regimented, of course, the Senator from Illinois can do little about it; but I deny the charge or the implication, and there is no farmer that I know who believes that Old World regimentation is being practiced upon him.

I will say further to the Senator that the farmer in my section of the country is the last individual who will submit to the regimentation about which the Senator from Utah is talking.

Mr. KING. I think the last statement made by the Senator is quite accurate. The farmers of the United States have been more or less individualists. They have been the backbone of our country, and have resisted encroachments of the Federal Government. However, I feel constrained to say that under the agricultural acts which have been passed, and are the policies of the present Secretary of Agriculture, the conditions of the farmers of the United States are worse than they have been in the past. As the Senator states, there has been confusion; and, in my opinion, the policies of the administration have contributed to the demoralization of the agricultural industry and to the impoverishment of the farmers of the United States.

Mr. HATCH. Mr. President, I should like to ask the Senator from Utah one question, knowing his spirit of fairness. Did I correctly understand the Senator to say that the regulation of farmers in the United States is far harsher than that under Hitler?

Mr. KING. No; I did not go so far in my statement. I intended to say that the regulations of the Department of Agriculture are reminiscent of Hitlerism.

Mr. HATCH. I misunderstood the Senator. I am sure he would not want an extreme statement of that sort in the RECORD.

Mr. KING. I am willing to state that in my opinion the policies pursued by the Department of Agriculture have done much to injure the farmers and subject them to a harsh rule to which, it seems to me, independent people under a democratic form of government would not desire to submit.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARKETING PERCENTAGES UNDER AGRICULTURAL ADJUSTMENT ACT OF 1938

The bill (S. 2695) to amend the Agricultural Adjustment Act of 1938, as amended, relative to marketing percentages, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That part III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, is further amended by adding the following new section:

"SEC. 340. Notwithstanding any other provision of this part, the marketing percentage under section 335 shall be 100 percent and only the farmer who markets wheat in excess of the normal or the actual production of the farm acreage allotment shall be subject to penalty under the provisions of section 339. Any farmer who stores, in accordance with regulations issued by the Secretary, an amount of wheat which is less than the amount subject to penalty, shall be presumed to have marketed the amount of such wheat subject to penalty which is not so stored. In the case of wheat, 'market' includes the disposition of wheat by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, or exchanged, or are to be so disposed of."

Mr. GEORGE subsequently said: Mr. President, I desire to recur to Calendar No. 761, Senate bill 2694, and Calendar No. 762, Senate bill 2695, to amend the Agricultural Adjustment Act of 1938. There seem to be two somewhat similar bills on the calendar. I should like to have some explanation of the purpose of the bills.

The PRESIDENT pro tempore. The Senator from Illinois [Mr. LUCAS] explained Calendar No. 761, Senate bill 2694.

Mr. GEORGE. I did not hear the explanation. Will the Senator from Illinois be good enough to indicate the purpose of the bills?

Mr. LUCAS. Mr. President, I went into some detail in the explanation of the bills, but I shall be very happy again to explain them for the benefit of the Senator from Georgia.

Senate bill 2694 amends section 322 of the Agricultural Adjustment Act of 1938, as amended, which deals with farm marketing quotas. There are two provisions in the proposed amendment. Under section 322 the Secretary in any calendar year may determine from the available statistics before him that farm-marketing quotas are necessary, provided he finds from the statistics that the total corn crop produced that year will exceed the normal supply by 10 percent. At the present time under that section the Secretary makes his proclamation not later than August 15. The first part of the proposed amendment would merely give him the right to defer making that proclamation for 30 days, until September 15. That is point No. 1.

Mr. GEORGE. Mr. President, I do not care to make any objection to the bills, but I wish to ascertain what the two bills would accomplish.

Mr. LUCAS. I have now related to the Senator from Georgia what I conceive to be point No. 1. The first provision of the amendment merely gives the Secretary of Agriculture the right to defer making his proclamation for 30 days, to determine whether or not quotas on corn shall go into effect.

Point No. 2 deals with the marketing percentage. As I understand, under the present law, a marketing percentage is determined by the Secretary of Agriculture in the event the quotas are called. For example, if farmer A has an allotment of 100 acres he might be compelled under marketing quotas to dispose of the corn raised on 90 acres of the 100, and to store the corn from the 10 acres. That is the provision of the present act. Under the provisions of the proposed amendment the percentage is marked up to 100. In other words, after the cooperating farmer receives his acreage allotment, he will be able to dispose in the market of every bushel of corn produced on the acres allotted to him without any penalty attached or without storing any portion of it. That is the primary purpose. The cotton farmer enjoys the same privilege at the present time.

Mr. GEORGE. Mr. President, as I understand, the two bills have been passed.

The PRESIDENT pro tempore. They have been passed.

Mr. GEORGE. I shall not ask at this time for reconsideration of the votes by which they were passed. However, I desire to look into the matter, and when the calendar shall have been concluded I may submit a request.

PRACTICE OF PROFESSIONAL ENGINEERING IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 1128) to regulate the practice of professional engineering and creating a board for licensure of professional engineers in and for the District of Columbia, which had been reported from the Committee on the District of Columbia, with amendments.

The first amendment reported by the committee was in section 2, on page 2, line 19, after the word "construction", to strike out "or operation"; on page 3, line 3, after the word "professional", to strike out "engineering," and insert "engineering;"; in line 5, after the word "practice", to insert "when the operators are duly licensed under the provisions of the act of Congress entitled 'An act to regulate steam engineering in the District of Columbia', approved February 28, 1887, and as amended."; and at the beginning of line 14, to strike out "construction, or operation" and insert "or construction", so as to make the section read:

SEC. 2. The term "professional engineer" as used in this act shall mean a person who is qualified by reason of his knowledge of mathematics, the physical sciences, and the principles of engineering, acquired by professional education and practical experience, to engage in the practice of professional engineering as hereinafter defined.

The practice of professional engineering within the meaning and intent of this act includes any professional service, such as consultation, investigation, evaluation, planning, design, or responsible supervision of construction, in connection with any public or private utilities, structures, buildings, machines, equipment, processes, works, or projects, wherein the public welfare, or the safeguarding of life, health, or property is concerned or involved, when such professional service requires the application of engineering principles and data. The execution, as a contractor, of work designed by others, or the supervision of the construction of such work as a foreman or superintendent shall not be deemed to be practice of professional engineering; nor shall the operation or maintenance of boilers, machinery, or equipment be deemed to be such practice, when the operators are duly licensed under the provisions of the act of Congress entitled "An act to regulate steam engineering in the District of Columbia," approved February 28, 1887, and as amended.

The term "board" as used in this act shall mean the board for licensure of professional engineers provided for by this act.

The term "responsible charge" as used in this act shall mean the control and direction of the investigation, design, or construction of engineering work requiring initiative, professional skill, and independent judgment.

The amendment was agreed to.

The next amendment was, in section 8, on page 6, line 6, after the word "Chemical", to insert "ceramic", so as to make the section read:

SEC. 8. The board shall have the power to classify applicants into the respective branch or branches of engineering, in which said applicants show proper qualifications, as follows: Chemical, ceramic, civil, electrical, mechanical, radio, structural, and such other branches of engineering as the board may consider subject to this act.

The board shall have the power to make all bylaws and rules, not inconsistent with the laws of the District of Columbia, which may be reasonably necessary for the proper performance of its duties and the regulations of the proceedings before it. The board shall adopt and have an official seal. Any member of the board may administer oaths to witnesses appearing before the board. In carrying into effect the provisions of this act, the board may subpena witnesses and compel their attendance, and also may require the production of books, papers, documents, and other evidence in a case involving the revocation of a license or practicing or offering to practice without a license. If any witness having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then in that event any member of the board may report that fact to the District Court of the United States for the District of Columbia or one of the justices thereof and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

The amendment was agreed to.

The next amendment was, in section 12, on page 10, line 6, after the word "development.", to insert "The required qualifications of active practice shall be in the branch or branches of engineering for which the applicant is applying for a license.", so as to make the section read:

SEC. 12. The board shall make an investigation of the character, reputation, and ability of each applicant and a certificate of license as a professional engineer shall be issued only to persons of good character and reputation and having the following qualifications:

(a) Graduation from an approved engineering curriculum of at least 4 years in an accredited school or college (such graduation shall be accepted in lieu of an examination in the fundamentals of engineering) and a specific record of an additional 4 years of active practice in engineering work of a character satisfactory to the board and indicating that the applicant is competent to practice engineering (in counting years of experience, the board at its discretion may give credit, not in excess of 1 year, for satisfactory graduate study in engineering); or

(b) Successfully passing an examination designed to show knowledge and skill approximating that attained through graduation from an accredited 4-year engineering curriculum and at least 8 years of active practice in engineering work, of a character satisfactory to the board and indicating that the applicant is competent to practice engineering; or

(c) At least 12 years of active practice in engineering work of a character satisfactory to the board, and indicating that the applicant is competent to practice engineering and has had responsible charge of important engineering work for at least 5 years; and provided applicant is not less than 35 years of age.

An accredited school or college of engineering under this act shall be one whose curriculum has been investigated and accredited by the board, but the board, in its discretion, may accept as an accredited school or college of engineering under this act one whose curriculum has been accredited by the Engineers' Council for Professional Development. The required qualifications of active practice shall be in the branch or branches of engineering for which the applicant is applying for a license.

In considering the qualifications of the applicant, engineering teaching may be construed as engineering experience. Graduation in a curriculum other than engineering, or graduation in a curriculum of a nonaccredited engineering school or college may be considered as equivalent to 2 years of experience. The satisfactory completion of each year in an accredited school or college of engineering shall be considered as equivalent to 1 year of active practice. Any person having the necessary qualifications prescribed in this act to entitle him to a license shall be eligible for such license though he may not be practicing his profession at the time of making his application.

The amendment was agreed to.

The next amendment was, in section 19, on page 14, line 23, after "(c)", to strike out "An" and insert "A consulting engineer, an"; and on page 16, after line 7, to insert "(h) A patent attorney registered to practice before the United States Patent Office."; so as to make the section read:

SEC. 19. The following persons shall be exempt from the provisions of this act:

(a) A person, not a resident of and having no established place of business in the District of Columbia, or one who has recently become a resident thereof, practicing or offering to practice herein professional engineering, when such practice does not exceed in the aggregate more than 30 days in any calendar year: *Provided*, That such person is legally qualified to practice the said profession in another jurisdiction. If such person shall have filed with the board an application for a license, the exemption shall continue for such time as the board requires for the consideration of such application.

(b) A subprofessional employee or a subordinate of a person holding a license under this act, or an employee of a person exempted by paragraph (a) of this section, provided his work is done

under the direct responsibility, checking and supervision of a person holding a license under this act or a person exempted by paragraph (a) of this section.

(c) A consulting engineer, an officer or employee of the Government of the United States or of the District of Columbia while engaged solely in the practice of the profession of engineering for said Government.

(d) A person who practices engineering solely as an employee of a corporation engaged in interstate commerce, if such corporation is subject to regulation by the Interstate Commerce Commission or the Federal Communications Commission, or as an employee of a public-service corporation, by rendering to such corporation engineering service in connection with its facilities which are subject to regulation by the Public Utilities Commisson of the District of Columbia: *Provided*, That such corporation employees as furnish advisory service to the public in connection with engineering matters shall not be exempt from the provisions of this act.

(e) A person authorized to use the title of architect or registered architect under the provisions of the act of Congress entitled "An act to provide for the examination and registration of architects and to regulate the practice of architecture in the District of Columbia," approved December 13, 1924, as amended.

Also a person making plans, specifications for, or supervising the erection, enlargement, or alteration of buildings: *Provided, however*, That on any such building wherein the contemplated expenditure for the completed building will exceed $30,000, a licensed professional engineer shall be employed for the engineering phases of the building.

(f) A person engaged in the practice of engineering on any work wherein the contemplated expenditure for the entire completed project does not exceed $5,000.

(g) A person engaged in connection with mining operations.

(h) A patent attorney registered to practice before the United States Patent Office.

The amendment was agreed to.

The next amendment was, in section 20, on page 16, line 12, after the word "without", to strike out "fee or"; and at the beginning of line 19 to insert "or with a nominal fee as determined by the board", so as to make the section read:

SEC. 20. The board may enter into agreements for reciprocity with the licensing agencies of other jurisdictions and grant without examination, if such reciprocal arrangements can be made, the privileges of the District of Columbia professional-engineering-license law to persons legally qualified to practice in other jurisdictions whose license requirements are acceptable to the board, giving full faith and credence to the acts of the authority by which they were qualified. When agreement for reciprocity without fee, or with a nominal fee as determined by the board, cannot be made, the fee for a reciprocal license shall be $25. The board may give consideration to certificates of qualification issued by the National Council of State Boards of Engineering Examiners, or of the National Bureau of Engineering Registration.

The amendment was agreed to.

The next amendment was, on page 19, after line 14, to insert:

SEC. 23. This act shall not be construed to prevent or affect the practice of any other legally recognized profession or trade.

The amendment was agreed to.

The next amendment was, on page 19, after line 17, to insert:

SEC. 24. If any section or sections of this act shall be declared unconstitutional or invalid, this shall not invalidate any other section of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1296) to amend paragraphs (b), (c), and (d) of section 6 of the District of Columbia Traffic Act, 1925, as amended by the acts of July 3, 1926, and February 27, 1931, and for other purposes, was announced as next in order.

Mr. THOMAS of Oklahoma. I ask that the bill go over.

The PRESIDING OFFICER (Mr. MILLER in the chair). The bill will be passed over.

PROHIBITION OF CREDIT PURCHASES OF BEER IN THE DISTRICT

The bill (H. R. 5137) to prohibit the purchase of beer on credit by retailers in the District of Columbia was announced as next in order.

Mr. DANAHER. I ask that the bill go over.

Mr. TYDINGS. Mr. President, will the Senator withdraw his objection for a moment?

Mr. DANAHER. I will.

Mr. TYDINGS. I do not know whether the Senator wants time to look into the bill or whether he has already read it and is familiar with it; but the Committee on the District of Columbia, which considered the bill, came to the conclusion that its sole purpose was to try to stop an abuse in the selling of beer in the District of Columbia. Those who are interested in a more orderly marketing of alcoholic beverages in the District of Columbia favored this bill. It is not prohibitive or restrictive at all of the sale of beer; but it was found that some companies, in a competitive spirit, were extending credit for the purchase of beer to fly-by-night concerns to such an extent as to cast disrepute on the entire beer business. This bill is an attempt to do nothing more or less than to raise the tone, if such an expression may be employed in this connection, of the sale of beer in the District of Columbia.

Mr. DANAHER. The reason for my asking that the bill go over lies in the fact that I felt that a very comprehensive explanation of it ought to be submitted, together with such facts as justified the Committee on the District of Columbia in reporting the bill.

I know that in my State an effort was made by all the breweries to legislate this very type of restriction into the State law. The reason, obviously, is that they may utilize an arm of the Government to make in effect an ally of the Government in collecting their accounts.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. TYDINGS. This bill has the approval of the Commissioners of the District of Columbia. I may say further to the Senator, that I happen to know, from an investigation, that this state of affairs has existed: Breweries have set men up in business and have completely financed them in order to compete with other breweries, until, in their desire to have more and more outlets for the sale of beer, frequently through fly-by-night concerns, they have pulled down the standard of every man in the beer business who wants to comply with the law.

Mr. DANAHER. Mr. President, will the Senator yield there?

Mr. TYDINGS. I yield.

Mr. DANAHER. Right there is where the vice should be attacked. I submit if the Senator would undertake to amend the existing liquor control act of the District in such particulars as would forbid brewers to have an interest in any such outlets, if he would undertake to restrict retailers, a better result would be accomplished.

Mr. TYDINGS. That is just exactly what the Senator from Maryland is now trying to do.

Mr. DANAHER. No; I submit that what the Senator is doing is making all sales of beer depend on a cash basis. Why should we not do that for the milk dealers? Why should we not do it for all the others engaged in business? Why should we not make it apply to the charge accounts of Woodward & Lothrop and other large stores?

Mr. TYDINGS. I think history makes it unnecessary for me to answer the Senator's question. I do not have any idea that there will be an amendment to the Constitution prohibiting the sale of milk, but I have lived to see the day when there was an amendment prohibiting the sale of beer. Beer is something that cannot be sold promiscuously as can milk or shoes or other commodities. A license is charged those who sell beer and the business is surrounded with all kinds of rules, which is not true in the case of other commodities. The rules and restrictions apply, of course, to the sale of all alcoholic drinks. I have a feeling that what brought on national prohibition was not so much whisky and beer themselves but the manner in which whisky and beer were sold. We have laws that minors may not drink whisky and beer; but minors may drink milk. I am merely suggesting that the committee felt and the District of Columbia Commissioners all felt that this bill, if passed, would raise the tone of the particular business insofar as its retail side is concerned.

Mr. DANAHER. Does not the Senator realize that the measure in which he is interested, applicable as it is solely

to retailers of beer, does not begin to reach the vice? Why does it not reach the distributors? Why does it not reach the holders of retail licenses referred to in section 2 of the bill? The reason obviously is so that the brewers may still have an interest in outlets; so that they may still extend credit to distributors or wholesalers. There is no reason why the brewers should be able to have an interest in any such unit. I submit that the way to attack the vice—and I agree with the Senator that it is a vice to permit brewers to have an interest in these outlets—is to correct it at the source.

The PRESIDING OFFICER. The time of the Senator from Maryland has expired. Is there objection to the consideration of the bill?

Mr. DANAHER. Mr. President, I ask unanimous consent that we may be permitted to proceed. I think that we can very briefly conclude, and, perhaps, work out a satisfactory solution.

Mr. TYDINGS. The Senator from Connecticut can proceed in his own time. It was the time of the Senator from Maryland which had expired. And I am now speaking in the Senator's time.

Mr. DANAHER. I thank the Senator.

Mr. TYDINGS. If I may interrupt the Senator, I think he and I want to do the same thing. We do not want to impose any unfair restrictions on the one hand, and, on the other hand, we want to throw safeguards around the outlets for alcoholic beverages that are sound and necessary.

I may say to the Senator that I believe, from the evidence adduced, it was clearly shown to the committee, as it was to the Commissioners of the District of Columbia, that this bill would reach one of the evils. If the Senator wants to introduce another bill to reach some of the other evils, I shall not oppose it; I will help the Senator get it through. But if he will take my word for it, and the word of the District Commissioners, and, I believe, the unanimous opinion of the committee, we all feel that this bill will be one step in the right direction. I have no objection to going even further; but this was the way it came to us; we considered it on that basis; and I would not want to put some other provisions in the bill until we also considered the other angles in the committee.

Mr. DANAHER. Mr. President, I respectfully ask that the Senator permit this bill to go over, without taking a vote, and I will confer with him and will be happy to see if we can work it out.

Mr. TYDINGS. Very well.

The PRESIDING OFFICER. The bill will be passed over.

HOURS OF DUTY IN THE DISTRICT FIRE DEPARTMENT

The bill (H. R. 3314) to provide shorter hours of duty for members of the Fire Department of the District of Columbia, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in order to reduce hours of labor in the fire-fighting division of the Fire Department of the District of Columbia, which now are greatly in excess of those required in industry and other Government services, said hours being 10 hours per day and 60 hours per week when on day duty, and 14 hours per day and 84 hours per week when on night duty; and to improve service and efficiency, and promote morale among said officers and members, upon the passage of this act, or as soon thereafter as necessary additional personnel can be obtained, there shall be granted to each officer and member of the Fire Department of the District of Columbia required to serve under the two-platoon system, 2 consecutive days off duty each week of 7 days, which shall be in addition to his platoon tours off duty, to his annual leave and his sick leave now allowed by law or official regulation; and no member of the Fire Department shall be required to remain on duty more than an average of 60 hours per week: *Provided*, That compensatory time, in addition to regular annual and sick leave, shall be allowed any officer and member of the Fire Department for all of the 8 legal holidays on which he may be required to be on duty: *Provided further*, That under conditions which may be defined by the Commissioners of the District of Columbia as emergencies of such a character as to require the service of all or any member of the Fire Department during their normal off-duty hours, the Chief Engineer of the Fire Department shall have authority, and it shall be his duty, in person or by power delegated to subordinate officers, to require such duty during the continuation of such emergency, but compensatory time, in addition to platoon tours off duty, and to the annual leave and sick leave now allowed by law, or official regulation, shall be allowed later to those affected by the extra time so worked during the said emergency period.

LIABILITY INSURANCE FOR CABS FOR HIRE IN THE DISTRICT

The bill (S. 2548) to amend an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes," approved June 29, 1938, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes," approved June 29, 1938, is hereby amended by striking out the sentence reading as follows: "The Superintendent of Insurance of the District of Columbia shall be empowered to make all reasonable rules and regulations relating to the writing of taxicab insurance and shall be empowered to govern the maximum rates to be charged on such insurance", and inserting in lieu thereof the following: "No such insurance company or corporate surety shall engage in or conduct the business of insuring or bonding taxicab risks, unless the Superintendent of Insurance shall find that the management of such company is capable, by experience or otherwise, of conducting such business in the public interest and unless such insurance company or corporate surety shall possess a certificate of approval issued by said Superintendent for such business. Every such insurance company or corporate surety shall have, and shall at all times maintain, adequate reserves for losses, unearned premiums, and all other liabilities. The Superintendent of Insurance shall be empowered to make reasonable rules and regulations governing the writing of such insurance and the making of such bonds and the business of insuring or bonding such risks, including the expenses of management, administration, and acquisition of business and the rates to be charged. Rules and regulations relating to mutual companies may differ from those relating to stock companies. The Superintendent of Insurance is authorized and empowered, after hearing, to withdraw his certificate of approval of the business of insuring or bonding taxicab risks of any insurance company or corporate surety violating any provision of this act or of the rules and regulations promulgated hereunder."

DEVELOPMENT OF PINEY BRANCH PARKWAY IN THE DISTRICT

The bill (S. 2666) providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to better adjust the boundaries of Piney Branch Parkway and to make said parkway more usable and more readily developed, the Secretary of the Interior is authorized to convey, by and on behalf of the United States of America, to the owners of parcel 69/47, or to such party or parties as said owners shall designate, the title of the United States in and to a triangular piece of land containing approximately 22,000 square feet at the northern boundary of Piney Branch Parkway near Argyle Terrace and abutting parcel 69/47: *Provided*, That the owners of said parcel 69/47 shall furnish the United States of America with a good and sufficient title in fee simple, free of all encumbrances, to a triangular piece of land containing approximately 26,000 square feet, abutting the northern boundary of Piney Branch Parkway at its intersection with the eastern boundary of Rock Creek Park. The transfers provided for herein are designated approximately upon plat file No. 3.6–114 in the files of the National Capital Park and Planning Commission. The conveyances shall be by proper deed and other instruments containing full legal description by exact survey of the land exchanged, as provided by law.

REGULATION OF STEAM AND OTHER ENGINEERING IN THE DISTRICT

The bill (H. R. 3834) to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 7 of the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended, is amended to read as follows:

"SEC. 7. (a) The foregoing provisions of this act shall not apply to engineers employed by the United States Government or licensed by the laws of any State having reciprocity with the District of Columbia."

LAFAYETTE PARK IN THE DISTRICT

The bill (H. R. 5660) to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic

buildings in certain areas of the National Capital," approved May 16, 1930, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the second sentence of section 1 of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930 (U. S. C., 1934 edition, title 40, sec. 121), is amended to read as follows: "To this end, hereafter when application is made for permit for the erection or alteration of any building, any portion of which is to front or abut upon the grounds of the Capitol, the grounds of the White House, the portion of Pennsylvania Avenue extending from the Capitol to the White House, Lafayette Park, Rock Creek Park, the Zoological Park, the Rock Creek and Potomac Parkway, Potomac Park, the Mall Park System and public buildings adjacent thereto, or abutting upon any street bordering any of said grounds or parks, the plans therefor, so far as they relate to height and appearance, color, and texture of the materials of exterior construction, shall be submitted by the Commissioners of the District of Columbia to the Commission of Fine Arts; and the said Commission shall report promptly to said Commissioners its recommendations, including such changes, if any, as in its judgment are necessary to prevent reasonably avoidable impairment of the public values belonging to such public building or park; and said Commissioners shall take such action as shall, in their judgment, effect reasonable compliance with such recommendation: *Provided*, That if the said Commission of Fine Arts fails to report its approval or disapproval of such plans within 30 days, its approval thereof shall be assumed and a permit may be issued."

CLAIMS AND SUITS OF THE DISTRICT

The bill (H. R. 6834) authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That upon a report by the corporation counsel of the District of Columbia showing in detail the just and true amount and condition of any claim or suit which the District of Columbia may now or hereafter have against any person, firm, association, or corporation, and the terms upon which the same may be compromised, and stating that in his opinion a compromise of such claim or suit would be for the best interest of the District of Columbia, the Commissioners of the District of Columbia be, and they hereby are, authorized to compromise such claim or suit accordingly. This act shall not apply to claims or suits for taxes or special assessments.

THE LAW ON FRESH PURSUIT IN THE DISTRICT

The bill (H. R. 6876) to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any member of a duly organized State, county, or municipal peace unit of any State of the United States who enters the District of Columbia in fresh pursuit and continues within the said District in such fresh pursuit of a person in order to arrest him on the ground that he is believed to have committed a felony in such State shall have the same authority to arrest and hold such person in custody as has any member of any duly organized peace unit of the said District to arrest and hold in custody a person on the ground that he is believed to have committed a felony in the said District.

SEC. 2. If an arrest is made in the District of Columbia by an officer of another State in accordance with the provisions of section 1 of this act, he shall without unnecessary delay take the person arrested before a judge of the police court of the District of Columbia, or a United States commissioner for the District of Columbia, who shall conduct a hearing for the purpose of determining the lawfulness of the arrest. If the judge of the police court of the District of Columbia or the United States commissioner before whom the hearing is conducted determines that the arrest was lawful, he shall commit the person arrested to await for a reasonable time the issuance of an extradition warrant by the chief justice of the District Court of the United States for the District of Columbia. If the judge of the police court or the United States commissioner for the District of Columbia, before whom the hearing is held, determines that the arrest was unlawful he shall discharge the person arrested.

SEC. 3. Section 1 of this act shall not be construed so as to make unlawful any arrest in this District which would be otherwise lawful.

SEC. 4. The term "fresh pursuit" used in this act shall include fresh pursuit as defined by the common law, also the pursuit of a person who has committed a felony or one whom the pursuing officer has reasonable grounds to believe has committed a felony. It shall also include the pursuit of a person whom the pursuing officer has reasonable grounds to believe has committed a felony, although no felony has actually been committed, if there is reasonable ground for believing that a felony has been committed. "Fresh pursuit" as used herein shall not necessarily imply an instant pursuit, but pursuit without unreasonable delay.

SEC. 5. That if any part of this act is for any reason declared void, it is declared to be the intent of this act that such invalidity shall not affect the validity of the remaining portions of this act.

SEC. 6. That this act may be cited as the Uniform Act on Fresh Pursuit.

GEORGE H. TAYLOR

The bill (S. 2038) for the relief of George H. Taylor, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army George H. Taylor shall be held and considered to have been honorably discharged on February 4, 1908, as a private, Company L, Twelfth Regiment United States Infantry: *Provided*, That no pension, pay, bounty, or other benefit shall be held to have accrued by reason of this act prior to its passage.

RANK OF LIEUTENANT GENERAL IN THE REGULAR ARMY

The bill (S. 2354) to provide for the rank and title of lieutenant general of the Regular Army for commanders of corps areas and foreign departments was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of this bill?

The PRESIDING OFFICER. The Chair will state that the bill is the same as House bill 7093, Calendar No. 849. The Chair takes the liberty of suggesting that if the measure is to be considered the House bill should be substituted for the Senate bill.

Mr. SHEPPARD. Mr. President, in response to the request of the Senator from Utah [Mr. KING], let me say that this bill is to authorize the rank and title of lieutenant general in the Regular Army for the major generals of the Regular Army specifically assigned by the Secretary of War to command the four Armies of the United States while serving as Army commanders.

The annual cost will be $2,000. This means a money allowance of $500 per officer per year in addition to pay and allowances. In the Navy the rank of vice admiral, which corresponds to that of lieutenant general in the Army, carries with it a like money allowance. This was authorized by the act of June 10, 1922. Certainly the Army ought to have officers of a similar rank with those in the Navy when performing similar functions.

The War Department has expressed the opinion that the congressional authorization in reestablishing this grade in times of peace is most desirable. The Department also has stated that efficient training and operation of our armed forces has necessitated the creation of the four Army commands.

I believe the Senator from Utah will agree that this is a meritorious bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. CONNALLY. Would these peace-time lieutenant generals retire as lieutenant generals or as major generals?

Mr. SHEPPARD. I understand they would retire as major generals, although I am not certain about that.

Mr. CONNALLY. I do not think I shall object, because of my colleague's sponsorship of this bill, but I should like to be assured of that because I doubt very much the wisdom of this kind of legislation. Every officer of the Army wants to be a full general if he can, and, if he cannot, he wants to be a lieutenant general.

Mr. SHEPPARD. It is only when these officers perform similar functions to those of vice admiral in the Navy that they will have this rank.

Mr. CONNALLY. The argument is that because the Navy does it the Army ought to do it. That does not make it right.

Mr. SHEPPARD. Not at all, but, as a matter of vital military policy, it seems to me, the bill should be passed.

Mr. CONNALLY. I shall not object to the bill.

Mr. KING. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (S. 2264) for the relief of Frank P. Hoyt was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

GEORGE S. GEER

The bill (S. 805) for the relief of George S. Geer was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to George S. Geer, formerly a corporal, Company M, Forty-sixth Regiment United States Volunteer Infantry, 2 months' extra pay, in full satisfaction of his claim for benefits under the provisions of the act entitled "An act granting extra pay to officers and enlisted men of the United States Volunteers," approved January 12, 1899, as amended, such claim having been disallowed because said George S. Geer was discharged prior to the date of the general order authorizing the muster out of Volunteers serving in the Philippine Islands.

REIMBURSEMENT FOR PROPERTY DAMAGE AT EAST BRAINTREE, MASS.

The Senate proceeded to consider the bill (S. 2513) for the relief of certain persons whose property was damaged or destroyed as a result of the crashes of two airplanes of the United States Navy at East Braintree, Mass., on April 4, 1939, which had been reported from the Committee on Claims with an amendment on page 2, line 20, after the word "Provided", to strike out "That no part of the said amounts herein authorized to be paid in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof, shall be fined in a sum not exceeding $1,000" and insert "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Henry J. Madden, of East Braintree, Mass., the sum of $10,194.94; to Thomas Mallen, of East Braintree, Mass., the sum of $205; to Albert J. De Coste, of East Braintree, Mass., the sum of $695; to Mrs. Herbert E. Bess, of East Braintree, Mass., the sum of $124.50; to Anselm A. Bjornson, of East Braintree, Mass., the sum of $3,885.25; to Victoria B. Frazier, of East Braintree, Mass., the sum of $140.75; to the Mutual Federal Savings and Loan Association, of Whitman, Mass., the sum of $50; to Mrs. Edward R. Osborne, of East Braintree, Mass., the sum of $25; to the water department of the town of Braintree, Mass., the sum of $106.24; to William Mac Faun, of South Weymouth, Mass., the sum of $198.75; and to Mary Marshall, of South Braintree, Mass., the sum of $105; said sums to be in full settlement of all claims against the United States for damage to the properties of the said Henry J. Madden, Thomas Mallen, Albert J. De Coste, Mrs. Herbert E. Bess, Anselm A. Bjornson, Victoria B. Frazier, Mutual Federal Savings and Loan Association, of Whitman, Mass., Mrs. Edward R. Osborne, water department, town of Braintree, William Mac Faun, and Mary Marshall, sustained on April 4, 1939, by reason of the crashes of two airplanes of the United States Navy at East Braintree, Mass.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BANKS BUSINESS COLLEGE

The bill (S. 1881) for the relief of Banks Business College was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill? I notice that the Senator in charge of it is on the floor.

Mr. HUGHES. Mr. President, by the bill the Banks Business College of Philadelphia are seeking to recover expenses and damages for being ousted by the United States Government, the Draft Board, from a property which the college occupied at the beginning of the war.

There is not an explanation of the bill, although I thought one was attached to it. The only purpose of the bill is to permit the Banks Business College to bring their suit before the Court of Claims for the purpose of recovering. The bill does not give them anything, but authorizes a hearing before the Court of Claims. I am sorry the explanation of the bill does not seem to be attached to it; but that is the bill which was before me.

Mr. KING. I observe that back in Mr. Mellon's time the Treasury Department was of the opinion that the Treasury should not be required to pay out public funds on such a claim, and it was accordingly opposed to the passage of the bill. Apparently the bill is hoary with age. It has been before a department of the Government and received consideration, and back in 1926 an adverse report was submitted by the Secretary of the Treasury. My understanding is that the bill grows out of a claim originating many, many years ago.

Mr. HUGHES. That is all very true; but we were not passing on the merits of the claim. It seemed to the committee that it was but fair that the claimants should have an opportunity to present their claim. It had not been presented, except to the Department. There was a dispute as to whether or not, under certain lease provisions, they could be dispossessed. They were dispossessed, however, and were required to move elsewhere. The bill simply gives the claimants an opportunity to present the matter to the Court of Claims, and the committee thought it was only fair that they should have that opportunity.

Mr. KING. It seems to me that to give them that opportunity would be a confession of waiver of the statute of limitations, or of any contributory negligence or laches upon the part of the claimants. So many of these hoary claims, going back to the French spoliation claims, are being presented to Congress that I confess that I look upon them with considerable distrust.

Mr. HUGHES. The bill is a waiver of the statute of limitations, of course, because otherwise it is too late for the claim to be presented; but the committee thought it was only fair that the claimants should be permitted to have a day in court, which they never have had.

Mr. KING. I ask the Senator to consent that the bill be passed over. I should like to confer with the Treasury Department again in regard to the matter. I will join the Senator in bringing it up at an early date.

The PRESIDING OFFICER. The bill will be passed over.

PURCHASE OF BEER ON CREDIT IN THE DISTRICT

Mr. TYDINGS. Mr. President, if the bill referred to by the Senator from Utah has been temporarily laid aside, I ask unanimous consent to return to Calendar No. 765, House bill 5137. That is a bill which was recently objected to, and I believe we can pass it now without further debate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland?

There being no objection, the Senate proceeded to consider the bill (H. R. 5137) to prohibit the purchase of beer on credit by retailers in the District of Columbia.

Mr. TYDINGS. Mr. President, I offer an amendment to section 6, page 3, to read as follows:

This act shall expire July 30, 1940.

The Senator from Connecticut [Mr. DANAHER] would like to have the matter tried for a year, so that we may see whether it ought to be permanent rather than temporary legislation. I have no objection to putting it on trial for a year.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. DANAHER. Has the Senator stated the correct section number? Should not the amendment be section 4 on page 2?

Mr. TYDINGS. The Senator is correct. It should be section 4, on page 2.

Mr. BORAH. Mr. President, may we take just a moment to find out what the bill is?

Mr. TYDINGS. We have been discussing it; but I will say to the Senator that it is a bill to take away the extreme extension of credit in the sale of retail beer in the District of Columbia, because the Commissioners and others feel that it has been abused, and all sorts of disreputable concerns have gotten into the beer-selling business. In an effort to get rid of that condition the District Commissioners and others, including the District Committee of the Senate, have agreed that the business ought to be put on a cash basis, so that it may be controlled to a greater extent than is possible under the extended credit system. The Senator from Connecticut [Mr. DANAHER] suggests that we have a 1-year limitation provision added, so that if the plan is not successful it will automatically die; but if it is helpful we can reenact it at the end of the year, with such improvements as may be necessary. The bill is in the interest of better order in the sale and consumption of alcoholic beverages.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed, as follows:

Be it enacted, etc., That section 35 of the District of Columbia Alcoholic Beverage Control Act, as amended, is amended by inserting after the first sentence thereof the following new sentence: "No holder of a retailer's license shall purchase beer on credit."

SEC. 2. (a) So much of section 18 of such act, as amended, as reads as follows: "Nothing herein contained, however, shall prohibit the sale of alcoholic and nonalcoholic beverages and the reasonable extension of credit therefor by a manufacturer to a wholesale or retail licensee." is amended to read as follows: "Nothing herein contained, however, shall prohibit the sale of alcoholic and nonalcoholic beverages and the reasonable extension of credit therefor by a manufacturer to a wholesale or retail licensee if the purchase by the retailer would not constitute a violation of section 35."

(b) So much of section 19 of such act, as amended, as reads as follows: "Nothing herein contained, however, shall prohibit the reasonable extension of credit by a wholesaler for merchandise sold to a retail licensee for resale as herein permitted." is amended to read as follows: "Nothing herein contained, however, shall prohibit the reasonable extension of credit by a wholesaler for merchandise sold to a retail licensee for resale as herein permitted if the purchase by the retailer would not constitute a violation of section 35."

SEC. 3. The amendments made by this act shall apply only to beer delivered after 10 days after the date of the enactment of this act.

SEC. 4. This act shall expire July 30, 1940.

AMENDMENT OF MERCHANT MARINE AND SHIPPING ACTS

The bill (S. 1960) to amend certain provisions of the Merchant Marine and Shipping Acts to further the development of the American merchant marine, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. BAILEY. Mr. President, I am not asking for the passage of the Senate bill at this time. The House has sent over a similar bill. I ask that the House bill be taken up at this time, and order that I may move to strike out all after the enacting clause of the bill and to insert the text of the Senate bill.

The PRESIDING OFFICER. The Chair lays before the Senate a bill from the House of Representatives, which will be read.

The bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes, was read twice by its title.

Mr. BAILEY. I ask unanimous consent for the immediate consideration of the House bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. KING. Mr. President, may we have an explanation from the Senator?

Mr. BAILEY. Now that we have the House bill before us, I move to strike out all after the enacting clause and to insert the language of Senate bill 1960, as amended.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Carolina.

The motion was agreed to.

Mr. BAILEY's motion was, in lieu of the text of the House bill, to insert the following:

That the second paragraph of section 23 of the Shipping Act, 1916, as amended, is amended to read as follows:

"All orders of the United States Maritime Commission, other than for the payment of money, made under this act, as amended or supplemented, shall continue in force until its further order, or for a specified period of time, as shall be prescribed in the order, unless the same shall be suspended, or modified, or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction."

SEC. 2. The second paragraph of section 3 of the Intercoastal Shipping Act, 1933, as amended, is amended by inserting before the last sentence of such paragraph a new sentence to read as follows: "At any hearing under this paragraph the burden of proof to show that the rate, fare, charge, classification, regulation, or practice is just and reasonable shall be upon the carrier or carriers."

SEC. 3. (a) The first sentence of section 201 (e) of the Merchant Marine Act, 1936, as amended, is amended to read as follows: "Without regard to the civil-service laws or the Classification Act of 1923, as amended, the Commission may appoint and prescribe the duties and fix the salaries of a secretary, a director for each of not to exceed five divisions, a general counsel, a clerk to each member of the Commission, and not more than three assistants, a clerk to the general counsel, not more than a total of 20 naval architects or marine engineers, 20 special experts, 22 examiners, 12 attorneys, and 2 inspectors for each vessel at each shipyard at which vessels are being constructed by it or under its supervision."

(b) Such section, as amended, is amended by adding at the end thereof the following: "The Commission, under such rules and regulations as it may prescribe, may detail annually not to exceed 10 members of the personnel of the Commission for engineering, technical, or other scientific education and training at Government expense at institutions for scientific education and research, to enable such persons to acquire advanced and specialized knowledge or training of particular advantage to the Commission in carrying out its functions under this act."

SEC. 4. Section 201 (f) of such act, as amended, is amended by inserting after the first sentence thereof a new sentence to read as follows: "Whenever any officer (not exceeding 5 in number at any time) of the Army, Navy, Marine Corps, or Coast Guard is detailed to the Commission, he shall receive from the Commission, for the period during which he is so detailed, such compensation as added to his pay and allowances as an officer in such Service will make his aggregate compensation equal to the pay and allowances he would receive if he were the incumbent of an office or position in such Service (or in the corresponding executive department), which, in the opinion of the Commission, involves the performance of work similar in importance, difficulty, and responsibility to that performed by him while detailed to the Commission."

SEC. 5. Section 216 of such act, as amended, is amended to read as follows:

"SEC. 216. (a) The Commission is hereby authorized and directed, under such rules and regulations as it may prescribe, to establish and maintain the United States Maritime Service as a voluntary organization for the training of citizens of the United States to serve as licensed and unlicensed personnel on American merchant vessels. The Commission is authorized to determine the number of persons to be enrolled in the said Service, to fix the rates of pay of such persons, and to prescribe such courses and periods of training as, in its discretion, is necessary to maintain a trained and efficient merchant marine personnel. The ranks, grades, and ratings for the personnel of the said Service shall be the same as are now or shall hereafter be prescribed for the personnel of the Coast Guard. The Commission is further authorized to employ as instructors in said Service, on a contract or fee basis (without regard to the provisions of section 3709 of the Revised Statutes), such qualified persons, including licensed and unlicensed personnel of the merchant marine, as the Commission may deem necessary to effectuate the purposes of this section.

"(b) The Commission is hereby authorized to train American citizens to become licensed officers of the merchant marine of the United States in a status of cadets and cadet officers on Government-owned and subsidized vessels and, in cooperation with other governmental and private agencies, on other vessels and in shipyards, plants, and industrial and educational organizations, under rules and regulations prescribed by the Commission and upon such terms as the Commission may arrange, and expenditures incident to such training are hereby authorized.

"(c) The Commission is hereby authorized to prescribe, conduct, and supervise such extension and correspondence courses as it

may deem necessary to supplement other training facilities, and to make such courses available, under such rules and regulations and upon such terms as it may prescribe, to the licensed and unlicensed personnel of the merchant marine, and to cadets and cadet officers, who shall make application therefor. The Commission is further authorized to print, publish, and purchase suitable textbooks, equipment, and supplies required for such courses, and to employ persons, firms, and corporations on a contract or fee basis (without regard to the provisions of section 3709 of the Revised Statutes), for the performance of special services deemed necessary by the Commission in the preparation and editing of such textbooks and other aids to instruction, and in the supervision and administration of such courses.

"(d) The Commission, with the consent of any executive department, independent establishment, or other agency of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this section, as amended."

SEC. 6. The first sentence of section 502 (b) of such act, as amended, is amended to read as follows: "The amount of the reduction in selling price which is herein termed 'construction differential subsidy' may equal, but not exceed, the excess of the bid of the shipbuilder constructing the proposed vessel (excluding the cost of any features incorporated in the vessel for national-defense uses, which shall be paid by the Commission in addition to the subsidy), over the fair and reasonable estimate of cost, as determined by the Commission, of the construction of the proposed vessel if it were constructed under similar plans and specifications (excluding national-defense features as above provided) in a foreign shipbuilding center which is deemed by the Commission to furnish a fair and representative example for the determination of the estimated foreign cost of construction of vessels of the type proposed to be constructed."

SEC. 7. Title V of such act, as amended, is amended by adding at the end thereof a new section to read as follows:

"SEC. 510. (a) When used in this section—

"(1) The term 'obsolete vessel' means a vessel or vessels, each of which (A) is of not less than 1,350 gross tons, (B) is not less than 17 years old and, in the judgment of the Commission, is obsolete or inadequate for successful operation in the domestic or foreign trade of the United States, and (C) is owned by a citizen or citizens of the United States and has been owned by such citizen or citizens for at least 3 years immediately prior to the date of acquisition hereunder.

"(2) The term 'new vessel' means a vessel or vessels, each of which (A) is constructed under the provisions of this act, and is acquired within 2 years from the date of completion of such vessel, or is purchased under section 714, as amended, by the person turning in an obsolete vessel under this section, or (B) is hereafter constructed in a domestic shipyard on private account and not under the provisions of this act, and documented under the laws of the United States.

"(b) In order to promote the construction of new, safe, and efficient vessels to carry the domestic and foreign water-borne commerce of the United States, the Commission is authorized, subject to the provisions of this section, to acquire any obsolete vessel in exchange for an allowance of credit. The amount of such allowance shall be determined at the time the owner contracts for the construction or purchase of a new vessel. The allowance shall not be paid to the owner of the obsolete vessel but shall be applied upon the purchase price of a new vessel. In the case of a new vessel constructed under the provisions of this act, such allowance may, under such terms and conditions as the Commission may prescribe, be applied upon the cash payments required under this act. In case the new vessel is not constructed under the provisions of this act, the allowance shall, upon transfer of the obsolete vessel to the Commission, be paid, for the account of the owner, to the shipbuilder constructing such new vessel.

"(c) The utility value of the new vessel for operation in the domestic or foreign commerce of the United States shall not be substantially less than that of the obsolete vessel. The gross tonnage of the obsolete vessel may exceed the gross tonnage of the new vessel in a ratio not in excess of 3 to 1, if the Commission finds that the new vessel, although of lesser tonnage, will provide utility value equivalent to or greater than that of the obsolete vessel.

"(d) The allowance for an obsolete vessel shall be the fair and reasonable value of such vessel as determined by the Commission. In making such determination the Commission shall consider: (1) The scrap value of the obsolete vessel both in American and in foreign markets, (2) the depreciated value based on a 20-year life, and (3) the market value thereof for operation in the world trade or in the foreign or domestic trade of the United States. If the owner of the obsolete vessel uses such vessel during the period of construction of the new vessel, the allowance shall be reduced by an amount representing the fair value of such use.

"(e) No gain shall be recognized to the owner for the purpose of Federal income taxes in the case of a transfer of an obsolete vessel to the Commission under the provisions of this section. The basis for gain or loss upon a sale or exchange and for depreciation under the applicable Federal income-tax laws of a new vessel acquired as contemplated in this section shall be the same as the basis of the obsolete vessel or vessels exchanged for credit upon the acquisition of such new vessel, increased in the amount of the cost of such vessel (other than the cost represented by such obsolete vessel or vessels) and decreased in the amount of loss recognized upon such transfer.

"(f) The Commission shall include in its annual report to Congress a detailed statement of all transactions consummated under the provisions of the preceding subsections during the period covered by such report.

"(g) An obsolete vessel acquired by the Commission under this section which is or becomes 20 years old or more, and vessels presently in the Commission's laid-up fleet which are or become 20 years old or more, shall in no case be used for commercial operation, except that any such obsolete vessel, or any such vessel in the laid-up fleet may be used during any period in which vessels may be requisitioned under section 902 of this act, as amended, and except as otherwise provided in this act for the employment of the Commission's vessels in steamship lines on trade routes exclusively serving the foreign trade of the United States."

SEC. 8. The last sentence in the first paragraph of section 603 (c) of such act, as amended, is amended to read as follows: "Such payments on account shall in no case exceed 75 percent of the amount estimated to have accrued on account of such subsidy, except that, with respect to that part of the subsidy relating to any particular voyage, an additional 15 percent may be paid to the contractor after such contractor's audit of the voyage account for such voyage has been completed and the Commission's auditors have verified the correctness of the same. Any such payments shall be made only after there has been furnished to the Commission such security as it deems to be reasonable and necessary to insure refund of any overpayment."

SEC. 9. Section 604 of such act, as amended, is amended to read as follows:

"SEC. 604. If in the case of any particular foreign-trade route the Commission shall find after consultation with the Secretary of State, that the subsidy provided for in this title is in any respect inadequate to offset the effect of governmental aid paid to foreign competitors, it may grant such additional subsidy as it determines to be necessary for that purpose: *Provided*, That no such additional subsidy shall be granted except upon an affirmative voter of four of the members of the Commission."

SEC. 10. The proviso at the end of section 607 (c) (3) of such act, as amended, is amended to read as follows: "*Provided*, That such reimbursement to the Commission, if so deferred, shall be payable upon termination of the contract from any amounts then in the special reserve fund and the capital reserve fund: *Provided further*, That if any amounts shall have been transferred to the general funds of the contractor from either of such reserve funds and not repaid thereto, or if prepayments of amounts not due before 1 year after the date of termination of the contract have been made from the capital reserve fund pursuant to subsection (b) of this section, then the balance of such reimbursement not paid out of said reserve funds shall be payable out of any other assets of the contractor, but the amounts so payable from such assets shall not exceed in the aggregate the sum of the amounts so transferred and not repaid, and the amounts of such prepayments;".

SEC. 11. (a) Section 705 of such act, as amended, is amended by adding at the end thereof a new sentence to read as follows: "No vessel constructed under the provisions of this act, as amended, shall be sold by the Commission for operation in the foreign trade for a sum less than the estimated foreign construction cost exclusive of national-defense features (determined as of the date the construction contract therefor is executed) less depreciation based on a 20-year life, nor shall any such vessel be sold by the Commission for operation in the domestic trade for a sum less than the cost of construction in the United States exclusive of national-defense features less depreciation based on a 20-year life."

(b) Section 706 (b) of such act, as amended, is amended by adding at the end thereof a new sentence to read as follows: "The Commission shall reject any bid for the charter (under sections 701 to 713, both inclusive, of this title, as amended) of any vessel constructed under the provisions of this act, as amended, if the charter hire offered by the bidder is lower than the minimum charter hire for such vessel would be if chartered under the provisions of section 714, as amended, of this title."

SEC. 12. Section 714 of such act, as amended, is hereby amended to read as follows:

"SEC. 714. If the Commission shall find that any trade route (determined by the Commission to be an essential trade route as provided in section 211 of this act) cannot be successfully developed and maintained and the Commission's replacement program cannot be achieved under private operation of such trade route by a citizen of the United States with vessels registered under the laws thereof, without further Government aid in addition to the financial aids authorized under titles V and VI of this act, the Commission is authorized to have constructed, in private shipyards or in navy yards, the vessel or vessels of the types deemed necessary for such trade route, and to demise such new vessel or vessels on bare-boat charter to the American-flag operator established on such trade route, without advertisement or competition, upon an annual charter hire of not less than 5 percent of the price (herein referred to as the 'foreign cost') at which such vessel or vessels would be sold if constructed under title V plus 3½ percent of the depreciated foreign cost computed annually upon the basis of a 20-year life of the vessel. Such charter may contain an option to the charterer to purchase such vessel or vessels from the Commission within 5 years after delivery thereof under the charter, upon the same terms and conditions as are provided in title V for the purchase of new vessels from the Commission, except that (a) the purchase price shall be the foreign cost less depreciation to the date of purchase based upon a 20-year life; (b) the required cash payment payable at the time of such purchase shall be 25 percent of the purchase price as so deter-

mined; (c) the charter may provide that all or any part of the charter hire paid in excess of the minimum charter hire provided for in this section may be credited against the cash payment payable at the time of such purchase; (d) the balance of the purchase price shall be paid within the years remaining of the 20 years after the date of delivery of the vessel under the charter and in approximately equal annual installments, except that the first of said installments, which shall be payable upon the next ensuing anniversary date of such delivery under the charter, shall be a proportionate part of the annual installment, interest to be payable upon the unpaid balances of 3½ percent per annum from the date of purchase.

"Such charter shall provide for operation of the vessel exclusively in foreign trade, or on a round-the-world voyage, or on a round voyage from the west coast of the United States to a European port or ports which includes intercoastal ports of the United States, or a round voyage from the Atlantic coast of the United States to the Orient which includes intercoastal ports of the United States, or on a voyage in foreign trade on which the vessel may stop at an island possession or island Territory of the United States, and if the vessel is operated in the domestic trade on any of the above-enumerated services the character will pay annually to the Commission that proportion of one-twentieth of the difference between the domestic and foreign cost of such vessel as the gross revenue derived from the domestic trade bears to the gross revenue derived from the entire voyages completed during the preceding year."

SEC. 13. Section 806 of such act, as amended, is amended by adding at the end thereof a new subsection to read as follows:

"(d) Whoever knowingly and willfully violates any order, rule, or regulation of the United States Maritime Commission made or issued in the exercise of the powers, duties, or functions transferred to it or vested in it by this act, as amended, for which no penalty is otherwise expressly provided, shall upon conviction thereof be subject to a fine of not more than $500. If such violation is a continuing one, each day of such violation shall constitute a separate offense."

SEC. 14. Paragraph (8) of section 1104 (a) of such act, as amended, is amended by striking out the word "or" before the designation "(c)", and by inserting before the period at the end of the paragraph a semicolon and the following: "or (d) in the fishing trade or industry."

Mr. BAILEY. Mr. President, the Senate bill is amendatory of the Merchant Marine Act. The main provision, the one with which we are most concerned, provides for training, by correspondence schools or otherwise, American seamen for our ships. No extra expense is contemplated. It is a necessity that we shall train our seamen and give our young men a better chance. If we cannot get the bill through today by unanimous consent, I shall ask at an appropriate time to have it made a special order, but I hope the bill may pass as it is now.

Mr. O'MAHONEY. Mr. President, I should like to ask the chairman of the Committee on Commerce whether the bill amends any of the substantial provisions of the Maritime Act with respect to the operation of vessels.

Mr. BAILEY. No; not with respect to the operation of vessels.

Mr. O'MAHONEY. Am I to understand that it deals solely with the training of officers for the merchant marine?

Mr. BAILEY. No; I said that was the principal object. Certain sections are amended. I have the other language of the Senate bill before me. The amendments are technical in character, and an explanation of them will require a little time, but I do not think any serious objection can be offered to them. They start with the full approval of the Maritime Commission, and the bill was introduced at the request of the Commission.

In the first place, it is proposed to amend the act of 1916 by requiring that all orders of the United States Maritime Commission, other than for the payment of money, made under this act, as amended or supplemented, shall continue in force until its further order, or for a specified time.

Mr. O'MAHONEY. The point I have in mind—and I think the Senator can clear it up very quickly—concerns the provision of the present law which deprives of benefit under the subsidy provisions any American line which enters into an agreement with any foreign line against another American line.

The Senator will recall that the original Maritime Act exempted shipping lines from the provisions of the antitrust law. Later, it developed that in a particular instance an American line which had the benefit of the mail subsidy was in a conference with a foreign line to operate a "fighting" ship against another American line operating between the same ports, the second American line not being the beneficiary of any mail subsidy. It was felt to be improper that any line obtaining a subsidy from the Federal Treasury should be permitted to enter into an agreement condemned by the antitrust law to the detriment of another line. Accordingly, Congress in passing the Maritime Act 3 or 4 years ago so amended it as to prevent such an abuse.

Mr. BAILEY. I do not think the pending legislation remotely relates to anything of that sort.

Mr. O'MAHONEY. I wanted to be sure of that, because an amendment to eliminate that provision was later sent in by the Maritime Commission.

Mr. BAILEY. I assure the Senator that if I discover in conference that there is anything like that in the proposed legislation, I will take all pains to defeat the bill. I give him assurance that there is nothing of that kind in the bill.

Mr. O'MAHONEY. I thought there was not, but I wanted to be assured.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1960 will be indefinitely postponed.

ACCEPTANCE OF LAND FROM SEATTLE

The Senate proceeded to consider the bill (S. 2273) to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon, which had been reported from the Committee on Naval Affairs with an amendment, on page 2, line 4, to strike out *"Provided further,* That the grading and landscaping of said land and the construction of said armory building are satisfactorily completed" and to insert *"Provided further,* That the acceptance by the Secretary of the Navy shall not be made until the grading and landscaping of the said land and the construction of said armory building are completed to the satisfaction of the Secretary of the Navy", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized on behalf of the United States to accept from the city of Seattle and county of King, Wash., a site free from all encumbrances, the title in fee simple, together with the improvements, rights, privileges, and appurtenances belonging thereto, including an armory building constructed or to be constructed thereon, for use of the United States Naval and Marine Corps Reserve: *Provided,* That the acquisition of said land shall be without cost to the United States, and that the grading and landscaping of said land and the construction and completion of said armory building thereon shall not entail any obligation against appropriations of the Navy Department or relief funds apportioned to it: *Provided further,* That the acceptance by the Secretary of the Navy shall not be made until the grading and landscaping of the said land and the construction of said armory building are completed to the satisfaction of the Secretary of the Navy.

Mr. DANAHER. Mr. President, I should like to ask the Senator from Washington how the landscaping is to be completed and the building constructed without obligating the Navy Department. Is the Navy to erect the buildings?

Mr. SCHWELLENBACH. No; the bill specifically provides that the city of Seattle is to furnish the building and land without obligation on the part of the Navy Department. The amendment inserted by the committee strengthens the proviso which I had placed in the bill. The fact is that the Naval Reserves have very insufficient quarters in which to drill, and the city of Seattle is willing to furnish the land and the building necessary to afford them adequate facilities. The purpose of the bill is to permit the Navy to have control of the building after it has been constructed.

The PRESIDING OFFICER (Mr. MINTON in the chair). The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COMPUTATION OF SERVICE IN THE NAVY

The Senate proceeded to consider the bill (S. 2599) to amend the Naval Reserve Act of 1938 (Public, No. 732, 52 Stat. 1175), which was read, as follows:

Be it enacted, etc., That section 206 of the Naval Reserve Act of June 25, 1938, is hereby amended by striking out the last two provisions and substituting therefor the following: *"Provided*

further, That in the computation of service requisite for transfer of enlisted men of the Fleet Reserve to the retired list of the Regular Navy and for payment of allowances to which enlisted men on the retired list of the Regular Navy are entitled, service in the Army, Navy, Marine Corps, Coast Guard, Naval Reserve Force, Fleet Naval Reserve, Fleet Reserve, Marine Corps Reserve Force, and the Marine Corps Reserve, and on the retired list of the Regular Navy shall be included: *And provided further*, That such service as may heretofore have been authorized by law to be counted as double time shall be credited as double time in this computation."

Mr. KING. Mr. President, I should like to have an explanation of the bill.

Mr. WALSH. Mr. President, this bill is merely a statutory confirmation of the construed meaning of a part of the Naval Reserve Act of 1938. The bill involves no cost to the Government.

Mr. KING. Mr. President, I asked for the explanation because the bill does not appear to be in my file, through some omission.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MAJOR OVERHAULS OF CERTAIN NAVAL VESSELS

The Senate proceeded to consider the bill (H. R. 6065) to authorize major overhauls for certain naval vessels, and for other purposes, which had been reported from the Committee on Naval Affairs with an amendment, to add a section at the end of the bill, so as to make the bill read:

Be it enacted, etc., That for the purpose of effecting major overhauls of the United States ships *Tennessee, California, Colorado, Maryland*, and *West Virginia* alterations and repairs to such vessels are hereby authorized and expenditures therefor shall not be limited by the provisions of the act approved July 18, 1935 (49 Stat. 482; 5 U. S. C. 468a), but the total cost of such alterations and repairs shall not exceed $6,660,000 for all 5 vessels, in addition to $450,000 per vessel for each period of 18 consecutive months.

SEC. 2. The President is hereby authorized to acquire two motor vessels from the Maritime Commission and to convert them for use by the Navy at a total cost of such acquisition and conversion of not more than $2,500,000.

Mr. WALSH. The pending bill has already passed the House. One purpose of the bill is to authorize major alterations and repairs to the battleships *Tennessee, California, Colorado, Maryland*, and *West Virginia*, at a total cost not to exceed $6,600,000 over and above the amount of $450,000 now authorized to be expended on each vessel for each period of 18 consecutive months.

The Navy now has 15 battleships in service, and all but those mentioned in this bill have been modernized in accordance with legislation enacted during past Congresses.

This proposed legislation does not contemplate the extensive changes that have been made in the other 10 battleships; however, it proposes to carry out certain alterations and effect such repairs as will materially increase the military efficiency of these ships.

Under the provisions of the act entitled "An act limiting expenditures for repair or changes to naval vessels," approved July 18, 1935 (49 Stat. 482; 5 U. S. C. 468a), the total expenditures for repairs and alterations to a vessel undertaken in navy yards shall not exceed $450,000 for any 18 consecutive months.

This limitation is satisfactory for battleships of average age. On such ships the limitation will permit the maintenance of material in satisfactory operating condition and will permit the accomplishment of a reasonable number of alterations to improve the military qualities of the ships.

This prescribed limitation is no longer adequate for the battleships *Tennessee, California, Colorado, Maryland*, and *West Virginia*. A number of alterations of military importance have been deferred for some years in the expectation that these ships would be "modernized." The funds which were expended were used principally to correct major deterioration and obsolescence. It was expected that the other work necessary to bring these ships up to modern standards would be accomplished at less cost during a modernization period; however, complete modernization of these five ships would cost in the neighborhood of $75,000,000 to $100,000,000.

In view of the present battleship-building program authorized by the Naval Expansion Act the modernization of the five battleships in question is considered undesirable both from the standpoint of the expenditure of the necessary funds and the heavy work load which might interfere with the construction of new ships. The elimination of such modernization, however, makes it urgently necessary that certain work which heretofore has been deferred be now undertaken.

It is estimated that, in addition to the work which can be accomplished under the present limitation of $450,000 per ship, the cost of the additional work will not exceed a total of $6,660,000. This additional work will comprise certain repairs to correct the deterioration and obsolescence which has accrued and to perform only the more important military alterations necessary to bring these ships to a minimum standard. The legislation which has been proposed will permit the accomplishment of this work.

Another purpose of the bill is to authorize the acquisition of two motor vessels, the *Santa Rita* and the *Santa Inez*, from the Maritime Commission, at a cost of $1,000,000, and to convert them for use by the Navy, at a cost of $1,500,000.

Mr. President, these battleships are 18 years old, and it is thought that the expenditure of this money for the modernization of the vessels will put them in almost as good condition as modern, recently built battleships. This is a request for authorization to proceed with the modernizing of these battleships.

The United States Maritime Commission is now building three new vessels of the C–2 type for the Grace Steamship Line. As part payment for these C–2 type vessels the Grace Line will turn over to the Commission three vessels now in service.

Of these three vessels which will be received by the Commission, it appears that the motor vessels *Santa Rita* and *Santa Inez* can be used to advantage by the Navy Department.

One of these vessels is desired as a replacement for the U. S. S. *Hannibal*, which is now in service as a naval survey ship. The *Hannibal* was acquired by the Navy Department as a collier in April 1898 and has a displacement of 4,000 tons and a cruising radius of 4,100 miles, at a speed of 8 knots. The *Santa Rita* and the *Santa Inez* were built in 1928. Each has a displacement of 6,000 tons and a cruising radius of 19,000 miles, at 13 knots.

The great age of the *Hannibal*, with consequent high annual repair costs, its low speed, and limited cruising radius, makes its operation very uneconomical and causes its work to be performed very slowly. Space aboard the *Hannibal* is inadequate for the accommodation of personnel and supplies necessary to prolonged or distant surveying expeditions. The *Hannibal* is not equipped for plane tending nor does it have an adequate photographic laboratory for the developing, printing, and checking of aerial photography.

The deficiencies of the *Hannibal* can be remedied through its replacement by either the *Santa Rita* or the *Santa Inez*. Either of these vessels, with its size, speed, and sea-keeping qualities, would provide an adequate base from which to conduct surveying operations.

The other of these vessels is needed for use in connection with the preparation and servicing of the naval bases recommended by the Board convened pursuant to section 10 (a) of the act of May 17, 1938 (52 Stat. 403; 34 U. S. C. 493i), particularly those which may be authorized in the near future through enactment of the bill H. R. 4278. It will be fitted for passenger, cargo, and towing services.

It is the purpose of this proposed legislation to authorize the acquisition of both of these vessels from the Maritime Commission and their conversion for use by the Navy.

Enactment of the proposed legislation would authorize an appropriation of $2,500,000, which would cover the cost of conversion and acquisition of both vessels.

Mr. BORAH. Mr. President, I wish the Senator would advise us as to the sum total of the appropriation.

Mr. WALSH. Six million six hundred thousand dollars.

Mr. BORAH. That is, under this particular bill?

Mr. WALSH. Yes.

Mr. BORAH. I was about to ask the Senator as to how much of an appropriation we shall have made at the close of the session for naval construction.

Mr. WALSH. For building alone, or modernizing vessels, not the general appropriations for the Navy Department?

Mr. BORAH. The total appropriations.

Mr. WALSH. Frankly, I am unable to say, because there have been naval appropriation bills and there are appropriations about to be made to be included in the deficiency bill. I should say the naval appropriation bill was for about $700,000,000.

Mr. KING. Mr. President, if I understand the question of the Senator from Idaho, it is a request as to the appropriations made for the Navy Department for the coming year.

Mr. WALSH. No; for new construction.

Mr. BORAH. I asked as to new construction; but I intended to ask as to the other appropriations in order to get some idea of the sum total to be expended.

Mr. WALSH. Somewhere in the neighborhood of $700,000,000.

Mr. KING. In my opinion, the entire appropriations for the Navy will exceed $1,250,000,000 before we adjourn.

Mr. WALSH. Congress has not yet made that much of an appropriation.

Mr. KING. Approximately that amount.

Mr. WALSH. Already?

Mr. KING. Yes; it is over $1,000,000,000 up to date.

Mr. WALSH. I think the appropriation in the naval appropriation bill was in the neighborhood of $700,000,000.

Mr. KING. The authorizations?

Mr. WALSH. The question was not as to authorizations, but as to the appropriations. I ask the Senator from Idaho if that is not correct.

Mr. BORAH. I asked for a statement as to the appropriations, and finally I would like to get a statement as to just what the Navy has obligated itself to pay for naval construction and what the naval appropriations are generally.

Mr. WALSH. By authorizations?

Mr. BORAH. Yes.

Mr. WALSH. I shall be pleased to give that information to the Senator in complete detail. In fact, I have the information in the office of the Committee on Naval Affairs in the Capitol, and I will see that the information is furnished to the Senate as soon as I contact with my office.

Mr. KING. Before the Senator from Massachusetts takes his seat I should like to say that complaints have come from time to time, especially during the past few years, to the effect that some of our battleships are obsolete, and that was urged as a reason for larger appropriations for additional battleships. It seems that now we are reversing our policy and taking some of the so-called obsolete battleships and appropriating five or six million dollars to rehabilitate them.

Mr. WALSH. We are building new battleships so as to increase the number of battleships, and we are modernizing the older battleships. The pending bill provides for the modernization of five 18-year-old battleships which have not had any major repairs made to them during the 18 years. This repair work will save the building of new battleships, and maintaining such battleship strength as the Navy Department thinks we should maintain for our defense.

Mr. KING. We will make no saving because I understand the Navy now is committed to 45,000-ton battleships, larger battleships, and they will soon look with considerable contempt upon the smaller ships to which the Senator is now referring, for which he is pleading for the appropriation.

Mr. WALSH. In my opinion, these modernized ships will always be most useful. It may be that the 45,000-ton battleships will be more valuable and more effective in time of war, but certainly these older battleships will be of great service as part of the fleet.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WALSH subsequently said: Mr. President, a short time ago, when a bill was before the Senate granting authority to remodel five battleships, the Senator from Idaho [Mr. BORAH] and the Senator from Utah [Mr. KING] asked me to furnish some information with respect to the appropriations and the authorizations for the next fiscal year, involving larger expenditures by the Federal Government. I have that information brought up to date, and it is as follows:

The total amount of money appropriated by the present Congress for the Navy is as follows:

1. The amount contained in the annual naval appropriation bill for the fiscal year ending June 30, 1940	$773,049,151
(NOTE.—This amount includes $253,604,712 for new ship construction and $50,059,047 for aircraft.)	
2. Amount contained in the first and second deficiency appropriation bills	37,357,750
(NOTE.—Of this sum $36,000,000 was to continue the construction of naval vessels for the fiscal year ending June 30, 1939.)	
Total amount appropriated	810,406,901

Additional appropriations have heretofore been authorized by the present Congress, as follows:

(a) For new naval air bases or additions to naval air bases	$66,800,000
(b) For naval public works at various shore stations	60,180,500
(c) For reengining and modernization of three submarines	5,500,000
Total	132,480,500

The expenditures authorized as stated will be spread over a period of years.

WATER SUPPLY OF KETCHIKAN, ALASKA

The bill (H. R. 2413) for the protection of the water supply of the city of Ketchikan, Alaska, was considered, ordered to a third reading, read the third time, and passed.

ALLOWANCES TO NAVAL OFFICERS

The Senate proceeded to consider the bill (S. 2348) relating to allowances to certain naval officers stationed in the Canal Zone for rental of quarters, which was reported from the Committee on Naval Affairs with an amendment to strike out all after the enacting clause and insert:

That notwithstanding any other provision of law relating to allowances to officers of the United States for rental of quarters during the fiscal years 1935 and 1936, allowances to officers of the Navy and Marine Corps stationed in the Canal Zone for rental of quarters prior to July 1, 1936, shall be considered as having been subject only to the provisions of section 6 of the act of June 10, 1922 (42 Stat. 628), as amended by section 2 of the act of May 31, 1924 (43 Stat. 250; 37 U. S. C. 10).

SEC. 2. The Comptroller General of the United States is authorized and directed to pay, out of any money appropriated for the pay or allowances of officers of the Navy or Marine Corps, to any such officer an amount equal to the amount by which his allowances were reduced, or equal to the amount of any charges raised in the accounts of any such officer and subsequently removed by checkage or otherwise, by reason of provisions contained in the act of April 26, 1934 (48 Stat. 614), or in the act of April 9, 1935 (49 Stat. 120).

SEC. 3. Payments under the provisions of this act shall be made from appropriations current at the time such payments are made.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DECORATION OF REAR ADMIRAL HARRY E. YARNELL

The Senate proceeded to consider the bill (S. 2482) authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy, which had been reported from the Committee on Naval Affairs with an amendment, on page 1, line 6, after "October", to strike out "7" and insert "30", so as to make the bill read:

Be it enacted, etc., That the President is authorized to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy, for his skill and devotion to duty displayed during his tour of duty beginning October 30, 1936, as commander in chief of the United States Asiatic Fleet.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

VIRGINIA GUTHRIE AND OTHERS

The bill (H. R. 2903) for the relief of Virginia Guthrie, Jake C. Aaron, and Thomas W. Carter, Jr., was considered, ordered to a third reading, read the third time, and passed.

SUPPRESSION OF ATTEMPTS TO INCITE SERVICE MEN TO DISOBEDIENCE

The Senate proceeded to consider the bill (S. 1677) to make better provision for the government of the Army and the Navy of the United States by the suppression of attempts to incite the members thereof to disobedience, which was read as follows:

Be it enacted, etc., That whoever advises, counsels, urges, or solicits any member of the Army or the Navy of the United States to disobey the laws or regulations governing the Army or the Navy or to disobey the lawful orders of a superior, or whoever publishes or distributes any book, pamphlet, paper, print, article, letter, or other writing which advises, counsels, urges, or solicits any member of the Army or the Navy of the United States to disobey the laws or regulations governing such military or naval forces, or to disobey the lawful orders of a superior, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 2 years, or both.

SEC. 2. Any book, pamphlet, paper, print, article, letter, or other writing of the character described in section 1 of this act may be taken from any house or other place in which it may be found, or from any person in whose possession it may be, under a search warrant issued pursuant to the provisions of title XI of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes," approved June 15, 1917 (40 Stat. 228; U. S. C., title 18, ch. 18).

SEC. 3. The term "member of the Army" as used herein shall include all members of the Army of the United States as defined in section 1 of the National Defense Act of June 3, 1916, as amended (48 Stat. 153; U. S. C., title 10, sec. 2), when in active Federal service.

Mr. McKELLAR. Mr. President, may we have an explanation of the measure?

Mr. WALSH. Mr. President, the bill is one of considerable importance. The Navy has discovered that literature of a nature subversive to the Government has been distributed, in increasing quantities in recent years, to the personnel of the Army and the Navy. The literature, apparently emanating from Communist organizations, seeks to undermine the morale of the services by urging disloyalty and disobedience of laws and regulations for the government of the armed forces.

Existing law is inadequate to curb this propaganda. The pamphlets and leaflets are carefully worded to avoid the insurrection and sedition provisions of the Criminal Code (U. S. C., title 18, secs. 4 and 6), and the publishers likewise escape the penalties of sections 344 and 345 of title 18, United States Code, by avoiding the use of the mails.

The proposed legislation, it is believed, will protect the military and naval forces of the United States from the contaminating influences of propaganda which has as its ultimate object the overthrow of our Government by force. It does not infringe upon the rights of free speech or of a free press. It does not prevent any person from advocating a change in existing laws by lawful means. It does, however, prevent persons from urging members of the armed forces to violate the laws and regulations by which they are governed.

Enactment of the proposed legislation would result in no increase of cost to the Government.

The Navy Department recommends enactment of the proposed legislation.

Mr. McKELLAR. I have no objection to the measure.

Mr. WALSH. I will say to the Senator in conclusion that there is no present law which reaches the distribution of that kind of literature.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL WOMAN'S RELIEF CORPS, AUXILIARY TO G. A. R.

The bill (S. 1008) to provide for the reincorporation of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the corporation formed pursuant to the general laws of the State of Illinois, under the name of The National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic (a corporation not for pecuniary profit), is hereby converted into a corporation having the rights, powers, duties, and liabilities granted or imposed by this act, in addition to the rights, powers, duties, and liabilities of the existing corporation so far as they are not modified or superseded by this act.

SEC. 2. The qualifications for membership in such corporation shall be such as are fixed by the constitution and bylaws adopted by the governing body thereof.

SEC. 3. The objects and purposes of the corporation shall be: To especially aid and assist the Grand Army of the Republic and to perpetuate the memory of their heroic dead; to assist such Union veterans and such widows and orphans of Union veterans as need help and protection, to find them homes and employment and assure them of sympathy and friends; to cherish and emulate the deeds of Army nurses and of all loyal women who rendered service to the United States during her hour of peril; to maintain true allegiance to the United States of America; to inculcate lessons of patriotism and love of country among the children and in the communities of the United States; and to encourage the spread of universal liberty and equal rights to all.

SEC. 4. The corporation shall have perpetual succession and the following powers: To sue and be sued in courts of law and equity; to receive, hold, own, use, and dispose of such real and personal property as shall be necessary for its corporate purposes; to adopt a corporate seal and alter the same at pleasure; to adopt and alter a constitution and bylaws not inconsistent with the laws of the United States or of any State; to use in carrying out the purposes of the corporation such emblems and badges as it may adopt; to establish State and Territorial organizations and local chapter or post organizations; to publish a magazine or other publications; and to do any and all acts and things necessary and proper in carrying into effect the purposes of the corporation.

SEC. 5. All property of the converting corporation shall be held to vest in the converted corporation without further act or deed. All debts, liabilities, and duties of the converting corporation and liens against the property thereof, if any, shall attach to the converted corporation and its property, and all pending proceedings, if any, against the converting corporation may be prosecuted to judgment against the converted corporation.

SEC. 6. The corporation shall be nonsectarian and nonpolitical and shall not promote in any way partisan principles or the candidacy of any person seeking public office.

SEC. 7. The corporation and its State and Territorial organizations and local chapter or post organizations shall have the sole and exclusive right to have and to use the name "The National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic."

SEC. 8. The corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding calendar year, including a full, complete, and itemized report of its receipts and expenditures, of whatever kind: *Provided,* That such report shall not be printed as a public document.

SEC. 9. As a condition precedent to the exercise of any power or privilege herein granted, the corporation shall file with the secretary of state of each State the name and post-office address of an authorized agent in such State upon whom legal process or demands against the corporation may be served.

SEC. 10. This act shall take effect on the filing of an acceptance of its provisions by the board of directors of the converting corporation in the office of the clerk of the district court of the United States for the district in which is located the principal place of business of such converting corporation.

SEC. 11. The right to repeal, alter, or amend this act at any time is expressly reserved.

ACQUISITION OF THE ESTATE OF PATRICK HENRY

The bill (S. 1919) to provide for the acquisition by the United States of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill, which had been reported from the Committee on Public Lands and Surveys with amendments, was announced as next in order.

Mr. GLASS. Mr. President, there is objection to the amendments. In the minds of some of us Patrick Henry was the voice of the Revolution. He was a great man. An official of the Department of the Interior, who has had to do with the bill, does not think Patrick Henry's achievements or his fame are worth a tinker's dam, and therefore he has prevailed upon the committee to make amendments to the bill which will render it worthless, and if they are adopted I shall move to strike the bill from the calendar. Therefore,

The amendment was agreed to.

I move that the Senate disagree to the committee amendments.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. CONNALLY. Mr. President, I am in hearty agreement with the Senator from Virginia. There is a popular idea among some people of the United States that Patrick Henry was merely a declaimer. He was one of the very greatest geniuses this country has ever known. He was a great man in the Revolutionary period. Five times he was Governor of the State of Virginia. He was offered the sixth term—not consecutive—and he declined it. He was offered the place of Secretary of State by George Washington and he declined that office. He was offered the position of Chief Justice of the Supreme Court and declined it.

As early as 1765, while the conservatives were holding back, Patrick Henry, by his resolution introduced in the House of Burgesses and by the speech he made in support of it, laid the foundations upon which the Revolution was fought, and by virtue of which the other States, through the intervening period of 10 years from 1765 to 1775, finally joined in the struggle.

When some of the others in the Revolution, who afterward became prominent, were opposing the forward-looking views of Patrick Henry, he was ardently and passionately stirring the Colonies and laying the foundation principles upon which the Revolution was afterward fought. I think the "taxation without representation" speech was an unequalled presentation and interpretation of that fundamental principle of Anglo-Saxon civilization.

I hope the Senate will pass the bill, thereby giving adequate recognition to the grandeur, the eloquence, and patriotism of one of the very greatest men our country has ever produced.

Mr. McKELLAR. Mr. President, does the Senator from Virginia desire that the committee amendments be rejected?

Mr. GLASS. Yes.

Mr. McKELLAR. I wish to join with the Senator, because I endorse every word that has been said here about Patrick Henry, and I think we ought to create a proper memorial to him.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. CHAVEZ. I want to assure the Senator from Virginia that I would rather take his word with respect to Patrick Henry than that of any subordinate official of the Department of the Interior.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. BORAH. May I ask, what were the amendments which were placed on the bill that are objected to?

Mr. GLASS. They were simply to emasculate the bill absolutely. They are not as comprehensive as existing law, which authorizes the Government to acquire Patrick Henry's estate.

Mr. BORAH. I was simply asking for information; that is all.

Mr. HOLMAN. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. HOLMAN. I wish to say to the Senator that it is regrettable that the Senator from Colorado [Mr. ADAMS] is not present at the moment. I was not aware that this bill was reported favorably by the committee. I yield to no one in my admiration of Patrick Henry. His "Give me liberty or give me death" speech was an inspiration to me in my school days. But I do not think there is anything in the property proposed to be purchased to justify the expenditure of $100,000. That has nothing to do with one's reverence for Patrick Henry, however.

The PRESIDING OFFICER. Does the Senator from Oregon interpose an objection?

Mr. HOLMAN. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. GLASS. I will say to the Senator from Oregon that if the Senator from Colorado were present he would concur with my suggestion.

The PRESIDING OFFICER. The bill will go over on the request of the Senator from Oregon.

Mr. HOLMAN subsequently said: Mr. President, I ask unanimous consent to recur to Order of Business 791, Senate bill 1919. I desire to withdraw my objection to the immediate consideration of that bill. I have had a conference with the Senator from Colorado [Mr. ADAMS], as well as with the Senator from Virginia [Mr. GLASS], and I am satisfied that the amount provided by the bill is not necessarily the purchase price but the maximum which may be expended for the project. Therefore, I withdraw my objection.

The PRESIDING OFFICER. Is there objection to recurring to Senate bill 1919.

There being no objection, the Senate proceeded to consider the bill (S. 1919) to provide for the acquisition by the United States of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill, which had been reported from the Committee on Public Lands and Surveys, with amendments, in section 1, page 1, line 3, after the word "authorized", to strike out "and directed to require by purchase, or otherwise" and insert "to negotiate, but without commitment for the purchase,"; in line 6, after the word "exceed", to strike out "$125,000" and insert "$100,000"; in line 8, after the name "Red Hill", to insert "for the purpose of establishing a permanent public memorial to Patrick Henry to be known as the Patrick Henry National Monument, and to be administered under the provisions of the act entitled 'An act to provide for the establishment of a national monument on the site of Red Hill, estate of Patrick Henry', approved August 15, 1935"; and on page 2, after line 3, to strike out sections 2 and 3, as follows:

SEC. 2. The property acquired under the provisions of this act shall be a permanent public memorial to Patrick Henry, and shall be administered as the Patrick Henry National Monument, as provided in the act entitled "An act to provide for the establishment of a national monument on the site of Red Hill, estate of Patrick Henry," approved August 15, 1935.

SEC. 3. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this act.

So as to make the bill read:

That the Secretary of the Interior is hereby authorized to negotiate, but without commitment for the purchase, on behalf of the United States, at a cost not to exceed $100,000, the estate of Patrick Henry in Charlotte County, Va., known as Red Hill, for the purpose of establishing a permanent public memorial to Patrick Henry to be known as the Patrick Henry National Monument, and to be administered under the provisions of the act entitled "An act to provide for the establishment of a national monument on the site of Red Hill, estate of Patrick Henry," approved August 15, 1935.

Mr. GLASS. Mr. President, I ask the Senate to disagree to the amendments.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the committee.

The amendments were rejected.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS

The bill (S. 2557) to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act to create a new division of the District Court of the United States for the Northern District of Texas, approved May 26, 1928 (45 Stat. 747), be, and is hereby, amended to read as follows:

"That there is hereby created, in addition to those now provided by law, a new division of the District Court of the United States for the Northern District of Texas, which shall include the territory now embraced in the counties of Bailey, Borden, Lamb, Floyd, Kent, Motley, Hale, Dickens, Crosby, Lubbock, Scurry, Hockley, Cochran, Yoakum, Terry, Lynn, Garza, Dawson, and Gaines, which shall constitute the Lubbock division of said district. Terms of the district court for the Lubbock division shall be held at Lubbock on the third Monday in May and the fourth Monday in November.

"The clerk of the court for the northern district shall maintain an office in charge of himself or a deputy, in addition to the places now provided, at Lubbock, which shall be kept open at all times for the transaction of the business of the court."

SEC. 2. All laws and parts of laws in conflict herewith are hereby repealed.

HIGHWAY BRIDGE OVER BLACK RIVER, ARK.

The bill (H. R. 6079) granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near the town of Black Rock, Ark., was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 777) for the relief of Banks Business College was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

TRAVEL PAY FOR GOVERNMENT PERSONNEL

The Senate proceeded to consider the bill (S. 506) to provide for a more efficient and economical mileage table of distances and routes to apply for the payments of travel performed for the United States Government by the military personnel, Coast Guard, Coast and Geodetic Survey, and the Public Health Service, which had been reported from the Committee on Military Affairs, with an amendment, to strike out all after the enacting clause and insert:

That in the administration of the provisions of law providing for the establishment of official distances for travel performed by commissioned officers of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service, when traveling under competent orders without troops, such distances shall be computed on the basis of the shortest usually traveled rail and/or water route via which the carriers authorize the sale of through tickets affording first-class transportation, except when it is determined by the Chief of Finance under the direction of the Secretary of War that conditions of service are unusual or that such routes involve excessive distances compared with highway carrier distances and that the mode of travel customarily used by the traveling public from starting point to destination is highway carrier transportation, or is by other than the through ticket rail route, in which cases such shorter routes shall be considered the usually traveled routes: *Provided*, That where highway routes are used in no case shall mileage be paid on a basis greater than the travel distance as shown by standard guides, nor shall payment exceed the amount which would be payable on the basis of the officially established rail and/or water distance with deduction for land-grant distance, if any, embraced therein: *Provided further*, That when travel is performed between points for which the distance has not been previously established, or is not determinable from standard rail, water, or highway guides, payment for such travel shall be made on the basis of such number of miles as may be determined by the Chief of Finance to be fair and equitable to the United States and the traveler: *And provided further*, That between places where distances are not established, the Chief of Finance may establish distances for payment of mileage claimed after the travel has been completed in accordance with the principles set forth herein.

SEC. 2. (a) Beginning with the first session of the Seventy-sixth Congress, two persons employed in the office of each Senator and one person employed in the office of each Member of the House of Representatives, to be designated by the Senator or Member in whose office they are employed, shall be entitled to receive a mileage allowance for going to and returning from each session of the Congress. The allowance for each mile traveled shall be the same as for travel authorized for officers of the Army and other services in the act of June 10, 1922 (U. S. C. 37:20), and the mileage shall be computed in accordance with the tables provided for in the first section of this act, between Washington, D. C., and the place of residence of such Senator or Representative in the State in which he is chosen. Such allowance shall be paid only if the travel between such points is actually performed. Such allowance shall be paid by the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, upon a sworn statement by the person entitled thereto that the travel has been performed; and the determination of such officers with respect to the making of such payments, and the amount thereof, shall be final and conclusive upon all other officers and employees of the Government.

(b) For the purposes of this section persons employed by a committee of the Senate or House of Representatives shall be deemed to be employed in the office of the Senator or Member of the House of Representatives who is chairman of such committee.

(c) As used in this section, the term "Member of the House of Representatives" includes the Delegate from Alaska, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico.

(d) The appropriation of such sums as may be necessary to carry out the provisions of this section is hereby authorized.

Mr. KING. Mr. President, may we have an explanation of that bill?

Mr. SHEPPARD. This bill establishes new and revised mileage tables for calculating the expenses of Government employees while traveling on business of the Government. It also provides that two clerks of a Senator and one clerk of a Member of the House of Representatives shall be granted the mileage allowance for one trip going to their homes and one trip returning to Washington. That, in a few words, is the purpose of the bill.

Mr. KING. Why was it necessary to commingle with the traveling expenses of those in the Army and those in the various bureaus, the expenses of the employees of the Senate?

Mr. SHEPPARD. Every clerk in the Government who travels on the business of the Government receives travel allowance. Certainly the secretaries of Senators who go home with the Senators are also traveling on official business, and the committee thought it would be proper to allow them traveling expenses.

Mr. KING. What mileage is provided?

Mr. SHEPPARD. Eight cents a mile.

Mr. KING. One way or both?

Mr. SHEPPARD. One way. That is, they are paid mileage for two trips, one coming to Washington and one going home. They are allowed 8 cents a mile each way.

Mr. KING. That is a total of 16 cents?

Mr. SHEPPARD. Yes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill relating to mileage tables for the United States Army and other Government agencies and to mileage allowances for persons employed in the offices of Members of House and Senate."

EMPLOYMENT OF WARRANT OFFICERS FOR DISBURSEMENT OF PUBLIC FUNDS

The bill (S. 2740) to amend section 9a, National Defense Act, as amended, so as to provide specific authority for the employment of warrant officers of the Regular Army as agents of officers of the finance department for the disbursement of public funds was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 9a of the National Defense Act, as amended by the act of June 4, 1920 (41 Stat. 766), be, and the same is hereby, further amended as follows:

After the word "officers", in line 13 of the said section, insert the words "or warrant officers"; before the word "to", in line 15, insert the words "or warrant officer."

APPLICATION OF SECTION 45 OF UNITED STATES CRIMINAL CODE TO OUTLYING POSSESSIONS

The bill (S. 2739) to amend section 45 of the United States Criminal Code to make it applicable to the outlying possessions of the United States, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 45 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909 (35 Stat. 1097), be, and the same is hereby, amended by inserting after the word "whoever" and before the word "shall," in the first line of said section, a comma, followed by the phrase: "within the territory or jurisdiction of the United States, including the Canal Zone, Puerto Rico, and the Philippine Islands."

BILLS PASSED OVER

The bill (S. 2366) for the relief of Franklin C. Richardson, was announced as next in order.

Mr. KING. Mr. President, I ask for an explanation of the measure.

The PRESIDING OFFICER. The author of the bill is not present at the moment.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2496) for the relief of James E. Barry, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have a statement about the bill? I notice the Department recommends against it.

The PRESIDING OFFICER. Neither the author of the bill nor the Senator who favorably reported it from the committee is present at the moment.

Mr. McKELLAR. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2585) to reimburse the cotton cooperative associations for losses occasioned by the Federal Farm Board's stabilization operations, and for other purposes, was announced as next in order.

Mr. McKELLAR. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 2750) to prohibit the issuance and coinage of certain commemorative coins, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. The present occupant of the chair will ask that the bill be passed over.

GRAND CANYON NATIONAL MONUMENT

The Senate proceeded to consider the bill (S. 6) to return a portion of the Grand Canyon National Monument to the public domain, which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 9, after "to wit:", to insert "Gila and Salt River base and meridian"; in line 11, after the word "sections", to strike out "17 and 18, township 32 north, range 8 west; thence due north to the quarter section corner of sections 17 and 18; thence northerly along the line between sections 18 and 17, 7 and 8, 6 and 5, of township 32 north, range 8 west, and continuing north on the section line between sections 31 and 32, 30 and 29, 19 and 20, 18 and 17, 7 and 8, 6 and 5, of township 33 north, range 8 west, to" and insert: "9 and 10, township 32 north, range 8 west; thence due north to the quarter section corner of sections 9 and 10; thence northerly along the line between sections 9 and 10, 3 and 4, to the eighth standard parallel north; thence west along said standard parallel to the standard corner of sections 33 and 34, township 33 north, range 8 west; thence northerly along the line between sections 33 and 34, to the corner of sections 27, 28, 33, and 34; thence westerly along the line between sections 28 and 33, 29 and 32 to its intersection with the hydrographic divide between Toroweap Valley on the east and an unnamed valley on the west; thence northerly along said hydrographic divide to its intersection with"; in line 22, after the word "west" to strike out the comma and "Gila and Salt River base and meridian"; on page 3, line 1, after the word "section", to strike out "36" and to insert "32"; in line 2 of the same page, after the word "range", to insert: "thence north on the line between unsurveyed sections 31 and 32 to the northwest corner of section 32; thence east on the line between unsurveyed sections 29 and 32, 28 and 33, 27 and 34, 26 and 35, to the southwest corner of section 25 of said township and range"; in line 8, after the word "sections", to strike out "35 and 36"; in line 15 after the figure "12", to insert "1 and 2"; in line 16, after the word "section", strike out "12" and insert "1"; in line 18, after the word "unsurveyed", to strike out "sections 1 and 12, township 34 north, range 5 west, to the range line between ranges 4 and 5 west, township 34 north; thence north on said unsurveyed range line to the corner of townships 34 and 35 north, ranges 4 and 5 west; thence east along the unsurveyed north boundary of township 34 north, ranges 4", and to insert "Townships 34 and 35 north, ranges 5, 4", so as to make the bill read:

Be it enacted, etc., That the boundaries of that portion of the Grand Canyon National Monument established pursuant to the proclamation of the President dated December 22, 1932, lying north of the Colorado River in Arizona are hereby revised so as to include within said national monument the tract of land in the State of Arizona particularly described as follows, to wit: Gila and Salt River base and meridian.

Beginning at a point on the north bank of the Colorado River due south of the quarter section corner of sections 9 and 10, township 32 north, range 8 west; thence due north to the quarter section corner of sections 9 and 10; thence northerly along the line between sections 9 and 10, 3 and 4, to the eighth standard parallel north; thence west along said standard parallel to the standard corner of sections 33 and 34, township 33 north, range 8 west; thence northerly along the line between sections 33 and 34, to the corner of sections 27, 28, 33, and 34; thence westerly along the line between sections 28 and 33, 29 and 32 to its intersection with the hydrographic divide between Toroweap Valley on the east and an unnamed valley on the west; thence northerly along said hydrographic divide to its intersection with the township line between townships 33 and 34 north, range 8 west; thence east along the township line between townships 33 and 34 north, range 8 west, to the corner of townships 33 and 34, north, ranges 7 and 8 west; thence east on the south boundary of township 34 north, range 7 west, and the south boundary of township 34 north, range 6 west, to the southwest corner of unsurveyed section 32 of said township and range thence north on the line between unsurveyed sections 31 and 32 to the northwest corner of section 32; thence east on the line between unsurveyed sections 29 and 32, 28 and 33, 27 and 34, 26 and 35, to the southwest corner of section 25 of said township and range; thence north on the line between unsurveyed sections 26 and 25, 23 and 24, to the northwest corner of section 24; thence east along the line between unsurveyed sections 13 and 24, township 34 north, range 6 west, and continuing east along the line between unsurveyed sections 18 and 19, 17 and 20, 16 and 21, 15 and 22, 14 and 23, to the southwest corner of section 13, township 34 north, range 5 west; thence north along the line between unsurveyed sections 14 and 13, 11 and 12, 1 and 2, to the northwest corner of section 1, township 34 north, range 5 west; thence east along the line between unsurveyed townships 34 and 35 north, ranges 5, 4, and 3 west, to the western boundary of the Grand Canyon National Park; thence southerly and westerly along the north bank of the Colorado River to the point of beginning.

SEC. 2. That portion of the Grand Canyon National Monument lying north of the Colorado River in Arizona and not included in the lands described in section 1 of this act is hereby returned to and made a part of the public domain, subject to existing withdrawals and reservations, and to valid private rights therein, for administration under the act approved June 28, 1934 (48 Stat. 1269), as amended and supplemented by the Act of June 26, 1936 (49 Stat. 842).

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXCHANGE OF CERTAIN LANDS IN THE STATE OF OREGON

The bill (S. 2469) relating to the exchange of certain lands in the State of Oregon, was announced as next in order.

Mr. BONE. Mr. President, I should like to have an explanation of the bill. There has been so much in the way of exchange of lands in the West that I should like to know what the bill covers.

The PRESIDING OFFICER. Does the Senator from Oregon [Mr. HOLMAN] desire to explain the bill?

Mr. HOLMAN. Yes; Mr. President.

The act approved May 31, 1918 (40 Stat. 593), and section 3 of the act approved June 4, 1920 (41 Stat. 758), gave the Secretary of the Interior authority to exchange Oregon-California railroad land-grant lands and Coos Bay Wagon Road lands for other lands in private ownership. This bill extends that authority to permit exchanges for State- or county-owned lands. The bill also permits the Secretary of the Interior to make exchanges for cut-over lands or lands containing less than merchantable timber. This additional authority is sought to be granted in order that exchanges may be made whereby new timber may be grown on the land so received in exchange, such new growth to offset the mature timber being cut annually. In this way the whole grant may be operated on a level sustained-yield basis.

The bill has to do with the reforestation, reclamation, and preservation of the timber lands involved.

Mr. BONE. Is this a case in which land which is already timbered is being exchanged for cut-over land? We have had much of that in the West, and I am wondering whether or not this is another example of it. Some things have occurred out there that do not look very good.

Mr. HOLMAN. I agree with the Senator. The Senator is harking back to the land-fraud days.

Mr. BONE. Yes. I am going back to the time of Binger Herman. A number of persons went to the penitentiary in connection with such activities.

Mr. HOLMAN. And properly so. I assure the Senator that I am not advocating a continuance of such things, nor a new opportunity to repeat them. The pending bill is hedged about with the proper safeguards to protect the public lands

Mr. BONE. Mr. President, I am constrained to accept the Senator's explanation of the bill. I have no way of knowing the facts. However, I know that in the West in times past we have had a number of amiable gentlemen full of plausible arguments, urging the public to turn over valuable timberland in exchange for worthless logged-off land which is not worth a snap of the fingers.

Mr. HOLMAN. The Senator is absolutely correct. I myself served for 8 years on the Oregon State Land Board. The record to which the Senator from Washington refers is an appalling one. I reiterate that the proper safeguards are contained in the pending bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior, in the administration of the act entitled "An act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands situated in the State of Oregon," approved August 28, 1937 (50 Stat. 874), is hereby authorized and empowered, in his discretion, to exchange any land formerly granted to the Oregon and California Railroad Co., title to which was revested in the United States pursuant to the provisions of the act of June 9, 1916 (39 Stat. 218), and any land granted to the State of Oregon, title to which was reconveyed to the United States by the Southern Oregon Co. pursuant to the provisions of the act of February 26, 1919 (40 Stat. 1179), for lands of approximately equal aggregate value held in private, State, or county ownership, either within or contiguous to the former limits of such grants, when by such action the Secretary of the Interior will be enabled to consolidate advantageously the holdings of lands of the United States: *Provided,* That all lands and timber secured by the United States pursuant to any such exchange shall be administered in accordance with the same provisions of law as such revested or reconveyed lands exchanged therefor: *Provided further,* That either party to any such exchange may make reservations of easements, rights of use, and other interests and rights. No fee shall be charged for any such exchange with respect to land owned by the State of Oregon or any county thereof, except one-half of the cost of publishing notice of such proposed exchange.

SEC. 2. The Secretary of the Interior is hereby authorized to perform any and all acts and to make such rules and regulations as may be necessary to carry out the provisions of this act.

SEC. 3. The act of May 31, 1918 (40 Stat. 593), section 3 of the act of June 4, 1920 (41 Stat. 753), and all other acts or parts of acts in conflict with the provisions of this act, to the extent of such conflict, are hereby repealed.

JOINT RESOLUTIONS AND BILL PASSED OVER

The joint resolution (S. J. Res. 84) proposing an amendment to the Constitution of the United States for a referendum on war was announced as next in order.

Mr. VANDENBERG. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The joint resolution (S. J. Res. 140) proposing an amendment to the Constitution relating to the power of the Congress to declare war was announced as next in order.

Mr. VANDENBERG. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 2688) to amend section 4884 of the Revised Statutes (U. S. C., title 35, sec. 40) was announced as next in order.

Mr. BONE. Mr. President, this bill is a measure fixing the time a patent may run from the date of the first application. The Senator from Ohio [Mr. TAFT] and other Senators have spoken to me about the bill, which has been reported from the Committee on Patents. The request has been made that it go over. I ask that it go over for the time being.

The PRESIDING OFFICER. The bill will be passed over.

CIRCUIT COURT OF APPEALS FOR PATENTS

The bill (S. 2687) to establish a Circuit Court of Appeals for Patents was announced as next in order.

Mr. KING. I ask that the bill go over.

Mr. GERRY. Mr. President, I think the bill had better go over. It seems to me to be a very important bill.

Mr. BONE. Mr. President, I shall not urge the Senator to withdraw his objection. However, I should like to take a moment to explain to the Senate, so that those who are interested may have the information, that the bill originally drawn and presented to the Senate 2 years ago, and I believe also last year, was a somewhat different bill than the pending bill.

The pending bill creates an orthodox circuit court of appeals. It departs from none of the orthodoxies of appellate procedure. The proposed method of handling appeals preserves in full the unrestrained and unrestricted right of appeal to the Supreme Court. The only difference between the court provided for in the pending bill and the average circuit court of appeals is the fact that all appeals in patent cases are siphoned through the new court. In all other respects it is an orthodox circuit court of appeals. We have taken out of the bill all the other aspects and features to which some objection was registered. If my brethren who are lawyers and who are interested in this particular kind of litigation will take the trouble to read the bill they will necessarily have to narrow their inquiry to a consideration of whether or not they feel that it is wise to send patent appeals through one court. Personally I believe it is. I was impressed with the logic of the argument made by the proponents of this viewpoint.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. HATCH. I observe that the bill creates a new court.

Mr. BONE. That is correct.

Mr. HATCH. The bill was considered by the Committee on Patents, a committee which properly has jurisdiction over the subject matter of patents. Does not the Senator think that any bill creating a new court should be considered by the Judiciary Committee of the Senate?

Mr. BONE. I confess I find it difficult to argue with the Senator from New Mexico on that question. It is true that all the members of the Committee on Patents are lawyers. All of them have had experience in Federal appellate procedure. If the bill went to the Committee on the Judiciary that committee of course, would have to consider the same problem we considered. There would be more lawyers, to be sure, who would have to consider the matter; but they encounter the same problem: Shall we siphon patent appeals through one court? Is it the part of wisdom to do so? The lawyers on the Committee on Patents believe it is. I will say to the Senator from New Mexico that it has been the view of the Commissioner of Patents and his predecessors in office that this is a wise provision. It does not change the mechanics of the law. It does not threaten anyone's substantive rights. It does not affect the basic patent law. It is simply an attempt to get away from the conflicting opinions which now prevail in some 11 circuit courts of appeal.

For example, a patent case goes through one circuit, and the same patent may be involved in another circuit, and a directly opposite opinion may be rendered. Many of those who are fighting the cases through are not blessed with too much of this world's goods, and they find themselves with four or five conflicting opinions. If there is anything we ought to seek it is certainly to bring litigation to repose at some point, and not to wear people out by endless circumlocution and endless rounds of litigation. There is nothing in this world that is absolutely just, and we cannot set up a court which is absolutely just; but we have tried to provide a maximum of human justice in one court, with the free and unlimited right of appeal to the Supreme Court through the process of certiorari, direct appeal, review, or even certification by the court to the Supreme Court when questions of law perplex the court. I think the provisions of the bill are wise.

We shall have to determine whether or not we ought to set up a court for that purpose. Personally, I think it is a wise provision, and I think it ought to appeal to lawyers and businessmen. We have had businessmen before the committee, and most of them feel that the bill would be a wise enactment. They are soul-weary as well as financially belabored and bedeviled by having to chase cases through 11 circuit courts of appeals and obtain conflicting opinions from some of them. Lawyers have told us—and

it seems true beyond peradventure of doubt—that some courts have a sort of slant or bias. Please do not misunderstand me when I use the term "bias." I am not talking about a bad or vicious attitude of mind. However, some judges are constrained to uphold patents. Other judges are inclined to look at them with a very critical eye and say, "It is our view that a patent ought not to be sustained unless there is evidence of such a convincing character as would be sufficient to hang a man." American businessmen who are the owners of patents are confronted with that sort of oblique business.

We did not report the bill without mature reflection and consideration of the issues involved. The printed hearings are nearly half an inch thick.

Mr. President, I do not propose to press for action on the bill at this time. Under the 5-minute rule I do not now wish to make an issue of the bill on the floor. However, I want my brethren to understand that we reported the bill only because we sincerely felt that it was the part of wisdom and that it was the decent thing to do for businessmen. The law in its present state is a reproach. Certainly good lawyers in this body should be willing to help us find some way out of the morass we have set up in patent law.

A committee, headed by the Senator from Wyoming [Mr. O'MAHONEY], has recommended the passage of five or six bills, some of which are on the calendar and others of which will later be before the Senate. The bills to which I refer have met the blessing and approval of businessmen. We are now merely trying to make the patent law a simple, workable instrumentality so far as it is humanly possible to do so.

The PRESIDING OFFICER. The time of the Senator has expired under the 5-minute rule.

Mr. KING. I ask for the regular order.

Mr. GERRY. Mr. President, the Senator from Rhode Island objected to the bill because he thought it should not come up under the 5-minute rule. I think the statement of the Senator from Washington [Mr. BONE] sustains that contention. The bill is evidently very important. I should like to look into the matter more thoroughly and study it. I therefore ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

RETIREMENT OF JUDGES FOR DISABILITY

The Senate proceeded to consider the bill (S. 1282) to extend the privilege of retirement for disability to judges appointed to hold office during good behavior, which had been reported from the Committee on the Judiciary with an amendment, in section 3, page 3, line 4, after the words "equal to", to strike out "such proportion of the" and insert "one-half of the annual"; in line 6, after the word "retirement" and the semicolon, to strike out "as the total of his years of service bears to the period of ten years", so as to make the bill read:

Be it enacted, etc., That any judge or justice of any court of the United States, appointed to hold office during good behavior, who becomes unable because of permanent disability to perform the duties of his office, may retire from regular active service on the bench and the President shall thereupon be authorized to appoint a successor.

SEC. 2. Any district or circuit judge, other than a senior circuit judge, who desires to retire under the provisions of this act shall certify his disability in writing and shall furnish a like certificate made by the senior circuit judge of the judicial circuit in which the court of which he is a member is situated. Any Justice of the Supreme Court of the United States, other than the Chief Justice of the United States, who desires to retire under the provisions of this act shall certify his disability in writing and shall furnish a like certificate made by the Chief Justice of the United States. If the Chief Justice of the United States retires under the provisions of this act he need not furnish any certificate in addition to his own. Any judge of the Court of Claims, other than the chief justice, any judge of the United States Customs Court, or any judge of the United States Court of Customs and Patent Appeals, other than the presiding judge of the United States Court of Customs and Patent Appeals, who desires to retire under the provisions of this act shall certify his disability in writing and shall furnish a like certificate made by the chief justice of the Court of Claims if he be a judge of the Court of Claims, or by the presiding judge of the United States Court of Customs and Patent Appeals, if he be a judge of the United States Customs Court or the United States Court of Customs and Patent Appeals. Any other judge or justice who desires to retire under the provisions of this act shall certify his disability in writing and shall furnish a like certificate made by the Chief Justice of the United States.

SEC. 3. Any judge or justice who retires under the provisions of this act, after he has served less than 10 years, shall receive annually, in equal monthly installments, during the remainder of his life, a sum equal to one-half of the annual salary he is receiving at the date of retirement; and any judge or justice who retires under the provisions of this act, after he has served 10 years or more, shall receive in like manner during the remainder of his life the salary he is receiving at the date of retirement.

SEC. 4. The term "senior circuit judge," as used in this act, includes the chief justice of the United States Court of Appeals for the District of Columbia. The term "judicial circuit," as used in this act, includes the District of Columbia.

Mr. KING. Mr. President, may we have an explanation of the bill for the RECORD?

Mr. ASHURST. Mr. President, I introduced the bill after considerable thought and investigation. It was recommended—in fact, if I remember correctly, drawn—by the Department of Justice. Elaborate hearings were held, and testimony was taken. The hearings were printed. During the hearings the Department of Justice sent a representative to appear before the committee. I had the good judgment to commit the bill to the care of the Senator from New Mexico [Mr. HATCH], who held the hearings, and who is familiar with the bill. I shall ask him to be kind enough to make a statement with respect to the bill.

Mr. HATCH. Mr. President, I think the purposes of the bill are plainly understood. The bill is occasioned by conditions which exist in several districts in some of the circuits throughout the United States. When judges appointed to the bench for life become totally disabled and are unable to discharge the duties of their office, if the statutory age for retirement has not yet been reached, they are not eligible to retirement under existing law. Most, probably all, these judges are men of very moderate means; they are totally disabled not only from performing the duties of office, but if they retire they have no means, no way of making a living for themselves and their families. I have no criticism of a judge who finding himself in such a position does not retire, for he does exactly as any of us would do under the same circumstances. Nevertheless, that condition is adversely affecting the administration of justice in several districts of the country today.

In order to meet that situation, this bill was drafted, giving to a judge who is totally disabled the privilege of retiring. It does not give him full pay unless he has served the full 10 years, which is the requisite period under the statute.

The disability must be certified by the Chief Justice of the United States, by the senior circuit judge, or by the chief justices of other courts, as the case may be. The bill is amply safeguarded in that respect.

Mr. GEORGE. May I ask the Senator from New Mexico, is retirement voluntary on the part of the judge?

Mr. HATCH. Yes; it is voluntary. If he does retire, though, the President is authorized to appoint a successor. He has to make a certificate himself. It is strictly voluntary; there is nothing compulsory about it.

Mr. GEORGE. It is entirely voluntary on the part of the judge himself?

Mr. HATCH. Yes; that is, a judge could not be forced to retire; there is nothing in the bill that would compel a judge to retire. The bill is designed to give a judge the privilege of retiring with some pay when he has not served the full time on the bench which would authorize his retirement under the statute.

Mr. GEORGE. The question I am asking is whether the retirement would be on the judge's own motion?

Mr. HATCH. Yes, sir.

Mr. GEORGE. Or could any pressure be brought to bear on him to compel his retirement?

Mr. HATCH. No; there is nothing in the bill that would enable any pressure to be brought to bear.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. HATCH. Yes.

Mr. OVERTON. Would it be constitutional to compel retirement?

Mr. HATCH. Oh, no; I think not. We cannot compel a judge to retire. He is appointed for life, and he may remain in office.

Mr. BONE. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. BONE. May I say to the Senator from New Mexico and to the Senate that I have become aware of one or two cases that certainly come within the four corners of a proposed statute of this character. I know of the case of a judge who has served 15, 16, or 18 years and has tripped on life's rugged pathway and found himself a very ill man. Pride in his work and the natural pride which is a part of every human being has kept him on the bench when he has not been able to do a good job because of physical disability. I do not know what is the appropriate thing to do under those circumstances, but it seems to me that this bill which has been presented to us by the Judiciary Committee is probably the best answer to it. I have known judges in my section of the West who should come under such a bill as this. I think the bill is a worthy one.

Mr. HATCH. Mr. President, I want to say in that connection that the senior Senator from Washington [Mr. BONE], the junior Senator from Washington [Mr. SCHWELLENBACH], and also the Senator from Florida [Mr. PEPPER] have been before the committee and described conditions in their States which make the passage of the bill almost necessary.

Let me say to the Senator from Georgia that if he will read the second section of the bill he will find that it is clearly a voluntary act on the part of the judge. There is no compulsion about it whatever. The pay under 10 years of service is fixed at one-half the salary. After 10 years of service the judge would receive full salary.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ERNESTINE HUBER NEUHELLER

The Senate proceeded to consider the bill (S. 1998) for the relief of Ernestine Huber Neuheller.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

The PRESIDING OFFICER. The bill was reported by the Senator from Vermont [Mr. AUSTIN]. Does the Senator from Vermont desire to explain the bill?

Mr. AUSTIN. Mr. President——

Mr. McKELLAR. If I understand correctly, it is a case where a lady was convicted of a crime and, therefore, an immigration visa was denied?

Mr. AUSTIN. I will have to examine the report in order to state the circumstances. It is very brief. The purpose of the bill is to provide—

That in the administration of the immigration laws, relating to the issuance of immigration visas for admission to the United States for permanent residence and relating to admissions at ports of entry of aliens as immigrants for permanent residence in the United States, that provision of section 3 of the Immigration Act of 1917 (39 Stat. 875), as amended (U. S. C., title 8, sec. 136 (c)), which excludes from admission into the United States "persons who have been convicted of or admit having committed a felony or other crime or misdemeanor involving moral turpitude," shall not hereafter be held to apply to Ernestine Huber Neuheller, who is the wife of Fritz Neuheller, an American citizen, on account of a conviction abroad for perjury, the alleged offense having been committed in a civil action where the alien, as a witness, denied for personal reasons having met the defendant, a friend, at a certain time. The appellate court judge reviewing the case considered the alien's action incomprehensible and declared her to be an otherwise truthful, faithful, and decent person in no way immoral or tainted with moral turpitude. If she is found otherwise admissible under the immigration laws, an immigration visa may be issued and admission granted to Ernestine Huber Neuheller (nee Ernestine Huber) under this act upon application hereafter filed.

Mr. President, evidently the bill seeks to remove a hardship created by what seems to be almost an anomaly—significance being given to a very slight act which did not involve "moral turpitude."

Mr. KING. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. KING. I merely wish to assure the Senator and other Senators on the floor that this bill and the succeeding bill received due consideration at the hands of the committee; representatives of the Department were present; and the committee, as I remember, unanimously reported in favor of the bills.

Mr. AUSTIN. I thank the Senator.

Mr. McKELLAR. I notice, however, the Secretary of State says that—

She was an applicant for an immigration visa at the American consulate at Basel, Switzerland, but that since she was convicted in Switzerland of the crime of giving false testimony as a witness in a judicial proceeding, the consul had no other alternative than to refuse the issuance of an immigration visa to her.

If she was convicted "of giving false testimony," was it in regard to her visa or some other matter?

Mr. AUSTIN. No. Mr. President, this is what it was about. The report shows she was a witness in a civil action and for personal reasons——

Mr. McKELLAR. It was not in regard to the visa?

Mr. AUSTIN. No. For personal reasons she denied having met the defendant, a friend, at a certain time. That was all there was to it.

Mr. McKELLAR. Very well.

Mr. AUSTIN. Refusal to grant the visa was a violation of the legal maxim de minimis non curat lex.

The PRESIDING OFFICER. The amendment reported by the committee will be stated.

The amendment was, on page 2, after line 14, to insert the following new section:

SEC. 2. Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current year.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE LATE ENSIGN JOSEPH HESTER PATTERSON, UNITED STATES NAVY

Mr. WALSH. Mr. President, I ask the indulgence of the Senate to take up a noncontroversial matter which will take only a minute, so that I may leave to attend a conference on the social-security bill.

There is on the calendar Senate bill 2723, Calendar No. 852. There is also on the calendar a House bill dealing with the same subject, House bill 7052, Calendar No. 861. These are bills to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy. The Senate bill was introduced by the Senator from Oklahoma [Mr. LEE].

This young man was the only officer who met his death in the *Squalus* disaster. He had been notified of his promotion to the rank of lieutenant from ensign, had purchased his uniforms, and every other step had been taken except the actual issuing of the commission, which would have been done within 2 weeks. This bill is to permit a posthumous commission to be issued to him. Therefore, I ask unanimous consent that the House bill be considered and passed, and that the Senate bill be indefinitely postponed.

The PRESIDING OFFICER. The Senator from Massachusetts asks unanimous consent for the present consideration of House bill 7052. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 7052) to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy, which was ordered to a third reading, read the third time, and passed.

Mr. WALSH. I ask unanimous consent that Senate bill 2723 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

HAIM GENISHIER, ALIAS HAIM SATYR

The Senate proceeded to consider the bill (S. 1478) for the relief of Haim Genishier, alias Haim Satyr, which had been reported from the Committee on Immigration with an

amendment, at the end of the bill to insert a new section, so as to make the bill read:

Be it enacted, etc., That the Secretary of Labor is authorized and directed to cancel the outstanding deportation proceedings against Haim Genishier, and the admission of the said Haim Genishier through the port of New York from the steamship *Vauban* on November 25, 1923, under the name Haim Satyr be declared a legal, permanent admission of the said Haim Genishier to the United States.

SEC. 2. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current year.

Mr. KING. Mr. President, this bill comes within the same category that I mentioned a moment ago.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LENA HENDEL, NEE LENA GOLDBERG

The Senate proceeded to consider the bill (S. 1328) for the relief of Lena Hendel, nee Lena Goldberg, which had been reported from the Committee on Immigration with an amendment, at the end of the bill to insert a new section, so as to make the bill read:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Secretary of Labor is hereby authorized and directed to cancel the warrant of arrest and the order of deportation against Lena Hendel, nee Lena Goldberg, heretofore issued on the ground that on October 4, 1926, admission to the United States had been fraudulently gained pursuant to the commission of a passport or visa offense which, subsequent to such admission, has heretofore been held by the Attorney General of the United States to be within the purview of "crimes involving moral turpitude" and thereupon Lena Hendel, nee Lena Goldberg, shall hereafter be deemed to have been lawfully admitted to the United States for permanent residence at New York, N. Y., on October 4, 1926. Any declaration of intention to become a citizen, or any petition for citizenship heretofore filed by, or any admission to citizenship ordered and certificate of naturalization heretofore issued to, Lena Hendel, nee Lena Goldberg, which were predicated upon the claim of lawful admission to the United States for permanent residence on October 4, 1926, shall hereafter be deemed valid, unless the original 7-year period of validity of such declaration of intention has heretofore expired or Lena Hendel, nee Lena Goldberg, has heretofore been found otherwise not eligible to such benefit under the naturalization laws.

SEC. 2. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current year.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EMIGRATION OF CERTAIN FILIPINOS

The Senate proceeded to consider the bill (H. R. 4646) to provide means by which certain Filipinos can emigrate from the United States, which had been reported from the Committee on Immigration, with amendments.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill? It seems to be an excellent bill, but it is so long that I cannot go over it. I shall not object to its consideration, however.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The amendments were, in section 1, page 2, line 5, after the words "United States", to insert "or in the case of a Filipino residing in Hawaii, to a port in that Territory"; in section 2, page 2, line 17, after the words "United States", to insert "or, in the cases of residents of Hawaii, to a port in that Territory"; in section 3, page 3, line 5, after the words "United States", to insert "and in Hawaii"; in line 10, after the word "between", to strike out "any port on the west coast of the United States" and insert "the port of embarkation in the United States or Hawaii"; and in section 7, page 4, line 9, after the word "from", to strike out "the United States, its Territories or possessions", and insert "any State or Territory or the District of Columbia", so as to make the bill read:

Be it enacted, etc., That any native Filipino residing in any State or Territory or the District of Columbia on the effective date of this act, who desires to return to the Philippine Islands, may apply to the Secretary of Labor, upon such form as the Secretary may prescribe, through any officer of the Immigration Service for the benefits of this act. Upon approval of such application, the Secretary of Labor shall notify such Filipino forthwith, and shall certify to the Secretary of the Navy and the Secretary of War that such Filipino is eligible to be returned to the Philippine Islands under the terms of this act. Every Filipino who is so certified shall be entitled, at the expense of the United States to transportation and maintenance from his present residence to a port on the west coast of the United States, or in the case of a Filipino residing in Hawaii, to a port in that Territory, and from such port, to passage and maintenance to the port of Manila, P. I., on either Navy or Army transports, whenever space on such transports is available, or on any ship of United States registry operated by a commercial steamship company which has a contract with the Secretary of Labor as provided in section 2.

SEC. 2. The Secretary of Labor is hereby authorized and directed to enter into contracts with any railroad or other transportation company, for the transportation from their present residences to a port on the west coast of the United States or, in the cases of residents of Hawaii, to a port in that Territory, of Filipinos eligible under section 1 to receive such transportation, and with any commercial steamship company, controlled by citizens of the United States and operating ships under United States registry, for transportation and maintenance of such Filipinos from such ports to the port of Manila, P. I., at such rates as may be agreed upon between the Secretary and such steamship, railroad, or other transportation company.

SEC. 3. The Secretary of Labor is authorized and directed to prescribe such rules and regulations as may be necessary to carry out this act, to enter into the necessary arrangements with the Secretary of War and the Secretary of the Navy, to fix the ports on the west coast of the United States and in Hawaii from which any Filipinos shall be transported and the dates upon which transportation shall be available from such ports, to provide for the identification of the Filipinos entitled to the benefits of this act, and to prevent voluntary interruption of the journey between the port of embarkation in the United States or Hawaii and the port of Manila, P. I.

SEC. 4. No Filipino who receives the benefits of this act shall be entitled to return to the United States, its Territories or possessions except as a quota immigrant under the provisions of section 8 (a) (1) of the Philippine Independence Act of March 24, 1934, during the period such section 8 (a) (1) is applicable.

SEC. 5. There is hereby authorized to be appropriated from moneys in the Treasury not otherwise appropriated, amounts necessary to carry out the provisions of this act. All amounts so appropriated shall be administered by the Secretary of Labor, and all expenses, including those incurred by the Navy and War Departments, shall be charged thereto.

SEC. 6. No application for the benefits of this act shall be accepted by any officer of the Imimgration Service after December 1, 1940; and all benefits under this act shall finally terminate on December 31, 1940, unless the journey has been started on or before that date, in which case the journey to Manila shall be completed.

SEC. 7. Nothing in this act shall be construed as authority to deport any native of the Philippine Islands, and no Filipino removed from any State or Territory or the District of Columbia under the provisions of this act shall hereafter be held to have been deported from the United States.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

PROTECTION OF LABOR AND STIMULATION OF EMPLOYMENT

The bill (S. 409) to protect American labor and stimulate the employment of American citizens on American jobs was announced as next in order.

Mr. SCHWELLENBACH. Let the bill go over.

Mr. HOLMAN. Mr. President, I should like to ask that this bill be set on the calendar for a day certain, when it may be discussed in the Senate, at a time not more than I week from today.

Mr. SCHWELLENBACH. I object.

Mr. KING. I call for the regular order.

The PRESIDING OFFICER. Does the Senator from Oregon ask unanimous consent to make this bill a special and continuing order of business 1 week from today, or does he give notice that he will move to do so?

Mr. HOLMAN. I give notice to that effect.

Mr. KING. I should object to unanimous consent being given to make the bill the unfinished business at a certain time.

Mr. HOLMAN. As I understand, there is objection to a unanimous-consent request for the consideration of the bill at that time.

Mr. KING. I will say to the Senator that he may move to take up the bill at any time.

Mr. HOLMAN. Then I give notice that I shall move to take up the bill at the earliest possible date.

The PRESIDING OFFICER. The bill will be passed over.

CONSTRUCTION CHARGES ON UNITED STATES RECLAMATION PROJECTS

The Senate proceeded to consider the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, which had been reported from the Committee on Irrigation and Reclamation, with amendments.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. O'MAHONEY. Mr. President, this bill is the result of long negotiations which have been carried on by the Bureau of Reclamation, the National Reclamation Association, the Federal Irrigation Congress, and numerous water users' associations throughout the West.

It will be recalled that beginning with the year 1931, when the agricultural depression became most severe, Congress passed several moratorium laws postponing the obligations for the repayment of construction charges upon all reclamation projects. Full 100-percent moratoria were granted up to and inclusive of the year 1935. In 1936 the blanket moratorium plan was abandoned, and postponement of repayment obligations was granted only to persons who were actually found by the Department to be altogether unable to meet their charges. This plan was followed again in 1937 and 1938.

By authority of the act of August 21, 1937, a special commission was appointed to study the whole problem of reclamation construction repayment. This bill is intended substantially to carry out the recommendations of that commission, which are to be found in House Document No. 673 of the Seventy-fifth Congress, third session.

Mr. McKELLAR. Mr. President, the bill does not provide for any more appropriations from the Treasury in regard to these projects?

Mr. O'MAHONEY. This is not an appropriation bill at all.

Mr. McKELLAR. I mean it is not an authorization for appropriations?

Mr. O'MAHONEY. The bill does not provide for any additional appropriation; it does not authorize any additional appropriation, and it does not authorize any further moratorium. It is an attempt to place the whole matter on a business basis. It provides for the repayment of construction charges in accordance with a flexible formula based upon the crop returns from the various projects. The amounts to be paid annually are increased in good years and decreased in bad years.

Mr. McKELLAR. I see that the Department very strongly recommends the bill, and I have no objection to it.

Mr. O'MAHONEY. The Department is intensely interested in the passage of the bill.

Mr. McKELLAR. I have no objection.

Mr. O'MAHONEY. From the beginning it has been the purpose of the Bureau of Reclamation, as well as of the settlers on reclamation projects, to administer these projects as an investment of the public funds, and not as a gift from the Federal Government.

The reclamation fund is made up of the income of the Federal Government derived from the sale of public lands, from royalties and rentals on public-domain leases, and from Federal water-power licenses. As of May 31, 1939, the total accretions to this fund amounted to $202,479,224.11. A bond loan of $25,000,000, which has since been repaid, and collections in the amount of $124,202,096.83, made a grand total for the reclamation fund of $351,681,320.94. Disbursements in addition to the bond repayments amounted to $304,232,091.28, leaving a balance in the fund as of May 31, 1939, of $22,449,229.66.

This balance does not take cognizance of the repayments which have been postponed by reason of the various moratoria. The sum of these is $11,109,561. The repayment of this sum over a period of years is provided for in this bill.

It may be of interest to point out that the total postponements for the year 1937 amounted to $261,689, and the postponements for 1936 to $724,425, whereas for the years 1931 to 1935, inclusive, the lowest postponement for any single year was $1,702,539 in 1935. In other words, it is clear from these figures that the reclamation projects of the United States have been restored to a paying basis.

It would be difficult, however, for the settlers who have been unable to meet the charges for the past 7 or 8 years to do so if Congress did not provide by law an equitable repayment plan. That is the object of this bill.

Repayment contracts now in force are not upon a standard basis. Some were originally drafted to require total repayment in 10 years, some in 20 years, and some in 40 years. This bill places all projects upon the same general standard; but authority is granted to the Secretary in a few special cases to make special contracts. Such contracts, however, are not to become effective until submitted to Congress for its approval.

I ask that the amendments be now considered.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The first amendment of the Committee on Irrigation and Reclamation was, in section 1, page 1, line 4, after the word "plan", to insert "for an economical and equitable treatment of repayment problems and", so as to make the section read:

Be it enacted, etc., That for the purpose of providing for United States reclamation projects a feasible and comprehensive plan for an economical and equitable treatment of repayment problems and for variable payments of construction charges which can be met regularly and fully from year to year during periods of decline in agricultural income and unsatisfactory conditions of agriculture as well as during periods of prosperity and good prices for agricultural products, and which will protect adequately the financial interest of the United States in said projects, obligations to pay construction charges may be revised or undertaken pursuant to the provisions of this act.

The amendment was agreed to.

The next amendment was, in section 7, page 14, line 4, after the word "would", to strike out "be impracticable" and insert "not be practicable nor provide an economically sound adjustment", so as to read:

SEC. 7. (a) The Secretary is hereby authorized and directed to investigate the repayment problems of any existing project contract unit in connection with which, in his judgment, a contract under section 3 or 4 of this act would not be practicable nor provide an economically sound adjustment, and to negotiate a contract which, in his judgment, both would provide fair and equitable treatment of the repayment problems involved and would be in keeping with the general purpose of this act.

And so forth.

The amendment was agreed to.

The next amendment was, in section 9, page 22, line 9, after the words "less than", to strike out "3½" and insert "3"; in line 11, after the word "proper", to insert: *"Provided further,* That in said sales or leases preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof"; and in line 20, after the word "project" to insert: "The provisions of this subsection respecting the terms of sales of electric power and leases of power privileges shall be in addition and alternative to any authority in existing laws relating to particular projects"; so as to read:

(c) The Secretary is authorized to enter into contracts to furnish water for municipal water supply or miscellaneous purposes: *Provided,* That any such contract either (1) shall require repayment to the United States, over a period of not to exceed 40 years from the year in which water is first delivered for the use of the contracting party, with interest not exceeding the rate of 3½ percent per annum if the Secretary determines an interest charge to be proper, of an appropriate share as determined by the Secretary of that part of the construction costs allocated by him to municipal water supply or other miscel-

laneous purposes; or (2) shall be for such periods, not to exceed 40 years, and at such rates as in the Secretary's judgment will produce revenues at least sufficient to cover an appropriate share of the annual operation and maintenance cost and an appropriate share of such fixed charges as the Secretary deems proper, and shall require the payment of said rates each year in advance of delivery of water for said year. Any sale of electric power or lease of power privileges, made by the Secretary in connection with the operation of any project or division of a project, shall be for such periods, not to exceed 40 years, and at such rates as in his judgment will produce power revenues at least sufficient to cover an appropriate share of the annual operation and maintenance cost, interest on an appropriate share of the construction investment at not less than 3 percent per annum, and such other fixed charges as the Secretary deems proper: *Provided further*, That in said sales or leases preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof. Nothing in this subsection shall be applicable to provisions in existing contracts, made pursuant to law, for the use of power and miscellaneous revenues of a project for the benefit of users of water from such project. The provisions of this subsection respecting the terms of sales of electric power and leases of power privileges shall be in addition and alternative to any authority in existing laws relating to particular projects. No contract relating to municipal water supply or miscellaneous purposes or to electric power or power privileges shall be made unless, in the judgment of the Secretary, it will not impair the efficiency of the project for irrigation purposes.

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. O'MAHONEY. I ask unanimous consent that the report of the committee be printed in full in the RECORD, and that there also be printed in the RECORD at this point a table which I send to the desk, showing the status of the reclamation fund.

The PRESIDING OFFICER (Mr. LUCAS in the chair). Is there objection to the request of the Senator from Wyoming? The Chair hears none, and it is so ordered.

The report (No. 758) submitted by Mr. O'MAHONEY on July 11, 1939, is as follows:

The Committee on Irrigation and Reclamation, to whom was referred the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, having considered the same, hereby report it, with amendments, to the Senate and recommend that the bill do pass.

The amendments referred to are as follows:

Page 1, line 4, after the word "plan", insert the following: "for an economical and equitable treatment of repayment problems and."

Page 14, line 5, strike out the words "be impracticable" and insert in lieu thereof the words "not be practicable nor provide an economically sound adjustment."

Page 22, line 8, by striking the figures "3½" and inserting in lieu thereof "3."

Page 22, line 10, by changing the period after the word "proper" to a colon and inserting thereafter the following: "*Provided further*, That in said sales or leases preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof."

Page 22, line 13, after the word "projects", insert a new sentence as follows: "The provisions of this subsection respecting the terms of sales of electric power and leases of power privileges shall be in addition and alternative to any authority in existing laws relating to particular projects."

H. R. 6984 as passed by the House, except for a few amendments, is in the form of H. R. 6773, which is a companion bill of S. 2591. These companion bills, which were transmitted to the President of the Senate and to the Speaker of the House by the Acting Secretary of the Interior on June 9, are the product of 37 years' experience in the irrigation and reclamation of arid and semiarid lands in the West under the basic Reclamation Act of June 17, 1902 (32 Stat. 388), and of the investigation and report on repayment problems provided for by the Congress in the act of August 21, 1937 (50 Stat. 737). The Commission created by this 1937 act reported to the Congress on May 18, 1938, and its report was printed as House Document No. 673, Seventy-fifth Congress, third session.

The committee conducted several hearings on S. 2591 and heard testimony given by a number of representatives of water users and irrigation districts. After full consideration of S. 2591 and H. R. 6984, which contains the amendments made by the House, the committee finds that the proposed legislation is adequate to provide flexibility in the annual construction charges under repayment contracts so that the repayment obligations of a reclamation project each year will move up or down contemporaneously with increases or decreases in the crop returns realized by the farmers. The other provisions of the proposed legislation provide for simplification and economies in administration of the reclamation program and provide a sound basis for undertaking new construction.

With one exception the amendments made by the House Committee on Irrigation and Reclamation in H. R. 6773 and reflected in H. R. 6984 do not involve any substantial change and are acceptable to this committee.

One of the amendments to H. R. 6773 adopted by the House committee on June 24 was: "Page 6, line 22, strike out the word 'conclusive' before the word 'judgment' and strike out the word 'conclusive' and 'conclusively' wherever it may appear in the bill." Neither the printed hearings nor the printed report of the House committee gives any explanation or reason for this amendment. The Senate committee therefore has been compelled to analyze the effect, if any, of this amendment. If this amendment to H. R. 6773, reflected in H. R. 6984, were made to S. 2591, the word "conclusive" or "conclusively" would be stricken at the following places: Page 5, line 12; page 6, line 22; page 7, lines 12 and 23; page 8, lines 7 and 15; page 9, line 11; page 12, line 21; page 15, lines 9, 18, and 19; page 21, line 19; page 22, line 3; page 23, lines 8 and 21; and page 26, line 11. Also on page 17, line 6, a period would be placed after the words "United States" and the remaining words of the sentence would be stricken; and on page 18, line 15, the words "whose determination shall be conclusive" would be stricken.

The Senate committee, after carefully considering each of these deletions, is of the opinion that none of them changes the effect of the language of the proposed legislation. In each instance S. 2591, and likewise H. R. 6984, provides that the Secretary of the Interior shall fix a repayment period, schedule installments which in his judgment are proper, determine crop returns or normal returns, or similarly make determinations, render decisions or exercise his judgment. The proposed legislation calls for his determinations, decisions, and judgments and it is clear that they are to be conclusve even though the words "conclusive" or "conclusively" do not appear in the language used.

The words, if inserted, would add nothing to the language of H. R. 6984 in which they do not appear. Since the words are mere surplusage and since their deletion does not, therefore, diminish the conclusiveness of the determinations, decisions, and judgments required of the Secretary, the committee has no objection to the form of H. R. 6984 in which these words do not appear.

In the hearings on S. 2591 representatives of projects in Colorado suggested the amendments above outlined for pages 1 and 14 of the bill. While the committee is of the opinion that the scope of authority granted by sections 1 and 7 of H. R. 6984 (which are identical with the same sections of S. 2591) is adequate without the amendments suggested on behalf of the Colorado projects, since the Secretary under section 7 can investigate any repayment problems which in his judgment require treatment by a special contract and can negotiate and, with the consent of Congress, make effective a special contract dealing with those problems. The amendments, however, seem to clarify the purpose of the bill and, therefore, have been adopted by the committee.

The provision that interest at not less than 3½ percent per annum shall be figured on power in the determination of power rates appears to the committee to be too high. It may well be that with respect to a number of projects interest should be figured at 3½ percent or perhaps at an even higher rate. However, as a "floor" below which the interest rate cannot go 3½ percent is considered excessive. Accordingly the committee has adopted an amendment revising the minimum rate to 3 percent.

The House committee amended section 9 (c) of H. R. 6984 by striking from that part of section 9 (c) which deals with the disposal of surplus power available on reclamation projects the proviso which reads:

"*Provided further*, That in said sales or leases preferences shall be given to municipalities and other public corporations or agencies and to cooperatives."

This proviso is considered by the committee to be in accord with the policy of Congress first incorporated into law in the act of April 16, 1906 (34 Stat. 116, 117), and reenacted in the act of February 24, 1911 (36 Stat. 930). The proviso in question does not change this long-continued policy under which surplus power from reclamation projects has been disposed of to the mutual satisfaction of privately and publicly owned utilities and without any controversy over the power questions which are such live issues in other parts of the country. It is therefore deemed appropriate that this proviso be included; and the committee has adopted an amendment to H. R. 6984, accordingly. So amended, section 9 (c) of H. R. 6984 will read the same as section 9 (c) of S. 2591.

The amendment recommended to be inserted on page 22, line 13, is designed merely to prevent the possibility of a repeal by implication of a special statute under which the Salt River project in Arizona and certain other projects operate. It has not been intended by this bill to alter the present arrangements on these projects, and the amendment is merely a clarifying one.

The letter of the Acting Secretary of the Interior, which follows, sets forth his views on the proposed legislation and contains a full explanation of the provisions of the bill.

INTERIOR DEPARTMENT,
Washington, June 9, 1939.

The PRESIDENT OF THE SENATE.

SIR: Transmitted herewith is a draft of proposed legislation to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes.

The enclosed draft of bill, for the most part, deals with the repayment of the construction costs of United States reclamation projects. This subject was investigated and reported on by the Commission created by the Congress in the act of August 21, 1937 (50 Stat. 737). The Commission's report was made to Congress on May 18, 1938, and was printed as House Document No. 673, Seventy-fifth Congress, third session. The report of the Commission has been carefully studied by this Department and has been given consideration by various organizations of western irrigation interests. This Department has considered the recommendations of the Commission and the comments thereon made by various irrigation interests, in the light of the repayment policy established by the Congress when it created the reclamation fund and initiated the Federal irrigation program by the act of June 17, 1902 (32 Stat. 388). The product of this departmental consideration is the enclosed draft of proposed legislation which I recommend for prompt and favorable consideration by the Congress.

The bill, if enacted, would provide legislative authority for modifying existing contracts in accordance with an equitable and flexible plan for the repayment of construction charges on United States reclamation projects. The proposed plan provides for variation in the annual payments of construction charges in accordance with variations in the water users' ability to pay, without detriment to the established repayment policy that underlies the existing reclamation laws.

Due to the fact that the existing contracts for repayment of construction charges on United States reclamation projects are of a great variety, having been made under several different acts of Congress, it has been possible to prepare a draft of bill of general application only by resort to relatively technical and complicated language.

In the following paragraphs the salient points of the proposed legislation are explained.

Section 3 would provide for a type of slight modification of existing contracts which is desired on several projects. There are a number of repayments contracts which still call for repayment of construction charges on the basis of definite repayment periods of less than 40 years, although a 40-year period has been recognized as proper since the act of May 25, 1926 (44 Stat. 636). Many of the water users obligated under these contracts need and desire only such modification of their existing repayment plans as would provide for the payment of the unaccrued balances of their construction charges on the basis of longer definite repayment periods. Section 3 would authorize such modifications, subject to the limitations that any such longer definite period for the payment of the unaccrued construction charges shall not exceed the basis of a 40-year period, and that in no event shall the unexpired part of any such longer period exceed double the number of remaining years in which the unaccrued charges would become due and payable under the existing obligations. For example, if an existing obligation is to pay construction charges, amounting in all to $100, on the basis of a 20-year period with equal annual installments, the charges each year are $5. On the basis of a 40-year period the charges each year would be $2.50. If under the existing obligation the unaccrued charges, including those deferred under moratoria acts, were $25, and if the remainder of the original repayment period as extended by moratoria were 5 years, then under section 3 the longer definite period for payment of the $25 balance could not exceed 10 years.

Section 4 would provide a comprehensive plan for the annual variation of payments of construction charges in response to variations in the water users' ability to pay, a so-called normal and percentages repayment plan. Under a contract entered into pursuant to section 4 the following-described steps would be taken:

The unaccrued construction charges on the lands to be covered by the new contract would be merged in a total and general repayment obligation of the organization making the contract. These unaccrued construction charges are payable at present under a variety of forms of obligations. There are still some individual water-right applications and these do not have the same repayment periods, even though they relate to the same project. This is due to the fact that water-right applications may have been made in each year of perhaps a 5- to 20-year period during which the numerous tracts of land on a project were progressively put under irrigation. On other projects where the construction charges are the primary obligation of an irrigation district or other form of water users' organization there may be several contracts with the district or organization bearing different dates. All of such charges covered by a new contract would be merged and the total general obligation of the contracting organization would be arranged in installments on a schedule determined by the Secretary of the Interior to be an equitable and practicable consolidation of the existing obligations. Determination of this schedule might involve, in some cases, an appropriate rearrangement of charges. If, for example, a district received a moratorium as to 50 percent of the charges due and payable for the year 1936 and received similar relief for the year 1937 the two deferments might be combined in the schedule established under section 4, making up a full installment for one of the years on the schedule.

In determining a schedule of installments for unaccrued construction charges payable under contracts entered into pursuant to the so-called Fact Finders' Act, act of December 5, 1924 (43 Stat. 672, 701), an amount of gross crop returns, for the purpose of determining the schedule of installments, would be fixed and utilized. For example, if $45 were the unaccrued balance per acre under such a contract, and if $30 per acre were fixed as the gross crop returns per acre for the purpose of the determination, then 5 percent of $30, or $1.50 per acre per annum, would be the annual installment, and would be so scheduled over a period of 30 years. Each year the installment of $1.50 per acre would be increased or decreased under the normal and percentages plan.

On projects where existing repayment contracts are in part under the Fact Finders' Act, and in part under other acts of the Federal reclamation laws, the unaccrued charges could be merged into two general obligations, one for each type of contract.

Section 4 (c) would provide for taking each year a census of annual gross crop returns per acre of the area in cultivation, a procedure which is now followed on practically all projects, and would provide that the normal returns for each year shall be determined. The normal returns would be determined by averaging the 10 best years out of 13 years, using the year for which the determination is made and the preceding 12 years. The average would be weighted; that is, consideration would be given to annual variations in the areas cultivated. By eliminating the 3 lowest years of the 13-year period, the normal returns used in the plan as a basis would not reflect, to the disadvantage of the water users, those years in which because of adverse climatic conditions or market prices the gross crop returns were extremely low.

Each year the contracting organization would be required to pay as construction charges the amount of the installment for the particular year as stated on the schedule of installments determined under section 4 (b), increased or decreased in accordance with the normal and percentages plan. The amount of any such increase or decrease would be determined as follows: The percent of the normal returns for the year involved by which the annual returns of that year are greater or less than the nomal returns would be determined, and for each percent that the annual returns are greater or less than the normal returns there would be a 2 percent increase or decrease in the installment for that year. For purposes of illustation, if the normal returns for a project contract unit in the year 1944 should be $30, and the annual crop returns of that year should be $20, then the annual returns being 33⅓ percent less than the normal returns there would be a 66⅔-percent reduction in the installment of the organization's obligation scheduled for that year. If the organization's installment for 1944 were $45,000, under the normal and percentages plan only $15,000 would be required to be paid as construction charges for that year. Under the provisions of section 4 (e) the unaccrued balance of the installment—that is, $30,000—would be included in those subsequent installments of the organization's obligation to which the amount could be added equitably, or would be established as an installment or parts of installments of years subsequent to the last year for which an installment was provided on the schedule fixed under section 4 (b). However, by reason of express limitation in section 4 (e) an installment could not thereunder be revised to or established in an amount exceeding the largest installment determined under section 4 (b). In a year when the crop returns were in excess of the normal returns for such year the amount of the installment would be increased under this same procedure. There would be contract provisions for offsetting increases and decreases in the installments.

Section 4 (g) would require payment of an additional charge of 3 percent per annum on the balance of the organization's obligation which has not, by the last year for which an installment was scheduled under section 4 (b), accrued under the normal and percentage plan. The payment of this additional charge would offset any detriment to the reclamation fund in the event that, under the normal and percentages plan, installments are decreased more than they are increased.

Section 5 would authorize the Secretary of the Interior, in his discretion, to require that contracts entered into pursuant to the new legislation provide for collection and payment of construction charges on dates substantially contemporaneous with the dates when water users receive their crop returns. Such provisions are necessary to the most effective functioning of any repayment plan. Some existing repayment contracts permit a considerable lag between the time when crop returns are received and the time when construction charges must be paid. In order to prevent inequitable pyramiding of installments when the rearrangement of dates becomes effective, the Secretary would be permitted to provide necessary deferments.

Under section 6 provision would be made for proper accounting, for protection of the irrigation works and the farm lands in the project, and for penalties on delinquencies.

The repayment problems in connection with some projects are unique. Such projects may need specialized amendatory contracts and authority to negotiate them would be granted by section 7. This section expressly provides, however, that the Secretary of the Interior shall not execute any such special contract unless and until approval of the proposed contract has been given by act of Congress.

Classification and reclassification of farm lands on the projects is a matter that has been of concern for several years. The commission created by the act of August 21, 1937, recommended careful consideration of this subject. The land-classification problems that merit consideration are rooted in a variety of factual situations. Therefore, the most feasible method of handling such problems is to provide for classifications and reclassifications on projects where such work apparently is justified and to have reports and recommendations, based on such work, made to the

Congress. The water-users' organizations should bear half the cost of such work, and the other half should be borne by the United States. No adjustment of any repayment contract should be made by reason of any such classification or reclassification, except pursuant to an act of Congress. Section 8, providing for classifications and reclassifications, has been drafted accordingly.

Section 9 relates to the construction of new projects, new divisions of projects, and new supplemental works on projects. The provisions of this section would require, as a condition precedent to the authorization of any such construction or to the expenditure of moneys therefor, findings by the Secretary of the Interior as to any appropriate allocations of the estimated costs to irrigation, power, and miscellaneous purposes and a report thereon submitted by him to the President and the Congress. Such allocations for flood control or navigation as the Secretary of the Interior might find to be proper, on consultation with the Chief of Engineers and the Secretary of War, would be permitted. Any such construction would be deemed authorized by this section only if the total amount of the allocations made for the above-mentioned purposes were equal to the estimated cost of construction. The provisions of this section are substantially in accordance with recent special acts of Congress relating to multiple-purpose projects constructed by the Bureau of Reclamation and would give effect to sound public policy. They recognize the widespread and multiple benefits derived from construction under the reclamation program and provide for an equitable and more widespread distribution of the costs of those benefits.

Section 9 would provide also for return to the United States of the costs allocated by the Secretary of the Interior to irrigation, power, and miscellaneous purposes. The contracts covering return of the costs allocated to irrigation could be made, in general, on either of the alternative plans provided in sections 3 and 4 for existing projects.

The provisions of sections 10 to 14, inclusive, would permit more economical and orderly construction and operation and maintenance of reclamation projects than is possible under existing laws.

In order to allow time for negotiating and consummating modification of existing contracts, section 17 (a) would permit modification of such contracts under sections 3 and 4 of the legislation for 5 years from the date of enactment. As a temporary measure to permit needed relief pending negotiation of such amendatory contracts, section 17 (b) would extend for 5 years the authority of the Secretary of the Interior which has been granted by the act of May 31, 1939 (Public, No. 97, 76th Cong., 1st sess.), which authorizes further relief to water users on United States and Indian reclamation projects.

The other sections and provisions of the enclosed draft of proposed legislation are clearly self-explanatory. It will be noted that the draft makes no provision for Indian reclamation projects. This omission is because existing acts of Congress, the act of July 1, 1932 (47 Stat. 564), and the act of June 22, 1936 (49 Stat. 1803), are deemed to contain adequate authority for comprehensive consideration and adjustment of the repayment problems on Indian projects. There are at present pending before the Congress several bills that are the product of administrative action taken under the acts referred to above.

The proposed legislation is consonant with the repayment policy that underlies the Federal reclamation program. If enacted, it will provide the flexibility that is necessary in order to vary payments of construction charges so that they can be met regularly and fully from year to year during periods of decline in agricultural income and unsatisfactory conditions of agriculture as well as during periods of prosperity and good prices for agricultural products. It is a natural result of the legislative and administrative experience accumulated in the 37 years since initiation of the Federal reclamation program in 1902. In accordance with the congressional direction given in the act of August 21, 1937, it would, if enacted, bring the general body of Federal reclamation laws into accord with the present-day conditions and requirements. It is urgently needed, and I recommend strongly that it be enacted.

I am advised by the Bureau of the Budget that the proposed legislation would not be in conflict with the program of the President.

Sincerely yours,

HARRY SLATTERY,
Acting Secretary of the Interior.

The table, ordered to be printed on request of Mr. O'MAHONEY, is as follows:

Status of the reclamation fund, May 31, 1939

	Amount
Accretions:	
Sales of public lands	$112,918,424.76
Oil royalties and rentals	88,293,098.05
Potassium royalties	465,110.39
Federal water-power licenses	802,590.91
Total accretions	202,479,224.11
Bond loan	25,000,000.00
Collections	124,202,096.83
Grand total	351,681,320.94
Cash withdrawals:	
Repayment of bond loan	25,000,000.00
Disbursements	304,232,091.28
Balance May 31, 1939	22,449,229.66

Mr. O'MAHONEY. I move that the Senate insist upon its amendments, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ADAMS, Mr. O'MAHONEY, and Mr. GURNEY conferees on the part of the Senate.

JOHN A. FARRELL

The bill (S. 1977) for the relief of John A. Farrell was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to (1) permit John A. Farrell to withdraw the final proof made by him upon his homestead entry Great Falls 076763, (2) rescind the cancelation of such entry, (3) restore such entry to a pending status, and (4) extend for 3 years from the date of enactment of this act the period during which said John A. Farrell may submit final proof with respect to compliance with residence requirements applicable to such entry.

AMENDMENT OF COPYRIGHT LAWS

The bill (S. 2689) to amend section 33 of the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, and for other purposes, was announced as next in order.

Mr. AUSTIN. Mr. President, I ask for an explanation of this bill. Does it refer to infringement? If so, why is the language used "as conditions precedent to exclusion of any work in which copyright is claimed"?

Mr. CLARK of Idaho. Mr. President, I shall be glad to explain the bill for the benefit of the Senator from Vermont and others.

This bill is purely administrative. Under existing law the Secretary of the Treasury and the Postmaster General are charged with the duty of prohibiting the importation of piratical works on which copyrights are held by Americans. Frequently American-copyrighted books, pictures, and other things are reproduced abroad and shipped into the United States. It is very difficult, however, for the Secretary of the Treasury and the Postmaster General to administer the law at present, for the reason that there is only one Catalog of Copyrights, which is apparently indexed in a way that is not suitable to ready reference by the Secretary of the Treasury and the Postmaster General, and it has become almost impossible, in using this catalog, to discharge the duty imposed on them by existing law of keeping out these piratical works.

The pending bill merely provides that the Secretary of the Treasury and the Postmaster General may make such rules and regulations as will compel any author or copyright owner to file with the Secretary of the Treasury a certificate that he owns the copyright and has complied with the copyright laws, in order that the Secretary of the Treasury and the Postmaster General may compile their own index, or catalog, for the purpose of excluding piratical works from abroad. If an author does not file such a certificate, then to that extent the existing law is amended so that he is not protected.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. CLARK of Idaho. I yield.

Mr. AUSTIN. As I understand the explanation, the language to which I called attention means "as conditions precedent to exclusion of any work in which copyright is claimed" by others than the importer. In other words, as I read the bill, I first thought that the claim referred to was the claim of the importer, but now I understand from the explanation made by the distinguished Senator from Idaho that it means something else, that is that the claim is by others than the importer. Is that correct?

Mr. CLARK of Idaho. Yes; it is by the copyright owner.

Mr. AUSTIN. Assume that the copyright owner is the importer, what then?

Mr. CLARK of Idaho. He could not be. The copyright owner in this country is imposed upon when a work which he has copyrighted is reproduced abroad and is smuggled in.

Mr. AUSTIN. Does not the Senator recognize that there can be such a condition that the valid owner of a copyright is the importer?

Mr. CLARK of Idaho. Of course, then it would not be a piratical work. Then there would be no duty on the Secretary of the Treasury or the Postmaster General to prevent the importation.

Mr. AUSTIN. I understand that, but we would have confusion, would we not, because there would be someone in the United States also claiming title to the copyright. I suggest to the Senator that he consider adding words which would make clear what the sentence means, namely, the words, "by others than the importer."

Mr. CLARK of Idaho. I see the point of the Senator from Vermont. The bill was carefully prepared by the attorneys of the Post Office Department and the Treasury Department; but I have no objection, if the Senator feels that there may be some lack of clarity in the bill, to having it go over for further consideration.

Mr. BONE. Mr. President, I have just come into the Chamber, and I did not hear the objection raised by the Senator from Vermont. Will he be kind enough to restate it?

Mr. AUSTIN. Certainly.

Mr. BONE. I wish to repeat what the Senator from Idaho has stated, that this is merely an administrative matter. The counsel for both departments, facing the vexatious problems they have in ascertaining what is what in this vast and illimitable field, are trying to have some orderly procedure set up.

Mr. AUSTIN. The subject matter of the bill is a copyrighted article of a certain class or kind, namely, a copyrighted article, the copyright on which is claimed by others than the importer, if the explanation of the bill is to be followed; but it does not so provide, and I merely suggest that certain words be added.

Mr. BONE. It refers to the copyright proprietor.

Mr. AUSTIN. That is the confusion. Who is the copyright proprietor?

Mr. BONE. The man who owns the copyright. He is the only one who is really injured.

Mr. AUSTIN. Suppose an importer owns the copyright, and a person here claims the copyright also. If this is not cleared up to take care of controversies over copyrights, it is of no benefit at all.

Mr. BONE. Of course, we have merely done what the departments have suggested out of the wisdom of their ablest legal advisers.

Mr. CLARK of Idaho. If the Senator will permit me, this bill merely requires the owner of the copyright, the proprietor of the copyright, whether he be importer or anyone else, to file evidence with the Department, in the form of a certificate, that he does own a certain copyright. If he files such a certificate, then the departments will undertake to enforce the duties now imposed upon them by the law, and can do so effectively, because they will prepare a catalog. I do not quite understand the Senator's objection.

Mr. AUSTIN. I have not objected.

Mr. CLARK of Idaho. I do not mean that the Senator objected; I refer to the Senator's query.

Mr. AUSTIN. When I first read this phrase, "as conditions precedent to exclusion of any work in which copyright is claimed" I interpreted it to mean by the importer. That is the way I construed it. Perhaps there are others equally dumb, and instead of clarification we might have confusion growing out of the amendment.

Mr. BONE. The enforcing officers, who are charged under the general statute with the duty of attempting to exclude foreign piratical matter, suggested this language as sufficiently broad to protect American authors. What we are trying to do is to protect Americans from the influx of piratical stuff, and if the language is not sufficiently broad, they can come to us later and ask us to do something else.

Mr. AUSTIN. It is not a question of broadness at all; it is a question of confusion.

Mr. BONE. I do not like to sit in judgment on departmental lawyers who say this is what they want, since it is purely administrative.

Mr. AUSTIN. I suggest that the bill go over.

Mr. McKELLAR. Mr. President, let me ask the Senator from Idaho, Do both the Secretary of the Treasury and the Postmaster General approve the bill?

Mr. CLARK of Idaho. As a matter of fact, they sent it to us.

Mr. BONE. The Departments sent the bill to the Congress with an apostolic blessing and said this would give them the law wherewith to protect American authors.

Mr. AUSTIN. Mr. President, I have great respect for the departments and for the judgment of their counsel, but I ask that the bill go over on account of my lack of judgment. [Laughter.]

Mr. BONE. I would not want the RECORD to show that.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

DETENTION OF ALIENS ORDERED DEPORTED

The bill (H. R. 5643) to invest the circuit courts of appeals of the United States with original and exclusive jurisdiction to review the order of detention of any alien ordered deported from the United States whose deportation or departure from the United States otherwise is not effectuated within 90 days after the date the warrant of deportation shall have become final, to authorize such detention orders in certain cases, to provide places for such detention, and for other purposes, was announced as next in order.

Mr. DANAHER. Let the bill go over.

Mr. BURKE. Mr. President, I wish to say just a word about this bill. It was reported by the Senate Committee on the Judiciary, of which I am a member; and lest the reporting of the bill and its appearance on the calendar might indicate that there was unanimous action by the Committee on the Judiciary, I wish to say on behalf of myself and for other members of the committee who did not happen to be present on the day when the bill was reported that this is by no means the unanimous action of the Senate Committee on the Judiciary. Personally, I feel that it is a very vicious bill; certainly it can never pass by unanimous consent, and I hope it will never pass in any way.

Ostensibly the bill is a reasonable measure, providing as to certain classes of alien criminals who have served terms in prison in punishment for crimes which they have committed in this country, and are subject to deportation, if it develops that the country to which they should be deported will not receive them, they may be continued in confinement. Under the terms of the bill a man who has committed an offense against our laws may serve the full penalty of imprisonment provided by the law, and then remain in prison for the remainder of his life because he happens to be an alien and subject to deportation and the country to which he should be deported will not receive him. I am unalterably opposed to the bill; but I understand it has already been objected to.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1725) relating to the acquisition of the site for the post-office building to be constructed in Poplarville, Miss.

The message also announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 188. An act to provide for the administration of the United States courts, and for other purposes;

S. 504. An act to provide a right-of-way;

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States;

S. 1878. An act to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes; and

S. 2150. An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and

monopolies, and for other purposes", particularly with reference to interlocking bank directorates, known as the Clayton Act.

The message further announced that the House had passed the following bills, severally with amendments, in which it requested the concurrence of the Senate:

S. 18. An act authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, and reopening such lands to mineral entry;

S. 770. An act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment and operation of a fish hatchery, and for other purposes;

S. 1558. An act to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes; and

S. 2170. An act to improve the efficiency of the Lighthouse Service, and for other purposes.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 2001. An act for the equalization of letter carriers;

H. R. 3560. An act validating a certain conveyance heretofore made by the Southern Pacific Railroad Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in the town of Indio, in the county of Riverside, State of California, acquired under section 23 of the act of March 3, 1871 (16 Stat. 573);

H. R. 4932. An act to amend the act of March 3, 1879, as amended;

H. R. 5450. An act to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed;

H. R. 5764. An act to provide for the establishment of a cemetery within the Crab Orchard Creek Dam Project, Williamson County, Ill.;

H. R. 5906. An act to repeal the prohibition against the filling of a vacancy in the office of district judge for the southern district of New York;

H. R. 6039. An act to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes;

H. R. 6045. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon;

H. R. 6268. An act to authorize the Commissioner of Internal Revenue to make certain allowances for losses by leakage and evaporation upon withdrawal of packages of brandy or fruit spirits under certain conditions;

H. R. 6273. An act to exempt certain motorboats from the operation of sections 4 and 6 of the Motor Boat Act of June 9, 1910, and from certain other acts of Congress, and to provide that certain motorboats shall not be required to carry on board copies of the pilot rules;

H. R. 6479. An act amending section 2857 of the Distilled Spirits Act;

H. R. 6555. An act to amend the act of March 28, 1928 (45 Stat. 374), as amended, relating to the advance of funds in connection with the enforcement of acts relating to narcotic drugs, so as to permit such advances in connection with the enforcement of the Marihuana Tax Act of 1937, and to permit advances of funds in connection with the enforcement of the customs laws;

H. R. 6556. An act to provide for the seizure and forfeiture of vessels, vehicles, and aircraft used to transport narcotic drugs, firearms, and counterfeit coins, obligations, securities, and paraphernalia, and for other purposes;

H. R. 6585. An act to provide for the disposition of certain records of the United States Government;

H. R. 6618. An act to provide for the registration of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes;

H. R. 6672. An act to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747);

H. J. Res. 123. Joint resolution to provide for the utilization of a part of the unfinished portion of the historical frieze in the rotunda of the Capitol to portray the story of aviation;

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

The message returned to the Senate, in compliance with its request, the bill (S. 2662) authorizing the Secretary of the Treasury to convey an easement in certain lands to the city of New York, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 26. An act to empower the President of the United States to create new national-forest units and make additions to existing national forests in the State of Montana;

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes; and

S. J. Res. 118. Joint resolution to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

AMENDMENT OF CLAYTON ANTITRUST ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act.

Mr. GLASS. I move that the Senate disagree to the House amendment, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WAGNER, Mr. GLASS, and Mr. TOWNSEND conferees on the part of the Senate.

EASEMENT WITH RESPECT TO LANDS IN NEW MEXICO

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1558) to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes.

Mr. HATCH. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HATCH, Mr. MURRAY, and Mr. HOLMAN conferees on the part of the Senate.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred or ordered to be placed on the calendar, as indicated below:

H. R. 2001. An act for the equalization of letter carriers; and

H. R. 4932. An act to amend the act of March 3, 1879, as amended; to the Committee on Post Offices and Post Roads.

H. R. 3560. An act validating a certain conveyance, heretofore made by the Southern Pacific Railroad Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in the town of Indio, in the county of Riverside, State of California, acquired under section 23 of the act of March 3, 1871 (16 Stat. 573); to the Committee on Public Lands and Surveys.

H. R. 5450. An act to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed;

H. R. 6268. An act to authorize the Commissioner of Internal Revenue to make certain allowances for losses by leakage and evaporation upon withdrawal of packages of brandy or fruit spirits under certain conditions;

H. R. 6479. An act amending section 2857 of the Distilled Spirits Act;

H. R. 6555. An act to amend the act of March 28, 1928 (45 Stat. 374), as amended, relating to the advance of funds in connection with the enforcement of acts relating to narcotic drugs, so as to permit such advances in connection with the enforcement of the Marihuana Tax Act of 1937, and to permit advances of funds in connection with the enforcement of the customs laws; and

H. R. 6556. An act to provide for the seizure and forfeiture of vessels, vehicles, and aircraft used to transport narcotic drugs, firearms, and counterfeit coins, obligations, securities, and paraphernalia, and for other purposes; to the Committee on Finance.

H. R. 5906. An act to repeal the prohibition against the filling of a vacancy in the office of district judge for the southern district of New York; to the Committee on the Judiciary.

H. R. 6039. An act to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes; to the calendar.

H. R. 6273. An act to exempt certain motorboats from the operation of sections 4 and 6 of the Motor Boat Act of June 9, 1910, and from certain other acts of Congress, and to provide that certain motorboats shall not be required to carry on board copies of the pilot rules; to the Committee on Commerce.

H. R. 6618. An act to provide for the registration of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes; to the Committee on Patents.

H. R. 6585. An act to provide for the disposition of certain records of the United States Government; and

H. J. Res. 123. Joint resolution to provide for the utilization of a part of the unfinished portion of the historical frieze in the rotunda of the Capitol to portray the story of aviation; to the Committee on the Library.

H. R. 5764. An act to provide for the establishment of a cemetery within the Crab Orchard Creek Dam project, Williamson County, Ill.;

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture and Forestry.

TIME FOR HOLDING COURT AT ROCK HILL AND SPARTANBURG, S. C.

The Senate proceeded to consider the bill (S. 2262) to provide for a change in the time for holding court at Rock Hill and Spartanburg, S. C., which was read, as follows:

Be it enacted, etc., That section 105 of the Judicial Code, as amended (U. S. C., title 28, sec. 186), be, and the same is hereby, amended to read as follows:

"SEC. 105. The State of South Carolina is divided into two districts to be known as the eastern and western districts of South Carolina.

"The western district shall include the territory embraced on the 1st day of July 1910 in the counties of Abbeville, Anderson, Cherokee, Chester, Edgefield, Fairfield, Greenville, Greenwood, Lancaster, Laurens, Newberry, Oconee, Pickens, Saluda, Spartanburg, Union, and York.

"The western district of South Carolina is divided into five divisions, to be known as the Anderson, Greenville, Greenwood, Rock Hill, and Spartanburg divisions. The Anderson division shall include the territory embraced in the counties of Anderson, Oconee, and Pickens. The Greenville division shall include the territory embraced in the counties of Greenville and Laurens. The Greenwood division shall include the territory embraced in the counties of Abbeville, Edgefield, Greenwood, McCormick, Newberry, and Saluda. The Rock Hill division shall include the territory embraced in the counties of Chester, Fairfield, Lancaster, and York. The Spartanburg division shall include the territory embraced in the counties of Cherokee, Spartanburg, and Union. The terms of the district court for the Anderson division shall be held at Anderson, for the Greenville division at Greenville, for the Greenwood division at Greenwood, for the Rock Hill division at Rock Hill, and for the Spartanburg division at Spartanburg. Terms of the district court for the western district shall be held at Greenville on the first Mondays in April and October; at Rock Hill the second Monday in March and the first Monday in September; at Greenwood the first Mondays in February and November; at Anderson the fourth Mondays in May and November; and at Spartanburg on the third Monday in February and the second Monday in September.

"The eastern district shall include the territory embraced on the 1st day of July 1910 in the counties of Aiken, Bamberg, Barnwell, Beaufort, Berkeley, Calhoun, Charleston, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Dorchester, Florence, Georgetown, Hampton, Horry, Kershaw, Lee, Lexington, Marion, Marlboro, Orangeburg, Richland, Sumter, and Williamsburg.

"The eastern district of South Carolina is divided into five divisions, to be known as the Aiken, Charleston, Columbia, Florence, and Orangeburg divisions. The Aiken division shall include the territory embraced in the counties of Aiken, Allendale, Barnwell, and Hampton. The Charleston division shall include the territory embraced in the counties of Beaufort, Berkeley, Charleston, Clarendon, Colleton, Dorchester, and Jasper. The Columbia division shall include the territory embraced in the counties of Kershaw, Lee, Lexington, Richland, and Sumter. The Florence division shall include the territory embraced in the counties of Chesterfield, Darlington, Dillon, Florence, Georgetown, Horry, Marion, Marlboro, and Williamsburg. The Orangeburg division shall include the territory embraced in the counties of Calhoun, Bamberg, and Orangeburg. The terms of the district court for the Aiken division shall be held at Aiken, for the Charleston division at Charleston, for the Columbia division at Columbia, for the Florence division at Florence, and the Orangeburg division at Orangeburg.

"Terms of the district court for the eastern district shall be held at Charleston on the second Monday in October, the third Monday in January, and the fourth Monday in May; at Columbia on the first Monday in November and the third Monday in March; at Florence on the first Monday in December and the fourth Monday in April; at Aiken on the fourth Monday in September and the second Monday in February; and at Orangeburg on the third Monday in November and the second Monday in April: *Provided*, That facilities for holding court at Orangeburg are furnished free of expense to the United States. The office of the clerk of the district court for the western district shall be at Greenville and the office of the clerk of the district court for the eastern district shall be at Charleston.

"All criminal cases shall be tried in the division in which the offense was committed, unless upon proper showing the venue would be changed by the judge from one division to another, and this change be made only upon affidavits and motion made in open court after 4 days' notice to the adverse party."

Mr. KING. Mr. President, I assume this bill does not call for the appointment of a judge, and does not create a new judicial district. Under that assumption I have no objection, but if it should appear that a new judicial district is to be created or a new judge is to be appointed, I shall ask for reconsideration.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JUDGMENT FUND OF THE SHOSHONE TRIBE, WYOMING

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1878) to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes, which was, on page 7, line 2, to strike out all after "tribe" down to and including the word "authorized" in line 5.

Mr. O'MAHONEY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

BILLS PASSED OVER

The bill (S. 2573) to amend the Agricultural Adjustment Act of 1938, as amended; for the purpose of regulating interstate and foreign commerce in rice and providing for the orderly marketing of rice at fair prices in interstate and foreign commerce, was announced as next in order.

Mr. VANDENBERG. I ask that the bill be passed over.

Mr. SCHWELLENBACH. Mr. President, the junior Senator from Louisiana [Mr. ELLENDER] is the author of the bill.

He was obliged to attend a committee meeting and requested me to ask that the bill be passed over when it was reached on the calendar.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2225) to create a new group within the Air Corps, Regular Army, with the designations of junior flight officers, flight officers, and senior flight officers, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

ACCEPTANCE OF DECORATION BY LEONHARD STEJNEGER

The bill (S. 2526) to authorize Leonhard Stejneger, of the United States National Museum, to accept certain decoration from the Norwegian Government, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Leonhard Stejneger, of the United States National Museum, be authorized to accept and wear the decoration of Commander of the Royal Norwegian Order of St. Olav, tendered him by the Norwegian Government in recognition of his scientific work, and further that the Department of State be authorized to deliver said decoration to the said Leonhard Stejneger.

JOINT RESOLUTION PASSED OVER

The joint resolution (H. J. Res. 315) to provide for the adjudication by a commissioner of claims of American nationals against the Government of the Union of Soviet Socialist Republics, was announced as next in order.

Mr. KING. I ask that the joint resolution be passed over.

The PRESIDING OFFICER. The joint resolution will be passed over.

LOUIS SIMONS

The bill (S. 2252) for the relief of Louis Simons was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Louis Simons, of Hampton Beach, N. H., the sum of $599, in full satisfaction of his claim against the United States for damages for personal injuries and property damages sustained by him on March 4, 1937, as the result of certain blasting operations conducted on a Works Progress Administration project in Amesbury, Mass.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with such claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with such claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

JESSE CLAUD BRANSON

The Senate proceeded to consider the bill (S. 1211) for the relief of Jesse Claud Branson, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the words "sum of", to strike out "$5,000" and insert "$3,000"; and on page 2, line 1, after the word *"Provided"*, to strike out: "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000" and insert: "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jesse Claud Branson, of Kansas City, Mo., the sum of $3,000. Said sum shall be in full settlement of his claim against the United States on account of damages sustained by him when he was injured and his automobile damaged by a United States rural mail carrier's automobile in a collision at the intersection of a side road with United States Route No. 50, about 2 miles east of Walton, Kans., on April 29, 1937: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LEESBURG WELDING & GARAGE CO.

The bill (S. 2289) for the relief of the Leesburg Welding & Garage Co., was announced as next in order.

Mr. KING. Mr. President, I ask the Senator from Wyoming to explain the bill and to state whether it provides a direct appropriation or merely an authorization.

Mr. SCHWARTZ. It authorizes the Secretary of the Treasury to pay. Does the Senator want me to explain the bill?

Mr. KING. My understanding is that the recommendation was adverse; that the matter ought to be submitted to the Court of Claims. That the Comptroller did not favor a direct appropriation.

Mr. SCHWARTZ. I do not understand it that way.

Mr. KING. There were so many conflicting circumstances that it was believed the matter should be adjudicated rather than that Congress should assume to pass a measure recognizing the validity of the claim.

Mr. SCHWARTZ. I fear the Senator has some other bill in mind. I will explain the bill if the Senator from Utah desires.

Mr. KING. I should like to have the Senator do so.

Mr. SCHWARTZ. The W. P. A. was carrying on some work in Florida, and the superintendent in charge of the work requested the Leesburg Welding & Garage Co. to make some repairs on cars. In the files of the committee are each one of the orders for the repairs. There is a large number of them. They total about $1,100. The Department finds that the work was done and the repairs were furnished, but the difficulty was that the superintendent who ordered the repairs did not have the legal authority to do so, and he proceeded to act in ignorance. No steps were taken to advertise the work that was being done from day to day.

Mr. KING. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. KING. The report reads in part as follows:

The record is such that it is impossible to determine whether the services and materials were in fact rendered and furnished as alleged, and if so rendered and furnished, the reasonable value thereof. In such circumstances I am unable to recommend favorable consideration of the proposed bill.

The character of the claim is such that it could be presented to the United States Court of Claims or the United States district court for the district in which the claimant company is located; and in view of the absence of official record as to the facts involved, it would seem that the claimant should be left to establish its claim by appropriate judicial proceedings.

That is the report signed by Fred H. Brown, Comptroller General of the United States. In view of that statement made by the Comptroller, I feel disposed to ask that the measure go over.

Mr. SCHWARTZ. If the Senator will yield a moment further. The work was performed at the direction of the superintendent, and it was performed under the Works Progress Administration, and the Works Progress Administration is the Bureau which knows about the merits of the matter. It was all predicated at the start on the fact that

this official did not have the authority to act, but he did so out of ignorance. The Works Progress Administration recommend the enactment of the measure in such amount as Congress may deem appropriate. The items themselves are not in dispute, so that we are in the situation that, knowing that there was a legal difficulty in the way, the Works Progress Administration finds that the work was ordered in good faith, and the work was performed, and there is no question about the value of the services rendered. Then we find this legal difficulty. In my judgment the Accounting Office has it only within its jurisdiction to say that there was no legal authority for the bill. There was no legal authority for the performance of the work, but it was all done in good faith, and therefore the committee and the W. P. A. recommended that the bill be paid.

Mr. ANDREWS. Mr. President, there is no question about the Government owing the amount in question. I ask the Senator from Utah not to press his objection. The close of the session is near at hand. The debt is an honest debt, and I see no reason why the Government should not pay it. The committee has reported the measure favorably. It has heard the testimony. I ask the Senator from Utah if he will please withdraw his objection, and let this honest debt be paid.

Mr. KING. Mr. President, that is a very stirring appeal. Fortunately, we have in the various departments men of character and ability. One of them is former Senator Fred H. Brown, who is now Comptroller General of the United States. He states that from the record it is impossible to determine whether the services and materials were in fact rendered or furnished as alleged, and he states that the character of the claim is of such a nature, so indefinite, that it ought to go to a judicial tribunal for the purpose of determining the validity of the claim. It seems to me it places Senators in rather an awkward position. They must determine whether to accept the recommendation of committees which perhaps did not have all the facts before them which some of the departments may have had, in order to reach the conclusions they submit.

I ask that the bill go over, and I will talk to the Senator further, and at the next call of the calendar I shall not object further to consideration of the bill. I desire to communicate with Mr. Brown or his assistants.

The PRESIDING OFFICER. On objection, the bill will be passed over.

DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF TEXAS

Mr. CONNALLY. Mr. President, earlier in the day the Senate passed Senate bill 2557, being Calendar No. 794, which relates to the time of holding court in the northern district of Texas. The matter is a simple one. Since the passage of the Senate bill an identical House bill, H. R. 6672, has come over from the House. Therefore, Mr. President, I ask unanimous consent that the vote by which the Senate bill 2557 was passed be reconsidered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. CONNALLY. I now ask that House bill 6672 be substituted for the Senate bill and considered at this time.

The PRESIDING OFFICER. The Chair lays before the Senate a bill coming over from the House of Representaitves.

The bill (H. R. 6672) to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747), was read twice by its title.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. CONNALLY. I ask that the Senate bill 2557 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 2557 is indefinitely postponed.

FRANK M. CROMAN

The bill (H. R. 3614) for the relief of Frank M. Croman was considered, ordered to a third reading, read the third time, and passed.

CAPT. CLYDE E. STEELE, UNITED STATES ARMY

The bill (H. R. 3623) for the relief of Capt. Clyde E. Steele, United States Army, was considered, ordered to a third reading, read the third time, and passed.

JOHN G. WYNN

The bill (H. R. 3730) for the relief of John G. Wynn was considered, ordered to a third reading, read the third time, and passed.

MARGUERITE KUENZI

The bill (H. R. 1883) for the relief of Marguerite Kuenzi was considered, ordered to a third reading, read the third time, and passed.

ANNA ELIZABETH WATROUS

The bill (H. R. 542) for the relief of Anna Elizabeth Watrous was considered, ordered to a third reading, read the third time, and passed.

W. E. R. COVELL

The bill (H. R. 2234) for the relief of W. E. R. Covell was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 2452) for the relief of George Slade was announced as next in order.

Mr. McKELLAR and Mr. KING asked that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

WALTER R. MAGUIRE

The bill (S. 2234) for the relief of Walter R. Maguire was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions and limitations of sections 15 to 20, both inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, the United States Employees' Compensation Commission be, and the same is hereby, authorized and directed to receive and consider, if filed within 6 months after the enactment of this act, the claim of Walter R. Maguire, of Dorchester, Mass., for disability alleged to have been caused by injuries sustained by him on August 3, 1936, while in the performance of his duties in the employment of the Navy Department at the Boston Navy Yard: *Provided*, That no benefits shall accrue prior to the approval of this act.

PRISCILLA M. NOLAND

The Senate proceeded to consider the bill (S. 1239) for the relief of Priscilla M. Noland, which had been reported from the Committee on Claims with amendments on page 1, line 6, after the words "sum of", to strike out "$3,785" and to insert "$765", and at the end of the bill to insert a proviso so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Priscilla M. Noland, of Seattle, Wash., the sum of $765, in full satisfaction of her claim against the United States for damages resulting from an accident involving a Government truck operated in connection with the Civilian Conservation Corps, while en route from Seattle, Wash., to Snoqualmie Falls, Wash., on June 25, 1938: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARGARET B. NONNENBERG

The bill (H. R. 3081) for the relief of Margaret B. Nonnenberg was considered, ordered for a third reading, read the third time, and passed.

MARY A. BRUMMAL

The bill (H. R. 4155) for the relief of Mary A. Brummal, was considered, ordered to a third reading, read the third time, and passed.

H. W. HAMLIN

The bill (H. R. 4391) for the relief of H. W. Hamlin, was considered, ordered to a third reading, read the third time, and passed.

MR. AND MRS. JOHN SHEBESTOK

The bill (H. R. 4440) for the relief of Mr. and Mrs. John Shebestok, parents of Constance and Lois Shebestok, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill from the Senator from Kansas?

Mr. CAPPER. Mr. President, the purpose of the proposed legislation is to pay to Mr. and Mrs. John Shebestok, of Cleveland, Ohio, the sum of $3,500 in full settlement of all claims against the United States for the death of their daughter, Constance Shebestok, and injuries received by their daughter, Lois Shebestok, as a result of being struck by a truck in the service of the Civil Works Administration, on December 15, 1933.

Mr. McKELLAR. Mr. President, I have examined the report, and I have no objection to the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

WILLIAM S. HUNTLEY

The bill (H. R. 4762), for the relief of William S. Huntley, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. CAPPER. Mr. President, the purpose of the proposed legislation is to pay to William S. Huntley, of St. Louis, Mo., the sum of $3,500 in full settlement of his claims against the United States on account of the death of his minor son, Irwin Huntley, who was killed when struck by a United States Department of Interior truck in the service of the Resettlement Administration, at or near Granite City, Ill., on May 30, 1937.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

JOSEPH F. TONDRE

The bill (S. 2250) for the relief of Joseph F. Tondre was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General is authorized and directed to allow credit in the accounts of Joseph F. Tondre, former United States marshal for the district of New Mexico, in the sum of $145.27, representing certain payments made by him during the period 1930 to 1933, inclusive, credit for which was disallowed by supplemental certificate of settlement No. G–88033–J, dated March 23, 1938.

ALAN C. WINTER, JR., AND ELIZABETH WINTER

The Senate proceeded to consider the bill (S. 1649) for the relief of Alan C. Winter, Jr., and Elizabeth Winter, which had been reported from the Committee on Claims, with an amendment, at the end of the bill to insert a proviso so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Alan C. Winter, Jr., and Elizabeth Winter, his wife, the sum of $633.17, in full satisfaction of all their joint and several claims against the United States for damages resulting from personal injuries received by them, and incidental damages, on February 4, 1937, in the city of Jacksonville, Fla., on account of collision of automobile in which they were riding with a truck operated by a member of the Civilian Conservation Corps: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ESTATE OF JOHN B. BRACK

The bill (H. R. 2480) for the relief of the estate of John B. Brack was considered, ordered to a third reading, read the third time, and passed.

ELBERT R. MILLER

The bill (H. R. 2687) for the relief of Elbert R. Miller was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 7093) to provide for the rank and title of lieutenant general of the Regular Army, was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

JOHN MARINIS, NICOLAOS ELIAS, IHOANIS OR JEAN DEMETRE VOTSITSANOS, AND MICHAEL VOTSITSANOS

The bill (S. 2027) for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos was announced as next in order.

Mr. ANDREWS. Mr. President, Senate bill 2027 is identical with House bill 5494, Calendar No. 871. I ask that House bill 5494 be substituted for Senate bill 2027, and that it be now considered.

There being no objection, the bill (H. R. 5494) for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos was considered, ordered to a third reading, read the third time, and passed.

Mr. ANDREWS. I ask that Senate bill 2027 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 2027 is indefinitely postponed.

EXEMPTION FROM TAXATION OF CERTAIN PROPERTY

The bill (S. 2139) to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the property situated in square 153, in the city of Washington, D. C., described as lot 804, owned, occupied, and used by the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes, and known as the International Student House, is hereby exempted from all taxation so long as the same is owned, occupied, and maintained without profit by the American Friends Service Committee as a residence for students attending educational institutions in the District of Columbia, and primarily as a residence for students of foreign birth attending such institutions, subject to the provisions of section 8 of the act of March 3, 1877, as amended and supplemented (D. C. Code, title 20, sec. 712), providing for exemptions of church and school property.

RETIREMENT PRIVILEGES FOR RESERVE OFFICERS

The bill (H. R. 6070) to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.), was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. JOHNSON of Colorado. On April 3, 1939, the Congress passed an act giving Reserve officers, after they had been called to service for more than 30 days, the same retirement privileges that were available to Regular Army officers. On April 20 the President sent a message to the Congress asking us to make an exemption of Reserve officers who were serving in the C. C. C. camps. That is what the bill does. The President gave as his reason that Reserve officers serving in C. C. C. camps were practically in civilian service, and that they were not doing Regular Army work. So far as I know, there is no objection whatever to the bill.

The President wants it, the Reserve officers want it, and everyone else wants it.

Mr. KING. As I understand, the bill places such Reserve officers in the status of civilian employees.

Mr. JOHNSON of Colorado. That is correct insofar as retirement is concerned.

Mr. HILL. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. HILL. The bill effects a saving to the Government.

Mr. JOHNSON of Colorado. It does.

Mr. KING. If it does, we should pass it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 5681) to authorize the Federal Surplus Commodities Corporation to purchase and distribute surplus products of the fishing industry was announced as next in order.

Mr. DANAHER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

COPYRIGHT REGISTRATION OF COMMERCIAL PRINTS AND LABELS

The bill (H. R. 153) to transfer jurisdiction over commercial prints and labels, for the purpose of coyright registration, to the Register of Copyrights was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. WHITE. Mr. President, the bill effects a purpose which I think has been approved by every Register of Copyrights and every Commissioner of Patents for many years. It has had the approval of the American Bar Association, the Brookings Institution, and other institutions interested in public affairs. All the bill seeks to do is to provide for the registration of copyrights and labels by the Register of Copyrights instead of by the Commissioner of Patents. As I understand, back in 1870 it was provided that copyrights be registered in the Library of Congress. The Library of Congress soon outgrew the space available, and in 1874 the Patent Office became the repository of these registrations.

Mr. McKELLAR. As I understand, the only change made is that jurisdiction over copyright registration is transferred to the Register of Copyrights.

Mr. WHITE. That is the only substantial change.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Patents with amendments.

The first amendment was, in section 1, page 1, line 3, after "June 30", to strike out "1939" and insert "1940", so as to make the section read:

That effective at the close of business of June 30, 1940, section 3 of the act entitled "An act to amend the law relating to patents, trademarks, and copyrights," approved June 18, 1874 (17 U. S. C. 63), is hereby repealed, but all original or renewal copyrights effected thereunder shall continue in full force and effect for the balance of the respective unexpired terms, subject to all the rights and remedies afforded by existing copyright law.

The amendment was agreed to.

The next amendment was, in section 2, page 2, line 5, after the words "articles of", to strike out "manufacture" and insert "merchandise", so as to make the section read:

SEC. 2. Section 5 (k) of the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, is hereby amended to read: "(k) Prints and pictorial illustrations, including prints or labels used for articles of merchandise."

The amendment was agreed to.

The next amendment was, in section 3, on page 2, line 10, after the word "of", to strike out "manufacture" and insert "merchandise"; in line 12, after "June 30", to strike out "1939" and insert "1940"; in line 16, after "June 30", to strike out "1939" and insert "1940"; and in line 19, after the word "applicants.", to insert: "There shall be paid for registering a claim of copyright in any such print or label not a trademark $6, which sum shall cover the expense of furnishing a certificate of such registration, under the seal of the Copyright Office, to the claimant of copyright", so as to make the section read:

SEC. 3. That commencing July 1, 1939, the Register of Copyrights is charged with the registration of claims to copyright properly presented, in all prints and labels published in connection with the sale or advertisement of articles of merchandise, including all claims to copyright in prints and labels pending in the Patent Office and uncleared at the close of business June 30, 1940. All such pending applications and all fees which have been submitted or paid to or into the Patent Office for such pending applications, and all funds deposited and at the close of business June 30, 1940, held in the Patent Office to be applied to copyright business in that Office, shall be returned by the Commissioner of Patents to the applicants. There shall be paid for registering a claim of copyright in any such print or label not a trade-mark $6, which sum shall cover the expense of furnishing a certificate of such registration, under the seal of the Copyright Office to the claimant of copyright.

The amendment was agreed to.

The next amendment was, in section 4, on page 2, line 25, after "July 1", to strike out "1939" and insert in lieu thereof "1940", so as to make the section read:

SEC. 4. Subsisting copyrights originally registered in the Patent Office prior to July 1, 1940, under the provisions of law repealed by section 1 hereof, shall be subject to renewal in behalf of the proprietor upon application made to the Register of Copyrights within 1 year prior to the expiration of the original term of 28 years.

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

BILLS PASSED OVER

The bill (S. 21) relating to the citizenship of Harry Ray Smith, was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill? If not, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2410) relating to the development of farm units on public lands under Federal reclamation projects, with funds furnished by the Farm Security Administration was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

CLASSIFICATION OF DISTRICT FIRE DEPARTMENT

The bill (H. R. 1982) to amend the act entitled "An act to classify officers and members of the Fire Department of the District of Columbia, and for other purposes" was considered, ordered to a third reading, read the third time, and passed.

GRADING AND CLASSIFICATION OF CLERKS IN THE FOREIGN SERVICE

The bill (S. 2788) to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor", approved February 23, 1931, as amended, was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. PITTMAN. Mr. President, when the reorganization bill was under consideration there were certain foreign officers in the Department of Commerce known as commercial attachés. There were some in the Department of Agriculture. All those have now been transferred into the State Department. The object of the bill is to allow them to have credit, under the civil-service rules, for the time they served in other departments.

Mr. McKELLAR. Mr. President, it seems to me the purpose of the bill is entirely worthy. I have not had time to read the bill, but I am wondering if there is anything in the bill which provides for the adjustment of salary allowances?

Mr. PITTMAN. No; there is not.

Mr. McKELLAR. Does the bill relate only to retirement?

Mr. PITTMAN. It relates only to retirement. It allows credit for service in other departments.

Mr. McKELLAR. I think the bill is worthy.

Mr. KING. Mr. President, I should like to ask the Senator from Nevada a question. Does the bill continue in the service of the Government persons who have been in the Department of Agriculture or the Department of Commerce in fields where it is now deemed unnecessary to maintain representatives?

Mr. PITTMAN. No. The bill merely permits the employees to obtain credit for service in other departments.

Mr. KING. It is not intended, then, to blanket into the State Department a large number of persons whose services may not be needed?

Mr. PITTMAN. No; it is not.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That paragraph (o) of section 26, of the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended, is amended to read as follows:

"(o) For the purposes of this act the period of service shall be computed from the date of original oath of office as diplomatic secretary, consul general, consul, vice consul, deputy consul, consular assistant, consular agent, commercial agent, interpreter, or student interpreter, and shall include periods of service at different times as either a diplomatic or consular officer, or while on assignment to the Department of State, or on special duty or service in another department or establishment of the Government, but all periods of separation from the service and so much of any period of leave of absence without pay as may exceed 6 months shall be excluded: *Provided*, That service prior to appointment as a Foreign Service officer as a classified or an unclassified employee in the civil service of the United States, or in the service of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices, or the legislative branch of the Government, and also periods of service performed overseas under authority of the United States, and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States may be included in the period of service, in which case the officer shall pay into the Foreign Service retirement and disability fund a special contribution equal to 5 percent of his annual salary for each year of such employment subsequent to July 1, 1924, with interest thereon to date of payment compounded annually at 4 percent and all such officers within the purview of this provision may elect to make such deposits in installments during the continuance of their service in such amounts and under such conditions as may be determined in each instance by the Secretary of State; but in the case of a Foreign Service officer who is eligible for and elects to receive a pension under any law, or retired pay on account of military or naval service, or compensation under the War Risk Insurance Act, the period of his military or naval service upon which such pension, retired pay, or compensation is based shall not be included, but nothing in this act shall be so construed as to affect in any manner his right to a pension, or to retired pay, or to compensation under the War Risk Insurance Act in addition to the annuity herein provided."

COTHRAN MOTORS, INC.

The bill (S. 1376) for the relief of Cothran Motors, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Cothran Motors, Inc., of Raleigh, N. C., the sum of the $356.75, in full and final settlement of all its claims against the Government of the United States for repairs to elevator and lighting equipment in property leased by the Treasury Department as temporary quarters for the Raleigh post office from March 10, 1937, to April 9, 1938, said lease providing that the lessor maintain the same in repair: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

EMPLOYMENT OF CERTAIN COUNSEL BY THE DEPARTMENT OF JUSTICE

The Senate proceeded to consider the bill (S. 2478) to limit the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases, which had been reported from the Committee on the Judiciary, with an amendment on page 1, line 6, after "Justice", to insert "at a compensation not to exceed the rate of $10,000 per annum", so as to make the bill read:

Be it enacted, etc., That the employment of Brien McMahon as an attorney or counselor specially employed, retained, or appointed by the Attorney General or under authority of the Department of Justice, at a compensation not to exceed the rate of $10,000 per annum, to assist in the conduct of the case of United States against Mary Helen Corporation and others, in the eastern district of Kentucky, and the case of Société Suisse pour Valeurs de Metaux, petitioner, against Homer S. Cummings, Attorney General of the United States, and William A. Julian, Treasurer of the United States, in the District of Columbia, including all proceedings therein and any other case or proceeding, appellate or otherwise, that may arise out of or pertain to the matters or any of them involved in the said cases, shall not be construed to be employment within the meaning of sections 109 and 113 of the Criminal Code of the United States, as amended (U. S. C., title 18, secs. 198 and 203), or section 190 of the Revised Statutes of the United States (U. S. C., title 5, sec. 99).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ENLISTMENT IN TECHNICAL UNITS OF ENLISTED RESERVE CORPS

The bill (S. 2769) to amend section 55, National Defense Act, as amended, to provide for enlistment of men up to 45 years of age in technical units of the Enlisted Reserve Corps was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. Mr. President, the present age limit for enlistment in the Enlisted Reserve Corps is 36. The bill enables an exception to be made in order to enlist men with technical qualifications.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 55 of the National Defense Act of June 3, 1916, as amended (44 Stat. 704), be, and the same is hereby, further amended to read as follows:

"SEC. 55. The Enlisted Reserve Corps: The Enlisted Reserve Corps shall consist of persons voluntarily enlisted therein. The period of enlistment shall be 3 years, except in the case of persons who served in the Army, Navy, or Marine Corps at some time between April 6, 1917, and November 11, 1918, who may be enlisted for 1-year periods and who in time of peace shall be entitled to discharge within 90 days if they make application therefor. Enlistments shall be limited to persons eligible for enlistment in the Regular Army who have had such military or technical training as may be prescribed by regulations of the Secretary of War, except that for original enlistments of such specialists in units as may be prescribed by regulations of the Secretary of War the maximum age shall be 45 years. All enlistments in force at the outbreak of war, or entered into during its continuation, whether in the Regular Army or the Enlisted Reserve Corps, shall continue in force until 6 months after its termination, unless sooner terminated by the President."

SUPPLY OF WATER TO GOLDEN GATE BRIDGE AND HIGHWAY DISTRICT

The bill (H. R. 2168) to authorize the Secretary of War to make contracts, agreements, or other arrangements for the supplying of water to the Golden Gate Bridge and Highway District was considered, ordered to a third reading, read the third time, and passed.

MILITARY ROAD—SAN FRANCISCO MILITARY RESERVATION

The bill (H. R. 2967) to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation was considered, ordered to a third reading, read the third time, and passed.

CHARLES G. CLEMENT

The bill (H. R. 3305) for the relief of Charles G. Clement was considered, ordered to a third reading, read the third time, and passed.

GENERAL CLARENCE R. EDWARDS MEMORIAL BRIDGE, SPRINGFIELD, MASS.

The bill (H. R. 6870) to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the General Clarence R. Edwards Memorial Bridge, bridging Watershops

Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass., was considered, ordered to a third reading, read the third time, and passed.

JOHN W. BOUGH

The Senate proceeded to consider the bill (S. 2511) to correct the military record of John W. Bough, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert:

That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army John W. Bough shall be held and considered to have been honorably discharged on January 6, 1922, as a private, Headquarters Detachment and Combat Train, Sixtieth Artillery Battalion, United States Army: *Provided*, That no pension, pay, bounty, or other benefit shall be held to have accrued by reason of this act prior to its passage.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REVENUE BONDS OF HAWAII

The bill (S. 2738) to ratify and confirm Act 58 of the Session Laws of Hawaii, 1939, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Act 58 of the Session Laws of Hawaii, 1939, amending section 17 of Act 174 of the Session Laws of Hawaii, 1935, as amended, so as to extend the time within which revenue bonds may be issued and delivered under said Act 174, is hereby ratified and confirmed and revenue bonds may be issued under and pursuant to the provisions of said Act 174 of the Session Laws of Hawaii, 1935, as amended, and as further amended by said Act 58, without the approval of the President of the United States and without the incurring of an indebtedness within the meaning of the Hawaiian Organic Act, and said Act 174, as amended, shall constitute full authority for the issuance of said bonds without reference to and independent of the Hawaiian Organic Act.

RUSSELL B. HENDRIX

The Senate proceeded to consider the bill (S. 2408) for the relief of Russell B. Hendrix, which had been reported from the Committee on Claims with amendments, on page 1, at the beginning of line 6, to insert "of Fort Wayne, Ind."; in the same line, after the words "the sum of", to strike out "6,500" and insert in lieu thereof "$4,701.75"; in line 7, after the words "all claims", to strike out "of Russell B. Hendrix against the Government because of his" and insert "against the United States because of"; in line 10, after the words "sustained by", to strike out "himself" and insert "the said Russell B. Hendrix", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Russell B. Hendrix, of Fort Wayne, Ind., the sum of $4,701.75. Such sum shall be in full settlement of all claims against the United States because of personal injuries and expenses sustained by the said Russell B. Hendrix on November 5, 1936, when the car in which he was traveling was struck by a Works Progress Administration automobile driven by James Fordyce: *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF CIVIL GOVERNMENT ACT FOR VIRGIN ISLANDS

The Senate proceeded to consider the bill (S. 2784) to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936, which had been reported from the Committee on Territories and Insular Affairs, with amendments on page 2, line 12, after the word "local", to strike out "application, not in conflict with the laws of the United States" and insert "application; but the President shall have power to make applicable to the Virgin Islands such of the navigation, vessel inspection, and coastwise laws of the United States as he may find and declare to be necessary in the public interest, and, to the extent that the laws so made applicable conflict with any laws of local application enacted by the legislative assembly, such laws enacted by the legislative assembly shall have no force and effect"; and on page 3, after line 5, to strike out "SEC. 2. The navigation laws and the steamboat inspection laws of the United States shall apply to the Virgin Islands on and after the expiration of 1 year from the effective date of this act if the Legislative Assembly of the Virgin Islands shall not have by that date enacted and the Governor of the Virgin Islands has approved navigation, boat inspection, and safety laws of local application", so as to make the bill read:

Be it enacted, etc., That section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936, be, and the same is hereby, amended to read as follows:

"SEC. 4. (a) All property which may have been acquired by the United States from Denmark in the Virgin Islands under the convention entered into August 4, 1916, not reserved by the United States for public purposes prior to June 22, 1937, is hereby placed under the control of the Government of the Virgin Islands.

"(b) Except as otherwise expressly provided, all laws of the United States for the protection and improvement of the navigable waters of the United States shall apply to the Virgin Islands.

"(c) No Federal laws levying tonnage duties, light money, or entrance and clearance fees shall apply to the Virgin Islands.

"(d) The Legislative Assembly of the Virgin Islands shall have power to enact navigation, boat inspection, and safety laws of local application; but the President shall have power to make applicable to the Virgin Islands such of the navigation, vessel inspection, and coastwise laws of the United States as he may find and declare to be necessary in the public interest, and, to the extent that the laws so made applicable conflict with any laws of local application enacted by the legislative assembly, such laws enacted by the legislative assembly shall have no force and effect.

"(e) Nothing in this act shall be construed to affect or impair in any manner the terms and conditions of any authorizations, permits, or other powers heretofore lawfully granted or exercised in or in respect of the Virgin Islands by any authorized officer or agent of the United States.

"(f) The Secretary of the Interior shall be authorized to lease or to sell upon such terms as he may deem advantageous to the Government of the United States any property of the United States under his administrative supervision in the Virgin Islands not needed for public purposes."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SALE OF CERTAIN PROPERTY IN PARKER, ARIZ.

The Senate proceeded to consider the bill (S. 432) to provide for the public auction of certain town lots within the city of Parker, Ariz., which had been reported from the Committee on Indian Affairs with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of the Interior be, and he is hereby, authorized to sell at public auction or after publicly advertising for bids, to the highest and best bidder, any unsold lots in the townsite of Parker, Ariz.: *Provided*, That the said Secretary may, in his discretion, reject any or all bids so received: *And provided further*, That no sale shall be made pursuant to the provisions of this act without first obtaining the written consent of the Tribal Council of the Colorado River Indian Tribes of the Colorado River Reservation.

SEC. 2. That any vacant unsold lots within the townsite of Parker, Ariz., may be leased by the Tribal Council of the Colorado River Indian Tribes, with the approval of the Secretary of the Interior and upon such terms and conditions as he may prescribe, for a term of not exceeding 25 years. Such leases may provide for renewal for an additional term of not exceeding 25 years.

SEC. 3. The Secretary of the Interior is hereby authorized to prescribe such rules and regulations as may be necessary to carry out the provisions of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALLOWANCES FOR UNIFORMS AND EQUIPMENT, OFFICERS' RESERVE CORPS

The bill (H. R. 3321) to provide allowances for uniforms and equipment to certain officers of the Officers' Reserve Corps, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That officers of the Officers' Reserve Corps, eligible for active-duty training, shall be entitled to money allowances for uniforms and equipment as follows:

For a period of 3 years after their original appointment and under such regulations as the War Department may prescribe, such officers shall be entitled to an allowance of $50 per annum for the purchase of necessary uniforms and equipment.

ACQUISITION OF LAND FOR MILITARY PURPOSES

The Senate proceeded to consider the bill (H. R. 5735) to authorize the acquisition of additional land for military purposes, which had been reported from the Committee on Military Affairs with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of War is hereby authorized to acquire, in such order or priority as he may determine, title to additional land, or interest therein, or right pertaining thereto, to the extent of the approximate areas hereinafter set forth, for the establishment, enlargement, and essential improvement of the following military reservations, posts, and facilities:

Fort Ethan Allen Artillery Range, Vt., 4,451 acres, more or less.

Antiaircraft Firing Range, Mohave Desert, north of Barstow and Baker, Calif., 749,440 acres, more or less.

Fort Bliss, Tex., 51,300 acres, more or less.

Fort Devens, Mass., 6,448 acres, more or less.

Fort Dix, N. J., 1,750 acres, more or less.

Fort Knox, Ky., 51,342 acres, more or less.

Leon Springs, Tex., 13,253 acres, more or less.

Camp McCoy, Wis., 1,000 acres, more or less.

Fort George G. Meade, Md., 10,000 acres, more or less.

Pine Camp, N. Y., 1,670 acres, more or less.

Seventh Corps Area Training Center, south central Iowa, 40,000 acres, more or less.

Fort Meade, S. Dak., 7,680 acres, more or less.

Fort Lewis, Wash., 2,830 acres, more or less.

Maxwell Field, Ala., 100 acres, more or less.

SEC. 2. In order to accomplish the purposes of this act there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Secretary of War, the sum of $5,000,000, approximately one-half of which is authorized to be appropriated in each of the fiscal years 1941 and 1942.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

JOHN H. BALMAT, JR.

The bill (S. 2288) for the relief of John H. Balmat, Jr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to consider and authorized to grant the application of John H. Balmat, Jr., former captain, One Hundred and Forty-seventh Regiment United States Field Artillery, for such of the benefits under the act entitled "An act making eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the World War", approved May 24, 1928, as the said John H. Balmat, Jr., may be entitled to in accordance with his disability rating: *Provided*, That the application of the said John H. Balmat, Jr., shall be filed with the Veterans' Administration within 6 months from the date of the approval of this act.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 130) referring the claims of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma to the Court of Claims for finding of fact and report to Congress, was announced as next in order.

Mr. KING. I ask that the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

WATER RIGHTS, AHTANUM CREEK VALLEY, WASH.

The resolution (S. Res. 165) submitted by Mr. BONE on July 14, 1939, was considered and agreed to, as follows:

Resolved, That the Attorney General is requested to stay proceedings for adjudication of the rights to the waters available for the irrigation of the Ahtanum Creek Valley in the State of Washington until such time as the Secretary of the Interior transmits to Congress a report upon a survey to be made by him with respect to the possible means and feasibility of supplementing the supply of water for irrigation of the irrigable lands in such valley.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Chair is advised that that completes the bills on the printed calendar.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. McNARY. I thought the able Senator from Kentucky stated that when we had considered the bills on the calendar, beginning with Calendar No. 755, and proceeded to the end of the calendar, we would then start at the beginning of the calendar.

Mr. BARKLEY. I did not understand the Senator's statement.

Mr. McNARY. I thought the Senator from Kentucky said that when we concluded with the bills on the calendar, commencing with Order of Business 755, we would start with the beginning of the calendar.

Mr. BARKLEY. Yes; I so stated.

MARKERS FOR CERTAIN GRAVES

Mr. LA FOLLETTE. Mr. President, there is a bill which was reported from the Military Affairs Committee this morning which is not on the printed calendar. Similar Senate bills, which I have introduced, have been twice reported from the committee previously and have twice passed the Senate. The House has now passed a bill on the same subject. The House bill has been considered by the Committee on Military Affairs and reported favorably without amendment. I ask that the bill may be considered at this time, despite the fact that it is not on the printed calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the bill (H. R. 985) to authorize the Secretary of War to furnish certain markers for certain graves was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding any provision of existing law, the Secretary of War is directed to furnish a flat stone grave marker, a standard flat bronze grave marker, or an upright stone grave marker or headstone for the grave of any deceased person for which the Secretary of War is authorized to furnish a marker or headstone. Either of the above shall be furnished at the option of the relative or representative of the deceased war veteran: *Provided*, That the Secretary of War shall furnish the upright stone marker authorized by section 4877 of the Revised Statutes for cemeteries under the jurisdiction of the Secretary of War.

CONSIDERATION OF BRIDGE BILLS

Mr. BARKLEY. Mr. President, today I understand the Committee on Commerce has reported 28 bridge bills to which there is no objection. It would save considerable expense in printing if we could have those bills considered and passed now, because there is no objection to them. They simply grant permission to build bridges. I ask unanimous consent, before beginning the call of the calendar at the beginning, that the bridge bills to which reference has been made be now considered and passed.

The PRESIDING OFFICER. Is there objection?

Mr. BRIDGES. Mr. President, before we pass 28 bridge bills, without even knowing what they are, I should like to know how much money they will cost the Federal Treasury and what the bridges are.

Mr. BARKLEY. They involve the expenditure of no money on the part of the Federal Government. They simply permit other private citizens or corporations to build bridges across navigable streams. They are in the usual form of bridge bills.

Mr. McNARY. Mr. President, this matter came up in the Commerce Committee this morning, of which I am ranking minority member. It was voted unanimously to report the bills. They involve no Federal expense whatever.

The PRESIDING OFFICER. Is there objection to the consideration of the bridge bills en bloc?

Mr. LEE. Mr. President, I do not think that should be done.

Mr. BARKLEY. I did not ask that they be considered and passed en bloc. I asked that they be considered now, and acted upon, so as to save the expense of having them printed on the calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky that the bridge bills referred to by him be considered at this time?

Mr. BARKLEY. That they be taken up, one at a time, and considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

COLUMBIA RIVER BRIDGE AT ASTORIA, OREG.

The bill (S. 1996) to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg., authorized to be built by the Oregon-Washington Bridge Board of Trustees by an act of Congress approved June 13, 1934, as amended, as heretofore extended by acts of Congress approved August 30, 1935, January 27, 1936, August 5, 1937, and May 26, 1938, are further extended 1 and 3 years, respectively, from June 13, 1939.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

BRIDGE ACROSS WARREN RIVER NEAR BARRINGTON, R. I.

The bill (S. 2188) granting the consent of Congress to the Providence, Warren & Bristol Railroad Co. to construct, maintain, and operate a railroad bridge across the Warren River at or near Barrington, R. I., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Providence, Warren & Bristol Railroad Co., its successors and assigns, to construct, maintain, and operate a railroad bridge and approaches thereto across the Warren River, at a point suitable to the interests of navigation, at or near Barrington, R. I., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The right to sell, assign, transfer, or mortgage all the rights, powers, and privileges conferred by this act is hereby granted to the Providence, Warren & Bristol Railroad Co., its successors and assigns, and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise is hereby authorized to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSOURI RIVER BRIDGE BETWEEN DECATUR, NEBR., AND ONAWA, IOWA

The bill (S. 2306) relating to the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subsections (a), (b), and (c) of section 29 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935, are amended to read as follows:

"(a) In order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the county of Burt, State of Nebraska, and the county of Monona, State of Iowa, singly or jointly, be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River at a point suitable to the interests of navigation between the towns of Decatur, Nebr., and Onawa, Iowa, in accordance with the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters', approved March 23, 1906, and subject to the conditions and limitations contained in this act.

"(b) There is hereby conferred upon such counties, acting singly or jointly, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

"(c) Such counties, acting singly or jointly, are hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906."

SEC. 2. The times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa, authorized to be built by section 29 of such act of August 30, 1935, as amended, heretofore extended by acts of Congress approved June 19, 1936, March 24, 1937, and June 16, 1938, are hereby further extended 1 and 3 years, respectively, from August 30, 1939.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

BRIDGE ACROSS BAYOU LA FOURCHE AT CUT OFF, LA.

The bill (S. 2392) to legalize a bridge across Bayou La Fourche at Cut Off, La., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Chief of Engineers and the Secretary of War are hereby authorized to approve the location and plans of a bridge already constructed by the police jury of La Fourche Parish of Louisiana across Bayou La Fourche at Cut Off, La.: *Provided*, That said bridge has been authorized by the Legislature of the State of Louisiana and as located and constructed affords reasonably free, easy, and unobstructed navigation.

SEC. 2. That when the location and plans of said bridge have been approved as provided in section 1 of this act, said bridge shall be deemed a lawful structure and subject to the laws enacted by Congress for the protection and preservation of the navigable waters of the United States.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSOURI RIVER BRIDGE NEAR FRAZER, MONT.

The bill (S. 2407) granting the consent of Congress to the counties of Valley and McCone, Mont., to construct, maintain, and operate a free highway bridge across the Missouri River at or near Frazer, Mont., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the counties of Valley and McCone, Mont., to construct, maintain, and operate a free highway bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Frazer, Mont., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSOURI RIVER BRIDGE NEAR ARROW ROCK, MO.

The bill (S. 2484) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Missouri River, at or near Arrow Rock, Mo., authorized to be built by the St. Louis-Kansas City Short Line Railroad Co. by the act of Congress approved March 2, 1929, heretofore extended by acts of Congress approved April 15, 1932, August 30, 1935, and May 24, 1937, are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

DES MOINES RIVER BRIDGE NEAR RED ROCK, IOWA

The bill (S. 2564) granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Red Rock, Iowa, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge and approaches thereto across the Des Moines River, at a point suitable to the interests of navigation, at or near Red Rock, Iowa, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

RED RIVER BRIDGE NEAR THOMPSON, N. DAK., AND CROOKSTON, MINN.

The bill (H. R. 5036) authorizing the State highway departments of North Dakota and Minnesota and the counties of Grand Forks of North Dakota and Polk of Minnesota, to construct, maintain, and operate a free highway bridge across

the Red River near Thompson, N. Dak., and Crookston, Minn., was considered, ordered to a third reading, read the third time, and passed.

ST. CROIX RIVER BRIDGE NEAR OSCEOLA, WIS.

The bill (H. R. 5523) authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn., was considered, ordered to a third reading, read the third time, and passed.

BRIDGE OVER LAKE SABINE NEAR PORT ARTHUR, TEX.

The bill (H. R. 5525) to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

BRIDGE AND CAUSEWAY NEAR CEDAR POINT AND DAUPHIN ISLAND, ALA.

The bill (H. R. 5781) to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala., was considered, ordered to a third reading, read the third time, and passed.

PEARL RIVER BRIDGE NEAR GEORGETOWN, MISS.

The bill (H. R. 5785) granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss., was considered, ordered to a third reading, read the third time, and passed.

PEARL RIVER BRIDGE NEAR RATLIFFS FERRY, MISS.

The bill (H. R. 5786) granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss., was considered, ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, ST. LOUIS, MO.

The bill (H. R. 5963) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill., was considered, ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, ST. LOUIS, MO., AND STITES, ILL.

The bill (H. R. 5964) to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill., was considered, ordered to a third reading, read the third time, and passed.

MONONGAHELA RIVER BRIDGES, ALLEGHENY COUNTY, PA.

The bill (H. R. 5984) granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania, was considered, ordered to a third reading, read the third time, and passed.

RED RIVER BRIDGE, WALSH COUNTY, N. DAK.

The bill (H. R. 6111) to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation, from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17, was considered, ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE NEAR LITTLE FALLS, MINN.

The bill (H. R. 6502) granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn., was considered, ordered to a third reading, read the third time, and passed.

MAHONING RIVER BRIDGE, YOUNGSTOWN, OHIO

The bill (H. R. 6527) granting the consent of Congress to the Commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio, was considered, ordered to a third reading, read the third time, and passed.

PIPE-LINE BRIDGE ACROSS THE MISSOURI RIVER

The bill (H. R. 6578) granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River, was considered, ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE NEAR WINONA, MINN.

The bill (H. R. 6748) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn., was considered, ordered to a third reading, read the third time, and passed.

NIAGARA RIVER BRIDGE, NIAGARA FALLS, N. Y.

The bill (H. R. 6928) to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

BRIDGE ACROSS CHESAPEAKE AND DELAWARE CANAL, ST. GEORGES, DEL.

The Senate proceeded to consider the bill (S. 2574) authorizing the construction of a highway bridge across the Chesapeake and Delaware Canal at St. Georges, Del., which had been reported from the Committee on Commerce with an amendment on page 1, after line 11, to insert the following section:

SEC. 2. That the cost of constructing such four-lane bridge shall be paid from funds heretofore or hereafter appropriated for maintenance and improvement of river and harbor works.

So as to make the bill read:

Be it enacted, etc., That the War Department under the direction of the Secretary of War and supervision of the Chief of Engineers is hereby authorized and directed to construct a four-lane high-level fixed highway bridge across the Chesapeake & Delaware Canal at or near St. Georges, Del., of such type, design, and clearances for navigation as are approved by the Chief of Engineers: *Provided*, That the State of Delaware shall furnish all lands, easements, and rights-of-way required for such bridge.

SEC. 2. That the cost of constructing such four-lane bridge shall be paid from funds heretofore or hereafter appropriated for maintenance and improvement of river-and-harbor works.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OHIO RIVER BRIDGE NEAR MAUCKPORT, IND.

The Senate proceeded to consider the bill (S. 2589) to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind., which had been reported from the Committee on Commerce with an amendment, on page 3, line 2, after the word "cost", to insert "as approved by the Commissioner of Public Roads", so as to make the bill read:

Be it enacted, etc., That in order to promote interstate commerce, improve postal service, and provide for military and other purposes, the Indiana State Toll Bridge Commission be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River, at a point suitable to the interest of navigation at or near Mauckport, Harrison County, Ind., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the Indiana State Toll Bridge Commission all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridges and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the

condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said Indiana State Toll Bridge Commission is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including interest at a rate of not to exceed 5 percent per annum and reasonable financing cost, as approved by the Commissioner of Public Roads, as soon as possible, under reasonable charges, but within a period of not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MISSOURI RIVER BRIDGE NEAR PETERSBURG, MO.

The Senate proceeded to consider the bill (S. 2502) authorizing the county of Howard, State of Missouri, to construct, maintain, and operate a toll bridge across the Missouri River at or near Petersburg, Mo., which had been reported from the Committee on Commerce with amendments: On page 3, line 2, after the word "including," to strike out "reasonable"; in the same line, after the word "interest", to insert "at a rate of not to exceed 5 per centum per annum"; in the same line, after the word "and", to insert "reasonable"; in the same line, after the word "cost", to insert "as approved by the Commissioner of Public Roads"; and in line 7, after the word "tolls", to strike out the comma and "or the rates of toll shall thereafter be so adjusted as to provide a fund not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management", so as to make the bill read:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the county of Howard, State of Missouri, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Petersburg, Mo., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the county of Howard, State of Missouri, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said county of Howard, State of Missouri, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including interest at a rate of not to exceed 5 percent per annum and reasonable financing cost, as approved by the Commissioner of Public Roads, as soon as possible, under reasonable charges, but within a period of not to exceed 25 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. Notwithstanding any restrictions or limitations imposed by the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, or by the Federal Highway Act, or by an act amendatory of, or supplemental to either thereof, the Secretary of Agriculture or any other Federal Department or agency of the United States Government may extend Federal aid under such acts for the construction of said bridge out of any money allocated to the State of Missouri with the consent of the State highway commission of said State.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DES MOINES RIVER BRIDGE NEAR LEVY, IOWA

The Senate proceeded to consider the bill (S. 2563) granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Levy, Iowa, which had been reported from the Committee on Commerce with amendments: In line 4, after the word "to", to strike out "construct, maintain, and operate" and insert "complete construction of"; in line 5, after the word "thereto", to strike out "across the" and insert "being constructed across the"; in line 6, after the word "River", to strike out "at a point suitable to the interests of navigation,"; in line 7, after the word "at", to strike out "or near"; in the same line, after the name "Iowa", to strike out "in accordance with" and insert "and to maintain and operate said bridge as a lawful structure subject to", and in line 10, after the numerals "1906", to strike out the comma and "and subject to the conditions and limitations contained in this act"; so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the Iowa State Highway Commission to complete construction of a free highway bridge and approaches thereto being constructed across the Des Moines River, at Levy, Iowa, and to maintain and operate said bridge as a lawful structure subject to the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to legalize a free highway bridge now being constructed across the Des Moines River at Levy, Iowa."

MISSISSIPPI RIVER BRIDGE NEAR CASSVILLE, WIS.

The Senate proceeded to consider the bill (H. R. 6049) authorizing the village of Cassville, Wis., or its assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Cassville, Wis., and to a place at or near the village of Guttenberg, Iowa, which had been reported from the Committee on Commerce with amendments, on page 3, line 4, after the word "including", to strike out "reasonable"; in the same line, after the word "interest", to insert "at a rate of not to exceed 5 percent per annum"; in the same line, after the word "and", where it occurs the second time, to insert "reasonable"; and in line 5, after the word "cost", to insert "as approved by the Commissioner of Public Roads", so as to make the bill read:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the village of Cassville, Wis., or its assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River, at a point suitable to the interests of navigation, at or near Cassville, Wis., and to a place at or near Guttenberg, Iowa, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the village of Cassville, Wis., or its assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge cor-

porations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said village of Cassville, Wis., or its assigns, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including interest at a rate of not to exceed 5 percent per annum and reasonable financing cost, as approved by the commissioner of public roads, as soon as possible, under reasonable charges, but within a period of not to exceed 25 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

CONNECTICUT RIVER BRIDGE, NEAR HARTFORD, CONN.

The Senate proceeded to consider the bill (H. R. 6353) granting the consent of Congress to the State of Connecticut, acting by and through any agency or commission thereof, to construct, maintain, and operate a toll bridge across the Connecticut River at or near Hartford, Conn., which had been reported from the Committee on Commerce with amendments on page 2, line 9, after the word "including", to strike out "reasonable"; in the same line, after the word "interest", to insert "at a rate of not to exceed 5 percent per annum"; in the same line, after the word "and", to insert "reasonable", and in the same line, after the word "cost", to insert "as approved by the Commissioner of Public Roads,"; so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Connecticut, acting by and through any agency or commission thereof, to construct, maintain, and operate a bridge and approaches thereto across the Connecticut River, at a point suitable to the interests of navigation, at or near Hartford, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including interest at a rate of not to exceed 5 percent per annum and reasonable financing cost, as approved by the commissioner of public roads, as soon as possible under reasonable charges, but within a period of not to exceed 25 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls. An accurate record of the costs of the bridge and its approaches, the expenditure for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

FRANKLIN C. RICHARDSON

Mr. HILL. Mr. President, a few moments ago when Calendar No. 800, Senate bill 2366, for the relief of Franklin C. Richardson was reached, the senior Senator from Utah [Mr. KING] asked that it go over. Since that time the Senator from Utah has had an opportunity to examine the bill, and it is my understanding he has now no objection to its present consideration. I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Alabama?

There being no objection, the Senate proceeded to consider the bill (S. 2366) for the relief of Franklin C. Richardson, which had been reported from the Committee on Military Affairs with amendments in line 5, after the word "authorize", to strike out "and directed"; and in line 11, after the word "reenlistment", to insert "*Provided*, That he meets the other requirements for reenlistment in the Army", so as to make the bill read:

Be it enacted, etc., That notwithstanding the provisions of section 1118 of the Revised Statutes of the United States, the Secretary of War is hereby authorized to reenlist in the United States Army Franklin C. Richardson, private, Hawaiian Casual Section, First Recruit Company of the Overseas Discharge and Replacement Depot, Fort Slocum, N. Y. (serial No. 6944754), on such future dates as the said Franklin C. Richardson may make application for reenlistment: *Provided*, That he meets the other requirements for reenlistment in the Army.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HARRY RAY SMITH

Mr. MURRAY. Mr. President, I ask unanimous consent to recur to Calendar No. 856, Senate bill 21. This bill was called a short time ago and was passed over on the request of the senior Senator from Utah [Mr. KING]. Since that time I have spoken to the Senator from Utah and I understand that he now has no objection to its consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill referred to by the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 21) relating to the citizenship of Harry Ray Smith, which had been reported from the Committee on Immigration, with amendments on page 1, after line 2, to strike out:

That in the administration of any laws of the United States, Harry Ray Smith, of Sweetgrass, Mont., a native-born citizen of the United States, who was suspended from his position in the Department of Labor pending a determination of his citizenship status on the assumption that he lost his citizenship while a minor by reason of the naturalization of his father as a citizen of Canada, shall be held and considered to have been a citizen of the United States since May 17, 1926.

On page 2, at the beginning of line 1, to strike out "Sec. 2. The", and insert "That the"; in the same line, after the word "is", to strike out "authorized and directed" and to insert "authorized, in her discretion,"; in line 3, after the word "employee," to strike out "the said"; in the same line, after the name "Smith", to insert "of Sweetgrass, Mont.", so as to make the bill read:

Be it enacted, etc., That the Secretary of Labor is authorized, in her discretion, to reinstate as a classified civil-service employee Harry Ray Smith, of Sweetgrass, Mont., and restore him to his former position as an immigrant inspector in the Immigration and Naturalization Service, at Sweetgrass, Mont., without the loss of any rights or privileges by reason of his suspension from such position on July 11, 1938, and pay to the said Harry Ray Smith, from the funds made available by the Department of Labor Appropriation Act, 1939, a sum equal to the amount he would have received if such suspension had not been made as salary for the period from July 1, 1938, to the date he is reinstated and restored to such former position.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FURTHER CONSIDERATION OF THE CALENDAR

Mr. BARKLEY. Mr. President, I ask unanimous consent that the clerk proceed to call bills on the calendar now from the beginning of the calendar up to the point where the Senate began the consideration of the calendar today.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will proceed to call the calendar from the beginning.

RESOLUTIONS PASSED OVER

The resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with suspension of a rule, was announced as next in order.

SEVERAL SENATORS. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. VANDENBERG. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be pased over.

INDIAN MEASURES PASSED OVER

The joint resolution (S. J. Res. 45) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes," was announced as next in order.

Mr. KING. Let the joint resolution go over; and let all the Indian bills go over. There are a number of them.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Has objection been made to a block of bills on the calendar?

The PRESIDING OFFICER. It is the understanding of the Chair that the Senator from Utah objected to all the Indian bills.

Mr. THOMAS of Oklahoma. Mr. President, a number of these bills have been considered by a regular standing committee of the Senate. Later on, I understand, the bills were referred to some Department, and they have been passed upon by some minor official in some other Department of the Government.

I shall not be content to permit the reports of minor officials from some other department of the Government to override the report of a standing committee of the Senate. For example, take the case of Calendar No. 101, Senate bill 784: This bill has been considered by the Senate committee and favorably reported. The House committee reported favorably upon a similar bill, and the House has passed an identical bill. Now an objection is made to the consideration of either the Senate bill or the House bill because of a report from someone. I do not know whence the report came.

Mr. KING. Mr. President, I think perhaps the Senator has some reason for complaint at the delay. I received information from the Indian Office, and particularly from the Department of Justice, that some of these claims were objected to, and the Department of Justice has set apart an organization for the purpose of investigating every claim, with a view to determining those which are just, and what recommendations will be made. I have been expecting the report for some time. A representative of the Department of Justice visited me a few days ago and stated that he was ready to take up the matter at the earliest possible moment with the subcommittee which has been appointed by the Judiciary Committee, as I recall, for the purpose of considering all these claims. I will say to the Senator that if action is not speedily taken by the Department of Justice in connection with these claims, I shall not object to their consideration.

The PRESIDING OFFICER. At the request of the Senator from Utah, the following bills and resolutions will be passed over:

Senate Joint Resolution 45, to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes";

Senate bill 783, to amend the act, as amended, entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States," approved February 7, 1925;

Senate bill 784, for the relief of certain Indians of the Winnebago Agency, Nebr.;

Senate bill 790, conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States;

Senate bill 1222, authorizing an appropriation for payment to the Osage Tribe of Indians on account of lands sold by the United States;

Senate bill 767, conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes;

Senate bill 864, authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes; and

Senate bill 498, authorizing an appropriation to carry out the provisions of section 26 of the agreement with the Muskogee or Creek Tribe of Indians, approved March 1, 1901.

BILL PASSED OVER

The bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. PEPPER. Mr. President, I ask that the bill be only temporarily passed over.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXCHANGE OF CERTAIN LANDS IN OREGON

Mr. HOLMAN. Mr. President, I ask unanimous consent to revert again to Calendar No. 805, Senate bill 2469. I find that the House has passed an identical House bill. Therefore, I ask unanimous consent that the Committee on Public Lands and Surveys be discharged from the further consideration of House bill 6503, which is identical with Senate bill 2469, which was passed by the Senate today, and that House bill 6503 be considered and passed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon that the Committee on Public Lands and Surveys be discharged from the further consideration of House bill 6503? The Chair hears none.

Mr. HOLMAN. I now ask unanimous consent for the consideration of the House bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 6503) relating to the exchange of certain lands in the State of Oregon was considered, ordered to a third reading, read the third time, and passed.

Mr. HOLMAN. I ask unanimous consent that the vote by which Senate bill 2469 was passed be reconsidered and the bill indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACCEPTANCE OF LAND IN SEATTLE

Mr. SCHWELLENBACH. Mr. President, some time ago the Senate passed Senate bill 2273, Calendar No. 780. Since that time an identical bill has come over from the House. I ask unanimous consent that the Senate take up for immediate consideration the House bill.

The PRESIDING OFFICER. The Chair lays before the Senate a bill from the House of Representatives which will be read.

The bill (H. R. 6045) to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon, was read twice by its title.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. SCHWELLENBACH. I ask unanimous consent that the vote by which Senate bill 2273 was passed be reconsidered, and that the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

BILLS, ETC., PASSED OVER

The bill (S. 1303) to amend the Agriculture Adjustment Act of 1938, as amended, with respect to cotton, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 2971) for the relief of certain Indians of the Winnebago Agency was announced as next in order.

The PRESIDING OFFICER. Without objection, this bill, like the earlier bills dealing with Indian matters, will be passed over.

The bill (S. 795) to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1681) to amend section 107 of the Judicial Code to create a mountain district in the State of Tennessee, and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, that is a bill about which the committee desires certain information. I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 570) to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 107) opposing sales of American cotton during the present world crisis to foreign purchasers below the cost of production was announced as next in order.

Mr. VANDENBERG. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, was announced as next in order.

Mr. LODGE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2202) to establish a Public Works Agency was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2203) to amend certain sections of the Social Security Act was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 34) for the relief of W. K. Richardson was announced as next in order.

SEVERAL SENATORS. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 517) to amend the Communications Act of 1934 to prohibit the advertising of alcoholic beverages by radio was announced as next in order.

Mr. VANDENBERG and other Senators. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1730) to amend the civil-service law to permit certain employees of the legislative branch of the Government to be transferred to positions under the competitive classified civil service was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 289) for the relief of officers and soldiers of the Volunteer Service of the United States mustered into service for the War with Spain was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

PROMOTION OF NAUTICAL EDUCATION

The Senate proceeded to consider the bill (H. R. 5375) to promote nautical education, and for other purposes, which had been reported from the Committee on Commerce with an amendment.

Mr. PEPPER. Mr. President, I desire to offer an amendment to the bill. In line 7, page 1, after the words "Puerto Rico" and before the word "when", I move to insert the word "and." That is the recommendation of the Commandant of the Coast Guard and comes out of the Commerce Committee with a favorable recommendation.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. On page 1, line 7, after the words "Puerto Rico" and the comma, it is proposed to insert the word "and", so as to read:

And when requested—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. KING. Mr. President, will the Senator explain the bill?

Mr. PEPPER. Yes, Mr. President. The bill merely contemplates that it will be possible to have officers of the Coast Guard assigned for the purpose of instruction only. The Commandant of the Coast Guard appeared before the Senate Commerce Committee and made a statement on the bill. It was favorably recommended by the subcommittee and favorably recommended by the full Committee on Commerce, and I hope it will be agreeable to the Senate to pass the bill.

The PRESIDING OFFICER. The amendment reported by the committee will be stated.

The CHIEF CLERK. On page 2, line 1, after the word "duty" and the comma, it is proposed to insert "and subject to the same rules and regulations as provided by the Navy, in regard to such tours of duty."

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That the Commandant of the Coast Guard is authorized, in his discretion, when so requested by proper authority, to detail persons in the Coast Guard for duty in connection with maritime instruction and training by the several States, Territories, the District of Columbia, and Puerto Rico, and, when requested by the United States Maritime Commission, to detail persons in the Coast Guard for duty in connection with maritime instruction and training by the United States: *Provided*, That the service rendered by any person so detailed shall be considered Coast Guard duty, and subject to the same rules and regulations as provided by the Navy, in regard to such tours of duty.

BILLS PASSED OVER

The bill (S. 773) conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims which the Yakima Indian Tribes may have against the United States, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, let that bill be in the same category with the other Indian bills.

Mr. SCHWELLENBACH. Mr. President, may I ask the Senator from Utah when we may reasonably expect that these bills will be passed?

Mr. KING. The Department of Justice will make a report within a very short time, and a subcommittee was appointed by the Judiciary Committee to consider the validity of some of these claims. If that subcommittee does not act promptly I shall have no objection to their being taken up.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF PACKERS AND STOCKYARDS ACT

The bill (S. 446) to amend the Packers and Stockyards Act, 1921, was announced as next in order.

Mr. KING. Let us have an explanation of the bill.

Mr. GILLETTE. Mr. President, I ask unanimous consent that Calendar No. 680, House bill 4998, which is an identical bill passed by the House, be considered at this time in lieu of Calendar No. 428, Senate bill 446.

The PRESIDING OFFICER. Without objection, that order will be made.

The Senate proceeded to consider the bill (H. R. 4998) to amend the Packers and Stockyards Act, 1921, which had been reported from the Committee on Agriculture and Forestry, with an amendment, at the end of the bill to insert a new section, so as to make the bill read:

Be it enacted, etc., That subsections (a) and (b) of section 310 of the Packers and Stockyards Act, 1921, are hereby amended so as to read as follows:

"(a) May determine and prescribe what will be the just and reasonable rate or charge, or rates or charges, to be thereafter in such case observed as both the maximum and minimum to be charged, and what regulation or practice is or will be just, reasonable, and nondiscriminatory to be thereafter followed; and

"(b) May make an order that such owner or operator (1) shall cease and desist from such violation to the extent to which the Secretary finds that it does or will exist; (2) shall not thereafter publish, demand, or collect any rate or charge for the furnishing of stockyard services more or less than the rate or charge so prescribed; and (3) shall conform to and observe the regulation or practice so prescribed."

SEC. 2. The following new section is added to title III of said act:

"SEC. 317. No person not now conducting the business of a stockyard owner, market agency, or dealer shall conduct the business of a stockyard owner, market agency, or dealer at any stockyards at which he is not now conducting such a business unless and until he has obtained a certificate from the Secretary that public convenience and necessity requires or will require the conduct of such business at the stockyard or stockyards at which it is proposed to conduct the same. The application for such certificate shall be in such form as the Secretary may prescribe from time to time and such certificate shall only be issued after a hearing had upon such notice as the Secretary may prescribe. Said certificate shall not be transferable."

Mr. McKELLAR. Mr. President, will the Senator explain just what the bill does?

Mr. GILLETTE. Mr. President, the bill does two definite things. It is the remnant of a bill which was introduced at several sessions, but finally has been cut down to two proposals. One is to make the reasonable rate, as fixed by the Secretary of Agriculture, for the performance of certain services in the purchase of livestock, both the maximum and the minimum rate. He is to fix a just and reasonable rate to be charged for the services. The other provides for the issuance of a certificate of convenience and necessity to new agencies that wish to enter the business.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 446 will be indefinitely postponed.

BILL PASSED OVER

The bill (S. 2270) to authorize the Secretary of Agriculture to purchase refuge lands within the State of South Carolina for the perpetuation of the eastern wild turkey and to provide pure-blood brood stock for restocking within its native range, and for other purposes was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

REGULAR ARMY, NAVY, MARINE CORPS, AND COAST GUARD PENSIONS

The Senate proceeded to consider the bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 90 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes, which had been reported from the Committee on Military Affairs with amendments: On page 2, line 2, to strike out "$9" and insert "$7.50"; on line 4 to strike out "$18" and insert "$15"; on line 6, to strike out "$27" and insert "$22.50"; on line 8, to strike out "$36" and insert "$30"; on line 10, to strike out "$45" and insert "$37.50"; on line 12, to strike out "$54" and insert "$45"; on line 14, to strike out "$63" and insert "$52.50"; on line 16, to strike out "$72" and insert "$60"; on line 18, to strike out "$81" and insert "$67.50"; on line 20 to strike out "$90" and insert "$75"; on line 25, to strike out "$22.50" and insert "$18.75"; on page 3, line 5, to strike out "$130" and insert "$112.50"; on line 11, to strike out "$157.50" and insert "$131.25"; on line 16, to strike out "$180" and insert "$150"; on line 25, to strike out "$225" and insert "$187.50", so as to make the bill read:

Be it enacted, etc., That effective on the 1st day of the month following the month in which this act is enacted, paragraph II of part II of Veterans Regulation Numbered 1 (a), as amended, is amended to read as follows:

"II. For the purposes of part II, paragraph I (a) hereof, if the disability results from injury or disease—

"(a) If and while the disability is rated 10 percent the monthly pension shall be $7.50.

"(b) If and while the disability is rated 20 percent the monthly pension shall be $15.

"(c) If and while the disability is rated 30 percent the monthly pension shall be $22.50.

"(d) If and while the disability is rated 40 percent the monthly pension shall be $30.

"(e) If and while the disability is rated 50 percent the monthly pension shall be $37.50.

"(f) If and while the disability is rated 60 percent the monthly pension shall be $45.

"(g) If and while the disability is rated 70 percent the monthly pension shall be $52.50.

"(h) If and while the disability is rated 80 percent the monthly pension shall be $60.

"(i) If and while the disability is rated 90 percent the monthly pension shall be $67.50.

"(j) If and while the disability is rated as total the monthly pension shall be $75.

"(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only one foot, or one hand, or one eye, the rate of pension provided in part II, paragraph II, (a) to (j), shall be increased by $18.75 per month.

"(l) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands, or of both feet, or of one hand and one foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $112.50.

"(m) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and one foot, or of both feet and one hand, or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $131.25.

"(n) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or of one foot, the monthly pension shall be $150.

"(o) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use as provided in subparagraphs (l) to (n), inclusive, of part II, paragraph II, of this regulation, and/or blindness in both eyes, having only light perception, which conditions under subparagraphs (l) to (n), inclusive, entitle him to two or more of the rates provided in those subparagraphs, no specified condition being considered twice in the determination, the monthly pension shall be $187.50."

Mr. BARKLEY. Mr. President, I should like to ask the Senator from Wyoming how much is involved in the bill.

Mr. McKELLAR. How much per annum?

Mr. SCHWARTZ. As I recall, it is something like three and a half million dollars.

Mr. SHEPPARD. About three and a half million.

Mr. SCHWARTZ. Under the bill, as amended, providing rates equivalent to 75 percent of those applicable to war veterans, it is estimated that 24,147 veterans would receive increases for the fiscal year 1940, at a cost of approximately $3,565,548.

Mr. KING. Mr. President, heretofore I have challenged attention to this bill, with which I have a good deal of sympathy. General Hines, the able head of the Veterans' Administration, has reviewed this matter in a rather lengthy letter, which appears in the report, and he expresses opposition to the amount recommended to be appropriated and suggests, as I recall, 60 percent instead of 75 percent. I ask the Senator whether he will not be willing to accept the recommendation of General Hines, who is speaking for the Government, I think.

Mr. SCHWARTZ. I cannot accept the amendment because it seems to me the 75 percent is of itself a very modest and low rate, considering the nature of military activity at this time. At the last session we passed a bill allowing these veterans 80 percent, and I introduced the pending bill giving them 90 percent. A subcommittee of the Committee on Military Affairs, of which I was not a member, took the matter up, and then the committee itself acted, and concluded to reduce the figure to 75 percent, which is 5 percent lower than the figure the Senate adopted last year.

As I stated, if for like injuries they are given 75 percent of the compensation given to World War veterans, there will be an annual cost, according to the Administrator, of $3,565,548. If they are given 60 percent, as suggested by the Senator from Utah, the annual cost will be $2,852,438, so that there would be a difference of about $713,110 between the 60 percent and the 75 percent. I hope we will be able to keep the figure at 75 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 75 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes."

ALBERT P. DUNBAR

The bill (S. 1033) for the relief of Albert P. Dunbar was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Albert P. Dunbar, who was a member of Company A, Third Regiment Texas Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 9th day of November 1898: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

BILL PASSED OVER

The bill (S. 1650) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government, was announced as next in order.

Mr. VANDENBERG. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

EXPEDITIOUS SETTLEMENT OF DISPUTES

The Senate proceeded to consider the bill (S. 915) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

DEFINITIONS

SECTION 1. As used in this act, unless the context otherwise requires—

(1) "Administrative rules" include rules, regulations, orders, and amendments thereto of general application issued by officers in the executive branch of the United States Government interpreting the terms of statutes they are respectively charged with administering.

(2) "Administrative officers" means officers and employees in the executive branch, except the President of the United States.

(3) "Agency" means any department, independent establishment, administration, corporation, or other subdivision of the executive branch of the United States Government with one chief officer as the immediate head thereof.

(4) "Independent agency" means any board, commission, authority, corporation, or other subdivision of the executive branch of the United States Government with two or more officers at the head thereof as board, commission, or other members.

(5) "Circuit court of appeals" means the United States Circuit Court of Appeals and the United States Court of Appeals for the District of Columbia."

(6) "Days" means calendar days, exclusive of Sundays and national holidays.

(7) "Person" includes individuals, corporations, partnerships, or other organizations.

(8) "Decision" means any affirmative or negative decision, order, or act in specific controversies which determines the issue therein involved.

(9) "Controversy" means any dispute or disagreement concerning any claim, right, or obligation for or against the United States and any refusal to grant any license, permit, or other privilege.

IMPLEMENTING ADMINISTRATIVE RULES

SEC. 2. (a) Hereafter administrative rules and all amendments or modifications or supplements of existing rules implementing or filling in the details of any statute affecting the rights of persons or property shall be issued by the head of the agency and by each independent agency respectively charged with the administration of any statute only after publication of notice and public hearings. All such rules shall be published in the Federal Register within 10 days after the date of their approval by the head of the agency or the independent agency concerned, and shall not become effective until such publication, except when the President declares that a public emergency exists.

(b) Administrative rules under all statutes hereafter enacted shall be issued as herein provided within 1 year after the date of the enactment of the statute subject to the adoption thereafter of further rules from time to time as provided in this act.

(c) Any person substantially interested in the effects of an administrative rule in force on the date of the approval of this act may petition the head of the agency or the independent agency which administers any statute under which the rule was issued for a reconsideration of any such rule; and the head of such agency or the independent agency shall, after publication of notice and public hearing, if requested within 10 days thereafter, determine whether such rule shall be continued in force, modified, or rescinded. All amendments of such rules shall be in accordance with the procedure provided in subsection (a) of this section and all action of the head of such agency or the independent agency on such petitions and all new or amended rules shall be published in the Federal Register as prescribed in said subsection (a) for the publication of rules.

(d) No person shall be penalized or subjected to any forfeiture or prosecuted for any act done or omitted to be done in good faith in conformity with a rule which has been rescinded or declared invalid by any final judgment entered as hereinafter provided, unless the act was done or omitted to be done more than 30 days after the publication in the Federal Register of the rescission or final judicial determination of the invalidity of such rule.

JUDICIAL REVIEW OF RULES

SEC. 3. In addition to the jurisdiction heretofore conferred upon the United States Court of Appeals for the District of Columbia, that court shall have jurisdiction, upon petition filed within 30 days from the date any administrative rule is published in the Federal Register, to hear and determine whether any such rule issued or continued in force in accordance with section 2 of this act is in conflict with the Constitution of the United States or the statute under which issued. No rule shall be held invalid except for violation of the Constitution or for conflict with a statute or for lack of authority conferred upon the agency issuing it by the statute or statutes pursuant to which it was issued or for failure to comply with section 2 of this act. A copy of the petition and copies of all subsequent pleadings shall be served upon the Attorney General of the United States, who shall direct the defense of the rule. The court may refer such petition and any reply thereto for the taking of such evidence as shall be material and relevant thereto. The court shall give preference to such petitions and shall have no power in the proceedings except to render a declaratory judgment holding such rule legal and valid or holding it contrary to law and invalid. If the rule is held contrary to law and invalid, the rule thereafter shall not have any force or effect except to confer immunity as provided in section 2 of this act. Nothing contained in this section shall prevent the determination of the validity or invalidity of any rule which may be involved in any suit or review of an administrative decision or order in any court of the United States as now or hereafter authorized by law.

STATUTORY APPROVAL AND AUTHORITY FOR ADMINISTRATIVE BOARDS AND PRESCRIBING THEIR PROCEDURE

SEC. 4. (a) Every head of an agency shall from time to time designate three employees of his agency for such intra-agency boards (including the field service of such agency) as may be necessary and desirable. Where there are intra-agency boards existing on the date of approval of this act, they shall be reestablished and function in accordance with this act. Wherever practicable, such boards shall be designated in various sections of the United States to hear any controversy which may have there arisen. At least one employee designated for each such

board shall be a lawyer, who shall act as chairman of the board. When the members of any board are not engaged in the hearing of administrative appeals as hereinafter provided, such employees shall be assigned to other duties in the service of the agency concerned. No member of a board who has participated in a particular case or in the preparation, draft, or approval of any rule which may be involved, shall sit in appeal of the case or application of the rule. Each board shall be impartial, free, and independent in the hearing and determination of administrative appeals.

(b) When any person is aggrieved by a decision of any officer or employee of any agency, such person may notify the head of the agency in writing of objections thereto, specifically requesting that the controversy be referred to a board, constituted as hereinbefore provided, for hearing and determination. Such notice shall be given not more than 20 days after the date of receipt of a registered letter notifying him of the decision, act, or failure to act. Such written objections shall be referred promptly to an intra-agency board for the agency concerned. At a time and place to be designated and communicated to the aggrieved person, he shall have an opportunity at an early day for a full and fair hearing before said board, at which time there shall be introduced into the record the testimony and any documents or objects relating to the appeal before said board. Any person having a substantial interest in the controversy shall have the right to intervene herein. A stenographer shall be assigned to the hearings before the board to take and transcribe the testimony. All testimony, other evidence, and all proceedings before the board, shall be reduced to a written record and filed in the agency concerned and a copy thereof shall be furnished to the aggrieved person upon his written request therefor at a charge not exceeding the actual cost thereof. Within 30 days after the day the evidence and arguments are closed, the board shall make written findings of facts and separate decision thereon, which shall be subject to the written approval, disapproval, or modification of the head of the agency concerned or of such person as he shall designate in writing to act for him. A copy of the findings of fact and decision, showing the action if any, of the head of the agency concerned or his representative, shall be filed in the agency as a part of the written record in the case and a copy shall be mailed to the aggrieved person and to the intervenors, if any. The United States shall take such action as may now or hereafter be provided by law to enforce the decision of the agency unless there be pending judicial review thereof as hereinafter provided.

(c) The chairman of any board, upon request of any party to the proceedings, shall require by subpena the attendance and testimony of witnesses and the production of documents and all other objects before said board without other showing than required by the rules in United State district courts for the issuance of subpenas by such courts. Any witness subpenaed or whose deposition is taken shall receive the same fees and mileage as witnesses in courts of the United States, to be paid by the party at whose instance the witness appears or deposition is taken. In the event of disobedience of a subpena issued as herein provided, the chairman, or any party to the proceedings, may apply to any district court of the United States of the jurisdiction in which the witness may be found for an order requiring his attendance and testimony and the production of all documents and objects described in the subpena. The chairman of the board shall be authorized to administer oaths to witnesses and there shall be a right of examination and cross-examination of witnesses.

(d) When the matter in controversy is such that the delay incident to the hearing and decision of the case would create an emergency contrary to the public interest and there is administrative action or inaction prior to or without such hearing and determination, resulting in the destruction of the property or damage to the aggrieved person involved in such controversy the findings of fact and decision when made by the board shall state the amount of pecuniary damage suffered by the aggrieved person and upon approval thereof by the head of the agency concerned, the amount of damages so approved, if acceptable to the aggrieved person, shall be certified to the Congress for an appropriation with which to pay the same.

(e) Where any matter arises out of the activities of any independent agency, it may be provided by rule that such matter may be heard in the first instance by one of its trial examiners, who shall file with the independent agency the written record and his written findings of fact and separate decision, which shall be made in all instances, whether by the examiner or the independent agency, after reasonable public notice and a full and fair hearing as hereinbefore in this section provided. A copy or copies thereof shall be sent by registered mail to the aggrieved party. The independent agency shall enter at the expiration of 30 days such appropriate decision as may be proper unless within said 30 days the aggrieved party shall signify his written consent to the entry of the decision or shall file by registered mail with the independent agency his written objections to the findings of fact and decision of the examiner, in which event the independent agency shall not enter its decision without first according a public hearing upon reasonable notice to such party. Such hearing shall be before the members of the independent agency, if it has not less than three members, or before any three of such members. If the independent agency has less than three members, an intra-agency board shall be constituted in the manner provided in subsection (a) of this section, upon which the member or members of such agency may serve at his or their election.

(f) No hearing shall be permitted before any agency or independent agency seeking affirmative relief against the United States concerning any controversy which arose more than 1 year prior to the date on which there was filed with such agency or independent agency a written request for such hearing as provided in this section.

JUDICIAL REVIEW OF DECISIONS OR ORDERS OF ADMINISTRATIVE AGENCIES

SEC. 5. (a) Any party to a proceeding before any agency or independent agency as provided in section 4 of this act who may be aggrieved by the final decision or order of any agency, or independent agency, as the case may be, within 30 days after the date of receipt of a copy thereof, may at his election file a written petition (1) with the clerk of the United States Court of Appeals for the District of Columbia; or (2) with the clerk of the circuit court of appeals within whose jurisdiction such aggrieved party resides or maintains his principal place of business or in which the controversy arose, for review of the decision. Before filing a petition such party may within 10 days make a motion to the agency or independent agency concerned for a rehearing, tendering a statement of any further showing to be made thereon which shall constitute a part of the record, and the time for appeal shall run from the order on such motion if denied or the order made on such rehearing if a rehearing shall be had. The petition shall state the alleged errors in the decision of the agency or independent agency concerned. The Attorney General of the United States and the agency or independent agency shall each be served with a copy of the petition and it shall be the duty of the Attorney General of the United States to cause appearance to be entered on behalf of the United States within 30 days after the date of receipt by him of a copy of the petition and it shall be the duty of the agency or independent agency, as the case may be, within 30 days or such longer time as the court may by order direct, after receipt of a copy of the petition to cause to be prepared and filed with the clerk of such court the original or a full and accurate transcript of the entire record in such proceeding before such agency or independent agency. The court may affirm or set aside the decision or may direct the agency or independent agency concerned to modify its decision. Any case may be remanded for such further evidence as in the discretion of the court may be required but no objection not urged before the agency or independent agency, as the case may be, shall be considered by the court unless the failure or neglect to urge such objection shall be excused by the court for good cause shown. To facilitate the hearing of such appeals and avoid delay in the hearing of other matters before the court, such court may constitute special sessions thereof to consist of any three judges competent in law to sit as judges of a circuit court of appeals, which special sessions may be held concurrently with the regular sessions of said court. Any decision of any agency or independent agency shall be set aside if it is made to appear to the satisfaction of the court (1) that the findings of fact are clearly erroneous; or (2) that the findings of fact are not supported by substantial evidence; or (3) that the decision is not supported by the findings of fact; or (4) that the decision was issued without due notice and a reasonable opportunity having been afforded the aggrieved party for a full and fair hearing; or (5) that the decision is beyond the jurisdiction of the agency or independent agency, as the case may be; or (6) that the decision infringes the Constitution or statutes of the United States; or (7) that the decision is otherwise contrary to law.

(b) The judgments of the circuit courts of appeals shall be final, except that they shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

(c) Where the cause of action is otherwise within the jurisdiction of the United States Court of Claims as provided in sections 136 to 187, inclusive, of the Judicial Code, as amended (U. S. C., title 28, secs. 241 to 293, inclusive), the petition provided in this section may be to the said Court of Claims at the election of the aggrieved party.

(d) Where a circuit court of appeals or the Court of Claims finds itself in disagreement with a previously rendered decision of another court having jurisdiction under this section, it shall certify to the Supreme Court of the United States a distinct and definite statement of the question or proposition of law upon which such disagreement rests, with a statement of the nature of the cause and of the facts on which such question or proposition of law arises, together with a statement of the reasons in support of such disagreement. Such further proceedings shall be as provided in section 239 of the Judicial Code, as amended (U. S. C., title 28, sec. 346).

JURISDICTION OF COURTS TO IMPOSE DAMAGES WHERE APPEAL WAS FOR DELAY AND FOR COSTS

SEC. 6. The courts shall have jurisdiction and power to impose damages in any case where the decision of the agency or independent agency is affirmed and the court finds that there was no substantial basis for the petition for review. In all cases the costs on review shall be allowed the prevailing party after final judgment, to be collected according to law.

EXCEPTIONS AND RESERVATIONS

SEC. 7. Nothing contained in this act shall operate to modify or repeal any rights or procedure as now provided by law for any person to have his controversy with the United States heard and

determined in any district court or circuit court of appeals of the United States.

(b) Nothing contained in this act shall apply to or affect any matter concerning or relating to the conduct of military or naval operations; the trial by courts martial of persons otherwise within the jurisdiction of such courts martial; the conduct of the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Interstate Commerce Commission; the conduct of the Department of State; the conduct of the Department of Justice and the offices of the United States attorneys, except as otherwise herein specifically provided; or any matter concerning or relating to the internal revenue, customs, patent, trade-mark, copyright, or longshoremen and harbor workers' laws; or any case where the aggrieved party was denied a loan, or may be dissatisfied with a grading service in connection with the purchase or sale of agricultural products, or has failed to receive appointment or employment by any agency or independent agency. Sections 2 and 3 of this act shall not apply to the General Accounting Office.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. KING. In behalf of the junior Senator from Kentucky [Mr. LOGAN] I ask that the report be printed in the RECORD.

There being no objection, the report (No. 442) was ordered to be printed in the RECORD, as follows:

The Senate Committee on the Judiciary, having had under consideration the bill (S. 915) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, hereby report the same favorably to the Senate, and recommend that it do pass with the following amendment:

Strike out all after the enacting clause and insert the following:

"DEFINITIONS

"SECTION 1. As used in this act, unless the context otherwise requires—

"(1) 'Administrative rules' include rules, regulations, orders, and amendments thereto of general application issued by officers in the executive branch of the United States Government interpreting the terms of statutes they are respectively charged with administering.

"(2) 'Administrative officers' mean officers and employees in the executive branch, except the President of the United States.

"(3) 'Agency' means any department, independent establishment, administration, corporation, or other subdivision of the executive branch of the United States Government with one chief officer as the immediate head thereof.

"(4) 'Independent agency' means any board, commission, authority, corporation, or other subdivision of the executive branch of the United States Government with two or more officers at the head thereof as board, commission, or other members.

"(5) 'Circuit court of appeals' means the United States Circuit Court of Appeals and the United States Court of Appeals for the District of Columbia.

"(6) 'Days' means calendar days exclusive of Sundays and national holidays.

"(7) 'Person' includes individuals, corporations, partnerships, or other organizations.

"(8) 'Decision' means any affirmative or negative decision, order, or action specific controversies which determines the issue therein involved.

"(9) 'Controversy' means any dispute or disagreement concerning any claim, right, or obligation for or against the United States and any refusal to grant any license, permit, or other privilege.

"IMPLEMENTING ADMINISTRATIVE RULES

"SEC. 2. (a) Hereafter administrative rules and all amendments or modifications or supplements of existing rules implementing or filling in the details of any statute affecting the rights of persons or property shall be issued by the head of the agency and by each independent agency respectively charged with the administration of any statute only after publication of notice and public hearings. All such rules shall be published in the Federal Register within 10 days after the date of their approval by the head of the agency or the independent agency concerned, and shall not become effective until such publication, except when the President declares that a public emergency exists.

"(b) Administrative rules under all statutes hereafter enacted shall be issued as herein provided within 1 year after the date of the enactment of the statute subject to the adoption thereafter of further rules from time to time as provided in this act.

"(c) Any person substantially interested in the effects of an administrative rule in force on the date of the approval of this act may petition the head of the agency or the independent agency which administers any statute under which the rule was issued for a reconsideration of any such rule; and the head of such agency or the independent agency shall, after publication of notice and public hearing, if requested within 10 days thereafter, determine whether such rule shall be continued in force, modified, or rescinded. All amendments of such rules shall be in accordance with the procedure provided in subsection (a) of this section and all action of the head of such agency or the independent agency on such petitions and all new or amended rules shall be published in the Federal Register as prescribed in said subsection (a) for the publication of rules.

"(d) No person shall be penalized or subjected to any forfeiture or prosecuted for any act done or omitted to be done in good faith in conformity with a rule which has been rescinded or declared invalid by any final judgment entered as hereinafter provided, unless the act was done or omitted to be done more than 30 days after the publication in the Federal Register of the rescission or final judicial determination of the invalidity of such rule.

"JUDICIAL REVIEW OF RULES

"SEC. 3. In addition to the jurisdiction heretofore conferred upon the United States Court of Appeals for the District of Columbia, that court shall have jurisdiction, upon petition filed within 30 days from the date any administrative rule is published in the Federal Register, to hear and determine whether any such rule issued or continued in force in accordance with section 2 of this act is in conflict with the Constitution of the United States or the statute under which issued. No rule shall be held invalid except for violation of the Constitution or for conflict with a statute or for lack of authority conferred upon the agency issuing it by the statute or statutes pursuant to which it was issued or for failure to comply with section 2 of this act. A copy of the petition, and copies of all subsequent pleadings shall be served upon the Attorney General of the United States, who shall direct the defense of the rule. The court may refer such petition and any reply thereto for the taking of such evidence as shall be material and revelant thereto. The court shall give preference to such petitions and shall have no power in the proceedings except to render a declaratory judgment holding such rule legal and valid or holding it contrary to law and invalid. If the rule is held contrary to law and invalid, the rule thereafter shall not have any force or effect except to confer immunity as provided in section 2 of this act. Nothing contained in this section shall prevent the determination of the validity or invalidity of any rule which may be involved in any suit or review of an administrative decision or order in any court of the United States as now or hereafter authorized by law.

"STATUTORY APPROVAL AND AUTHORITY FOR ADMINISTRATIVE BOARDS AND PRESCRIBING THEIR PROCEDURE

"SEC. 4. (a) Every head of an agency shall from time to time designate three employees of his agency for such intra-agency boards (including the field service of such agency) as may be necessary and desirable. Where there are intra-agency boards existing on the date of approval of this act, they shall be reestablished and function in accordance with this act. Wherever practicable, such boards shall be designated in various sections of the United States to hear any controversy which may have there arisen. At least one employee designated for each such board shall be a lawyer, who shall act as chairman of the board. When the members of any board are not engaged in the hearing of administrative appeals as hereinafter provided, such employees shall be assigned to other duties in the service of the agency concerned. No member of a board who has participated in a particular case or in the preparation, draft, or approval of any rule which may be involved, shall sit in appeal of the case or application of the rule. Each board shall be impartial, free, and independent in the hearing and determination of administrative appeals.

"(b) When any person is aggrieved by a decision of any officer or employee of any agency, such person may notify the head of the agency in writing of objections thereto, specifically requesting that the controversy be referred to a board, constituted as hereinbefore provided, for hearing and determination. Such notice shall be given not more than 20 days after the date of receipt of a registered letter notifying him of the decision, act, or failure to act. Such written objections shall be referred promptly to an intra-agency board for the agency concerned. At a time and place to be designated and communicated to the aggrieved person, he shall have an opportunity at an early day for a full and fair hearing before said board, at which time there shall be introduced into the record the testimony and any documents or objects relating to the appeal before said board. Any person having a substantial interest in the controversy shall have the right to intervene therein. A stenographer shall be assigned to the hearings before the board to take and transcribe the testimony. All testimony, other evidence, and all proceedings before the board shall be reduced to a written record and filed in the agency concerned and a copy thereof shall be furnished to the aggrieved person upon his written request therefor at a charge not exceeding the actual cost thereof. Within 30 days after the day the evidence and arguments are closed, the board shall make written findings of facts and separate decision thereon, which shall be subject to the written approval, disapproval, or modification of the head of the agency concerned or of such person as he shall designate in writing to act for him. A copy of the findings of fact and decision, showing the action if any, of the head of the agency concerned, or his representative, shall be filed in the agency as a part of the written record in the case and a copy shall be mailed to the aggrieved person and to the intervenors, if any. The United States shall take such action as may now or hereafter be provided by law to enforce the decision of the agency unless there be pending judicial review thereof as hereinafter provided.

"(c) The chairman of any board, upon request of any party to the proceedings shall require by subpena the attendance and testimony of witnesses and the production of documents and all other objects before said board without other showing than required by the rules in United States district courts for the issuance of subpenas by such courts. Any witness subpenaed or whose deposition is taken shall receive the same fees and mileage as witnesses in courts of the United States, to be paid by the party at whose instance the witness appears or deposition is taken. In the event of disobedience of a subpena issued as herein provided, the chairman, or any party to the proceedings, may apply to any district court of the United States of the jurisdiction in which the witness may be found for an order requiring his attendance and testimony and the production of all documents and objects described in the subpena. The chairman of the board shall be authorized to administer oaths to witnesses, and there shall be a right of examination and cross-examination of witnesses.

"(d) When the matter in controversy is such that the delay incident to the hearing and decision of the case would create an emergency contrary to the public interest and there is administrative action or inaction, prior to or without such hearing and determination, resulting in the destruction of the property or damage to the aggrieved person involved in such controversy, the findings of fact and decision when made by the board shall state the amount of pecuniary damage suffered by the aggrieved person and upon approval thereof by the head of the agency concerned, the amount of damages so approved, if acceptable to the aggrieved person, shall be certified to the Congress for an appropriation with which to pay the same.

"(e) Where any matter arises out of the activities of any independent agency, it may be provided by rule that such matter may be heard in the first instance by one of its trial examiners, who shall file with the independent agency the written record and his written findings of fact and separate decision, which shall be made in all instances, whether by the examiner or the independent agency, after reasonable public notice and a full and fair hearing as hereinbefore in this section provided. A copy or copies thereof shall be sent by registered mail to the aggrieved party. The independent agency shall enter at the expiration of 30 days such appropriate decision as may be proper unless within said 30 days the aggrieved party shall signify his written consent to the entry of the decision or shall file by registered mail with the independent agency his written objections to the findings of fact and decision of the examiner, in which event the independent agency shall not enter its decision without first according a public hearing upon reasonable notice to such party. Such hearing shall be before the members of the independent agency, if it has not less than three members, or before any three of such members. If the independent agency has less than three members, an intra-agency board shall be constituted in the manner provided in subsection (a) of this section, upon which the member or members of such agency may serve at his or their election.

"(f) No hearing shall be permitted before any agency or independent agency seeking affirmative relief against the United States concerning any controversy which arose more than 1 year prior to the date on which there was filed with such agency or independent agency a written request for such hearing as provided in this section.

"JUDICIAL REVIEW OF DECISIONS OR ORDERS OF ADMINISTRATIVE AGENCIES

"SEC. 5. (a) Any party to a proceeding before any agency or independent agency as provided in section 4 of this act may be aggrieved by the final decision or order of any agency, or independent agency, as the case may be, within 30 days after the date of receipt of a copy thereof, may at his election file a written petition (1) with the clerk of the United States Court of Appeals for the District of Columbia; or (2) with the clerk of the circuit court of appeals within whose jurisdiction such aggrieved party resides or maintains his principal place of business or in which the controversy arose, for review of the decision. Before filing a petition such party may within 10 days make a motion to the agency or independent agency concerned for a rehearing, tendering a statement of any further showing to be made thereon which shall constitute a part of the record, and the time for appeal shall run from the order on such motion if denied or the order made on such rehearing if a rehearing shall be had. The petition shall state the alleged errors in the decision of the agency or independent agency concerned. The Attorney General of the United States and the agency or independent agency shall each be served with a copy of the petition and it shall be the duty of the Attorney General of the United States to cause appearance to be entered on behalf of the United States within 30 days after the date of receipt by him of a copy of the petition, and it shall be the duty of the agency or independent agency, as the case may be, within 30 days or such longer time as the court may by order direct, after receipt of a copy of the petition to cause to be prepared and filed with the clerk of such court the original or a full and accurate transcript of the entire record in such proceeding before such agency or independent agency. The court may affirm or set aside the decision or may direct the agency or independent agency concerned to modify its decision. Any case may be remanded for such further evidence as in the discretion of the court may be required, but no objection not urged before the agency or independent agency, as the case may be, shall be considered by the court unless the failure or neglect to urge such objection shall be excused by the court for good cause shown. To facilitate the hearing of such appeals and avoid delay in the hearing of other matters before the court, such court may constitute special sessions thereof to consist of any three judges competent in law to sit as judges of a circuit court of appeals, which special sessions may be held concurrently with the regular sessions of said court. Any decision of any agency or independent agency shall be set aside if it is made to appear to the satisfaction of the court (1) that the findings of fact are clearly erroneous; or (2) that the findings of fact are not supported by substantial evidence; or (3) that the decision is not supported by the findings of fact; or (4) that the decision was issued without due notice and a reasonable opportunity having been afforded the aggrieved party for a full and fair hearing; or (5) that the decision is beyond the jurisdiction of the agency or independent agency, as the case may be; or (6) that the decision infringes the Constitution or statutes of the United States; or (7) that the decision is otherwise contrary to law.

"(b) The judgments of the circuit courts of appeals shall be final, except that they shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

"(c) Where the cause of action is otherwise within the jurisdiction of the United States Court of Claims as provided in sections 136 to 187, inclusive, of the Judicial Code, as amended (U. S. C., title 28, secs. 241 to 293, inclusive), the petition provided in this section may be to the said Court of Claims at the election of the aggrieved party.

"(d) Where a circuit court of appeals or the Court of Claims finds itself in disagreement with a previously rendered decision of another court having jurisdiction under this section, it shall certify to the Supreme Court of the United States a distinct and definite statement of the question or proposition of law upon which such disagreement rests, with a statement of the nature of the cause and of the facts on which such question or proposition of law arises, together with a statement of the reasons in support of such disagreement. Such further proceedings shall be as provided in section 239 of the Judicial Code, as amended (U. S. C., title 28, sec. 346).

"JURISDICTION OF COURTS TO IMPOSE DAMAGES WHERE APPEAL WAS FOR DELAY AND FOR COSTS

"SEC. 6. The courts shall have jurisdiction and power to impose damages in any case where the decision of the agency or independent agency is affirmed and the court finds that there was no substantial basis for the petition for review. In all cases the costs on review shall be allowed the prevailing party after final judgment, to be collected according to law.

"EXCEPTIONS AND RESERVATIONS

"SEC. 7. Nothing contained in this act shall operate to modify or repeal any rights of procedure as now provided by law for any person to have his controversy with the United States heard and determined in any district court or circuit court of appeals of the United States.

"(b) Nothing contained in this act shall apply to or affect any matter concerning or relating to the conduct of military or naval operations; the trial by courts martial of persons otherwise within the jurisdiction of such courts martial; the conduct of the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Interstate Commerce Commission; the conduct of the Department of State; the conduct of the Department of Justice and the offices of the United States attorneys, except as otherwise herein specifically provided; or any matter concerning or relating to the internal revenue, customs, patent, trade-mark, copyright, or longshoremen and harbor workers' laws; or any case where the aggrieved party was denied a loan, or may be dissatisfied with a grading service in connection with the purchase or sale of agricultural products, or has failed to receive appointment or employment by any agency or independent agency. Sections 2 and 3 of this act shall not apply to the General Accounting Office."

PURPOSES OF THE BILL

The basic purpose of this administrative-law bill is to stem and, if possible, to reverse the drift into parliamentarism which, if it should succeed in any substantial degree in this country, could but result in totalitarianism with complete destruction of the division of governmental power between the Federal and the State Governments and with the entire subordination of both the legislative and judicial branches of the Federal Government to the executive branch wherein are included the administrative agencies and tribunals of that Government. This drift has become very pronounced during the past 50 years with the increasing complexity of social and economic problems.

This administrative-law bill does not attempt to expand or to constrict the functions, duties, and responsibilities conferred or imposed by statutes on the various and sundry agencies of the Federal Government. The bill is concerned solely with the adjective or procedural aspects of these statutes and as to the importance thereof we cannot do better than quote from Professor, now Mr. Justice Frankfurter in his address in 1938 to the Cincinnati Administrative Law Conference wherein he said:

"Remember, there are very precious values of civilization which ultimately, to a large extent, are procedural in their nature. * * * All tribunals, administrative or judicial, have to inquire and examine before they decide. Historic experience lies behind the right

to a day in court, and a full day. Those who decide should record their judgments and give reasons for them, which in itself will have a fruitful psychological effect. You feel much more responsible—all of us do—if we have to sit down and write out why we think what we think."

This administrative-law bill has four basic purposes: (1) The mandatory requirement for the administrative formation of rules and regulations, or the exercise of quasi legislative power by the existing personnel in filling in the details of the statutes which the officers and employees of the United States are required to administer; (2) the establishment and uniformity of procedure for the hearing of administrative appeals by existing personnel within the single-headed administrative agencies and uniformity of procedure before the multiple-headed administrative tribunals; (3) the establishment and uniformity of procedure for, and scope of, judicial review of all administrative rules and of all administrative decisions and orders by the existing United States circuit courts of appeals, including the United States Circuit Court of Appeals for the District of Columbia, whether issued by or rendered by single-headed or multiple-headed administrative agencies of the Federal Government; and (4) last, but not least, the authorization of the Supreme Court of the United States to issue uniform rules of trial practice and procedure before all Federal administrative agencies in their exercise of quasi judicial power and for judicial review of the decisions or orders of such agencies.

The bill contemplates the more efficient utilization of existing personnel in the administrative branch of the Federal Government and of the circuit courts of appeals, though it may later become necessary to add additional judges to some of these courts.

THE PROBLEM UPON US

The Judiciary Act of 1789 was drawn with such infinite care and foresight that its basic principles regulating the jurisdiction of the Federal courts have stood for a century and a half. It was only recently that the Congress authorized by statute, and the Supreme Court of the United States has issued uniform rules of practice and procedure controlling both law and equity practice in the Federal courts; thus recognizing a fact, which had been vigorously denied since the days of Lord Coke, in that it is not only possible to have uniform rules of trial procedure in the various and sundry law actions in the courts but that it is possible to have such uniformity as between law and equity actions.

The statutes commencing with those of 1789, establishing the administrative agencies of the Federal Government, were not drawn with such infinite care and foresight. Unlike the situation with respect to the courts, the Constitution made no provision whatever for an administrative service and there are but two indirect references in the Constitution to the fact that there might be established an administrative service. The obvious implication to be made from these two constitutional provisions is that the framers of the Constitution contemplated the establishment of administrative or executive departments, and the organization of such departments by statutes enacted by the Congress. And that has been the course of our administrative history, though they have not been manned by Members of the Congress as was to some extent the procedure under the Articles of Confederation. In the early case of *Kendall* v. *Stokes* (12 Peters, 524, 610; 1838) the Supreme Court of the United States upheld the lower court in its conclusion that the Congress may "prescribe the duties of the office, at the time of its creation or from time to time, as circumstances may require" and said that—

"It by no means follows that every officer in every branch of that department [the Executive] is under the exclusive direction of the President * * *. It would be an alarming doctrine, that Congress cannot impose upon any executive officer any duty they may think proper, which is not repugnant to any rights secured and protected by the Constitution; and in such cases the duty and responsibility grow out of and are subject to the control of the law, and not to the direction of the President."

It was 30 years later in *Floyd's Acceptances* (7 Wallace, 666; 1868), that the same Court said, with respect to any inquiry as to the authority of an officer of the United States:

"The answer, which at once suggests itself to one familiar with the structure of our Government, in which all power is delegated, and is defined by law, constitutional or statutory, is, that to one or both of these sources we must resort in every instance. We have no officers in this Government, from the President down to the most subordinate agent, who does not hold office under the law, with prescribed duties and limited authority."

The Congresses which have gone before us are not to be criticized for their failure in establishing the first administrative agencies in 1789, or in the additions thereto from time to time since that date, to delimit administrative authority with the precision adopted in the original Judiciary Act of 1789. The problems of the Federal administrative service have not been static though they were relatively simple prior to 1887 and consisted chiefly in the maintenance of peace at home and the protection of our citizens abroad, the transportation of the mails, and the distribution of the public lands with the collection of comparatively small revenue sufficient for such purposes.

With the adaptation to governmental conditions characteristic of Anglo-Saxon peoples, we required no elaborate administrative machinery of government for these purposes. By means of private bills for the relief of contractors and pensioners the Congress was able to sit in review of the administrative agencies in these respects until 1855 when the Court of Claims was established to hear and determine de novo certain classes of money claims against the United States arising principally out of contracts and pay matters. The Federal courts, quite early, developed a procedure for suits at common law against collectors of customs and collectors of internal revenue to recover from them personally illegal or erroneous collections and this procedure was subsequently regulated by statute. There since has been created the right to sue the United States in both the Federal district courts and in the Court of Claims for refund of taxes and, in 1890, there was reorganized the customs procedure to provide for the establishment of both trial and an appellate court for the review of administrative decisions in customs cases. The latter court has been given jurisdiction to review the administrative decisions in patent and trade-mark cases.

The sale of public lands presented no questions which the Treasury Department and later the Interior Department were not able to settle, with the aid of extraordinary writs developed by the courts of the District of Columbia upon the basis of procedure supposed to have been derived via the State of Maryland from the English judicial system. However, the settlement of land claims under foreign grants in the territories which the United States successively secured from France, Spain, and Mexico did give rise to serious disputes with the administrative agencies charged with the settlement thereof. In the earlier statutes the Congress sat in review of the administrative settlement of the claims, these earlier laws generally providing that the action of the administrative land boards should be confirmed by the Congress. However, the acquisition of the Southwest Territory under the Treaty of Guadalupe Hidalgo, the almost simultaneous discovery of gold in California, and the immense value of the lands in the California territory, made it necessary that some more exact and scientific procedure be established for the proper determination of those who claimed under Spanish or Mexican land grants entitled to protection under the Treaty of Guadalupe Hidalgo. The act of May 26, 1824 (4 Stat. 52), had provided that as to French and Spanish grants in the territories of Missouri and Arkansas a petitioner could submit his land claim to the Federal district court to be inquired into de novo and determined, but there seemed to have been too many such claims in California for the use of a similar procedure. Accordingly, the act of March 3, 1851 (9 Stat. 631, 634), established a California Land Commission, or board, to consist of three individuals who were required, with the United States attorney representing the public interests, to inquire into and determine such land claims as existed in California.

This statute of 1851 provided that a claimant dissatisfied with the decision of the land commission or the United States attorney could petition the district court for California for review of the record before the land commission and its decision thereon. There was thus avoided the delay and expense of a trial de novo which had been the situation under the act of May 26, 1824, with respect to the Missouri and Arkansas land grants, but it is to be noted that the courts were authorized to make a full review of the board decisions, being in this respect similar to the complete appellate review which is the long-established procedure in equity and admiralty cases. The California Land Board procedure worked exceedingly well.

Thus we swung into the aftermath of the Civil War with our experiences with the administrative procedure in adjusting French, Spanish, and Mexican land-grant claims; our experiences under common-law procedure, regulated by statute, in adjusting claims for illegal or erroneous collections of customs and internal revenue; our experiences with the office of the Comptroller of the Currency regulating the national banks where there is virtually no judicial review; and our experiences with the Court of Claims having jurisdiction de novo in restricted classes of actions against the United States.

But the problems confronting the United States in the post Civil War period were much unlike those which had confronted the country during its earlier history. Great aggregations of capital forgot, in many instances, their responsibility to the people of the United States and laboring men, too, attempted to establish an imperium in imperio. This was the period of the rise of great corporations, the rise of the Granger and Populist movements, and the rise of the great labor unions. All of these elements were more or less mutually in opposition, and it is not too much to say that the period from the close of the Civil War to at least the beginning of the World War was one of extremists and that there was much injustice to all, including the great unorganized public.

THE PRESENT SITUATION

Driven on by the unrest and dissatisfaction of the farmers, of small-business men, of labor unions, and by resolutions of State legislatures, the Congress embarked in the Interstate Commerce Act upon regulation and control of the railroads, a regulation and control which since has been extended to many other lines of endeavor in the Federal Trade Commission Act, in the Federal Communications Act, in the Securities and Exchange Commissions Act, in the Wages and Hours Administrative Act, in the National Labor Relations Act, and in many other statutes which have become law since that date. Throughout this period since 1887 the prime consideration and emphasis have been on strengthening the powers of the Federal Government so as to regulate and control the governed with practically no consideration being given to providing means and methods whereby the governors could be governed and the regulators could be regulated. The time has come when some of these regulators consider themselves above the statutes and when they show contemptuous disregard for both the Congress and the courts. Unless this country is to become

first a parliamentary and then a totalitarian government, with the States reduced to mere police provinces, and with both the legislative and judicial branches of our Government dominated by the administrative agencies of Government, these administrative agencies must be required to both observe the terms of the statutes and to exercise good faith in their administration of such statutes.

Unfortunately, the statutes providing for hearings before the so-called independent agencies of the Federal Government as well as those providing for the conduct of the affairs of the single-headed agencies, do not provide for uniform procedure for such hearings or for a uniform method and scope of judicial review. All arguments that such uniformity is neither possible nor desirable is answered by the fact that uniformity has been found possible and desirable for all classes of both equity and law actions in the courts exercising the whole of the judicial power of the Federal Government. It would seem to require no argument to demonstrate that the administrative agencies, exercising but a fraction of the judicial power may likewise operate under uniform rules of practice and procedure and that they may be required to remain within the terms of the law as to the exercise of both quasi-legislative and quasi-judicial power.

The results of the lack of uniform procedure for the exercise of quasi-judicial power by the administrative agencies have been at least threefold; (1) the respective administrative agencies give little heed to, and are little assisted by, the decisions of other administrative agencies or by decisions of the courts applicable to such agencies; (2) the courts are placed at considerable disadvantage because they must verify the basic statutes of all decisions relating to other administrative agencies which are cited to them, thus slowing up the writing of opinions in particular cases; and (3) individuals and their attorneys are at a disadvantage in the presentation of their administrative appeals, with the result that there is a tendency to emphasize the importance of the judiciary in the administrative process.

In fact, the present situation of indescribable confusion is due to the fact that the Congress has ignored the development of the administrative process prior to 1861; that since such time the Congress has created administrative agencies without regard to any uniformity of the judicial review provisions and without regard to the procedure developed and proven prior to that time; and that the law schools have placed undue emphasis on the pathological aspects of administrative procedure rather than upon the statutes and the administrative processes. Added to all this has been the constantly growing complexity of the Federal Government and the resulting lack of training of most lawyers and businessmen therein.

Furthermore the statutes, commencing with the Interstate Commerce Act, have made no provision whatever for improvement of the administrative process and rarely have these statutes attempted to prescribe, even in a general way, the scope of judicial review. The result has been that the administrative agencies and the courts have been required to work out the procedure from case to case with unnecessary fumbling in the administrative process and with unnecessary criticisms of the courts when they have attempted—not altogether with success—in their decisions to lay down general rules of trial and appellate procedure.

IMPLEMENTATION OF STATUTES

Section 1 of the amended bill is devoted to definitions, and sections 2 and 3 thereof are devoted to the mandatory requirement of administrative implementation of the statutes by means of rules and regulations and to provisions for the judicial reviews thereof in the United States Court of Appeals for the District of Columbia.

There are now outstanding a body of rules and regulations which have been issued, amended, and reissued from time to time since the foundation of the Government. As to these rules, the bill provides that an individual, materially interested, may petition for a hearing with respect thereto and that upon such petition public notice shall be issued and a hearing granted. As to statutes enacted after the effective date of this bill when enacted into law the requirement is that public notice shall be issued, public hearings held if requested, and rules implementing the statutes shall be issued within 1 year from the date such statutes are enacted into law. All amendments of existing regulations shall be after public notice and public hearing, if requested.

The bill also provides in section 3 thereof that, upon petition filed within 30 days from the date any rule is published in the Federal Register, the Court of Appeals for the District of Columbia shall have power to review the rule as to whether it is in accordance with the Constitution and the statute under which it has been issued.

The bill further provides that the individual shall be protected as to any action taken in good faith in accordance with any rule and for 30 days after publication of notice that the rule has been rescinded or has been held by the courts to be invalid. Ample provision is made for the issuance of rules in an emergency without notice or hearing—but only with the approval of the President of the United States. Such approval has been required to prevent any abuse of the emergency power to issue rules without notice and hearing.

Discretionary authority has existed since the statutes of 1789 for the issuance of rules and regulations. However, the rules which have been issued, except in certain instances in the Customs, Internal Revenue, and Interstate Commerce Commission services, very generally have been limited to the adjective side of the statutes. Only in rare instances have the rules attempted to interpret the substantive terms of the statutes; that is, to fill in the details which the Congress necessarily has had to leave to administrative discretion. More often the administrative agencies have failed to exercise such authority and the burden of interpreting the statutes has fallen upon the courts where they have had jurisdiction, and often without any guide as to the administrative viewpoint.

This trial and error method—the case by case interpretation of the statutes—may have been entirely satisfactory in the early days of the Government but as to that we cannot know for the reason that, except as above mentioned, the courts had no general jurisdiction to determine claims and other controversies with the administrative services and, too, such services were not concerned with present-day economic and social problems. Subordinates in the field are entitled to know what their administrative superiors may believe the statutes to mean and, if the administrative superiors know so little about the statutes as not to be able to issue rules interpreting the statutes and filling in the details, the private individual must know much less about them. He should not be required to assume the expense of securing from the courts for the administrative agencies an interpretation as to the meaning of the statutes.

The interpretation of statutes from case to case does not permit of either consistent interpretations or justify the research, investigation, and study which may be used preliminarily to the issuance of general interpretative rules. The bill does not intend that the interpretation of a statute shall be frozen into rules issued within a year after the effective date of such statute, as ample provision has been made for amendments of the rules from time to time—but only after public notice, public hearing, if requested, and subject to judicial review.

Even though the courts are not to be bound by such rules, they will be of great assistance to the courts in reaching a correct interpretation. The judicial review is limited to the questions whether the rule is in accordance with the Constitution and the statute. All questions of discretion or wisdom of the rule are left to the administrative agencies and, of course, to the Congress in event the rule should come to its attention. In some of the States the reasonableness of certain rules issued by State agencies is a matter left to the courts, but this committee has not deemed it wise to go so far at this time.

IMPLEMENTATION OF STATUTES IS NOT SOMETHING NEW

A number of the States, notably New York, Wisconsin, and Illinois, have long provided for the implementation of some of their statutes after public notice and public hearing and subject to judicial review, though, as above stated, the scope of judicial review is somewhat broader than that contemplated by this bill. Further, some of the Federal administrative agencies, notably the Department of Agriculture, in the administration of statutes requiring for success in administration cooperation on the part of States and individuals, have long followed the procedure of public notice and public hearing. Such practice in both Nation and State has served as a mutual educational process for all concerned and has operated to make the rules more reasonable and to reduce litigation to a minimum.

Further, some recent statutes enacted by the Congress, particularly the Copeland Pure Food, Drug, and Cosmetic Act and the Civil Aviation Authority Act have provided for public notice and public hearing if requested, preliminary to the issuance of rules and for judicial review of the rules when issued. Some other agencies have voluntarily, in certain instances, given public notice of hearings and have held hearings on various aspects of the statutes administered by them before the rules thereunder have been issued.

What the States and some Federal agencies have been required by law to do and what some Federal agencies have voluntarily done may be done by all Federal agencies engaged in administration of the laws. And it is not without importance in this connection to note that practically in all instances proposed legislation before the Congress is printed in the form of bills; the bills are made available to both the proponents and the opponents of such legislation; and public hearings are held at which all viewpoints may be presented by interested witnesses for consideration of the various committees and of the Congress as to whether amendments to the bills should be made.

In the exercise of the quasi legislative authority delegated to them the administrative agencies of the Federal Government exercise but a fraction of the vast legislative power of the Congress and there is no reason why these agencies should not follow substantially the procedure of the Congress in the exercise of such legislative power as is delegated to them.

Last, but not least, such procedure will not only give the ex officio experts of the Federal Government the viewpoints and experience of labor, industry, and others who may be affected by the rules, but the rules will operate as advance opinions or declaratory judgments by the administrative officials as to what they believe the statutes to mean. Thus all concerned will have a guide for the conduct of their affairs; there will not be the danger of politics as in the issuance of decisions or interpretations pursuant to individual questions; the courts will have a guide when they come to consider individual cases as to what the administrative officials believe the statutes to mean; and there will not be the present necessity for many years to elapse before the administrative agencies interpret the statutes administered by them.

Practically all of the some one-hundred-and-odd administrative agencies are required to exercise quasi-judicial authority in the determination of claims and controversies arising in the admin-

istration of the statutes under their respective supervision. If there ever was a time when the investigational, prosecutional, and judicial functions exercised by administrative agencies in the administration of statutes could be segregated, that time has long since passed. The complexities of modern-day governments necessitate the combination of such functions in the administrative process, and this is entirely aside from the fact that the administrative agencies determine many times more controversies within a given period than do the traditional courts. Even if the courts were otherwise qualified to exercise de novo the judicial process as to all such controversies, the number thereof would swamp any judicial system which we have had in America.

And such segregation of the administrative process is unnecessary and undesirable. So long as a controversy is decided in accordance with the law and the facts it is immaterial whether it is decided in the judicial process. Since the administrative agencies of the Government are wholly creatures of statutes, the Congress may distribute this judicial power as best suits the interest and convenience of the people and there is needed a uniform procedure for administrative determinations and for judicial review thereof to see that the administrative agencies remain within the terms of the law, both in the hearings accorded and in applying the law to the record facts.

Sections 4 and 5 of the amended bill are devoted to this phase of the problem. Section 4 provides for a uniform procedure for appeals within the single-headed administrative agencies and for a uniform procedure before the multiple-headed agencies while section 5 provides for a uniform procedure for judicial review of all administrative decisions and orders, whether made by the single- or multiple-headed agencies. Section 6 is complementary to these two sections in the authorization and request that the Supreme Court of the United States issue uniform rules of trial practice and procedure for the exercise of the adjudicatory process in the administrative agencies and for the appellate review. It is assumed that in complying with such request the Supreme Court of the United States will duplicate the procedure followed in formulating uniform rules for the trial courts and appoint an able committee, consisting of representatives of the administrative agencies, members of the bar in private practice, and others to make the necessary studies and prepare the rules of trial practice and procedure. In fact the Attorney General of the United States now has a committee engaged in making studies in this connection, and the work accomplished by that committee may be made available in drafting the uniform rules.

It will be noted that the administrative agencies are to remain free in the discharge of both their quasi-legislative and quasi-judicial authority and, of course, free in their administration of the statutes in accordance with the law and the facts. However, the exercise of discretion in the quasi-legislative and quasi-judicial functions does not contemplate that the administrative officials shall exercise other than a legal discretion; they do not have a roving commission to obey the law or not obey it as they see fit, to change and adopt policies contrary to the policies stated in the law, or in any other manner to assume an autocratic attitude as to what they shall or shall not do when private and public rights are involved.

Any question as to whether the administration has exercised a wise discretion is not for the courts but for the Congress. The only question for the courts is whether a legal discretion has been exercised by the administrative agencies in the quasi-legislative and quasi-judicial processes and while the constitutional requirement of a "case or controversy" has its place in litigation between private parties it has no place in the distribution which the Congress may make of the judicial power as between the Federal courts and the administrative agencies in the decision of controversies arising in the administration of the statutes as between the Federal Government and the individual.

The procedure stated in sections 4, 5, and 6 of this bill does not contemplate that the courts shall assume or exercise any part of the strictly administrative duties and responsibilities of the various agencies of the Federal Government but it does contemplate that the courts shall review these agencies in their exercise of quasi-judicial power and that the courts shall see to it by means of rules and appellate review that such a record of the facts is made in each and every case coming before them that they may determine whether there has been exercised a legal discretion within the scope of the judicial review provision in section 5 of the bill.

Further, in order to reduce delays in the courts to a minimum in securing a final and uniform judicial determination, section 5 (d) of the bill requires that any reviewing court disagreeing with a prior decision of another court as to the matters arising under the bill, the disagreeing court shall forthwith certify to the Supreme Court of the United States a distinct and definite statement of the question or proposition of law upon which such disagreement rests, etc., where further proceedings shall be as now provided by law for certified questions to that Court. By such means it is hoped to cut down the time now required to harmonize conflicting decisions among the several circuit courts of appeal and the Court of Claims.

Section 7 of the bill adopts existing statutes pertaining to costs on review and damages for frivolous appeals to the courts, and section 8 is a section of reservations. It has not been thought desirable to repeal at this time the laws relating to suits against the United States or for judicial reviews in certain instances of administrative decisions. The legal profession believes that existing procedures should be continued in effect for the time being and until there has been a period of satisfactory experience with the procedure stated in the bill. Also, some administrative agencies enumerated in section 8 have been specifically exempted for reasons which it is believed will be apparent to all concerned.

CONCLUSION

It has not been possible to draft an administrative-law bill which would be entirely satisfactory to everyone, but it is doubtful if there has been legislation proposed in a century which has had more extended and careful study than that given to this bill. It was under consideration for more than 3 years by the American Bar Association and the principles thereof have been approved by the board of governors and the house of delegates of that association and by the State bar associations of California, Colorado, Illinois, Nebraska, Ohio, and Oregon as well as by the city bar associations of Boston, Chicago, Cleveland, Dallas, and St. Louis. Doubtless other bar associations will approve the bill as they meet from time to time during the coming months. A number of business organizations have approved the bill and it is understood to be acceptable to a large labor organization.

Much time has been given to the bill by a subcommittee of the Senate Committee on the Judiciary. In fact, the chairman of that committee in 1928 directed attention to the problem in a bill which he introduced and in an address which he made in the Senate.

The object of all concerned has been to leave the administrative agencies as free as possible to function consistent with the supremacy of the law and to provide only such judicial review as is necessary to insure both the supremacy of the law and substantial justice in controversies between the United States and individuals. Of course, much of the success of the reform will depend upon the able and wise use made by the administrative agencies of the power conferred upon them by this proposed legislation as well as upon the restraint and ability of the courts in their exercise of their reviewing jurisdiction. However, it is believed that we may safely trust this matter to the wisdom of all concerned to the end that there may be developed in this country a body of administrative law in accordance with the received common-law traditions with both the administrative agencies and the courts jealously concerned to remain within their respective allotted spheres—both being anxious to interpret and apply the constitutional statutes as enacted by the elected representatives of the people.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (H. J. Res. 188) authorizing the delegation of certain authority within the Department of Agriculture was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

PROVISIONAL, PROBATIONARY, AND TEMPORARY WORLD WAR OFFICERS

The Senate proceeded to consider the bill (S. 457) to amend the World War Adjusted Compensation Act, which was read, as follows:

Be it enacted, etc., That subsection (b), section 202, of the World War Adjusted Compensation Act is amended to read as follows:

"(b) Any individual holding a permanent or provisional commission or permanent or acting warrant in any branch of the military or naval forces, or (while holding such commission or warrant) serving under a temporary commission in a higher grade—in each case for the period of service under such commission or warrant or in such higher grade after the accrual of the right to pay thereunder. This subdivision shall not apply to any noncommissioned officer nor to any provisional, probationary, or temporary officer of the military or naval forces or Coast Guard, under the grade of major or lieutenant commander, who served subsequent to April 6, 1917, and who is now in a status of honorable separation from the military, naval, or Coast Guard service: *Provided,* That applications under this act must be made within 1 year from the date of enactment."

Mr. KING. Let us have an explanation of the bill.

Mr. SHEPPARD. Mr. President, this is a bill to amend the World War Adjusted Compensation Act so as to give the bonus to World War provisional and probationary officers. Technically, these former officers have been considered a part of the Regular armed forces. The act of 1924 precluded members of the Regular armed forces from receiving the bonus. Practically, however, these officers were in the same category with emergency officers, who did receive the bonus.

These officers did not enter the armed forces during the World War with a view to receiving permanent commissions. They did not know that provisional or probationary appointments made them members of the Regular forces.

When the war was over they returned to civil life. They served along with the emergency officers, who have received their bonus. Their services were identical, and there appears to be no logical reason why they should not also receive the bonus.

Mr. VANDENBERG. Mr. President, has not all legislation affecting adjusted compensation heretofore always gone through the Finance Committee?

Mr. KING. I answer that affirmatively.

Mr. VANDENBERG. There is a special subcommittee of the Committee on Finance charged with the exclusive jurisdiction of all compensation matters. I do not desire to comment on the merits of the measure, but I think it should be referred to the Finance Committee, and passed upon by its special subcommittee dealing with this subject.

Mr. SHEPPARD. Mr. President, the Senate Committee on Military Affairs has had jurisdiction of legislation relating to provisional and probationary officers for a number of years, and it has never been questioned until today.

Mr. VANDENBERG. The Senator's committee has jurisdiction over the officers, but the Finance Committee has always had exclusive jurisdiction over all matters relating to compensation, if my memory serves me correctly.

Mr. SHEPPARD. I think the measures have gone about equally to both committees.

Mr. McKELLAR. How much money will this require annually?

Mr. SHEPPARD. Less than $2,000,000.

Mr. KING. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

ADMINISTRATION OF UNITED STATES COURTS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 188) to provide for the administration of the United States courts, and for other purposes, which was, to strike out all after the enacting clause and insert:

That the Judicial Code is hereby amended by adding at the end thereof a new chapter to be numbered XV and entitled "The Administration of the United States Courts," as follows:

"CHAPTER XV—THE ADMINISTRATION OF THE UNITED STATES COURTS

"SEC. 302. There shall be at the seat of government an establishment to be known as the Administrative Office of the United States Courts, with a Director at the head thereof who shall be appointed by the Supreme Court of the United States and hold office at the pleasure of and be subject to removal by the aforesaid Court. There shall be in said establishment an Assistant Director, to be appointed and hold office in like manner, who shall perform such duties as may be assigned to him by the Director and, during the absence or incapacity of the Director or during a vacancy in that office, shall act as Director. The Director and Assistant Director shall receive annual salaries of $10,000 and $7,500, respectively. The Director shall cause a seal of office to be made for the said establishment of such design as the Supreme Court of the United States shall approve, and judicial notice shall be taken of the said seal.

"SEC. 303. The Director, with the approval of the Supreme Court, shall have authority, subject to the civil-service laws, to appoint such employees as are deemed necessary to perform the functions and duties vested in said establishment by this chapter, and the Director shall fix their compensation according to the Classification Act of 1923, as amended. During his term of office or employment, no officer or employee of said establishment shall engage directly or indirectly in the practice of law in any of the courts of the United States.

"SEC. 304. The Director shall be the administrative officer of the United States courts and shall have charge, under the supervision of the conference of senior circuit judges, of—

"(1) All administrative matters relating to the offices of the clerks and other clerical and administrative personnel of the courts, but nothing contained in this chapter shall be construed as affecting the authority of the courts to appoint their administrative or clerical personnel, or the authority of the Attorney General respecting United States marshals and their deputies, United States attorneys and their assistants;

"(2) Examining the state of the dockets of the various courts and securing information as to their needs for assistance, if any, and the preparation of statistical data and reports of the business transacted by the courts, and promptly transmitting the information so obtained quarterly to the senior circuit judges of the respective circuits, to the end that proper action may be taken with respect thereto, but inspections of the dockets of the courts outside the continental United States shall be made through officials of the United States Government residing within the jurisdiction, respectively, of the said courts;

"(3) The disbursement, directly and through the several United States marshals as now provided by law, of the moneys appropriated for the maintenance, support, and operation of the courts;

"(4) The purchase, exchange, transfer, and distribution of equipment and supplies;

"(5) The examination and audit of vouchers and accounts of the officials and employees covered by this chapter;

"(6) The providing of accommodations for the use of the courts and the various officials and employees covered by this chapter; and

"(7) Such other matters as may be assigned to him by the Supreme Court and the conference of the senior circuit judges. The clerks of the district courts, their deputies and assistants, and all other employees of said courts shall comply with any and all requests made by the Director or one of his assistants for information and statistical data bearing on the state of the dockets of such courts.

"SEC. 305. The Director, under the supervision of the conference of senior circuit judges, shall prepare and submit annually to the Bureau of the Budget estimates of the expenditures and appropriations necessary for the maintenance and operation of the United States courts and the administrative office of the United States courts, and such supplemental and deficiency estimates as may be required from time to time for the same purposes, in accordance with the provisions of the Budget and Accounting Act. Such estimates in respect of the circuit courts of appeals, the district courts of the United States, and the courts hereinafter referred to in the Territories and possessions, and of the administrative office shall be approved by the conference of senior circuit judges before their presentation to the Bureau of the Budget. Such estimates in respect to the United States Court of Customs and Patent Appeals, the Court of Claims, and the United States Customs Court shall be approved by the judges of such courts, respectively, before submission to the Bureau of the Budget. The Director shall submit annually to the conference of senior circuit judges a report of the activities of the administrative office and of the state of business of the courts, together with the statistical data compiled and submitted by him to the senior circuit judges as provided by clause 2 of section 304, with his recommendations. Such report shall be filed at least 2 weeks prior to the annual meeting of the conference, and a copy thereof shall also be filed with the Congress and with the Attorney General. Such report shall be a public document.

"SEC. 306. To the end that the work of the district courts shall be effectively and expeditiously transacted, it shall be the duty of the senior circuit judge of each circuit to call at such time and place as he shall designate, but at least twice in each year, a council composed of the circuit judges for such circuit, who are hereby designated a council for that purpose, at which council the senior circuit judge shall preside. The senior judge shall submit to the council the quarterly reports of the Director required to be filed by the provisions of section 304, clause (2), and such action shall be taken thereon by the council as may be necessary. It shall be the duty of the district judges promptly to carry out the directions of the council as to the administration of the business of their respective courts. Nothing contained in this section shall affect the provisions of existing law relating to the assignment of district judges to serve outside of the districts for which they, respectively, were appointed.

"SEC. 307. A conference shall be held annually in each judicial circuit, at such time and place, as shall be designated by the senior circuit judge thereof, which conference shall be composed of circuit and district judges in such circuit who reside within the continental United States, with participation in such conference on the part of members of the bar under rules to be prescribed by the circuit courts of appeals, for the purpose of considering the state of the business of the courts and advising ways and means of improving the administration of justice within the circuit. The senior circuit judge and each judge summoned and attending such conferences shall be allowed his actual expenses of travel and his necessary expenses for subsistence, not to exceed $10 per day, which payments shall be made by the United States marshal for the district in which the conference is held, upon the written certificate of the judge incurring such expenses.

"SEC. 308. The provisions of this chapter shall apply to the several United States circuit courts of appeals, the United States Court of Appeals for the District of Columbia, the several district courts of the United States in the continental United States, the Court of Claims, the United States Court of Customs and Patent Appeals, the United States Customs Court, the District Court for the District of Alaska, the District Court for the District of Hawaii, the District Court of the United States for Puerto Rico, the United States District Court for the District of the Canal Zone, the District Court of the Virgin Islands, and the United States Court for China. The term 'courts' as used in this chapter means the courts specified in this section. The term 'continental United States' as used in this chapter means the States of the Union and the District of Columbia. For the purposes of this chapter, the District of Columbia shall constitute a judicial circuit. The chief justice of the United States Court of Appeals for the District of Columbia shall have the duties, powers, and authority of the senior circuit judge for such circuit, and the associate justices of the

United States Court of Appeals for the District of Columbia shall have the duties, powers, and authority of circuit judges for said circuit.

"SEC. 309. The following quoted provision of the act making appropriations for the Departments of State and Justice, and for the Department of Commerce (H. R. 6392) for the fiscal year ending June 30, 1940, approved June 29, 1939, Public Act No. 156, Seventy-sixth Congress, first session, to wit: 'That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts:' is hereby repealed."

SEC. 2. Those employees of the Department of Justice engaged in the audit of accounts and vouchers referred to in section 304 of the Judicial Code shall, as far as practicable, be transferred to the Administrative Office of the United States courts. In such event, the appropriations available for the current fiscal year, from which such employees are paid shall be apportioned between the Department of Justice and the Administrative Office of the United States Courts, on the basis of duties transferred to the latter office. All records, documents, and papers relating to the audit of accounts referred to in section 304 of the Judicial Code shall be transferred from the Department of Justice to the Administrative Office of the United States Courts.

SEC. 3. All unexpended appropriations for the support, maintenance, and operation of the courts specified in section 306 of the Judicial Code for the current fiscal year, and all unexpended appropriations covering judicial personnel as specified in section 304 (1) of the Judicial Code, including appropriations for the salaries of justices and judges who have retired or who have resigned under the provisions of section 260 of the Judicial Code (U. S. C., title 28, sec. 375), are hereby transferred to the control of the Administrative Office of the United States Courts.

SEC. 4. All powers and duties now conferred or imposed by law upon the Department of Justice or the Attorney General, relating to the administrative audit of the accounts and vouchers referred to in section 304 of the Judicial Code, are hereby transferred to and vested in the Administrative Office of the United States Courts.

SEC. 5. All administrative powers and duties now conferred or imposed by law upon the Department of Justice or the Attorney General, respecting clerks of courts, deputy clerks of courts and clerical assistants, law clerks, secretaries, and stenographers to the judges, and librarians in charge of libraries of the courts, are hereby vested in the Administrative Office of the United States Courts.

SEC. 6. This act shall take effect 90 days after its approval.

Mr. ASHURST. Mr. President, before asking concurrence in the House amendment, I make a brief explanation. I read from the Annual Report of the Attorney General of the United States for the fiscal year 1937:

> I believe, too, that there is something inherently illogical in the present system of having the Budget and expenditures of the courts and the individual judges under the jurisdiction of the Department of Justice. The courts should be an independent, coordinate branch of the Government in every proper sense of the term.

No one believes that either the present Attorney General or the preceding one would use his position to attempt to intimidate any judge; but we know enough about human nature to know that no man, not even a judge, is coldly impersonal and objective with one who holds the purse strings.

A word as to the expenses of the judicial branch of the Government. During the last fiscal year the expenses of the judicial branch were but one-eighth of 1 percent of the total expenditures of the Federal Government.

I move that the Senate concur in the amendment of the House.

The motion was agreed to.

CIVIL SERVICE RETIREMENT ACT

Mr. NEELY. Mr. President, the House has drastically amended Senate bill 281 to amend the Civil Service Retirement Act, and the bill as amended has been returned to the Senate. I ask unanimous consent that an appropriate number of copies of the measure in its present form be printed for the information of the Members of this body.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGAL REQUIREMENTS FOR APPOINTEES TO GOVERNMENT POSITIONS—BILL PASSED OVER

The bill (S. 1610) to prevent discrimination against graduates of certain schools and those acquiring their legal education in law offices in the making of appointments to Government positions the qualifications for which include legal training or legal experience was announced as next in order.

Mr. GREEN. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SHEPPARD. Mr. President, I desire to request that the Senator who made the objection withhold it until I can make a brief explanation of the bill.

Mr. GREEN. Very well.

Mr. SHEPPARD. Mr. President, by way of introduction, I should like to say that S. 1610 is designed to correct a condition in connection with legal employment in the service of the Federal Government, which is well known to everyone in Washington. Either through outright regulations as in the case of some departments and agencies, or through indirect methods which are understood by those who come in contact with the employment situation, discrimination is practiced against graduates of certain law schools, those who acquired their legal education in law offices or at home, and in some cases against those who did not graduate from one of three particular law schools.

The purpose of S. 1610 is to keep open the paths of opportunity to all American citizens who have the energy and initiative to prepare themselves for the legal profession by studying law, either at home, in a law office, or in a school, until qualified to pass the necessary examination and be admitted to the bar of one of the States so far as the jurisdiction of the Federal Government is concerned. Any attempt to restrict employment in the Federal Government to a class, no matter how such a class is set up, is contrary to the democratic principles on which the Government was founded and to the best interests of the Government.

Much comment is made on the necessity for improving the standards of the bar and, under the guise of improving such standards from time to time, encroachments have been made on the opportunities for qualifying for admission, unless a person either has the money himself or has relatives able to send him to a college for prelegal education, either 2 years or 4 years, depending on the school in which he takes his law studies, and this deplorable procedure has gradually become infiltrated into the Federal system of making selection for attorneyships. Under this system many of the most brilliant men in the history of the American bar would have been prevented from serving the Federal Government, and the Government would have been prevented from taking advantage of their legal qualifications.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. NEELY. Mr. President, let me inquire of the able Senator from Texas if it is not a fact that under the rule in question, which was discussed in the hearing on the bill, it appeared that neither Abraham Lincoln nor Patrick Henry ever could have qualified for service or for the right to take an examination for legal service in at least one department of the Government?

Mr. SHEPPARD. That is very true.

Mr. ANDREWS. The same applies to the immortal John Marshall.

Mr. NEELY. Yes; and to an innumerable throng of other illustrious American lawyers.

Mr. SHEPPARD. The Senator is correct.

Mr. NEELY. Mr. President, will the Senator further yield?

Mr. SHEPPARD. I yield.

Mr. NEELY. As the chairman of the subcommittee which conducted the hearings on the bill, I venture the assertion that the rule which this measure is designed to annul is unfair, un-American, and unsound in the highest degree.

The evidence adduced upon the hearing demonstrates the fact that at least one important department of the Government has adopted and observes an unfair, unsound, and undemocratic rule of determining the eligibility of those who

seek appointments as attorneys in the Federal service. The effect of this objectionable rule is, indirectly, to substitute the stamp of approval of the American Bar Association for merit and the label of the Association of American Law Schools for officially determined qualifications for Federal service.

Under the rule, an applicant of extraordinary intelligence, thorough education, and surpassing aptitude for the branch of service which he seeks to enter would be wholly ineligible for appointment in the absence of a certificate of graduation from a university or college "accredited" by one of the above-named associations.

The observance of the rule unjustly places a premium on the endorsement of two private associations, which are destitute of official status or responsibility; unduly favors the wealthy and the well-to-do who can afford to obtain their collegiate training in the more expensive institutions of learning; and closes the door of opportunity in the face of the qualified and deserving whose unavoidable circumstances have compelled them to acquire their legal education, which has enabled them to obtain admission to the bar, by long years of apprenticeship in law offices or by working their way through night schools.

I sincerely hope that the distinguished Senator who has objected to the consideration of the bill will generously withdraw his opposition and permit the Senate to vote on this meritorious measure.

Mr. SHEPPARD. I thank the Senator.

Mr. President, the test of a man's preparation for the practice of the law is, or should be, so far as the Federal Government is concerned, whether or not he knows the law and whether or not his character is such as to entitle him to practice that profession. When he has been found qualified through the machinery set up to determine the fitness of a candidate to practice law, then he should be given equal opportunity. When carried to its logical conclusion, the practice of preventing free opportunities for those who obtained their education at home, in a law office, or a school from serving the Federal Government involves a denial of equal opportunity to those who are financially unable to obtain a prelegal education and a legal education in schools which require such training as a requisite for admission, and denies the opportunity to serve the Federal Government to those who have not been able to obtain such college training before studying law while earning their living. It has a deeper social implication, however. If there is any ideal that an American possesses, it is the belief that social stratification must be prevented and that equal opportunity must be preserved for all.

It seems to me that it is possible and probable that any lack of college training may be greatly offset by other qualifications, such as experience which comes with maturity, knowledge of procedure in the business world, initiative, and the desire to qualify for employment in the legal service of the Federal Government.

This bill is justified primarily to correct a condition, well known to exist, in connection with the selection of appointees to legal places in certain branches of the Federal Government, which, if permitted to flourish, will result in the establishment of a class system destructive to opportunity and to that extent, that is, lack of equal opportunity for Federal legal appointments, the undermining of our democratic system of government which stands on the basis of equal opportunities for all and special privileges for none.

I trust the Senator who objected will permit us to vote on the measure.

Mr. GREEN. Mr. President, at the proper time I shall be glad to reply to the arguments which have just been made. I do not suppose this is the proper time, during the consideration of the calendar, to do so.

I am in sympathy with the object of the bill which is to prevent any department in the United States Government from limiting selection of possible legal advisers to the graduates of one, two, or three law schools. However, the remedy chosen goes too far, when it provides a lower standard for the lawyers who shall advise the Government departments than is provided in legislation of 41 of the States of this country for practice at the bar of those States. Provisions requiring education for lawyers is not un-American. There is no inherent right of everybody to practice law whether or not they know any law. The reason for the laws of the various States requiring a certain amount of education for lawyers is to protect the American public so that those who are not fully qualified may not impose upon their clients. There is no reason why the departments of the Federal Government should have lower standards than those of the bars of 41 States of the United States. I assume that before long all the 48 States will have similar standards.

Mr. SHEPPARD. Mr. President, at the first opportunity I shall move to take up this measure for consideration.

The PRESIDING OFFICER. The bill will be passed over.

MARY PIERCE AND JOHN K. QUACKENBUSH

The bill (S. 2500) authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce and John K. Quackenbush was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claims of Mary Pierce, New Hampton, N. Y., for $125; and John K. Quackenbush, Denton, N. Y., for $200, for the cost of replacing fences on their lands taken for firewood by enrollees of the Civilian Conservation Corps while engaged in removing field stones from such lands for use on the Wallkill River flood-control project in the fiscal year 1937, and to allow in full and final settlement of the claims the sum of not to exceed $325. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $325, or so much thereof as may be necessary, for payment of the claims: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

EXPORTATION OF CERTAIN FIR AND CEDAR LOGS

The Senate resumed the consideration of the bill (S. 1108) to restrict the exportation of certain Douglas fir peeler logs and Port Orford cedar logs, and for other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Douglas fir peeler logs shall not be exported from the United States, or any Territory or possession thereof, except with the approval of the President on the joint recommendation of the Secretary of War, the Secretary of the Navy, the Secretary of Commerce, and the Secretary of Agriculture, after an application made to the Secretary of Commerce.

SEC. 2. For the purposes of this act, a "peeler log" shall mean a log (a) having a diameter of 24 or more inches at either end; (b) suitable for rotary veneer cutting and capable of producing not less than 20 percent of clear veneer, based upon the scale content of the log; (c) having not less than eight annual rings per inch at the smaller end; and (d) not containing such defects as shatter, excessive splits, loose annual rings, loose or soft heart decay, or any other defect which makes such a log unsuitable for rotary veneer cutting. Any defect apparent at both ends of a log shall be considered to exist throughout a log.

SEC. 3. For the purposes of this act, Port Orford cedar logs shall not be exported from the United States irrespective of size or quality.

SEC. 4. Any person who knowingly exports or causes to be exported any such logs without the approval of the President, as provided in this act, shall be guilty of a misdemeanor and, upon conviction in any district court of the United States, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

COMMERCE IN DOMESTICALLY PRODUCED FISHERY PRODUCTS

The Senate proceeded to consider the bill (S. 1852) to promote the free flow of domestically produced fishery products in commerce, and for other purposes, which had been reported from the Committee on Commerce with amendments, on page 1, line 3, after the numerals "1939" to strike out "and for each fiscal year thereafter", and insert "and for three fiscal years thereafter"; and on page 3, line 1, after the word "act" to insert "not to exceed 50

per centum of the amount annually available thereafter", so as to make the bill read:

Be it enacted, etc., That for the fiscal year beginning July 1, 1939, and for 3 fiscal years thereafter, there is hereby authorized to be appropriated an amount equal to 40 percent of the duties on fishery products under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year as calculated by the United States Department of Commerce. Such sums shall be maintained in a separate fund and shall be used by the Secretary of Commerce to (1) promote the free flow of domestically produced fishery products in commerce by conducting a fishery educational service; (2) develop and increase markets for fishery products of domestic origin; (3) reestablish the purchasing power of fishermen and encourage the domestic consumption of fishery products by diverting such products from the normal channels of trade and commerce, by the payment of benefits or indemnities or by other means; and (4) foster the conservation of the commercial fishery resources of the United States and Alaska by making payments in connection with the capture or taking from the water of any commercial fishery product for domestic consumption. Determinations by the Secretary of Commerce as to what constitutes diversion and what constitutes normal channels of trade and commerce and what constitutes capture or taking for domestic consumption shall be final. The sums hereby authorized to be appropriated under this section shall be expended for such one or more of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Commerce finds will effectuate substantial accomplishment of any one or more of the purposes of this section.

SEC. 2. To aid the Secretary of Commerce in carrying out the provisions of clause (3) of section 1 of this act, the Secretary of Commerce is authorized to transfer to the Secretary of Agriculture, from time to time, such funds authorized to be appropriated under this act, not to exceed 50 percent of the amount annually available thereafter, as may be necessary to enable the Secretary of Agriculture to acquire fishery products and distribute such products through Federal, State, and private relief agencies.

SEC. 3. The provisions of law relating to the acquisition of materials or supplies for the United States shall not apply to the acquisition of commodities under this act.

SEC. 4. As used in this act, the term "fishery products" includes fish, shellfish, crustacea, seaweeds, and other aquatic forms of animal and vegetable life and the products and byproducts thereof.

The amendments were agreed to.

Mr. PEPPER. Mr. President, I send to the desk certain additional amendments which I have been instructed to offer on behalf of the committee.

The PRESIDING OFFICER. The additional amendments offered by the Senator from Florida on behalf of the committee will be stated.

The CHIEF CLERK. On page 2, line 8, after the word "means" and the semicolon, it is proposed to strike out the word "and."

On page 2, lines 11 and 12, after the word "consumption", it is proposed to insert a semicolon and the following: "and (5) investigate basic biological research problems to increase existing fundamental knowledge concerning the life of our coastal waters leading to the protection and improvement of our natural resources."

The amendments were agreed to.

Mr. RUSSELL. Mr. President, may we have an explanation of the bill?

Mr. PEPPER. Mr. President, the bill contemplates that there shall be available for aid to the fishing industry a sum of money equal to 40 percent of the customs receipts derived from the importation of fish products into this country. The Senator is aware that under the existing law no benefit at all is available to the fishing industry. A year or so ago we passed a bill appropriating about $1,000,000 for the purpose of helping the fishing industry by letting fish products come within the definition of agricultural products, so as to receive the benefit of section 32 of the Agricultural Adjustment Act. That benefit expired with the appropriation made at that time. So under the existing situation no funds at all are available to the fishing industry.

Mr. RUSSELL. Can the Senator tell us approximately how much revenue is derived from the imposition of tariff duties on fish?

Mr. PEPPER. I will say to the Senator from Georgia that the estimates are about $5,000,000; and the Senator will observe that 40 percent of that figure would be about $2,000,000 a year, which would be available to the entire fishing industry.

Mr. RUSSELL. Would the effect of the Senator's amendment be to take funds away from the funds allocated by section 32 of the farm legislation?

Mr. PEPPER. No, Mr. President. The bill was intended to avoid that effect. In other words, it goes outside the scope of the appropriation made available under section 32 of the Agricultural Adjustment Act, so as not to interfere with agricultural commodities receiving the full benefit of that appropriation. However, we felt that fishery products were equally entitled to the consideration and assistance of the Government. In order to accomplish that object without interfering with agriculture, I introduced the bill. The committee held hearings upon it and considered it at length. Representatives of the fishing interests appeared before the committee.

I should like to call the Senator's attention particularly to the fact that under the provisions of the bill half the appropriation must be devoted to educational purposes, to educate the people in the use of fish products and make them aware how such products may be economically employed. So at least half the appropriation under the bill is designed to stimulate private enterprise with respect to the fish industry. That activity is under the Bureau of Fisheries, and not under the Federal Surplus Commodities Corporation. Not to exceed 50 percent of the appropriation may be turned over by the Bureau of Fisheries to the Federal Surplus Commodities Corporation, so that it may divert excess surpluses by purchases.

Mr. RUSSELL. I should like to ask the Senator from Florida a further question. It occurs to me that the bill would have the effect of reducing the funds available under section 32, because it takes 40 percent of all the funds derived from the duties on fish or fish products, and section 32 takes 30 percent of all funds derived from all sources. How does the bill avoid reducing the amount available under section 32?

Mr. PEPPER. It does not take the specific dollars, as it were. It merely takes an amount equal to 40 percent of the amount of the revenues derived from the importation of fish products. What is the percentage now taken under section 32?

Mr. RUSSELL. Thirty percent.

Mr. PEPPER. That is, of course, 30 percent of the whole. Under the bill, 40 percent of the amount taken in from the importation of fish products through the Customs Service would be made available out of the Treasury, but no specific funds would be earmarked. That figure is merely used as a yardstick to determine the amount. The bill is drawn to avoid conflict with agricultural interests, which I thought were entitled to receive the full benefit of section 32. However, I was sure the agricultural interests did not wish to deny the fishing interests similar consideration, provided the fishing interests did not compete with the agricultural interests.

Mr. RUSSELL. I see great objection to the administration of section 32 and the administration of the fishery fund by the Bureau of Fisheries. Does the bill undertake to give the Director of the Bureau of Fisheries any power to regulate the amount of fish taken from the sea?

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. Are we now proceeding under the 5-minute rule?

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian that the Senate is now proceeding under the 5-minute rule.

Mr. AUSTIN. I do not intend to take the Senator off the floor by that inquiry; but I ask him to yield in order that I may give notice that I have been requested by the Senator from Utah [Mr. KING] to object to the consideration of the bill, because he has a brief which he wishes to present in opposition to the bill. He has been necessarily called from the Chamber.

Mr. PEPPER. Mr. President, I am glad to have the Senator make that statement. I was not aware that the bill

was called up until it was actually under consideration. The Senator from Georgia [Mr. RUSSELL] asked for an explanation of it, and I was endeavoring to give an explanation. The Senator from Utah [Mr. KING] did say he wanted to interpose an objection, but a little later he stated that he would withdraw the objection. I ask that the bill go over.

Mr. DANAHER. Mr. President, I ask the Senator from Florida if he will explain to us at this time the relationship between Senate bill 1852, Calendar No. 630, and Senate bill 2110, Calendar No. 724.

Mr. PEPPER. Is that a House bill?

Mr. DANAHER. No; Senate bill 2110. That bill purports to amend the Agricultural Adjustment Act so as to authorize the Federal Surplus Commodities Corporation to purchase fish, including shellfish, and the products thereof; and apparently it relates in every particular to the same subject matter described in the bill now on the calendar as No. 630, Senate bill 1852.

Mr. PEPPER. Will the Senator again state the number? I am anxious to have the privilege of making an explanation.

Mr. DANAHER. The bill to which I refer is Senate bill 2110, Calendar No. 724. It is the one about which the Senator spoke to me a few minutes ago.

Mr. PEPPER. I am glad to have an opportunity to make the explanation.

Mr. President, the bill to which I am sure the Senator refers is a House bill which is now upon the Senate Calendar. That bill enlarges the class of products which may be available for the benefit of the funds possible under section 32 of the Agricultural Adjustment Act. It merely says that fishery products, as well as agricultural products, may be purchased by the Federal Surplus Commodities Corporation. That is the provision of the House bill.

My bill provides not that section 32 funds but that other funds which have not so far been appropriated shall be the funds from which fishery products may receive some benefit. We merely use the yardstick of the amount of the customs receipts from the importation of fish commodities into this country to determine the amount of Federal assistance to the fishing industry, and, based upon that yardstick, the calculation would be about $2,000,000 a year.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. AUSTIN. I ask that the bill go over.

Mr. DANAHER. Mr. President, I should like to ask that it be noted in the RECORD at this time that there are three bills pending, all dealing with substantially the same subject matter; the first being Senate bill 1852, Calendar No. 630; the second being Senate bill 2110, Calendar No. 724; and the third being House bill 5681, Calendar No. 854. The relationship between them will be the occasion for further discussion at another time.

The PRESIDING OFFICER. The bill will be passed over. The clerk will state the next bill on the calendar.

RETIREMENT OF EMPLOYEES OF LAND-GRANT COLLEGES

The Senate proceeded to consider the bill (S. 1850) to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 2, line 19, after the word "deposits" to insert "and contributions"; in line 25, after the word "deposits" to insert "and contributions"; and on page 3, line 9, to insert a further proviso, so as to make the bill read:

Be it enacted, etc., That, pursuant to the recognized obligations of governments to guarantee the social security of their employees and in order to provide for the retirement on an annuity, or otherwise of all persons being paid salaries in whole or in part from grants of Federal funds to the several States and Territories pursuant to the terms of the act approved July 2, 1862, for the endowment and support of colleges of agriculture and mechanic arts, and acts supplementary thereto providing for instruction in agriculture and mechanic arts, for the establishment of agricultural experiment stations, and for cooperative extension work in agriculture and home economics, all States and Territories are hereafter authorized notwithstanding any contrary provisions in said acts, to withhold from expenditure, from Federal funds advanced under the terms of said acts, amounts designated as employer contributions to be made by the States or Territories to retirement systems established in accordance with the laws of such States or Territories, or established by the governing boards of colleges of agriculture and mechanic arts in accordance with the authority vested in them, and to deposit such amounts to the credit of such retirement systems for subsequent disbursement in accordance with the terms of the retirement systems in effect in the respective States and Territories: *Provided*, That there shall not be deducted from Federal funds and deposited to the credit of retirement accounts as employer contributions, amounts in excess of 5 percent of that portion of the salaries of employees paid from such Federal funds: *Provided further*, That, for the purpose of making deposits and contributions in retirement systems in favor of any employee, in no event shall the deductions from any Federal fund advanced pursuant to the foregoing acts be in greater proportion to the total deductions for such employee than the salary received under such Federal funds bears to the total salary from Federal sources: *Provided further*, That the deposits and contributions from funds of Federal origin to any retirement system established by a State or a land-grant college must be at least equaled by the total contributions thereto on the part of the individuals concerned, the State, and the counties: *And provided further*, That no deductions for the foregoing purposes shall be made from Federal funds in support of employees appointed pursuant to the terms of the foregoing acts, whose salaries are paid wholly by the States or Territories: *Provided further*, That the provisions of this act shall not apply to any employee paid in whole or in part from Federal funds who may be subject to the United States Civil Service Retirement Act, as amended.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PARKING METERS, DISTRICT OF COLUMBIA

The bill (S. 2048) authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia are authorized and empowered in their discretion, within the limits of appropriations therefor by Congress, which are hereby authorized, to secure and install mechanical parking meters or devices on the streets, avenues, roads, highways, and other public spaces in the District of Columbia under the jurisdiction and control of the said Commissioners (in addition to those mechanical parking meters or devices installed pursuant to the authority conferred on the said Commissioners by section 11, page 40, of Public, No. 458, of the Seventy-fifth Congress, third session, approved April 4, 1938), such meters or devices to be located at such points as the Commissioners may determine, and the said Commissioners are authorized and empowered to make and enforce rules and regulations for the control of parking of vehicles on such streets, avenues, roads, highways, and other public spaces, and as an aid to such regulation and control of the parking of vehicles the Commissioners may prescribe fees for the parking of vehicles where meters or devices are installed.

SEC. 2. The said Commissioners are further authorized and directed to deposit all such fees as are collected to the credit of the special fund entitled: "Highway fund, gasoline tax, and motor-vehicle fees, District of Columbia," except those which are required to complete the payment of the purchase price and cost of installation of such mechanical parking meters or devices as were authorized by section 11, page 40, of Public, No. 458, of the Seventy-fifth Congress, third session, approved April 4, 1938.

SEC. 3. The said Commissioners shall include in their annual estimates of appropriations for the District of Columbia for the fiscal year 1940 and for each fiscal year thereafter such amounts as may be necessary for the purchase and installation of additional mechanical parking meters or devices and the maintenance and operation of all such parking meters or devices, including personal services and other necessary expenses.

REGISTRY OF PURSERS AND SURGEONS AS STAFF OFFICERS ON VESSELS OF THE UNITED STATES

The Senate proceeded to consider the bill (H. R. 6076) to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes, which had been reported from the Committee on Commerce with an amendment, in section 5, page 4, line 13, after the word *"Provided"*, to strike out "That the provisions of this act shall not apply to any vessel of the United States engaged in ferry operations", and insert in lieu thereof "That the provisions of this act shall not apply to any vessel of the United States operated on bays, sounds, inland waterways, and lakes, other than the Great Lakes, or to passenger ferries and car ferries operated on the Great Lakes", so as to make the section read:

SEC. 5. (a) It shall be unlawful to employ any person or for any person to serve in any grade or perform the duties of any

grade specified in section 1 of this act on any vessel of the United States unless he shall be in bona fide possession of a certificate of registry, issued under the provisions of this act, as an officer in such grade; and anyone violating this provision shall be liable to a penalty of $100 for each offense: *Provided*, That in the event no registered staff officer is available and obtainable at the time of sailing, the vessel may sail with an unregistered staff officer or without any staff officer: *Provided further*, That such staff officer shall not be included in the vessel's inspection certificate.

(b) Any staff officer registered under the provisions of this act who shall change by addition, interpolation, or erasure of any kind, any certificate of registry referred to in this section shall have his registry and his certificate of registry revoked and be punished by a fine of not more than $100: *Provided*, That the provisions of this act shall not apply to any vessel of the United States operated on bays, sounds, inland waterways, and lakes, other than the Great Lakes, or to passenger ferries and car ferries operated on the Great Lakes.

(c) Any registry or certificate of registry issued under the authority of this act to any staff officer shall be suspended or revoked upon satisfactory proof of bad conduct, inattention to his duties, or the willful violation of any provisions of this act applicable to him, in the same manner and with like procedure as is provided in the case of suspension or revocation of licenses of officers under the provisions of section 4450 of the Revised Statutes, as amended.

The amendment was agreed to.

Mr. OVERTON. Mr. President, I offer an amendment on page 2, line 9, after the word "than", to strike out "fifty" and insert "one hundred."

The amendment was agreed to.

Mr. OVERTON. On page 3, line 22, after the words "on any" I move to insert the word "such."

The amendment was agreed to.

Mr. OVERTON. On page 3, line 23, after the name "United States", I move to insert the words "designated therein."

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 1740) to promote business and economic research in the United States by establishing and maintaining, in connection with State university schools of business administration, research stations to cooperate with the Department of Commerce was announced as next in order.

Mr. AUSTIN. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MARKETING AND MARKETING SERVICES FOR FARM COMMODITIES

The bill (S. 2212) to provide for the development of marketing and marketing services for farm commodities was announced as next in order.

Mr. AUSTIN. I ask that the bill go over.

Mr. BAILEY. Mr. President, I inquire if objection was made to Senate bill 2212?

The PRESIDING OFFICER. The Senator from Vermont [Mr. AUSTIN] requested that the bill go over.

Mr. AUSTIN. Let me state for the information of the learned Senator from North Carolina that recent correspondence which I have had regarding this bill shows that there are negotiations pending which may straighten out some differences between the State departments of agriculture and the land-grant colleges and extension service which will enable the Senator from South Carolina to have enacted the principle of his bill. All this correspondence indicates that the object of the bill is a good one, and both sides agree on it, but there are evidently some things that ought to be straightened out in connection with the measure.

Mr. BAILEY. Let me call the Senator's attention to the fact that the bill is, after all, only an authorization and carries no appropriation. If it should go through now, we could put in the proper amendment when the agricultural appropriation bill comes up next year. I should like very much to get the bill off the calendar and have it in a position where appropriations could be made next year. In the meantime, the Secretary of Agriculture has endorsed the proposed legislation in a formal letter to the chairman of the Committee on Agriculture and Forestry.

Mr. AUSTIN. I should like to have an opportunity to submit to the Senator from North Carolina some of the correspondence to which I have referred, in order that he may know the point of my objection to the present consideration of the bill. I should like to have it go over.

Mr. BAILEY. Very well; but I had hoped I could secure the passage of the bill today.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

AMENDMENT OF HAWAIIAN ORGANIC ACT

The bill (H. R. 161) to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 73 of the Hawaiian Organic Act, as amended, be, and the same is hereby, further amended by adding at the end of paragraph (i) of said section 73 the following: "*Provided, however*, That any such lot not taken or taken and forfeited, or any lot or part thereof surrendered with the consent of the Commissioner, may, instead of being disposed of as hereinabove provided, be disposed of for cash and forthwith patented to any citizen of the United States, possessing the qualifications of a homesteader as now provided by law, applying therefor and who has qualified for and received a loan under the provisions of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (U. S. C., 1934 edition, Supp. IV, title 7, ch. 33), for the acquisition of a farm: *And provided further*, That any patent issued upon any such sale shall contain the same restrictive provisions as are now contained in a patent issued after compliance with a right of purchase lease, cash freehold agreement, or special homestead agreements."

SEC. 2. This act shall be in force and effect from and after its passage.

RELATIONSHIP BETWEEN AMERICAN REPUBLICS

The bill (H. R. 5835) to authorize the President to render closer and more effective the relationship between the American republics was announced as next in order.

Mr. RUSSELL. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

REGULATION OF COMMERCE IN SEEDS

The Senate proceeded to consider the bill (H. R. 5625) to regulate interstate and foreign commerce in seeds, to require labeling and to prevent misrepresentation of seeds in interstate commerce, to require certain standards with respect to certain imported seeds, and for other purposes.

The PRESIDING OFFICER. The bill has heretofore been considered and there is pending an amendment offered by the Senator from Massachusetts [Mr. WALSH], which will be stated.

The CHIEF CLERK. On page 16, line 24, it is proposed to add the following proviso:

And provided further, That such seeds produced or sold by him when transported or offered for transportation to any State, Territory, or district shall not be exempted from the provisions of sections 201 and 202 unless said seeds shall be in compliance with the operation and effect of the laws of such State, Territory, or district, enacted in the exercise of its police power, to the same extent and in the same manner as though such seed had been produced, sold, offered, or exposed for sale in such State, Territory, or district, and shall not be exempted therefrom by reason of being introduced therein in original packages or otherwise.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. GURNEY subsequently said: Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GURNEY. Has House bill 5625, Calendar No. 658, been passed?

The PRESIDING OFFICER. The Chair will state to the Senator from South Dakota that the bill was passed.

Mr. GURNEY. I was called from the Chamber a few minutes ago. I intended to object to the bill for the reason that I do not believe a bill of this nature should be passed when bills on the calendar are being considered by unanimous

consent. Objections have been made to various other bills. I had some amendments in mind that I should like to propose. Therefore I ask unanimous consent for the reconsideration of the vote by which the bill was passed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? The Chair hears none, and the vote is reconsidered.

Mr. GURNEY. I now ask that the bill be passed over. The sponsors of the bill may bring it up at any time, at which time I shall have some amendments to offer to the bill.

The PRESIDING OFFICER. The bill will be passed over.

RELATIONSHIP BETWEEN THE AMERICAN REPUBLICS

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PITTMAN. I inquire what became of Calendar No. 656, House bill 5835?

The PRESIDING OFFICER. The Senator from Georgia [Mr. RUSSELL] objected to its consideration.

Mr. PITTMAN. Mr. President, I wish the Senator would withhold his objection, unless he cares to state what it is.

Mr. RUSSELL. I will be glad to withhold the objection temporarily.

Mr. PITTMAN. Mr. President, this bill was sent up by the State Department simply to implement an act which has already been passed. Several weeks ago the Senate passed a bill authorizing an appropriation to carry out the treaties and understandings adopted at Buenos Aires and at Lima, Peru. That bill authorized an appropriation. The bill now before the Senate is purely to allow the departmental agencies to serve under the act we have already passed. If we do not pass this bill, then, under the ruling of the Comptroller General, the services not being designated, services by various departmental officers of the State Department would meet objection. The bill is very short. All it states is that these various departmental agencies may carry out the law which we have already passed.

It adds to that one other section, I will say to the Senator from Georgia. It allows the State Department to appoint an advisory committee, particularly with regard to cultural matters. The Senate committee amended that. The advisory committee was at first allowed $10 a day when they were serving; they were allowed mileage. The Senate committee reported an amendment to provide mileage in the United States, for the advisory committee are not supposed to go anywhere except to Washington. That is all this bill is.

Mr. RUSSELL. Mr. President, the reason for my objection to the bill was statements I saw when I looked at the rather lengthy report of the committee and saw references to funds to be appropriated from the Treasury of the United States for the purpose of carrying on agricultural endeavors in South American countries. It so happens that the Subcommittee on Appropriations handling the Agricultural Department appropriation bill very carefully went into the matter of the policy of appropriating funds from the Treasury of the United States for the survey of forest resources of South America and for the purpose of encouraging the growth of rubber and other agricultural products in South American countries. I am not clear even after listening to the explanation of the Senator from Nevada—and I know that is due to my own stupidity—as to what effect this bill would have on the Government of the United States projecting itself into agricultural activities in the South American republics.

Mr. PITTMAN. I may say that the report sets forth the recommendations of what is called the interdepartmental committee. They are only recommendations.

Mr. RUSSELL. Does not the bill authorize the program to which I have referred to be carried out?

Mr. PITTMAN. No; it does not at all. The Senator will see that in the bill it is provided that services may be performed in connection with the treaties subject to such appropriations as may be made. It is expressly put in that way.

There are some things that may be attended to now in connection with the treaties, such as the exchange of professorships and the exchange of scholarships. Those are all provided for. The law also provides for furnishing experts of various kinds to South American governments. We pay for them, of course, but the South American governments reimburse us.

Mr. RUSSELL. The Senator from Nevada does not contend, does he, that the governments of the South American countries ever propose to pay us back the amount which it is contemplated will be spent for agricultural purposes?

Mr. PITTMAN. No, I agree with the Senator as to that, but this bill is only to authorize officers of the Department to perform some other services whenever the appropriation is made. We are about to leave here. I do not know what will be appropriated. Some money has been appropriated already in connection with these matters; other sums have not been appropriated.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. PITTMAN. I will yield in a moment. It is totally impossible, though, for the officers of the Department to perform these outside services unless they are authorized to do so by Congress.

Mr. RUSSELL. If this bill is passed by the Congress will it not be possible to send a scientific expert from the Department of Agriculture to South American countries to conduct the service to which I have referred?

Mr. PITTMAN. It would not be unless there were an appropriation for it.

Mr. RUSSELL. It is not limited to appropriations to be made for that specific purpose, is it?

Mr. PITTMAN. No; but the bill says "subject to appropriations that may be made." It is only to qualify officers of the Department to serve when the money shall be furnished. I think that it would be unfortunate to go away from here and not provide for them.

Mr. LODGE. Mr. President——

Mr. PITTMAN. I yield to the Senator from Massachusetts.

Mr. LODGE. May I ask the Senator from Nevada whether I am right in my understanding that the purpose of this proposed legislation is to make it possible for our Government to promote good will in Latin-American countries through the printed page and the exchange of professors and moving pictures.

Mr. PITTMAN. That is largely the purpose; that has to do with cultural relations.

Mr. LODGE. I have also been asked whether this program might result in furnishing South American countries with knowledge regarding agricultural and industrial processes which they do not now possess, thereby building them up to become competitors of ours which now they are not. Is there any substance to that suggestion?

Mr. PITTMAN. I asume that a number of those countries have asked for experts from our agricultural departments, such as from the Bureau of Entomology, to go down there and make a study of the destruction of certain pests. We have been willing to do that and a law authorizing that to be done is now on the statute books. How much money will be provided for that work I do not know, but a law making provision for that service has been passed. The law authorizing our Government to carry out the treaties with South America has already been passed. The only things this bill provides for are two: First, to authorize the members of the Department to serve in the capacity of carrying out treaties and agreements which have been entered into with South American governments and to provide for the appointment of an advisory committee, which advisory committee shall simply serve in an advisory capacity in the State Department.

Mr. RUSSELL. The distinguished Senator from Nevada has referred to treaties and agreements which have been entered into with foreign countries. I am not a member of the Committee on Foreign Relations, so I will ask the Senator in what treaty has this Government assumed any responsibility for expending large sums of money to teach the people of South America how to grow various agricultural

commodities that we think might be beneficial to us or to them, or to survey the forest resources of South America, and to develop the quantity and quality of various products that are capable of production in South American republics?

Mr. PITTMAN. The only extent to which I remember that those treaties go is that it is the intent and purpose of the parties to exchange scientific knowledge.

Mr. RUSSELL. The Senator is aware of this recommendation that has been made to the Committee on Appropriations, and the reference in the committee report—not to any exchange of scientific knowledge but to appropriations to be made by the American Congress for the purpose of establishing experiment stations and teaching the people of the South American republics how to produce these various agricultural commodities.

Representatives of both the State Department and the Department of Agriculture appeared before the subcommittee of the Committee on Appropriations and went into the matter rather fully. The bill does not contemplate any exchange of information; but they did recommend that appropriations be made by Congress for the purpose of assisting and supplementing the work now being done by the departments of agriculture of the several South American republics.

Mr. PITTMAN. Yes; and the Congress does not have to adopt any of the recommendations made by that unofficial committee, and apparently it is not adopting some of them, and may not adopt all of them. The bill simply provides that these members of the Department may serve, subject to any appropriation which may be made. One of them is purely implementing the matter in advance, while the other is left to the appropriations which may be made. I cannot say what they will be.

Mr. RUSSELL. I am very loath to object to any bill dealing with international relations which is urged by the distinguished Senator from Nevada, but I should like to have an opportunity to go into this matter further. On the next call of the calendar I shall probably withdraw my objection, but for the time being I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. AUSTIN. Mr. President, in order that the RECORD may have this matter in proper sequence, I call attention to what I think is the part of the committee report which really expresses the point involved in this bill. It is on pages 16 and 17 of the report. Briefly, it is as follows:

> Taking cognizance of the increasing importance of cultural relationships, the Congress last June provided for the establishment in the Department of State of a Division of Cultural Relations which is already functioning. It will serve as the channel of communications to foreign governments for all branches of the Government of the United States in regard to cultural and intellectual matters, as an administrative agency, and as a clearing house for information, proposals, etc. Since much of its work will be in the field of education, including student fellowships and exchanges of professors, the new division will function in close relation to the Office of Education of the Interior and to the Smithsonian Institution and the Library of Congress. It will also function as the liaison agency between educational institutions and foundations in the United States, and similar institutions in the other American Republics.

I wish to comment in passing that I think this is a constructive piece of legislation, having a tendency to inform South Americans of North American culture, to inform North Americans of South American culture, and to create a more intimate and friendly relationship between the people of the two countries.

This is not a novel idea. As a matter of fact, some of the business institutions of America conceived this plan at least 25 years ago, and themselves privately financed an exchange of students between the Latin-American countries and the North American countries for the same objective that this bill has. Section 2, on page 2 of the bill, which provides for paying the expenses of meetings, is guarded, so that it cannot be made a junketing proposition, by an amendment which has been accepted by the committee, and which I assume is expected to be adopted when the bill is passed.

Mr. PITTMAN. That is true, of course. When the bill comes up, that amendment will be offered.

Mr. AUSTIN. Yes. So, Mr. President, I trust that the Senator from Georgia will give the bill further study and ultimately favor it.

Mr. RUSSELL. Mr. President, I should like to refer the Senator from Vermont to page 7 of the committee's report, under subsection A, Department of Agriculture, and invite his attention to the four or five subdivisions therein stated as to the work that it is proposed the Department of Agriculture shall do in these South American republics.

First, we are to have four new agricultural attachés, in Mexico City, Habana, Rio de Janeiro, and Panama City, plus strengthening present office in Buenos Aires. These offices are to investigate agricultural and economic resources both as to noncompetitive and competitive products, serve as regional headquarters for future technical investigations, and advise United States missions regarding agricultural matters at an expense of $120,000 per annum.

Second, there is to be a survey of hardwood forest products of tropical American republics, at an expense of $65,000 per annum.

Third, a survey regarding soils, vegetation, climatic factors, disease conditions, and so forth, in the Tropics, especially as to rubber, quinine, and other products not grown in the United States, at an expense of $65,000 per annum.

I may further state to the Senator from Vermont that the Secretary of Agriculture and a representative of the State Department, in testifying before a subcommittee of the Committee on Appropriations, stated that these expenditures were only the beginning of a much larger and more comprehensive program, which would result in an annual cost of more than $1,000,000 on the Treasury of the United States in experimenting and demonstrating to the people of the South American republics the proper method of production of agricultural crops. I feel that it is somewhat overstepping any exchange of cultural background when our Department of Agriculture puts that much expense on the Treasury of the United States to augment and supplement the work already being done by the departments of agriculture of the South American republics.

Mr. AUSTIN. Mr. President, I ask unanimous consent to continue for just a moment.

Assuming that the education is cultural which is provided for in the part of the report referred to, the question of judgment as to how much money should be expended and how far we should go into it would arise on the appropriation, I assume, because the bill does not undertake to fix those amounts at all, but simply provides that the President shall have authority to carry on these relations, subject to such appropriations as Congress may see fit to make.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

ESTABLISHMENT OF ECONOMIC RESEARCH STATIONS

Mr. SHEPPARD. Mr. President, I ask unanimous consent to recur to Calendar No. 647, Senate bill 1740, to promote business and economic research in the United States by establishing and maintaining in connection with State university schools of business administration research stations to cooperate with the Department of Commerce. The Senator from Vermont [Mr. AUSTIN] is recorded as having objected to the consideration of the bill. He advises me that he did not intend to object to it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. DANAHER. There is, Mr. President. I object to the present consideration of the bill.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

MINIMUM NATIONAL ALLOTMENTS FOR WHEAT

The joint resolution (H. J. Res. 248) to provide minimum national allotments for wheat was considered, ordered to a third reading, read the third time, and passed.

LADIES OF THE GRAND ARMY OF THE REPUBLIC

The bill (S. 521) for the incorporation of the Ladies of the Grand Army of the Republic was considered, ordered to be

engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the organization known as the Ladies of the Grand Army of the Republic, with a membership limited to persons of blood relationship to veterans of the Union Army of the Civil War, 1861–65, is hereby created a body politic, in the District of Columbia, by the name of "Ladies of the Grand Army of the Republic" by which name it shall be a person in law, capable of suing and being sued, and of having and exercising all incidental powers of a litigant or otherwse as if it were a natural person, with power to acquire by purchase, gift, bequest, or devise, and to hold, convey, or otherwise dispose of property, real or personal, as may be necessary or calculated to carry into effect the patriotic, educational, fraternal, and charitable purposes of the organization.

SEC. 2. The object and purpose of this corporation shall be to perpetuate the memory and spirit of the patriots of 1861–65; to commemorate the incidents, deeds, and sacrifices of the Grand Army of the Republic for the preservation of the Union, by the acquisition and protection of historic spots in relation to the Civil War; by the preservation of documents and relics of the Civil War; by inculcating the spirit of loyalty and service in the hearts of the children and obedience to the laws of our country, thus developing in them the largest capacity for performing the duties of American citizens; to cherish, maintain, and extend the institutions of American freedom; to foster true patriotism and love of country; and to aid in securing for all mankind the blessings of liberty.

SEC. 3. That the corporation created by this act shall have perpetual succession; shall adopt a constitution, bylaws, and regulations and change the same when necessary in order to carry out its purposes, not inconsistent with the laws of the United States or of any State; may use such emblems and badges as it may adopt; shall adopt a seal which may be altered or changed at pleasure; may publish a magazine known as the Bugle Call or other publications, and generally do any and all acts and things necessary and proper in carrying into effect the purposes of the corporation.

SEC. 4. That said corporation shall establish and maintain its headquarters or principal office at Washington, D. C.; that the supreme governing and controlling authority shall vest in the national convention thereof, composed of delegates from the several departments as are now or may hereafter be organized and which are representative of the membership at large; that it may acquire any and all the assets of the existing unincorporated national organization known as the Ladies of the Grand Army of the Republic; shall make and transmit to the Congress of the United States, on or before the 1st day of January in each year, a report of its proceedings for the preceding year, including the full and complete report of its receipts and expenditures: *Provided, however*, That said report shall not be printed as a public document.

SEC. 5. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved.

LANDS OF QUAPAW INDIANS, OKLAHOMA

The bill (H. R. 3796) to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

RED LAKE BAND OF CHIPPEWA INDIANS

The bill (H. R. 3248) authorizing a per capita payment of $15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation was considered, ordered to a third reading, read the third time, and passed.

RIVER AND HARBOR IMPROVEMENTS

The bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was announced as next in order.

Mr. AUSTIN. Let the bill go over.

Mr. CONNALLY. Mr. President, will the Senator withhold his objection?

Mr. AUSTIN. Certainly. I am not making the objection on my own account, but on behalf of a Senator who is absent.

Mr. CONNALLY. Knowing the liberal views of the Senator from Vermont, I assumed that some situation of that kind existed. I did not assume that he would object.

I wish to say that this is a general river and harbor bill, and I very much hope that the leadership will find occasion to bring the measure up at an early date. There are several items in the bill, particularly one flood-control item relating to the city of Houston and Harris County, which is of the highest importance. Recently there has been another flood in that area, entailing very large sums in damages, and without undertaking to discuss some of the items in the bill I do desire to point out its importance, not only because of the items relating to my own State, but in respect to the general subject of river and harbor improvements all over the United States. Since the bill is objected to today, I very much hope that the leadership will find occasion, in plenty of time before adjournment, to have the measure taken up so that we may have some hope of its enactment before Congress shall adjourn.

PROVISION FOR A RIGHT-OF-WAY

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 504) to provide a right-of-way, which was, on page 2, line 7, after the word "hereof", to insert a colon and "*And provided further*, That all moneys which may accrue to the United States under the provisions of this act shall be deposited in the Treasury as miscellaneous receipts."

Mr. SHEPPARD. I move that the Senate concur in the House amendment.

The motion was agreed to.

HOLDING OF CIVIL OFFICE BY RETIRED OFFICERS AND ENLISTED MEN

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1116) to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States, which was, in line 10, after the word "list", to insert a comma and "and except officers of the Coast Guard who heretofore have been, or hereafter may be, appointed as United States commissioners or United States deputy marshals in and for the Territory of Alaska."

Mr. WALSH. I move that the Senate concur in the House amendment.

The motion was agreed to.

PROPERTY AT GLACIER NATIONAL PARK, MONT., FOR FISH HATCHERY

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 770) to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment and operation of a fish hatchery, and for other purposes, which were, in line 9, to strike out "and operation"; and to amend the title so as to read: "An act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment of a fish hatchery, and for other purposes."

Mr. WHEELER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

WILLIAM H. ROUNCEVILL

The Senate proceeded to consider the bill (S. 1906) for the relief of William H. Rouncevill, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 11, after the word "benefit", to strike out "(except under the World War Adjustment Compensation Act, as amended)", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, William H. Rouncevill, who was a member of Company H, Fifth Regiment Connecticut Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 10th day of July 1865: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF INDIAN WAR VETERANS

The bill (S. 1949) for the relief of Indian-war veterans who were discharged from the Army because of minority or misrepresentation of age was considered, ordered to be engrossed

for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers of the United States Army, their widows and dependents, any person who served in any Indian war or campaign, or in connection with or in the zone of any active Indian hostilities in any of the States or Territories of the United States between January 1, 1817, and December 31, 1898, both dates inclusive, and who was discharged from such service for fraudulent enlistment on account of minority or misrepresentation of age, shall hereafter be held and considered to have been honorably discharged from the military service on the date of his actual separation therefrom if his service otherwise was such as would have entitled him to an honorable discharge: *Provided*, That no back pay or allowance shall accrue by reason of the passage of this act: *Provided further*, That in all such cases the War Department shall, upon request, grant to such men, or their widows, a discharge certificate showing that the soldier is held and considered to have been honorably discharged under the provisions of this act.

TRESPASS UPON LANDS OF THE UNITED STATES

The Senate proceeded to consider the bill (S. 2619) to provide a measure of damages for trespass involving timber and other forest products upon lands of the United States, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, line 23, before the word "agency" to insert "other", so as to make the bill read:

Be it enacted, etc., That from and after the passage of this act, whenever any person, firm, or corporation shall willfully, fraudulently, negligently, or without lawful authority, damage, sever, or remove, or cause to be damaged, severed, or removed, any timber, tree, shrub, or other forest product upon any lands of the United States, including ceded Indian lands, and lands within the former Oregon and California Railroad Grant or the Coos Bay Wagon Road Grant, title to which is in the United States, or upon any lands embraced in unperfected claims held under any of the public-land laws, such person, firm, or corporation, or any person, firm, or corporation receiving or purchasing such timber or other forest product, shall be liable for damages to the United States for such timber or other forest product, as hereinafter provided:

1. In the case of an unintentional or mistaken trespass, the trespasser, or any purchaser of the timber or other forest product, shall be liable for the standing value of the timber or other products.

2. In the case of a willful trespass, the trespasser, or any willful purchaser of the timber or other forest product, shall be liable for triple such value.

SEC. 2. Nothing in this act shall prevent any miner or agriculturist from clearing his land in the ordinary working of his valid mining claim or in the preparation of his farm for tillage or from taking the timber necessary for his improvements or for other domestic use upon his claim. And nothing in this act shall interfere with or take away any right, authority, or privilege under any existing law of the United States to cut or remove timber from any public lands, nor shall this act apply to cases of turpentine trespass.

SEC. 3. The head of the department or other agency having jurisdiction over the lands is hereby authorized, before suit, to compromise any claim arising under the foregoing provisions where, in his opinion, the acceptance of an amount less than the penalty prescribed herein is in the public interest.

SEC. 4. No action for damages accruing under this act shall be maintained unless it is commenced within 6 years from the time the cause of action arose.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WALTER PETERSEN

The Senate proceeded to consider the bill (S. 2156) for the relief of Walter Petersen, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$5,300" and insert in lieu thereof "$4,240", and to insert a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Walter Petersen, Omaha, Nebr., the sum of $4,240. The payment of such sum shall be in full settlement of all claims against the United States for losses sustained by the said Walter Petersen as contractor for the construction of a post-office building at La Follette, Tenn., on account of a delay of 166 days, through no fault of the said Walter Petersen, in connection with the construction of such building: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALLEGHENY FORGING CO.

The bill (H. R. 3673) for the relief of the Allegheny Forging Co. was considered, ordered to a third reading, read the third time, and passed.

ALTERATION AND COST OF BRIDGES

The Senate proceeded to consider the bill (S. 1989) to provide for the alteration of certain bridges over navigable waters of the United States for the apportionment of the cost of such alterations between the United States and the owners of such bridges, and for other purposes, which had been reported from the Committee on Commerce with amendments, in section 3, page 2, line 25, before the word "railroad", to insert the word "either"; in section 4, page 4, line 5, after the word "owner", to strike out "or be made by the courts on review thereof as provided in section 10"; in section 6, page 5, line 12, after the word "determine", to insert "and issue an order specifying"; in line 20, after the word "cost" and the period, to insert "In such direct and special benefits shall be included additional length of life or period of usefulness of a bridge. In apportioning cost due allowance to the bridge owner shall be made for the present value of bridge replaced at the time of replacement"; in section 9, page 8, line 23, after the word "under", to insert "section 6 of"; on page 9, line 13, to strike out "Pending the final determination of any such court review no liability for penalties under section 9 of this act shall be incurred and the powers thereby conferred upon the Secretary to remove or cause the removal of bridges shall be stayed" and insert "Proceedings under this section shall not operate as a stay of any order of the Secretary issued under provisions of this act other than section 6, or relieve any bridge owner of any liability or penalty under such provisions"; and to add a new section, to be known as section 13, at the end of the bill, so as to make the bill read:

Be it enacted, etc.—

DEFINITIONS

SECTION 1. When used in this act, unless the context indicates otherwise—

The term "alteration" includes changes of any kind and reconstruction.

The term "bridge" means a lawful bridge over navigable waters of the United States, including approaches thereto, used and operated for the purpose of carrying railroad traffic, or both railroad and highway traffic.

The term "bridge owner" means any corporation, association, partnership, or individual owning any bridge, and, when any bridge shall be in the possession or under the control of any trustee, receiver, trustee in bankruptcy, or lessee, said term shall include both the owner of the legal title and the person or entity in possession or control of such bridge.

The term "Secretary" means the Secretary of War acting directly or through the Chief of Engineers.

The term "United States," when used in a geographical sense, includes the Territories and possessions of the United States.

OBSTRUCTION OF NAVIGATION

SEC. 2. No bridge shall at any time unreasonably obstruct the free navigation of any navigable waters of the United States.

NOTICE, HEARINGS, AND FINDINGS

SEC. 3. Whenever any bridge shall, in the opinion of the Secretary, at any time unreasonably obstruct such navigation, it shall be the duty of the Secretary, after notice to interested parties, to hold a hearing at which the bridge owner, those interested in water navigation thereunder or therethrough, those interested in either railroad or highway traffic thereover, and any other party or parties in interest shall have full opportunity to offer evidence and be heard as to whether any alteration of such bridge is needed, and if so, what alterations are needed, having due regard to the necessity of free and unobstructed water navigation and to the necessities of the rail or highway traffic. If, upon such hearing, the Secretary determines that any alterations of such bridge are necessary in order to render navigation through or under it reasonably free, easy, and unobstructed, having due regard also for the necessities of rail or highway traffic thereover, he shall so find and shall issue and cause to be served upon interested parties an order requiring such alterations of such bridge as he finds to be reasonably necessary for the purposes of navigation.

SUBMISSION AND APPROVAL OF GENERAL PLANS AND SPECIFICATIONS

SEC. 4. It shall be the duty of the bridge owner to prepare and submit to the Secretary, within 90 days after service of his order, general plans and specifications to provide for the alteration of such bridge in accordance with such order, and for such additional alteration of such bridge as the bridge owner may desire to meet the necessities of railroad or highway traffic, or both. The Secretary may approve or reject such general plans and specifications, in whole or in part, and may require the submission of new or additional plans and specifications, but when the Secretary shall have approved general plans and specifications, they shall be final and binding upon all parties unless changes therein be afterward approved by the Secretary and the bridge owner.

CONTRACTS FOR PROJECT; GUARANTY OF COST

SEC. 5. After approval of such general plans and specifications by the Secretary, and within 90 days after notification of such approval, the bridge owner shall, in such manner as the Secretary may prescribe, take bids for the alteration of such bridge in accordance with such general plans and specifications. All bids, including any bid for all or part of the project submitted by the bridge owner, shall be submitted to the Secretary, together with a recommendation by the bridge owner as to the most competent bid or bids, and at the same time the bridge owner shall submit to the Secretary a written guaranty that the total cost of the project, including the cost of such work as is to be performed by the bridge owner and not included in the work to be performed by contract, shall not exceed the sum stated in said guaranty. The Secretary may direct the bridge owner to reject all bids and to take new bids, or may authorize the bridge owner to proceed with the project, by contract, or partly by contract and partly by the bridge owner, or wholly by the bridge owner. Upon such authorization and fixing of the proportionate shares of the cost as provided in section 6, the bridge owner shall, within a reasonable time to be prescribed by the Secretary, proceed with the work of alteration; and the cost thereof shall be borne by the United States and by the bridge owner, as hereinafter provided.

APPORTIONMENT OF COST

SEC. 6. At the time the Secretary shall authorize the bridge owner to proceed with the project, as provided in section 5, and after an opportunity to the bridge owner to be heard thereon, the Secretary shall determine and issue an order specifying the proportionate shares of the total cost of the project to be borne by the United States and by the bridge owner. Such apportionment shall be made on the following basis: The bridge owner shall bear such part of the cost as is attributable to the direct and special benefits which will accrue to the bridge owner as a result of the alteration, and the United States shall bear the balance of the cost. In such direct and special benefits shall be included additional length of life or period of usefulness of a bridge. In apportioning cost due allowance to the bridge owner shall be made for the present value of bridge replaced at the time of replacement.

PAYMENT OF SHARE OF THE UNITED STATES

SEC. 7. When the Secretary shall have approved the general plans and specifications for the alteration of such bridge and the guaranty with respect to the cost thereof, and shall have fixed the proportionate shares thereof as between the United States and the bridge owner, he shall furnish to the Secretary of the Treasury a certified copy of his approval of such plans and specifications and guaranty, and of his order fixing the proportionate shares of the United States and of the bridge owner, and the Secretary of the Treasury shall thereupon set aside, out of any appropriation available for such purpose, the share of the United States payable under this act on account of the project. When the Secretary finds that such project has been completed in accordance with his order, he shall cause to be paid to the bridge owner, out of the funds so set aside, the proportionate share of the total cost of the project allocated to the United States; or he may, in his discretion, from time to time, cause payments to be made on such construction costs as the work progresses. The total payments out of Federal funds shall not exceed the proportionate share of the United States of the total cost of the project paid or incurred by the bridge owner, and, if such total cost exceeds the cost guaranteed by the bridge owner, shall not exceed the proportionate share of the United States of such guaranteed cost, except that if the cost of the work exceeds the guaranteed cost by reason of emergencies, conditions beyond the control of the owner, or unforeseen or undetermined conditions, the Secretary may, after full review of all the circumstances, provide for additional payments by the United States to help defray such excess cost to the extent he deems to be reasonable and proper, and shall certify such additional payments to the Secretary of the Treasury for payment. All payments to any bridge owner herein provided for shall be made by the Secretary of the Treasury on warrants drawn by the Secretary, payable to the bridge owner.

APPROPRIATION AUTHORIZED

SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

FAILURE TO COMPLY WITH ORDERS; PENALTIES; REMOVAL OF BRIDGE

SEC. 9. Any bridge owner who shall willfully fail or refuse to remove a bridge, or so much thereof as may have been found by the Secretary to be an unreasonable obstruction to navigation, or to comply with any lawful order of the Secretary, made in accordance with the provisions of this act, shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished in any court of competent jurisdiction by a fine not exceeding $5,000, and every month such bridge owner shall remain in default shall be deemed a new offense and subject such bridge owner to additional penalties therefor. In addition to the penalties above prescribed the Secretary may, upon the failure or refusal of any bridge owner to comply with any lawful order issued by the Secretary in regard thereto, cause the removal of any such bridge and accessory works at the expense of the bridge owner; and suit for such expense may be brought in the name of the United States against such bridge owner and recovery had for such expense in any court of competent jurisdiction. The removal of any bridge erected or maintained in violation of the provisions of this act or the order or direction of the Secretary made in pursuance thereof, and compliance with any order of the Secretary made with respect to any bridge in accordance with the provisions of this act, may be enforced by injunction, mandamus, or other summary process upon application to the district court of any district in which such bridge may, in whole or in part, exist, and proper proceedings to this end may be instituted under the direction of the Attorney General of the United States at the request of the Secretary.

REVIEW OF FINDINGS AND ORDERS

SEC. 10. Any order made or issued under section 6 of this act may be reviewed by the circuit court of appeals for any judicial circuit in which the bridge in question is wholly or partly located, if a petition for such review is filed within 3 months after the date such order is issued. The judgment of any such court shall be final except that it shall be subject to review by the Supreme Court of the United States upon certification or certiorari, in the manner provided in sections 239 and 240 of the Judicial Code, as amended. The review by such Court shall be limited to questions of law, and the findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive. Upon such review, such Court shall have power to affirm or, if the order is not in accordance with law, to modify or to reverse the order, with or without remanding the case for a rehearing as justice may require. Proceedings under this section shall not operate as a stay of any order of the Secretary issued under provisions of this act other than section 6, or relieve any bridge owner of any liability or penalty under such provisions.

REGULATIONS AND ORDERS

SEC. 11. The Secretary is authorized to prescribe such rules and regulations, and to make and issue such orders, as may be necessary or appropriate for carrying out the provisions of this act.

EXISTING PROVISIONS OF LAW

SEC. 12. The first sentence of section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906 (U. S. C., 1934 ed., title 33, sec. 494), and section 18 of the act entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved March 3, 1899 (U. S. C., 1934 ed., title 33, sec. 502), shall be inapplicable with respect to any bridge to which the provisions of this act are applicable; and, in any case in which any requirement under either of such sections has been made with respect to the alteration of any bridge and such alteration had not been begun prior to January 1, 1939, the provisions of this act shall be applicable with respect to such alteration, and the Secretary shall make such additional findings and orders and take such other action as may be necessary in order to provide that such alteration will be made as nearly as possible in conformity with the provisions of this act.

RELOCATION OF BRIDGES

SEC. 13. If the owner of any bridge used for railroad traffic and the Secretary shall agree that in order to remove an obstruction to navigation, or for any other purpose, a relocation of such bridge or the construction of a new bridge upon a new location would be preferable to an alteration of the existing bridge, such relocation or new construction may be carried out at such new site and upon such terms as may be acceptable to the bridge owner and the Secretary, and the cost of such relocation or new construction, including also any expense of changes in and additions to rights-of-way, stations, tracks, spurs, sidings, switches, signals, and other railroad facilities and property, and relocation of shippers required for railroad connection with the bridge at the new site, shall be apportioned as between the bridge owner and the United States in the manner which is provided for in section 6 hereof in the case of an alteration and the share of the United States paid from the appropriation authorized in section 8 hereof: *Provided*, That nothing herein shall be construed as requiring the United States to pay any part of the expense of building any bridge across a navigable stream which the Secretary of War shall not find to be, in fact, a relocation of an existing bridge.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LIABILITY OF COMMON CARRIERS FOR INJURIES TO EMPLOYEES

The Senate proceeded to consider the bill (S. 1708) to amend section 51 of chapter 2, title 45, of the Code of Laws of the United States of America, which had been reported from the Committee on the Judiciary with an amendment

to strike out all after the enacting clause and to insert the following:

That sections 1, 4, and 6, chapter 149 (35 Stat. 65, act of April 22, 1908), are hereby amended so as to read as follows:

"SECTION 1. That every common carrier by railroad, while engaging in commerce between any of the several States or Territories, or between any of the States and Territories, or between the District of Columbia and any of the States or Territories, or between the District of Columbia or any of the States or Territories and any foreign nation or nations, shall be liable in damages to any person suffering injury while he is employed by such carrier in such commerce, or, in case of the death of such employee, to his or her personal representative, for the benefit of the surviving widow or husband and children of such employee; and, if none, then of such employee's parents; and, if none, then of the next of kin dependent upon such employee, for such injury or death resulting in whole or in part from the negligence of any of the officers, agents, or employees of such carrier, or by reason of any defect or insufficiency, due to its negligence, in its cars, engines, appliances, machinery, track, roadbed, works, boats, wharves, or other equipment.

"Any employee of a carrier, any part of whose duties as such employee shall be the furtherance of interstate or foreign commerce; or shall, in any way directly or closely and substantially, affect such commerce as above set forth shall, for the purposes of this act, be considered as being employed by such carrier in such commerce and shall be considered as entitled to the benefits of this act and of an act entitled 'An act relating to the liability of common carriers by railroad to their employees in certain cases' (approved April 22, 1908), as the same has been or may hereafter be amended."

"SEC. 4. That in any action brought against any common carrier under or by virtue of any of the provisions of this act to recover damages for injuries to, or the death of, any of its employees, such employee shall not be held to have assumed the risks of his employment in any case where such injury or death resulted in whole or in part from the negligence of any of the officers, agents, or employees of such carrier; and no employee shall be held to have assumed the risks of his employment in any case where the violation by such common carrier of any statute enacted for the safety of employees contributed to the injury or death of such employee."

"SEC. 6. That no action shall be maintained under this act unless commenced within 2 years from the day the cause of action accrued.

"Under this act an action may be brought in a district court of the United States, in the district of the residence of the defendant, or in which the defendant shall be doing business at the time of commencing such action. The jurisdiction of the courts of the United States under this act shall be concurrent with that of the courts of the several States, and no case arising under this act and brought in any State court of competent jurisdiction shall be removed to any court of the United States.

"Any contract, rule, regulation, or device whatsoever, the purpose, intent, or effect of which shall be to prevent employees of any common carrier from furnishing, voluntarily, information to a person in interest or his representative as to the facts incident to the injury or death of any employee, shall be void, and whoever, by threat, intimidation, order, rule, contract, regulation, or device whatsoever, shall attempt to prevent any person from furnishing such information, or whoever discharges or otherwise disciplines or attempts to discipline any employee for furnishing such information shall be fined not more than $1,000 or imprisoned not more than 1 year, or both fined and imprisoned for each offense.

"If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstances is held invalid, the validity of the remainder of the act and the applicability of such provision to other persons and circumstances shall not be affected thereby."

Mr. AUSTIN. Mr. President, if this is the bill which relates to contributory negligence and assumption of risk, I should like to have an explanation of it.

Mr. BURKE. Mr. President, I served on the subcommittee which reported the bill favorably to the Committee on the Judiciary, and in the absence of the chairman of the subcommittee I shall be glad to make an explanation.

The bill proposes three changes in the Federal Employees' Compensation Act. It is of particular interest to the railroad brotherhoods. In the first place, there is a provision which will remove a great deal of the difficulty which now is encountered in determining whether or not an injured railroad employee was engaged in interstate commerce so as to come within the provisions of the act. Without going into detail, it simplifies that question very greatly.

The second main provision in the bill is that which does away with the assumption doctrine in certain cases where death or injury is caused by the negligence of a carrier and makes the comparative negligence doctrine applicable.

The third provision in the bill prohibits the promulgation or enforcement of rules which penalize railroad employees for giving information concerning accidents to injured persons or their representatives.

The representatives of the railroad brotherhoods appeared before the committee and presented a very full and clear justification for the measure. The Federal Employees' Compensation Board approves the changes, and I think it is a very meritorious bill.

Mr. MINTON. Mr. President, I did not quite catch the Senator's explanation of the second provision of the bill as to comparative negligence. Would the Senator object to stating that again?

Mr. BURKE. It repeals the assumption of risk doctrine in certain provisions, and substitutes for it the doctrine of comparative negligence. If an employee is injured, and his own negligence has contributed somewhat to the injury, and the negligence of the employer also contributed to the injury, the employee will not be barred on the ground that he assumed the risk, but the court or jury will be entitled to weigh the negligence and make an award if the negligence of the employee was slight as compared with the negligence of the employer.

Mr. MINTON. This is an amendment of the Employers Liability Act?

Mr. BURKE. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

The bill (S. 2185) to provide for the appointment of additional district and circuit judges was announced as next in order.

Mr. ASHURST. Mr. President, I introduced this bill and have labored for its passage. I certainly favor it, but I am in the ironical situation today of being required to ask that it go over because two Senators who could not be present object to the bill, and I believe good faith requires that we not take it up under the 5-minute rule.

Let me say, in asking that the bill go over, that I hope that next week the Senate will address itself to the bill. It is an important measure and has been the subject of very careful investigation. It proposes to provide for an additional judge for the sixth circuit, an additional judge for the eighth circuit, an additional district judge for California, an additional district judge for Oklahoma, an additional district judge for Florida, an additional district judge for Pennsylvania, an additional district judge for New Jersey, and an additional district judge for New York.

In asking that the bill go over I think I am promoting its ultimate passage, as obviously it could not be passed or discussed under the 5-minute rule. I feel that I should in good faith toward all those who are in favor of the bill give notice that sometime early next week I shall ask the Senate to consider it.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

MEMPHIS AND LITTLE ROCK BRIDGE COMMISSION

The Senate proceeded to consider the bill (S. 2242) creating the Memphis and Little Rock Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Memphis, Tenn.; and for other purposes, which had been reported from the Committee on Commerce with amendments.

Mr. McKELLAR. Mr. President, this is a bridge bill, and there are some committee amendments and certain other amendments which are formal, but which will have to be adopted in order to make the bill accord with the reorganization law. For instance, where the words "Secretary of Agriculture" occur in the bill, they must be stricken out and "Administrator of the Federal Works Agency" substituted.

The PRESIDING OFFICER. The clerk will state the first amendment of the Committee on Commerce.

The first amendment was, in section 1, page 1, line 5, before the word "Bridge", to strike out "Little Rock" and insert "Arkansas", so as to make the section read:

That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes, the Memphis and Arkansas Bridge Commission (hereinafter created and hereinafter referred to as the "Commission"), and its successors and assigns be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River at or near the city of Memphis, Tenn., at a point suitable to the interest of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act.

The amendment was agreed to.

The next amendment was, on page 3, line 1, to strike out section 3, as follows:

SEC. 3. The Commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge in accordance with the provisions of this act, subject to the approval of the Secretary of War, as provided by the act of Congress approved March 23, 1906.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, I should like to ask some questions about the bill.

Mr. McKELLAR. Very well.

Mr. AUSTIN. Does the bill provide for the payment of the costs of the bridges?

Mr. McKELLAR. Oh, no; it is a private bridge bill.

Mr. AUSTIN. I notice on page 3, line 6, the following language:

The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of such bridge—

And so forth.

Mr. McKELLAR. The bill provides for a Commission to be established by the act for the purpose of building a bridge.

Mr. AUSTIN. In what manner does the bill provide for financing the construction of the bridge?

Mr. McKELLAR. It is intended that it shall be financed by the city of Memphis and the States of Arkansas and Tennessee.

Mr. AUSTIN. I notice on page 11 the words "may extend Federal aid;" that is, the United States Government "may extend Federal aid under such acts for the construction of said bridge out of any money allocated to the State of Tennessee with the consent of the State highway commission of said State, and out of money allocated to the State of Arkansas with the consent of the highway department of said State."

The question I ask is, Do those two States have money allocated to them out of the Federal Treasury available for this purpose?

Mr. McKELLAR. They have money which is allocated or is appropriated every year, so much for each State, and that may be allocated by the joint action of the States, with the approval of the Federal Director of Roads.

Mr. AUSTIN. Is that Federal-highway money?

Mr. McKELLAR. That is Federal-highway money, just the same as is provided anywhere else, but it could be used by the State for this purpose, if it saw fit, following joint action of the two States.

Mr. AUSTIN. That is a matched fund, is it not?

Mr. McKELLAR. That is a matched fund.

Mr. AUSTIN. The Senator from Arkansas stated not long ago that his State was not matching Federal-highway funds. Is that true?

Mr. McKELLAR. I do not know what the facts are in that connection, but it would not interfere. That is a matter for the bridge company to determine.

Mr. AUSTIN. Mr. President, will the Senator submit to another question?

Mr. McKELLAR. Certainly.

Mr. AUSTIN. It is not mere curiosity that prompts me to ask these questions.

Mr. McKELLAR. I understand that.

Mr. AUSTIN. I should like to have the Senator's opinion on the following question: Assuming that Arkansas does not have Federal highway funds out of which there could be allocated money to pay its proportion of the building of this bridge, where would the funds be obtained?

Mr. McKELLAR. They would have to be funds furnished on the part of the State of Tennessee, the city of Memphis, or the State of Arkansas; and if they can get funds allotted from the Federal Government under the half-and-half plan, that can be done.

Mr. AUSTIN. Will the Senator answer another question?

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. AUSTIN. Then I shall have to ask that the bill go over.

Mr. McKELLAR. I hope the Senator will not do that.

Mr. President, I ask unanimous consent that the Senator from Vermont may ask such questions as he may wish to ask. This is a very important matter, and it has gone over many times heretofore. I hope very much that the Senator will be permitted to ask me whatever questions he wishes to ask.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

Mr. AUSTIN. I should like to know what the conditions at the two outlets of this bridge may be. Will this bridge connect a community on the Tennessee side of large population and a community on the Arkansas side of a like large population?

Mr. McKELLAR. No; the community on the Arkansas side is very much smaller. It is known as West Memphis, and it is relatively a small community; but it is very important both to Arkansas and to Tennessee that a bridge be built at this point.

Mr. AUSTIN. Has the Legislature of Arkansas passed any act authorizing the construction of this bridge, and assumed any responsibility financially for it?

Mr. McKELLAR. I think not. Neither has the Legislature of Tennessee. But under present law that can be done.

Mr. AUSTIN. Yes; but the problem which confronts us as legislators of the Federal Government is the problem of whether some day very soon after this bridge is started under the authority granted here we are going to be called upon to finance the building of the bridge.

Mr. McKELLAR. Oh, no——

Mr. AUSTIN. On account of conditions of which the Senator has spoken.

Mr. McKELLAR. Oh, no; there is no intention of doing that at all. The States of Tennessee and Arkansas will have to use such general funds as they have.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 4, after line 20, to strike out sections 5, 6, and 7, down to and including line 23, on page 10, as follows:

SEC. 5. In addition to the authority heretofore vested in the Commission in section 4 of this act, the Commission and its successors and assigns are further authorized, in event said Commission shall deem it necessary or advisable, in order to provide for the payment of the cost of such bridge, or any part thereof, as may be constructed, as provided herein, and approaches (including the approach highways which, in the judgment of the Commission, it is necessary or advisable to construct or cause to be constructed to provide suitable and adequate connection with existing improved highways) and the necessary land, easements, and appurtenances thereto, to issue negotiable bonds of the Commission, bearing interest at the rate or rates of not more than 6 percent per annum, the principal and interest of which bonds, and any premium to be paid for retirement thereof before maturity, shall be payable solely from the sinking fund provided in accordance with this act, and such payments may be further secured by a mortgage of the bridge. All such bonds may be registrable as to principal alone, or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 25 years from their respective dates, shall be in such denominations, shall be executed in such manner, and shall be

payable in such medium and at such place or places as the Commission may determine. The Commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the Commission prior to the issuance of the bonds. The Commission, when it deems it to be to the best interest of the Commission, may issue refunding bonds to repurchase and redeem any outstanding bonds before the maturity thereof: *Provided*, That the refunding bonds shall mature at such time or times, not exceeding 30 years from the date of approval of this act, as the Commission may determine. The Commission may enter into any agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the Commission in respect to the purchase, construction, maintenance, operation, repair, and insurance of the bridge, the conservation and application of all funds, the security for payment of the bonds, the safeguarding of money on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds or corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law.

Said bonds shall be sold in such manner and at such time or times and at such price as the Commission may determine, but no such sale shall be made at a price so low as to require the payment of interest at the rate of more than 6 percent per annum on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale the cost of the bridge constructed, and approaches and the lands, easements, and appurtenances, used in connection therewith when added to any other funds made available to the Commission for the use of said purposes. The cost of the bridge to be constructed as provided herein, together with approaches and approach highways, shall be deemed to include interest during construction of said bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic surveying, and other expense incident to the construction of the bridge and the acquisition of the necessary property, incident to the financing thereof, including cost of acquiring lands. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definite bonds the Commission may, under like restrictions, issue temporary bonds or interim certificates, with or without coupons, of any denomination whatsoever, exchangeable for definite bonds when such bonds that have been executed are available for delivery.

SEC. 6. In fixing the rates of toll to be charged for the use of such bridge, in accordance with the act of Congress approved March 23, 1906, the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due, and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof as hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating, and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the Commission prior to the issuance of the bonds. An accurate record of the cost of the bridge and approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The Commission shall classify in a reasonable way all traffic over the bridge so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within reasonable classes, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of tolls so fixed and adjusted. No toll shall be charged officials or employees of the Commission, nor shall toll be charged officials of the Government of the United States while in the discharge of duties incident to their office or employment, nor shall toll be charged members of fire departments or peace officers when engaged in the performance of their official duties, nor shall toll be charged in movement of the armed forces of the United States.

Within a reasonable time after the construction of the bridge the commission shall file with the Bureau of Public Roads of the United States Department of Agriculture a sworn itemized statement showing the cost of constructing the bridge and its approaches, the cost of acquiring any interest in real or other property necessary therefor, and the amount of bonds, debentures, or other evidence of indebtedness issued in connection with the construction of said bridge.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the Commission shall deliver deeds or other suitable instruments of conveyance of the interest of the Commission in and to the bridge extending between the State of Tennessee and the State of Arkansas, that part of said bridge within Tennessee to the State of Tennessee, or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Tennessee interest") and that part of said bridge within Arkansas to the State of Arkansas, or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Arkansas interest"), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired, by the Tennessee interest and the Arkansas interest as may be agreed upon, but if the Tennessee interest or the Arkansas interest, or any other interest hereinabove mentioned, shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the Commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the maintenance, repair, and operation of the bridge and approaches under economical management, until such time as the Tennessee interest and the Arkansas interest, or any other interest hereinabove mentioned, shall be authorized to accept and shall accept such conveyance under such conditions.

The amendment was agreed to.

The next amendment was, on page 11, after line 11, to strike out lines 12 to 18, as follows:

The bridge constructed under the authority of this act shall be deemed to be an instrumentality for interstate commerce, the postal service, and military and other purposes authorized by the Government of the United States, and said bridge and any bonds issued in connection therewith, and any income derived therefrom, shall be exempt from all Federal, State, municipal, and local taxation.

The amendment was agreed to.

The next amendment was, on page 11, line 21, after "Memphis and", to strike out "Little Rock" and to insert "Arkansas", so as to read:

SEC. 5. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Memphis and Arkansas Bridge Commission, and by that name, style, and title said body shall have perpetual succession, may contract and be contracted with, sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations, grants, or gifts of money or property and apply the same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The amendment was agreed to.

The next amendment was, on page 12, line 9, after the name "Jasspon," to strike out "and"; in the same line, after the name "Fowler," to insert "Frank Gailor, and Will Gerber"; in line 12, after the name "Campbell," to strike out "and" and in the same line, after the name "Walton," to insert "A. C. Oliver, J. L. Shaver, and James Crane", and on page 13, line 2, after the word "provided", to strike out "Before the issuance of bonds, as hereinabove provided, each member of the Commission shall give such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned upon the faithful performance of all duties required by this act. The cost of such surety prior to and during the construction of the bridge shall be paid or reimbursed from the bond proceeds and thereafter such cost shall be deemed an operating expense", so as to read:

The Commission shall consist of E. H. Crump, Sr., E. W. Hale, Sr., Clifford Davis, Frank R. Ahlgren, W. H. Jasspon, William B. Fowler, Frank Gailor, and Will Gerber, all residents and citizens of the State of Tennessee; and J. O. E. Beck, Sr., J. C. Johnson, J. Land Williams, W. W. Campbell, C. R. Walton, A. C. Oliver, J. L. Shaver, and James Crane, all residents and citizens of the State of Arkansas. Such Commission shall be a body corporate and politic. Each member of the Commission shall qualify within 30 days after his appointment by filing in the office of the Secretary of Agriculture an oath that he will faithfully perform the duties imposed upon him by this act, and each person appointed to fill a vacancy shall file in like manner within 30 days after his appointment. Any vacancy occurring in said Commission by reason of failure to qualify as above provided, or by reason of death or resignation, shall be filled by the Secretary of Agriculture, and in filling such vacancy the Secretary of Agriculture shall at all times make the appointment so that the respective States shall at all times have the same representation on said Commission as herein provided. The Commission shall elect a chairman and vice chairman from its members and shall establish rules and regulations for the government of its own business. A majority of the members shall constitute a quorum for the transaction of business.

The amendment was agreed to.

The next amendment of the committee was, on page 13, after line 14, to strike out:

SEC. 9. The Commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the Commission shall be entitled to a per diem compensation for their service of $10 for each day actually spent in the business of the Commission but the maximum copensation of the chairman in any year shall not exceed $1,200 and of each other member shall not exceed $600. The members of the Commission shall also be entitled to receive traveling expense allowance of 10 cents a mile for each mile actually traveled on the business of the Commission.

And on page 14, in line 7, after the word "act", to strike out "After all bonds and interest thereon shall have been paid and all other obligations of the Commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the Tennessee interest and the Arkansas interest, as herein provided, or otherwise disposed of, as provided herein", so as to read:

The Commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the Commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act.

The amendment was agreed to.

The next amendment was, on page 14, line 14, before the words "the Commission", to insert "Sec. 6. Within 6 months after the completion of the bridge", so as to read:

SEC. 6. Within 6 months after completion of the bridge, the Commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads, made upon his own initiative or upon application of the Commission or any member or members thereof, but only after a public hearing in the city of Memphis, Tenn., notice of time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date hereof, in a newspaper published in the cities of Memphis, Tenn., and Little Rock, Ark. At the time of such dissolution all moneys in the hands of or to the credit of the Commission shall be divided and distribution made between the interests of the States as may be determined by the terms and provisions of the contract or contracts that may be entered into between the parties thereto.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. McKELLAR. I offer several amendments, which I ask to have stated.

The PRESIDING OFFICER. The first amendment will be stated.

The LEGISLATIVE CLERK. On page 12, line 17, it is proposed to strike out "Secretary of Agriculture" and to insert in lieu thereof "Administrator of the Federal Works Agency."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Tennessee.

The LEGISLATIVE CLERK. On page 12, line 23, it is proposed to strike out "Secretary of Agriculture" and to insert in lieu thereof "Administrator of the Federal Works Agency."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment offered by the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. On page 12, line 24, it is proposed to strike out "Secretary of Agriculture" and to insert in lieu thereof "Administrator of the Federal Works Agency."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Tennessee.

The LEGISLATIVE CLERK. On page 14, lines 16 and 17, it is proposed to strike out "Chief of the Bureau of Public Roads" and to insert in lieu thereof "Commissioner of the Public Roads Administration."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Tennessee.

The LEGISLATIVE CLERK. On page 15, line 11, after the word "Commission", it is proposed to strike out "but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States."

Mr. DANAHER. Mr. President, I object to that, without there being some explanation with reference to it. Will the Senator yield to me?

Mr. McKELLAR. The Senator has the floor. I suggest that the last amendment which was read is the amendment which the Senator suggested to me.

Mr. DANAHER. Mr. President, I may call to the attention of the Senator from Tennessee that the amendment which I suggested started with the word "but" and ended with the word "provided" in line 12, so that the words to be eliminated actually are "but shall be chargeable solely to the funds herein provided." I did not under any circumstances intend to eliminate the language which implies that no indebtedness created pursuant to the act should be an indebtedness of the United States.

Mr. McKELLAR. I misunderstood the Senator, and I ask unanimous consent that the amendment may be modified so as to exclude only the language the Senator has just read.

The PRESIDING OFFICER. Is there objection to the modification of the amendment suggested by the Senator from Tennessee?

Mr. AUSTIN. Let us have it reported.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. On page 15, line 11, after the word "Commission," it is proposed to strike out "but shall be chargeable solely to the funds herein provided", so as to make the sentence read:

No obligation created or liability incurred pursuant to this act shall be a personal obligation or liability of any member or members of the Commission, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

Mr. AUSTIN. That is all right.

Mr. McKELLAR. That is entirely satisfactory.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill creating the Memphis and Arkansas Bridge Commission; defining the authority, power, and duties of said Commission; and authorizing said Commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Memphis, Tenn., and for other purposes."

Mr. McKELLAR. Mr. President, I ask unanimous consent that the clerks be directed to renumber the sections.

The PRESIDING OFFICER. Is there objection. The Chair hears none, and it is so ordered.

DEVELOPMENT OF FARM UNITS ON PUBLIC LANDS

Mr. WHEELER. Mr. President, I ask unanimous consent to return to Calendar No. 857, being Senate bill 2410. I may say that bill was objected to by the Senator from Utah [Mr. KING] when it was reached on the calendar. I have explained it to him since and he has withdrawn his objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill (S. 2410) relating to the development of farm units on public lands under Federal reclamation projects with

funds furnished by the Farm Security Administration, which was read, as follows:

Be it enacted, etc., That in order to further cooperation between the Bureau of Reclamation and the Farm Security Administration in the development of farm units on public lands under Federal reclamation projects, the Secretary of the Interior is authorized, in pursuance of cooperative agreements between the Secretary of Agriculture and the Secretary of the Interior, (1) to consider the money or any part of the money made available to settlers or prospective settlers by the Farm Security Administration, as all or a portion of the capital required of such settlers under subsection C of section 4 of the act of December 5, 1924 (43 Stat. 702); and (2) where such farm units have been or may be improved by means of funds made available by the Farm Security Administration, to require an entryman of any such unit to enter into a mortgage contract with the Farm Security Administration to repay the value of such improvements thereon before an entry is allowed.

Mr. KING. Mr. President, I suggest that the Senator make a brief explanation for the RECORD so that persons interested in the measure may understand its terms.

Mr. WHEELER. This is a bill which I introduced at the request of the Reclamation Service. It is intended to provide that the Department of the Interior may come to an understanding with the Department of Agriculture with reference to persons settling on some of the lands in reclamation projects in the West. At the present time it is intended to open up portions of the land on the reclamation projects to settlement. It is desired to take some farmers off the dry-land sections and move them to a reclamation project.

At the present time some of these farmers, even if they desire to move onto these lands, do not have the required sum of money, and they are being assisted by the Farm Security Administration. The measure in question will permit the Farm Security Authority to loan such farmers money for equipment, so they may be able to go onto reclamation projects, and then the Farm Security Board will take mortgages for the loans.

I hope the bill will pass. I think it is very meritorious. It has been approved both by the Reclamation Service and by the Farm Security Administration, and I am sure it will not cost the Government any money whatsoever.

Mr. KING. Mr. President, I have no objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIMS OF KIOWA, COMANCHE, AND APACHE INDIANS

Mr. THOMAS of Oklahoma. Mr. President, this afternoon, when Calendar No. 877, Senate Joint Resolution 130, was reached, objection was made, and it went over. It is a measure pertaining to claims of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma. It simply authorizes an investigation to be made. It does not even provide for a judgment. It simply provides for an investigation and report to Congress. Objection was made at the time the measure was reached on the calendar by the distinguished Senator from Utah [Mr. KING], but I understand now he has withdrawn his objection. If that be true, and there be no other objection, I ask unanimous consent for the consideration of the measure.

The PRESIDING OFFICER. Is there objection?

There being no objection, the joint resolution (S. J. Res. 130) referring the claims of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma to the Court of Claims for finding of fact and report to Congress was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Court of Claims of the United States is hereby authorized and directed to investigate the claim of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma that an inadequate consideration was paid said tribes by the United States for the 2,033,583 acres of land in Oklahoma acquired from such tribes under the act of June 6, 1900, ratifying the so-called Jerome Agreement of October 6, 1892.

SEC. 2. That said court is hereby authorized and directed regardless of laches, lapse of time, or statutes of limitation, to make findings of fact and to report to the Congress of the United States (1) the reasonable value of said land when said agreement was signed on October 6, 1892; (2) the reasonable value of said land on June 6, 1900, when the act was passed ratifying said agreement and disposing of such land; (3) whether or not the consideration paid for said land so acquired was adequate, substantially fair, just, and reasonable under the circumstances and in view of the fiduciary relationship existing between the parties; (4) the amount of the resulting damages or loss, if any, sustained by said tribes. Said court shall make its findings with respect to all claims presented hereunder, including any and all other claims which may be presented to the court by said tribes or any of them not specifically hereinabove set forth, and shall report said findings to the Congress, and shall determine the value of any other lands which any of the said tribes held by treaty, agreement, Executive order, or by the right of use and occupancy at the time they were ceded to or taken from said Indians by the United States.

SEC. 3. That any and all claims against the United States under this joint resolution shall be forever barred unless the said tribes shall within 3 years from the date of the approval of this joint resolution file a petition or petitions in said court setting forth said claims. The claim or claims of the tribes afore-mentioned may be presented separately or jointly by petition or petitions, subject, however, to amendment in the discretion of the court at any time prior to final hearing in the matter. The petition or petitions shall be verified by the respective attorney or attorneys employed to prosecute such claim or claims under contract with said tribes, approved by the Commissioner of Indian Affairs and the Secretary of the Interior, as provided by law. Official letters, papers, documents, reports, and records, or certified copies thereof, may be used in evidence; and the departments of the Government shall give access to the attorney or attorneys of said tribes to such treaties, agreements, papers, reports, correspondence, or records as may be needed by the attorney or attorneys of said tribes. The Court of Claims shall have full authority by proper orders and process to bring in and make parties to such suit or suits any other tribe or band of Indians deemed by it necessary or proper to the final determination of the matters in controversy. A copy of the petition or petitions shall, in such case, be served upon the Attorney General of the United States, and he, or some attorney from the Department of Justice to be designated by him, is hereby directed to appear and represent the interests of the United States in such case.

BILL PASSED OVER

The bill (S. 2110) to provide for purchase of fish (including shellfish) and products thereof by the Federal Surplus Commodities Corporation was announced as next in order.

Mr. DANAHER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF NATIONAL STOLEN PROPERTY ACT

The bill (H. R. 1996) to amend the National Stolen Property Act was announced as next in order.

Mr. KING. Mr. President, reserving the right to object, I should like to have an explanation of the bill.

Mr. O'MAHONEY. Mr. President, this bill came from the Judiciary Committee with a unanimous report. The National Stolen Property Act is sought to be amended by this measure, which originated in the House and has the support of the Department of Justice, so as to extend its provisions to embezzled property as well as to counterfeit securities. The Senate committee amended the bill to include the materials with which counterfeiting is carried on. I am sure the bill is thoroughly meritorious, and should be passed.

Mr. KING. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. KING. The Senator will recall that a short time ago we passed an act under the terms of which larceny, when the transportation was from one jurisdiction to another, was made a Federal offense. I was opposed to the bill, and am glad to know that the President vetoed it. This bill does not go so far as to make larceny, or other offenses which are purely intrastate, interstate in character, subjecting the offenders to Federal jurisdiction.

Mr. O'MAHONEY. The pending bill is not of the character of the measure to which the Senator is referring. The bill deals with the transportation of such property in interstate commerce, a character of offense which cannot be adequately handled except in this manner.

Mr. KING. With that understanding, I shall not object. However, I look with much apprehension upon the constant encroachment by the Federal Government and its assertion of jurisdiction over matters which, under our form of government, belong especially, peculiarly, and solely to the States.

Mr. O'MAHONEY. Let me give the Senator an instance of what is needed under the present situation. The stock certificates of the New York Central Railroad were counterfeited in the city of Chicago, and were sold throughout the West, indeed, as a matter of fact, throughout the country. This bill would make the transportation of counterfeit securities of an interstate corporation a Federal offense. It is a wholly harmonious provision.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with amendments.

The first amendment of the Committee on the Judiciary was in section 1, page 2, line 3, after the word "securities", to strike out "of the value of $5,000 or more"; and at the beginning of line 5, to insert "or whoever with unlawful or fraudulent intent shall transport, or cause to be transported, in interstate or foreign commerce any bed piece, bed plate, roll, plate, die, seal, stone, type, or other tool implement or thing used or fitted to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof", so as to make the section read:

That section 3 of the National Stolen Property Act, approved May 22, 1934 (48 Stat. 794; U. S. C., title 18, sec. 415), be, and the same is hereby, amended to read as follows:

"SEC. 3. Whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise, securities, or money, of the value of $5,000 or more theretofore stolen, feloniously converted, or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been so stolen, feloniously converted, or taken, or whoever with unlawful or fraudulent intent shall transport or cause to be transported in interstate or foreign commerce any falsely made, forged, altered, or counterfeited securities knowing the same to have been falsely made, forged, altered, or counterfeited, or whoever with unlawful or fraudulent intent shall transport, or cause to be transported in interstate or foreign commerce, any bed piece, bed plate, roll, plate, die, seal, stone, type, or other tool, implement, or thing used or fitted to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 10 years, or both: *Provided*, That the provisions of this section shall not apply to any falsely made, forged, altered, counterfeited, or spurious representation of (1) an 'obligation or other security of the United States' as defined in section 147 of the Criminal Code (U. S. C., title 18, sec. 261) or (2) an obligation, bond, certificate, security, treasury note, bill, promise to pay, or bank note, issued by any 'foreign government' as defined in the act of June 15, 1917, title VIII, section 4 (U. S. C., title 18, sec. 288), or by a bank or corporation of any foreign country."

The amendment was agreed to.

The next amendment was, in section 2, page 3, line 10, after the word "securities," to strike out "of the value of $5,000 or more;" in line 13, after the word "securities," to strike out "of the value of $500 or more"; and in line 16, after the word "counterfeited," to insert: "or whoever shall receive in interstate or foreign commerce, or conceal, store, barter, sell, or dispose of, any such bed piece, bed plate, roll, plate, die, seal, stone, type, or other tool, implement, or thing used or intended to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing that the same is fitted to be used, or has been used, in falsely making, forging, altering, or counterfeiting any security, or any part thereof," so as to make the section read:

SEC. 2. That section 4 of the National Stolen Property Act, approved May 22, 1934 (48 Stat. 794; U. S. C., title 18, sec. 416), is hereby amended to read as follows:

"SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise, securities, or money of the value of $5,000 or more, or whoever shall pledge or accept as security for a loan any goods, wares, or merchandise, or securities, of the value of $500 or more, moving as, or which are a part of, or which constitute interstate or foreign commerce, knowing the same to have been stolen, unlawfully converted, or taken, or whoever shall receive, conceal, store, barter, sell, or dispose of any falsely made, forged, altered, or counterfeited securities, or whoever shall pledge or accept as security for a loan any falsely made, forged, altered, or counterfeited securities, moving as, or which are a part of, or which constitute interstate or foreign commerce, knowing the same to have been so falsely made, forged, altered, or counterfeited, or whoever shall receive in interstate or foreign commerce, or conceal, store, barter, sell, or dispose of, any such bed piece, bed plate, roll, plate, die, seal, stone, type, or other tool, implement, or thing used or intended to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing that the same is fitted to be used, or has been used, in falsely making, forging, altering, or counterfeiting any security, or any part thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 10 years, or both: *Provided*, That the provisions of this section shall not apply to any falsely made, forged, altered, counterfeited, or spurious representation of (1) an 'obligation or other security of the United States' as defined in section 147 of the Criminal Code (U. S. C., title 18, sec. 261) or (2) an obligation, bond, certificate, security, Treasury note, bill, promise to pay, or bank note issued by any 'foreign government' as defined in the act of June 15, 1917, title VIII, section 4 (U. S. C., title 18, sec. 288), or by a bank or corporation of any foreign country."

The amendment was agreed to.

The next amendment was, in section 3, page 4, line 22, after the word "greatest", to strike out: "For the purposes of this act, the value of any falsely made, forged, altered, or counterfeited securities shall be considered to be the apparent or purported face, par, or market value, whichever is the greatest, of the securities so falsely made, forged, altered, or counterfeited", so as to make the section read:

SEC. 3. That section 5 of the National Stolen Property Act, approved May 22, 1934 (48 Stat. 794; U. S. C., title 18, sec. 417), is hereby amended to read as follows:

"SEC. 5. In the event that a defendant is charged in the same indictment with two or more violations of this act, then the aggregate value of all goods, wares, and merchandise, securities, and money referred to in such indictment shall constitute the value thereof for the purposes of sections 3 and 4 hereof, and the value of any securities referred to shall be considered to be the face, par, or market value, whichever is the greatest."

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2259) to amend laws for preventing collisions of vessels, to regulate equipment of certain motorboats on the navigable waters of the United States, and for other purposes was announced as next in order.

Mr. AUSTIN. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 4983) to amend sections 712, 802, and 902 of the Merchant Marine Act, 1936, as amended, relative to the requisitioning of vessels was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill? If not, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

RADIO-MONITORING STATIONS—MASSACHUSETTS

The bill (S. 2611) authorizing the purchase of a site and the erection of a building in the State of Massachusetts for use as a radio-monitoring station, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, is the proposed station to be erected by the Government? I should like to have an explanation of the bill. Otherwise, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. KING subsequently said: Mr. President, I ask unanimous consent to recur to Senate bill 2611, Calendar No. 732, authorizing the purchase of a site and the erection of a certain building in the State of Massachusetts by the Federal Communications Commission. I have no objection to the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Federal Communications Commission be, and it is hereby, authorized to purchase for the United States a suitable site in the State of Massachusetts, provided a suitable site now owned by the Government is not available for the purpose, and cause to be erected thereon, according to plans and specifications to be approved by it, a suitable building or buildings, for use as a radio-monitoring station, or to modify or reconstruct existing buildings or facilities on such site for such

purpose, and to provide the necessary associated antenna systems, roadways, power, water, and sanitary facilities, including the construction and installation of goniometric apparatus and including necessary outfits, apparatus, and equipment at a total cost of said site, buildings, and equipment of not to exceed $30,000.

INSURANCE OF COTTON CROP

The bill (S. 2635) to amend the Federal Crop Insurance Act was announced as next in order.

Mr. KING. Mr. President——

Mr. BANKHEAD. Mr. President, the Senator from Utah [Mr. KING] desires to make a speech on this bill; and, of course, he would object to its present consideration. As I understand, it is agreed all around that the bill may be made the unfinished business, to be taken up the first thing tomorrow. I move that Senate bill 2635 be made the unfinished business, to be taken up the first thing tomorrow.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama [Mr. BANKHEAD].

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2635) to amend the Federal Crop Insurance Act.

The PRESIDING OFFICER. Without objection, the unfinished business will be temporarily laid aside, and the Clerk will state the next bill on the calendar.

CODIFICATION AND REVISION OF PENAL LAWS OF THE UNITED STATES

The Senate proceeded to consider the bill (S. 2246) to amend section 194 of an act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909 (35 Stat. L. 1088), which had been reported from the Committee on Post Offices and Post Roads with an amendment, on page 1, line 8, after the word "obtain", to insert "or attempt so to obtain", so as to make the bill read:

Be it enacted, etc., That section 194 of the act to codify, revise, and amend the penal laws of the United States, approved March 4, 1909, as amended (U. S. C., 1934 ed., title 18, sec. 317), be amended to read as follows:

"SEC. 194. Whoever shall steal, take, or abstract, or by fraud or deception obtain or attempt so to obtain, from or out of any mail, post office, or station thereof, or other authorized depository for mail matter, or from a letter or mail carrier, any letter, postal card, package, bag, or mail, or shall abstract or remove from any such letter, package, bag, or mail, any article or thing contained therein, or shall secrete, embezzle, or destroy any such letter, postal card, package, bag, or mail, or any article or thing contained therein; or whoever shall steal, take, or abstract, or by fraud or deception obtain any letter, postal card, package, bag, or mail, which has been left for collection upon or adjacent to a collection box or other authorized depository of mail matter; or whoever shall buy, receive, or conceal, or aid in buying, receiving, or concealing, or shall unlawfully have in his possession, any letter, postal card, package, bag, or mail, or any article or thing contained therein, which has been so stolen, taken, embezzled, or abstracted, as herein described, knowing the same to have been stolen, taken, embezzled, or abstracted; or whoever shall take any letter, postal card, or package out of any post office or station thereof, or out of any authorized depository for mail matter, or from any letter or mail carrier, or which has been in any post office or station thereof, or other authorized depository, or in the custody of any letter or mail carrier, before it has been delivered to the person to whom it was directed, with a design to obstruct the correspondence, or to pry into the business or secrets of another, or shall open, secrete, embezzle, or destroy the same, shall be fined not more than $2,000 or imprisoned not more than 5 years, or both."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF POSTAL SAVINGS ACT

The bill (H. R. 5064) to amend the act approved June 25, 1910, authorizing establishment of the Postal Savings System, was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. McKELLAR. Mr. President, under the present law, in order to enable persons to accumulate sums of less than $1 it is provided that any person may purchase a specially prepared 10-cent postal-savings stamp to be attached to a card having spaces for 10 such stamps. When the card is filled it may be used in opening a postal-savings account or in adding to such an account that has previously been opened. To open such an account entails a certain amount of clerical work, much greater than that involved in selling a stamp; thus it appears that the use of savings stamps of denominations of 10 cents, 25 cents, 50 cents, and $1 will enable the administration of the present law at a less cost to the Government, while at the same time retaining the same or a better service to the public.

The bill has been recommended by the Post Office Department. I introduced it at the request of the Department, and I hope it may pass.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. That concludes the calendar.

MURAL DECORATIONS, SENATE RECEPTION ROOM

Mr. BARKLEY. Mr. President, from the Committee on the Library I report back favorably, without amendment, Senate bill 2577, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

There being no objection, the bill (S. 2577) authorizing an appropriation for completing the mural decorations in the Senate reception room was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $10,000, to be expended under the direction and supervision of the Architect of the Capitol for the purpose of completing the mural decorations in the reception room in the Senate wing of the United States Capitol.

PERNICIOUS POLITICAL ACTIVITIES

Mr. WILEY. Mr. President, I rise to call attention to the fact that the Hatch amendment is not yet the law of the land. Why? When a great moral issue is involved, why should there be any hesitancy? Let America realize that something is holding back action on this bill in the House. What is it? Is it a fear that crooked politics will lose an ally if the bill is passed?

In the Senate recently I said that I have information, definite and certain, that the Democratic politicos are starting out in their campaign for 1940 utilizing the A. A. A. to advance their political ambitions. I said on that occasion, "I measure my words in making that statement"; and I said further, "Perhaps that is why the Hatch bill is having so much trouble in the House." Let me give you the language of someone who knows:

From men in the extension departments, county agents, and men connected with A. A. A., I have information that the New Deal high command is already running in high gear, putting on political picnics at the public's expense, disrupting even State and county organizations in that they demand that these be headed up by the "boys" who will get the votes for 1940 and loading the organization with men who know no more about the A. A. A. program than the average office boy. However, these men can put on picnics and gatherings which they utilize to build the machine for 1940.

Let me give another quotation——

Mr. MINTON. Mr. President, will the Senator be good enough to tell us from what or from whom he is quoting?

Mr. WILEY. Let me say to the Senator from Indiana that when I am through making my speech I shall be very happy to answer the question.

Mr. MINTON. Does not the Senator now know whom he is quoting?

Mr. WILEY. I know whom I am quoting; and I know that if I should give the name of the individual his head would come off.

Mr. MINTON. It is a secret?

Mr. WILEY. Certainly it is a secret, in this sense.

Mr. MINTON. The Senator does not want to tell us who it is?

Mr. WILEY. I do not want to tell the name of the individual at this time; no.

Mr. MINTON. Would the Senator tell me "on the quiet"?

Mr. WILEY. No; not at this time.

Mr. MINTON. Mr. President——

Mr. WILEY. Listen, Senator. I have the floor. I am now talking about a moral issue. I am saying to you, You put your house in order and there will be nothing said in return; but we do not want you to do to the A. A. A. what was done to the W. P. A.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. WILEY. Let me finish my talk, and then I will be glad to yield.

Mr. MINTON. The Senator is not intimating that we on this side of the aisle are immoral and unclean, is he?

Mr. WILEY. I would not attribute that status personally to the distinguished Senator.

Mr. MINTON. In days gone by I remember hearing something about birds of a feather flocking together.

Mr. WILEY. That might be either a statement or an admission. I will construe it as the former.

Mr. MINTON. Mr. President——

Mr. WILEY. Mr. President, I wish to say now that I will give the Senator all the time he wants to reply; but he is not going to camouflage the issue. I am now saying to the people of the Nation that the Hatch bill has not passed; and I am saying to you that the Senator from New Mexico [Mr. HATCH] is a Democrat and I am a Republican, but I am standing back of him. All I am asking the Senator from Indiana and all the rest of you Democrats to do is to use your influence to see that the Hatch bill passes, so that there will be no more immoral conditions among the employees and administrators of government. If that is not common sense, nothing is.

Mr. MINTON. Mr. President, will the Senator yield? I am offering to help the Senator clean up, and he will not tell me whom we are to clean up.

Mr. WILEY. I can tell you with my argument. You are not as blind as all that. You have eyes with which to see, and you have ears with which to hear. You know where the difficulty is. All you need now do is to put the pressure on to pass the Hatch bill tomorrow when it comes up in the House.

Mr. MINTON. Mr. President, I am listening to the Senator from Wisconsin as best I can——

Mr. WILEY. I am glad you are listening.

Mr. MINTON. But he will not tell me who his informant is, so that I can find out where to start to help him clean up the mess about which he is talking.

Mr. WILEY. That is not a fair statement, Mr. President. Let me tell you again what this gentleman said.

Mr. MINTON. I remember what he said.

Mr. WILEY. He said:

> From men in the extension departments, county agents, and men connected with A. A. A., I have information that the New Deal high command is already running in high gear, putting on political picnics at the public's expense, disrupting even State and county organizations in that they demand that these be headed up by the "boys" who will get the votes for 1940.

Now, let me give you another quotation, speaking about these political picnics.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. WILEY. Certainly. I always yield to that good-looking gentleman.

Mr. BARKLEY. Does the individual from whom the Senator is quoting, who for the time being is nameless, hold a Government position?

Mr. WILEY. Let me say to the Senator, when he says "individual," that he had better make the word plural, and when I tell him that the information comes from one who knows, that is as far as I shall go at this time.

Mr. BARKLEY. "One who knows" is not plural. "One" is singular.

Mr. WILEY. Yes; one who knows in this place, and one who knows in that place, and one who knows in the other place.

Mr. BARKLEY. Are the different ones who make up the plurality of which the Senator speaks officeholders?

Mr. WILEY. Let me answer in this way: They are in the employ of government.

Mr. BARKLEY. Are they in the employ of the United States Government?

Mr. WILEY. I think so.

Mr. BARKLEY. Does not the Senator know?

Mr. WILEY. I know that I want to clean house. That is what I want.

Mr. BARKLEY. The Senator may talk about cleaning house. If he wants to help, he might help us by giving the names of the individuals. Are they employees of the Government of the United States?

Mr. WILEY. Let me answer the Senator in this way: If you want to know what is going on, go down into A. A. A. and get the information that is on file there, which I cannot get.

Mr. BARKLEY. Will the Senator answer "yes" or "no"? He can answer "yes" or "no." Are these individuals employees of the Government of the United States?

Mr. WILEY. As far as that is concerned, I refuse to answer, because, as I indicated to the Senator from Indiana, it is likely that heads would go off if names were given. But I am certain that the distinguished Senator from Kentucky will agree that the real issue is whether this administration will countenance a political sabotage of Triple A.

Mr. BARKLEY. I am sure the Senator is not refusing to answer on the ground that it will incriminate him. If they are Government employees working under this administration, not only in the A. A. A. but anywhere else, and know of these conditions, I wonder what they have done to make this information available to those who are responsible not only for their appointment but for the conduct of their Departments, rather than making it secretly available to the Senator from Wisconsin.

Mr. WILEY. Are the Senator from Kentucky and the Senator from Indiana interested in cleaning up the mess, or in getting the heads of the people who dare report?

Mr. BARKLEY. I am not interested in getting anybody's head, even if it is a goat's; but I am interested——

Mr. WILEY. You would not think it was a ghost in Kentucky W. P. A. activities.

Mr. BARKLEY. I was not talking about ghosts.

Mr. WILEY. I was.

Mr. BARKLEY. The Senator does not seem to know the difference between a ghost and a goat.

Mr. WILEY. I do not want to get your goat.

Mr. BARKLEY. I have not any. I am interested to know whether the information the Senator is now giving the Senate, which he says has been given to him in secret, is being furnished to him by somebody in the employ of the Government of the United States whose name he is unwilling to give. I have no interest in getting his goat. I do not know whether he is a Democrat or a Republican. I do not know what motive may have actuated him or her, if it is a man or a woman who has given the Senator the information which he now seems to be imparting to us; but the interest, the good faith of any man or woman who gives the Senator from Wisconsin this information which he says is secret is involved, if he has not given that information to somebody who is in a position to act.

Mr. CLARK of Missouri. Mr. President, I make the point of order that the rules of the Senate require Senators to address the Chair, and not to address each other directly in the second person.

The PRESIDING OFFICER. The point of order is well taken, and is sustained.

Mr. BANKHEAD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BANKHEAD. What is before the Senate?

The PRESIDING OFFICER. The Chair will say to the Senator from Alabama that there is no business before the Senate. The Chair recognized the Senator from Wisconsin at the close of the call of the calendar.

The Chair desires further to emphasize the point of order made by the Senator from Missouri. The rules of the Senate regarding debate must be observed if we are to have any order in debate. The Chair hopes the Senator from Wisconsin and all others who address the Senate will observe those rules.

Mr. WILEY. Let me give another quotation.

Speaking about utilizing these political picnics—they have just had one out in my State—this person says:

These gentlemen are very astute and quite efficient at window dressing to cover up their real work.

He says further:

No one can plead ignorance of this situation, because sincere workers in A. A. A. have written in about this situation, and the files are filled with letters from these agents and workers protesting against politics being forced on them.

Partially answering the distinguished Senators, let me say that they have access to those files. Let them go there. Let them get the letters that have been written and are there telling about this pernicious activity.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. WILEY. I do.

Mr. BARKLEY. Did the Senator get this information by himself going to the Department of Agriculture and going through its files, or did somebody down there furnish it to him?

Mr. WILEY. I have not written. I had a talk with the head of the A. A. A., and he said he knew nothing about it. I told him to look into his files and he would find out about it.

Mr. BARKLEY. Did the information which the Senator now has come to him as the result of that call?

Mr. WILEY. From the head of A. A. A.?

Mr. BARKLEY. Yes.

Mr. WILEY. No; I did not receive it from him.

Mr. BARKLEY. How did the Senator get it? He did not go down and fish it out himself, I assume.

Mr. WILEY. I say again, you are begging the question.

Mr. BARKLEY. No; I am not.

Mr. WILEY. If this condition exists, we want to remedy the condition. We do not want to get the heads of those who are giving the information.

Mr. BARKLEY. Nobody is trying to get anybody's head; but if there is somebody in a Department who is secretly furnishing to the Senator individually information with respect to that Department, I say the conduct of that person would be less reprehensible if he furnished the information to the head of his own Department, or to somebody responsible for action.

Mr. WILEY. We can argue that question later on if it is desirable. I am not so much concerned with the reprehensible action of one who would supply information as with the reprehensible actions that make the revelation necessary.

Let me repeat what I stated a few days ago: The rank and file of the A. A. A. are sincere in their work and are earnestly trying to aid the much-harassed farmer. The high command, however, apparently will not permit these sincere workers to devote their time solely to the solution of the farmer's problem, but this command now demands that they shall devote time and effort to the furtherance of the New Deal campaign for 1940. Already the machine has gotten so well oiled and so well under way that it has seen the imperative need of stopping the Hatch bill.

This is not a partisan matter, and I am asking you Senators not to let anything divert you from adding your appeal for the passage of the Hatch bill in the House tomorrow. To me this internal situation is more important than the external situation. You know the art of the artful politician, which simply consists in diverting the people's attention from the issue. The issue is, Will the campaign of 1940 be a fair fight, or will it be one-sided? Will one side be permitted to utilize the money of the country, the employees of the country, the bureaucracy of the country? I said it was not a partisan matter. I mean that.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WILEY. I repeat that I am a Republican, and I am putting up the best fight I know how to support the measure of a Democrat, the Senator from New Mexico [Mr. HATCH].

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. WILEY. I do.

Mr. CLARK of Missouri. I will say to the Senator from Wisconsin that so far as I am concerned I am very strongly in favor of the Hatch bill. I have always been very strongly in favor of it; but, in view of the partisan nature of the Senator's remarks, I should like to ask the Senator from Wisconsin if he ever read the speech made by Assistant Postmaster General Philp at Springfield, Mo., in 1931, at a postmasters' convention during the Hoover administration, in which he openly warned every Republican postmaster in the State that if he did not get out on the firing line and deliver he would be fired.

Mr. WILEY. I have not read the speech. I assume that what the distinguished Senator says may be true. I also assume that that custom has, unfortunately, been more or less prevalent, but that certainly would not justify a further abuse. I think that even since 1931 in some respects the morale of this country has marched upward. We no longer believe that anyone in the employ of Government—and this is where the Hatch bill reaches a high plane—we no longer believe that anyone who takes the people's money, who gets sustenance and maintenance and life out of the Treasury of the United States, has a right, as long as he is in an administrative office, to go out and sell that time which belongs to the administration of government for partisan affairs. I am not discussing whether Republicans have made mistakes—and they have made many of them—or Democrats have made mistakes. That is not the issue. I say, let us not make a mistake in 1940; let us keep both houses clean. "A plague o' both your houses," we might say when we talk like this; but let us keep both houses clean.

Mr. LUNDEEN. I agree with the Senator from Wisconsin when he says "A plague o' both your houses."

Mr. WILEY. I hope the Senator does not agree only with that statement but that he agrees with other things I have said.

Mr. LUNDEEN. Yes, indeed.

Mr. WILEY. Why should there be any hesitancy? Have we not learned from the political debauchery in the past that no good can come therefrom, and now, as this evidence seems to indicate, an attempt is to be made to regiment the farmers, utilizing the paid forces of government. Certainly, any right-thinking man will arise and say, "This shall not be done." One person said to me in his communication:

I am giving you this information—trusting in you—so that you can deal a blow to one of the most vicious and shameful schemes that has been planned in our political life.

Let me continue with what he said—

As I see it, the criticism is not of the program but of the fact that it is proposed now and is being used purely as a front for one of the most corrupt political machines ever in existence at public expense. Let political picnics on the public pay roll come to an end. Let those who plan for the farmers cease planning for political ends.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. MINTON. Does the Senator know of any picnics that are being held at the expense of the public pay roll? If he does, then on his duty and his honor as a Senator he ought to say so, and he ought to do some cleaning up.

Mr. WILEY. Let me say to the distinguished Senator from Indiana that personally I have been attending to what the public might sometimes sorrowfully regard as a picnic in the Senate for the last 8 months.

Mr. BARKLEY. Has it been a picnic to be here?

Mr. WILEY. In reply to the distinguished Senator from Kentucky, whether or not this is a picnic, sometimes it has been regrettably like a picnic, and sometimes it has been a farce. Sometimes we have gone on spending millions and billions without consideration, and sometimes we have quibbled over a few thousand dollars. Sometimes we spent the resources of our country like drunken sailors, and again we have been like Scotchmen, holding on to the pennies in great emergencies. So take it for what it is worth.

Let me read what one national weekly said:

> Complaints have been heard from farmers in various sections of the country about the subtle efforts of the administration to encourage them to support lobby organizations which receive Government cooperation. In a sense the entire New Deal agricultural policy of subsidies, soil-conservation payments, and crop-control benefits tends to regiment the farmer, makes him dependent wholly upon the Federal Government for his existence, and thereby a part of the political system which would perpetuate the administration's power.
>
> It has been charged by farm groups opposed to the New Deal's blundering agricultural program that administration leaders have gone to the extreme of "buying out" certain active opponents by handing them fat administrative jobs.
>
> So with the 1940 Presidential campaign drawing near, it is not astounding to hear that administration leaders and sycophants are doing their utmost to muster farm support for the election.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. WILEY. In the interest of completing my thought, I will not yield at this time.

The PRESIDING OFFICER. The Senator refuses to yield.

Mr. WILEY. Mr. President, I want to say to the large percentage of the men connected with A. A. A. that I have faith in your ability and your integrity, in your sincerity of purpose, and your honesty. Therefore, I am asking each one of you who knows of this vicious political activity, when these politicos come to your picnics or to your conferences and insinuate politics into A. A. A., that you write me personally in Washington; and if you will put at the head of your letters "Personal," I will treat them as personal, and your names will not be mentioned. On the other hand, if you give me permission to use your names I shall be happy to give you credit. I assure you that if you will follow this suggestion you will be rendering a most distinguished service to all of the citizens of this country.

We do not want this country to go to the dogs. We want to keep it clean as God Almighty intended it should be—and I am sure you will not let talk about the war situation abroad divert you from the path of honor at home. You know and I know that the money you are paid is the people's money, it comes from all the people—it does not come from the treasury of any political party—and when you are a public servant you are a trustee of the public.

I know you will be faithful to your trust and not let any politician interfere with your obligation to your country. So write me letters telling about any political efforts that are made, and you can be sure the information given will be kept and treated entirely confidential in that your name will not be mentioned.

I now yield to the Senator from Indiana.

Mr. MINTON. To whom is the Senator directing this appeal he has just been making?

Mr. WILEY. If the Senator has any information, it goes to him, too.

Mr. MINTON. The Senator is going to send it out, I take it, and he must have someone to whom he is going to send it, because he is soliciting people to write to him, is he not?

Mr. WILEY. Yes; I have addressed it to the employees of the Triple A, in Washington and out of Washington, the people of the country. I have delivered on the floor of the Senate this request to them to aid in keeping this country clean politically.

Mr. MINTON. Now the Senator is going to propagandize all these people in Triple A with his splendid speech. Is that correct?

Mr. WILEY. No; not unless the Senator is willing to go out and help.

Mr. MINTON. I have not anything to do with the Senator's frank. He can do as he pleases with his frank. But I venture to say that before a week is past this great speech the Senator has just delivered will be flooding the mails of this country, addressed from Republican headquarters, and going out to the people to whom he has been addressing it.

Mr. WILEY. Mr. President, I again say that the very alertness of the distinguished Senator on the other side in attempting to divert attention from what I am discussing is so apparent that I am sure that the people and the press will understand.

Let me say that none of my remarks which I have delivered in the Senate have gone out, except one short talk relating to farm products.

I now return to the issue. Will you join with me in going to the Members of the House and asking that they pass the Hatch bill? That is the issue, not the Senator from Wisconsin, or the Senator from Kentucky, or the Senator from Illinois, or the Senator from Indiana. The question is, Are we going to make it impossible for employees of the Government, those employees mentioned in the Hatch bill, to become political servants and agents for any party? If we are going to make it impossible, we will do it by passing the Hatch bill. I rose to speak on that vital issue alone, and nothing else, and to call the attention of the public to the fact that already there are those who would turn from the partially spent forces of W. P. A. to utilize the political potentialities of the Triple A.

Mr. BARKLEY. Mr. President, I wish to say just a word with respect to the first part of the Senator's speech, in which he besought Members of the Senate to form a lobby, I suppose he means, and go over to the House and attempt to persuade the House to pass the Hatch bill tomorrow.

The Senate has done its duty with respect to the Hatch bill. I voted for the bill; I helped to frame it, in a way, and I am fully in sympathy with it; and I hope the House will pass the bill, either tomorrow or on some other day of this session. But I doubt the propriety of urging Members of the Senate to rush over to the House with a sort of lobby and insist that the House pass the bill, on the assumption that the House will have no appreciation of its own responsibility unless the Senate goes over and urges that they pass the bill. I have no doubt that the House appreciates its responsibility no less than does the Senate, and I sincerely hope and believe that the House will act upon the measure before they adjourn.

I now move that the Senate proceed to the consideration of executive business.

EXECUTIVE SESSION

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. LUCAS in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Walter Bragg Smith, of Alabama, to be United States marshal for the middle district of Alabama, which was referred to the Committee on the Judiciary.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the nomination of Ewin Lamar Davis, of Tennessee, to be a Federal Trade Commisisoner for a term of 7 years from September 26, 1939 (reappointment).

Mr. BAILEY, from the Committee on Commerce, reported favorably the nominations of sundry officers for promotion in the Coast Guard.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Samuel O. Clark, Jr., of Connecticut, to be Assistant Attorney General in charge of the Tax Division.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Charles Alvin Jones, of Pennsylvania, to be judge for the third circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Emil J. Adam, Sr., to be United States marshal for the southern district of Mississippi.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BILBO. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination of Emil G. Adam, Sr., as United States marshal for the southern district of Mississippi.

The PRESIDING OFFICER. Is there objection?

Mr. AUSTIN. Mr. President, I have no personal reason for objecting, but I have observed that this practice leads to some difficulty. I therefore request that this go over under the rule.

The PRESIDING OFFICER. Objection is heard, and it will go over under the rule.

The legislative clerk read the nomination of Robert W. Rabb, to be United States marshal for the middle district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of William J. Storen, to be collector of customs for customs collection district No. 16, with headquarters at Charleston, S. C.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk read the nomination of Clarence F. Ludwig, to be postmaster at Minersville, Pa., which had been reported adversely.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was rejected.

Mr. McKELLAR. Mr. President, referring to No. 2275, on page 3 of the Executive Calendar. The Senators from Florida have asked me to request unanimous consent to have recommitted to the Committee on Post Offices and Post Roads the nomination of Paul G. J. Mayer to be postmaster at New Port Richey, Fla.

Mr. NORRIS. Mr. President, what postmaster is that?

Mr. McKELLAR. Paul G. J. Mayer, New Port Richey, Fla.

The PRESIDING OFFICER. Without objection, the nomination will be recommitted to the Committee on Post Offices and Post Roads.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. With the exception of the nomination adversely reported, and the nomination recommitted, I ask that nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. BARKLEY. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 23 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, July 19, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nomination received by the Senate July 18, 1939

UNITED STATES MARSHAL

Walter Bragg Smith, of Alabama, to be United States marshal for the middle district of Alabama. (Mr. Smith is now serving in this office under an appointment which expired April 3, 1939.)

CONFIRMATIONS

Executive nominations confirmed by the Senate July 18, 1939

ASSISTANT ATTORNEY GENERAL

Samuel O. Clark, Jr., to be Assistant Attorney General in charge of the Tax Division, Department of Justice.

UNITED STATES CIRCUIT JUDGE

Charles Alvin Jones to be judge of the United States Circuit Court of Appeals for the Third Circuit.

UNITED STATES MARSHALS

Emil J. Adam, Sr., to be United States marshal for the southern district of Mississippi.

Robert W. Rabb to be United States marshal for the middle district of Pennsylvania.

COLLECTOR OF CUSTOMS

William J. Storen to be collector of customs for customs collection district No. 16, with headquarters at Charleston, S. C.

PROMOTIONS IN THE NAVY

TO BE REAR ADMIRALS

William A. Glassford, Jr.
Leigh Noyes

TO BE CAPTAINS

Lewis W. Comstock
Thomas S. King, 2d
Ralph F. Wood
George A. Rood
John W. Gates
Van Leer Kirkman
Robert P. Molten
George D. Murray
Robert H. English
George J. McMillin
Howard F. Kingman
William M. Quigley
Calvin H. Cobb
Norman Scott
Donald C. Godwin
Garland Fulton
Charles H. McMorris
Morton L. Deyo
Ernest M. Pace, Jr.
Howard H. Good
Ernest G. Small
Thomas L. Gatch
Harry G. Patrick
Andrew C. Bennett
Harold Dodd
Mahlon S. Tisdale
George H. Fort
Robert R. Thompson
Elliott Buckmaster
Walter S. DeLany
Emory P. Eldredge
Donald F. Patterson
Louis E. Denfeld
Stephan B. Robinson
Charles P. Mason

TO BE COMMANDERS

Harry R. Thurber
William H. Mays
Paul H. Talbot
George W. Brashears, Jr.
Harold M. Martin
John R. Redman
John E. Dingwell
Leslie E. Gehres
Donald McA. Mackey
Hubert K. Stubbs
William N. Thornton
Charles R. Will
Myron T. Richardson
John F. Wegforth
William B. Coleman
Harold J. Walker
James H. Foskett
Harold R. Holcomb
Lloyd Harrison
Lisle J. Maxson
Thomas H. Robbins, Jr.
William M. Moses
Roscoe H. Hillenkoetter
Horatio G. Sickel, 4th
Raymond W. Holsinger
William Sinton
Virgil E. Korns
Allen P. Mullinnix
William B. Goggins
Edmund T. Wooldridge
Charles B. Momsen
Lemuel P. Padgett, Jr.
Ernest W. Litch
Felix L. Johnson
Giles E. Short
Marcy M. Dupre, Jr.
Edgar P. Kranzfelder
Norman R. Hitchcock
Donald R. Osborn, Jr.
Richard S. Morse
John Perry
Felix L. Baker
Oberlin C. Laird
Thomas S. Combs
Leo B. Schulten
Hugh E. Haven
George P. Kraker
Delmer S. Fahrney
Herbert G. Hopwood

TO BE LIEUTENANT COMMANDERS

William C. Cross
Donald F. McLean
Ethelbert Watts
Louis D. Sharp, Jr.
William H. Duvall
Charles M. E. Hoffman
Minor C. Heine
Donald J. Ramsey
Henry E. Richter
Frank E. Deam
Edward P. Creehan
Leon W. Johnson
Howard V. Hopkins
Harry Burris
Richard C. Webb, Jr.
Joseph S. Lillard
Arthur D. Barnes
Harrison B. Southworth
Thomas E. Fraser
Edwin J. Taylor, Jr.
Charles C. McDonald
Edgar T. Neale
Albert N. Perkins
Rufus C. Young, Jr.
James B. Hogle
John B. Rooney
Frederick J. Bell
Max C. Stormes
Richard F. Johnson
Henry W. Goodall
Glenn R. Hartwig
Harry B. Temple
William L. Erdmann
Wilfred E. Lankenau
John C. Waldron
Arthur M. Townsend
Raymond R. Waller
George Edmund Peterson
Elijah W. Irish
Burton L. Doggett
Lewis E. Coley
Joseph W. Adams, Jr.
Henry T. Read
Samuel G. Kelly
Clarence L. Winecoff
Charles J. Stuart
Bromfield B. Nichol
Henry C. Doan
Francis H. Gardner
Joseph M. Worthington
Charles L. Lee
Noble W. Abrahams
Arthur C. Wood
William H. Benson
John H. Sides
Charles H. Anderson, Jr.
Arthur C. Smith
Frederick O. Goldsmith
Orrin R. Hewitt
John P. Millon
Abram L. Broughton
William Klaus
John F. P. Miller
Kenneth F. Horne
Loar Mansbach
Clarence A. Hawkins
James F. Cooper
Harold Bye
Mauritz M. Nelson
Percy S. Hogarth
Walter E. Holden
Harry A. Mewshaw
Chris Halverson
Frederick J. Silvernail
Ira W. Truitt
Warren R. Hastings
Charles R. Hoffecker
Rudolph P. Bielka
Maxemillian B. De Leshe
Thomas O. Brandon
Roger K. Hodsdon
Howard L. Clark
Terence W. Greene
Ernest V. Abrams
Andrew M. Harvey
Ashton B. Smith
Chester C. Farmer
Wallace H. Gregg
Samuel S. Fried
Joseph A. Guard
Howard W. Bradbury
James B. Bliss
Lannis A. Parker
Clifford B. Schiano
Elder P. Johnson
Harold J. Bellingham
John E. Gabrielson
George C. Weldin
Walter O. Roenicke
John W. Marts, Jr.
Samuel W. Canan
Eugene W. Kiefer
Frank W. Schmidt
Barnett T. Talbott
Frank C. L. Dettmann
Edward H. McMenemy
Ellsworth D. McEathron
Earl R. DeLong
Oliver W. Gaines
William A. Swanston
Norman B. Hopkins
Charles Wilkes
Francis W. Beard
Samuel Gregory
Ralph P. Noisat
Frank A. Davis
Joseph W. Long
John E. Beck
Warren K. Sherman
Samuel E. Kenney
William G. Buch
Linfield L. Hunt
Rufus G. Thayer
DeLong Mills
Edmund Kirby-Smith, Jr.
Francis J. Firth
John F. Madden
Angus M. Cohan
Lamar M. Wise
Oral R. Swigart
Preston S. Tembling
Arthur A. Clarkson
Joyce C. Cawthon
Ellwood E. Burgess
Douglas P. Stickley
Charles M. Furlow, Jr.
Herbert E. Berger
Luther B. Stuart
Albert E. Chapman
Warren S. Parr
Frederick K. McElroy
George K. Hodgkiss
John C. Goodnough
John C. McCutchen
Harold Doe
Harold H. Connelley
Robert A. MacKerracher
John E. Shomier, Jr.
Joseph E. M. Wood
Matthew L. Kelly
Joseph H. Foley
William A. Fly
Edward R. Sperry
Charles A. Parker
John R. McKinney
Victor B. Tate
John P. Barrett
Edward F. Crowe
Elmer E. Berthold
Francis J. Grandfield
William C. France
Ezra M. Ellis
Roger E. Perry
Sumner K. MacLean
Paul Graf
Thomas A. Huckins
Forrest R. Bunker
Charles A. Legg
Herbert K. Gates
Jose M. Cabanillas
Carl E. Cullen
Colby G. Rucker
Roy D. Williams
John A. Holbrook
William R. McCaleb
Archibald G. W. McFadden
Douglas T. Day, Jr.
William V. Deutermann
Joseph W. Fowler
Hugh B. McLean
William A. Evans, Jr.
Richard S. Moss
Frederick J. Ilsemann
James R. Topper
Richard S. Baron
Robert S. Bertschy
Joseph A. Farrell, Jr.
Joshua C. Shively
Arthur B. Dickie
Sidney King
Teodoric C. Linthicum
Clifton G. Grimes
Dundas P. Tucker
Frederick K. Loomis
John W. Murphy, Jr.
Edward N. Parker
Stanley P. Moseley
Edward K. Walker
Richard A. Larkin
Edmund B. Taylor
Philip D. Compton
James S. Smith, Jr.
David R. Hull

TO BE LIEUTENANTS

Maxim W. Firth
Willis M. Thomas
Clifford T. Janz
Frederick U. Weir
George E. Peckham

TO BE LIEUTENANTS (JUNIOR GRADE)

Floyd T. Thompson
George W. Grider
Herbert von A. Burkart
Joseph A. Coppola
Malcolm C. McGrath
Porter W. Maxwell
Robert F. Kelly
Billy Johnson

TO BE MEDICAL DIRECTORS

Clarence W. Ross
Carleton I. Wood
William W. Wickersham
William H. Michael
Joel T. Boone
Frederic L. Conklin

TO BE MEDICAL INSPECTORS

Charles F. Behrens
James J. O'Connor
Loyd L. Edmisten
Robert E. Duncan

TO BE SURGEONS

Clarence C. Myers
Carl H. McMillan
Emmett D. Hightower
Harold G. Young
Courtney G. Clegg
David J. Cracovaner
Jesse W. Miller
John L. Enyart
John H. Korb
Claude R. Ball
Cecil C. Welch
Julian Love
Carl K. Youngkin
Joseph G. Schnebly
Gordon B. Tayloe
Clyde L. Bozarth
Charles W. Shilling
Farra L. Read
Clark W. Virtue
Thomas J. Carter
William E. Walsh
DeCoy Marchand

TO BE DENTAL SURGEON

Alexander G. Lyle

TO BE PAY INSPECTORS

Archie A. Antrim
Robert R. Thompson
Harry G. Kinnard
William E. McCain
Jacob H. Kyger
James H. Stevens
Edward F. Ney
George F. Yoran
Herman F. Gingrich
Frank P. Delahanty
Worth B. Beacham
John M. Speissegger
Charles M. Garrison
John H. Skillman
Charles W. Fox
Cyrus B. Kitchen
Charles D. Kirk

TO BE PAYMASTERS

Malcolm A. Norcross
Arnold R. Kline
George M. Brydon, Jr.
William L. Patten
James J. Cunningham

TO BE NAVAL CONSTRUCTORS

Harold E. Saunders
Joseph M. Kiernan
Noah W. Gokey
Wesley M. Hague
Evander W. Sylvester
Horatio C. Sexton
Roy T. Cowdrey
Lawrence T. Haugen
Paul B. Nibecker
John H. Spiller
William W. Anderson, Jr.
James H. Rodgers
Oscar Stiegler
Francis X. Forest
George C. Weaver
William C. Sprenger
Joseph L. Bird
Edmund M. Ragsdale

TO BE CHIEF BOATSWAINS

Clyde B. Lee
Lewis E. Tackette
Henry O. Warren

TO BE CHIEF ELECTRICIAN

Adna R. Crawford

TO BE CHIEF CARPENTER

Adam Kutz

POSTMASTERS

ALABAMA

Agnes O. Greene, Frisco City.
Joseph H. Randolph, Grand Bay.
Henry H. Haralson, Lanett.
Ralph B. Burks, Rockford.

ARKANSAS

Ivy L. Dunnam, McCrory.

CALIFORNIA

Margaret Allen, Indio.

CONNECTICUT

Joseph T. McCarthy, Plainville.
William F. Rabbett, Jr., Windsor Locks.

FLORIDA

Minnie H. Vick, Apopka.
Sue Barco, Clearwater.
Florence M. Bowman, Clermont.
Edward L. Powe, De Land.
James L. Crayden, Eustis.
George W. Oliver, Lake Wales.
Ebenezer J. Harris, Madison.
Edward T. Owen, Maitland.
John Andrew Shelley, Palatka.
Gertrude A. Ross, Raiford.
Wrather H. Reams, Winter Garden.

GEORGIA

Minnie L. Bird, Bowdon.
Grady Adams, Moultrie.
Elmer T. Williams, Quitman.
James H. Mahone, Talbotton.
Ralph Waldo Harris, Wrens.

INDIANA

Harry T. Ferguson, Jeffersonville.
Edwin D. Smith, Ligonier.
Maurice C. Goodwin, New Castle.
Earl J. McWilliams, Plainville.

IOWA

Anna V. McDonnell, Adair.
Adolph M. Schanke, Mason City.
Donald E. Carson, New Hartford.
Leonard L. Snyder, Oskaloosa.
Grace G. Patterson, Westside.

KANSAS

Norbert W. Shean, Spearville.

NEW HAMPSHIRE

Joseph O. George, Gorham.
Harry W. Ladd, Plaistow.

NEW YORK

Isabelle Gouldsbury, East Quogue.
Kenneth L. Hunn, Katonah.
Frederick M. Dennin, Lake Placid.
Mary Elizabeth Shonyo, North Bangor.
Hugh E. Dean, Vestal.
Martin J. Kimmel, Jr., Wayland.
Fred H. Wyld, West Albany.

NORTH CAROLINA

Joseph C. Allen, Durham.

OKLAHOMA

William Clarence Ray, Wilburton.

OREGON

Anne E. O'Rourke, Condon.
Frank L. Armitage, Eugene.

PENNSYLVANIA

Samuel U. Marbarger, Auburn.
Helen I. Simkovich, Beaver Meadows.
Vincent R. Gildea, Coaldale.
Edward W. Coley, Cochranton.
Harry C. Beck, Cressona.
Thomas W. Daley, Donora.
Hugh W. Marshall, Enon Valley.
Michael J. Glenn, Ford City.
Margaret M. Callahan, Glen Mills.
John Paul Garrett, Herndon.
Donald B. Gardner, Howard.
James P. King, Kittaning.
Charles M. Howell, Lancaster.
Clarence J. Wallace, Matamoras.
Frank B. Kunselman, Meadville.
John J. Roll, Natrona Heights.
Olin V. Deterick, Orangeville.
Nevin L. Wuchter, Orwigsburg.
James M. Herrold, Port Trevorton.
James H. Rattigan, Pottsville.
Samuel Bankin, Revloc.
Ambrose A. Connelly, Rosemont.
Ann Conner, Rossiter.
Ella Belle Luce, Saegerstown.
Charles P. Hilty, Saltsburg.
Thelma G. Mackle, Seelyville.
Alameda S. Keesy, Schenley.
Joseph Harry Brownmiller, Schuylkill Haven.
William J. Forsythe, Sligo.
Bessie Havlichek, Smock.
Andrew E. Hiltebeitel, Souderton.
Samuel C. Zellers, Stewartstown.
Edmond J. Holleran, Susquehanna.
Timothy F. Berney, Tower City.
John L. Gracey, Three Springs.
Mae Ford, Twin Rocks.
Guy E. Wheeler, West Brownsville.
Bayard L. Ilgenfritz, Woodbine.

PUERTO RICO

Pedro Muniz Rivera, Manati.

SOUTH CAROLINA

Jo H. King, McBee.
Crayton C. Crenshaw, Pendleton.
Lucia C. Lindsey, Piedmont.
Lawrence E. King, Simpsonville.
Joseph H. Coleman, Travellers Rest.

UTAH

Eugene Yeates, Logan.

VIRGINIA

John Frank Harper, Waynesboro.
Ethel L. Deans, Windsor.

WASHINGTON

Robert H. Maus, Wenatchee.

WEST VIRGINIA

Thomas W. Zink, Jr., Keystone.
Orrin D. Madison, Powellton.
Ursula A. Dougherty, Ridgeley.

REJECTION

Executive nomination rejected by the Senate July 18, 1939

POSTMASTER

Clarence F. Ludwig to be postmaster at Minersville in the State of Pennsylvania.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 18, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite Spirit of Life, help us never to forget that which we owe Thee, our country, and our beautiful world. We thank Thee for a providence manifesting mercy in such rich abundance toward all those who put their trust in Thee. Breathe upon our land the spirit of duty, temperance, and patriotic devotion. Grant that the stress of today but establish us more firmly in those great fundamental verities upon which our Republic must ever stand for its glory and perpetuity. Hasten the hour when the world shall sing: "The morning light is breaking, the darkness disappears." May men everywhere forsake the tyranny of hate and unrighteous ambitions. Send out Thy light, O Lord, until the clouds shall be scattered and wicked men no longer shall infest with fear the peace of the world which is more precious than all the gold in the hills of earth. In the name of Jesus of Nazareth. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 29. Concurrent resolution to print and bind the proceedings of Congress, together with the proceedings at the unveiling in the rotunda, upon acceptance of the statue of Will Rogers, presented by the State of Oklahoma.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 280. An act to prohibit and to prevent the trade practices known as "compulsory block booking" and "blind selling" in the leasing of motion-picture films in interstate and foreign commerce.

S. 1032. An act to amend the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States," and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 281) entitled "An act to amend further the Civil Service Retirement Act, approved May 29, 1930," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. NEELY, Mr. BULOW, and Mr. FRAZIER to be the conferees on the part of the Senate.

CONVEYANCE OF CERTAIN LANDS IN THE CITY OF NEW YORK

Mr. CULLEN. Mr. Speaker, I ask unanimous consent to recommit to the Committee on Public Buildings and Grounds the bill (H. R. 6880) authorizing the Secretary of the Treasury to convey an easement in certain lands in the city of New York, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CULLEN]?

Mr. CHURCH. Mr. Speaker, I object.

Mr. CULLEN. Will the gentleman withhold his objection? I am sending it back to the committee for no further action.

Mr. CHURCH. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CULLEN]?

There was no objection.

EXTENSION OF REMARKS

Mr. BOEHNE. Mr. Speaker, on yesterday I was granted unanimous consent to extend my own remarks in the RECORD and to include some extraneous material. I have been advised by the Joint Committee on Printing that the material is slightly in excess of that which that committee has set as the limit, the amount being three pages. I therefore renew my unanimous-consent request to extend my own remarks and to include this matter, notwithstanding the estimate.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. BOEHNE]?

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman what the cost of the article will be?

Mr BOEHNE. The Superintendent of the Planning Division in his letter states it will take approximately three pages and the cost will be $135.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. BOEHNE]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, the Chair will recognize the gentleman to proceed for 1 minute.

There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include four short tables compiled from official sources.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. FORD]?

There was no objection.

[Mr. THOMAS F. FORD addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address delivered on July 15, 1939, by Mr. Fred Beckman of the National Grange, on the omnibus transportation bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. WHITTINGTON]?

Mr. HOFFMAN. Mr. Speaker, reserving the right to object to propound a parliamentary inquiry for my information and not in criticism of the gentleman from California who just said he intended to extend his address. I presume that will be at this point in the RECORD. I do not understand now whether that is permitted and, if so, what the effect of the rule made the other day will be.

Mr. THOMAS F. FORD. It will go in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. WHITTINGTON]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I have here a letter postmarked Denver, Colo., addressed "To the United States Congress." The Post Office Department delivered the letter to my office and I am taking the bow on that. It is signed "An Honest American" but he forgot to attach his name to the letter. He says that he hopes that some of us will have the courage to read it, but he knows we will not.

In this letter the gentleman holds the mirror up to the Congress, which Bobby Burns wished to God everybody could have done. The only way the Members can read this letter and see themselves as others see them is to print it in the CONGRESSIONAL RECORD, and I ask unanimous consent to print it in the Appendix because I think it is entitled to a separate heading, which I shall give it. I am sorry the gentleman did not sign his name, because I felt in a mood to send him a very appropriate answer.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. RAYBURN. Reserving the right to object, Mr. Speaker, the gentleman from Colorado knows there are very few requests he may make that I would not grant, but I believe it is going a long way to ask to insert in the RECORD letters to which the writer would not sign his name. I believe the gentleman had better not do that.

Mr. MARTIN of Colorado. If the gentleman will reserve his objection, I may say I believe that is a special reason why this letter ought to be printed in the RECORD. This person sends a scurrilous letter down here to Congress and says we do not have the courage to read it, and then he does not have the courage to sign his own name to it.

Mr. RAYBURN. I do not believe scurrilous letters ought to be printed in the RECORD, even though the writers sign their names to them; and I object, Mr. Speaker.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks very briefly in the RECORD and include therein a very short editorial.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short radio address by one of the members of the Wisconsin Legislature on the relationship of labor and the farmer.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. THILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief editorial from Affairs magazine.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. CURTIS asked and was given permission to extend his own remarks in the RECORD.

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter addressed to me by Hon. W. Arthur Simpson, director of old-age assistance in Vermont, and a brief editorial comment thereon.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an open letter from the Portland Chamber of Commerce with reference to shipping, and also an editorial from the Portland Oregonian on the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial appearing in the Chicago News of June 22.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

GAVAGAN ANTILYNCHING BILL

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, I have addressed the following letter to all my Republican colleagues:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., July 17, 1939.

DEAR COLLEAGUE: If you have not already signed your name to petition No. 10, at the Speaker's desk, to discharge the committee from further consideration of the Gavagan antilynching bill, identical to the one introduced by me, I urge you to sign immediately.

There is a silver lining to every cloud. If we are to be kept in session any longer, because President Roosevelt is mad at the decisive action of the House in favor of retaining an arms embargo, I suggest we take steps at once to provide Speaker BANKHEAD and Majority Leader RAYBURN with such an important piece of legislation as the Federal antilynching bill for consideration in the House pending the action of the Senate on the Bloom neutrality bill.

The Senate may be in session on the President's neutrality proposals until Christmas. By bringing up and adopting the antilynching bill we would provide the Senate with necessary legislation to continue its deliberations without interruption until the next regular session of Congress, beginning in January.

Please cooperate and do your part by signing up in order to expedite consideration of this legislation.

Sincerely yours,

HAMILTON FISH.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short editorial, about 6 inches long, which points out the difference between Governor Murphy and Governor Dickinson in the handling of strikes.

Mr. HOOK. I object, Mr. Speaker.

Mr. HOFFMAN. I think you would if you read it.

MINIMUM NATIONAL ALLOTMENTS FOR COTTON

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H. J. Res. 247) to provide minimum national allotments for cotton, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 7 and 8, strike out "eleven million five hundred thousand" and insert "ten million."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, what does this Senate amendment do to the House bill?

Mr. JONES of Texas. The House bill provided a minimum allotment of 11,500,000 bales of cotton. The Senate amendment strikes out the 11,500,000 and inserts 10,000,000 bales. However, there really is not that much change in the House bill, because in the meantime we have passed a provision which continues the special provision for small growers and also a minimum allotment for counties. This makes it nearly the same net as the House measure originally passed.

Mr. MARTIN of Massachusetts. Does the Committee on Agriculture unanimously favor the change?

Mr. JONES of Texas. The Committee on Agriculture unanimously approved the bill.

Mr. MARTIN of Massachusetts. Has the gentleman consulted the gentleman from Kansas [Mr. HOPE] and the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]?

Mr. JONES of Texas. I had the matter up with the gentleman from Kansas [Mr. HOPE] and one or two other members of the committee, and they had no objection to my making this request.

Mr. RICH. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Texas what effect this will have on increasing the production of cotton and on the price of cotton, as well as the price of other farm commodities? I see in the paper I hold here, "Wheat and corn prices fall to season's low," and the paper shows the quotation for wheat at 64 cents a bushel, corn at 44 cents, oats at 29 cents, soybeans at 71 cents, rye at 43 cents, and lard at 5½ cents. What is going to happen to cotton?

Mr. JONES of Texas. I may say to the gentleman that this bill does not have any effect on the other commodities he mentioned, but applies only to cotton. The bill enables the farmers by their vote as heretofore to establish an adjustment program in reference to cotton, which certainly would not injure the price of cotton, but would tend to help the price of cotton.

Mr. RICH. I wish to say that I appreciate the position in which the gentleman finds himself. The gentleman has a hard row to hoe. The gentleman is one of the finest men we have in the House.

Mr. JONES of Texas. I hope the gentleman will help me hoe it.

Mr. RICH. I hope the gentleman will be able to get legislation passed that will help the farmer.

Mr. JONES of Texas. I ask the gentleman to cooperate with me in doing that.

Mr. RICH. If a lot of the departments would let the gentleman alone, he would "go to town" and help the farmer.

Mr. JONES of Texas. We want to improve the position of the country instead of "going to town."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

Mr. HOOK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-three Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 131]

Austin	Engel	Kocialkowski	Richards
Barton	Evans	McGranery	Rockefeller
Bland	Fay	Maas	Rogers, Okla.
Boren	Ferguson	Maciejewski	Sandager
Buck	Fernandez	Magnuson	Schwert
Buckler, Minn.	Fitzpatrick	Marcantonio	Shafer, Mich.
Buckley, N. Y.	Flannagan	Marshall	Shannon
Burch	Flannery	Massingale	Smith, Ill.
Byrne, N. Y.	Folger	May	Smith, Maine
Cartwright	Gifford	Merritt	Smith, Ohio
Casey, Mass.	Green	Mitchell	Smith, W. Va.
Celler	Hall	Mouton	Somers, N. Y.
Claypool	Hart	Myers	Sumners, Tex.
Clevenger	Hartley	Nelson	Thomas, N. J.
Connery	Healey	Norton	Tinkham
Culkin	Hennings	Osmers	White, Idaho
Cummings	Jarrett	Patman	Wolverton, N. J.
Curley	Keller	Pfeifer	Wood
Dies	Kelly	Pierce, Oreg.	
Eaton, Calif.	Kennedy, Martin	Randolph	

The SPEAKER. On this roll call 350 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend in the RECORD the remarks I made yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short article which appeared in the Brooklyn Daily Eagle of June 17.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter received from the California committee in support of the Wagner Act.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISTRICT OF COLUMBIA REVENUE ACT OF 1939

Mr. NICHOLS. Mr. Speaker, I call up the conference report on the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, may I ask the gentleman whether or not that portion of the conference agreement which originally proposed to make a mandatory appropriation has been changed so that now, instead of directing the Congress to appropriate, it merely authorizes an appropriation not exceeding a certain amount.

Mr. NICHOLS. Yes; I will say to my friend from South Dakota that the language has been changed and this is purely an authorization with no attempt at an appropriation.

Mr. CASE of South Dakota. And it leaves it open for the Congress to determine what that appropriation shall be, not exceeding $6,000,000 a year.

Mr. NICHOLS. Exactly.

Mr. CASE of South Dakota. I have no objection.

There being no objection, the Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—FEDERAL PAYMENT

"For the fiscal year ending June 30, 1940, and for each fiscal year thereafter, there is hereby authorized to be appropriated, as the annual payment by the United States toward defraying the expenses of the government of the District of Columbia, the sum of $6,000,000.

"TITLE II—INCOME TAX

"This title divided into sections and paragraphs according to the following table of contents, may be cited as the 'District of Columbia Income Tax Act':

"TABLE OF CONTENTS

"Sec. 1. Application of title.
"Sec. 2. Imposition of tax.
"(a) Tax on individuals.
"(b) Tax on corporations.
"(c) Definition of 'taxable income.'
"(d) Exemptions from tax.
"Sec. 3. Net income—definition.
"Sec. 4. Gross income and exclusions therefrom.
"(a) Of resident individuals.
"(b) Of corporations and nonresident individuals.
"(c) Exclusions from gross income.
"Sec. 5. Deductions from gross income.
"(a) Items of deduction.
"(b) Allocation of deductions.
"(c) Corporations and nonresident individuals to file return of total income.
"Sec. 6. Gain or loss from sale of assets.
"(a) Gain or loss in capital assets not recognized.
"(b) Gain or loss in assets other than capital.
"Sec. 7. Exchanges.
"Sec. 8. Deductions not allowed.
"(a) General rule.
"(b) Holders of life or terminable interest.
"Sec. 9. Personal exemptions and credit for dependents.
"(a) Credits.
"(b) Change of status.
"(c) In return for fractional part of year.
"Sec. 10. Accounting periods.
"Sec. 11. Period in which items of gross income included.
"Sec. 12. Period for which deductions and credit taken.
"Sec. 13. Installment basis.
"(a) Dealers in personal property.
"(b) Sales of realty and casual sales of personalty.
"(c) Change from accrual to installment basis.
"(d) Gain or loss upon disposition of installment obligations.
"Sec. 14. Inventories.
"Sec. 15. Individual returns.
"(a) Requirement.
"(b) Persons under disability.
"(c) Fiduciaries.

"Sec. 16. Corporation returns.
"Sec. 17. Taxpayer to make return whether return form sent or not.
"Sec. 18. Time and place for filing returns.
"Sec. 19. Extension of time for filing returns.
"Sec. 20. Allocation of income and deductions.
"Sec. 21. Publicity of returns.
"(a) Secrecy of returns.
"(b) When copies may be furnished.
"(c) Reciprocal exchange of information with States.
"(d) Publication of statistics.
"(e) Penalties for violation of this section.
"Sec. 22. Returns to be preserved.
"Sec. 23. Fiduciary returns.
"(a) Requirement of return.
"(b) Joint fiduciaries.
"(c) Law applicable to fiduciaries.
"Sec. 24. Estates and trusts.
"(a) Application of tax.
"(b) Computation of tax.
"(c) Net income.
"(d) Different taxable year.
"(e) Revocable trusts.
"(f) Income for benefit of grantor.
"(g) Definition of "In discretion of grantor."
"(h) Income from intangible personal property held by trust.
"Sec. 25. Partnerships.
"(a) Partners only taxable.
"(b) Partnership return.
"Sec. 26. Payment of tax.
"(a) Time of payment.
"(b) Extension of time for payment.
"(c) Voluntary advance payment.
"(d) Fractional part of cent.
"(e) Payment to the collector and receipts.
"Sec. 27. Tax a personal debt.
"Sec. 28. Information from Bureau of Internal Revenue.
"Sec. 29. Assessor to administer.
"(a) Duties of the assessor.
"(b) Records, statements, and special returns.
"(c) Examination of books and witnesses.
"(d) Return by assessor.
"Sec. 30. Assessment and collection of deficiencies.
"Sec. 31. Determination and assessment of deficiencies.
"Sec. 32. Jeopardy assessments.
"(a) Authority for making.
"(b) Bond to stay collection.
"Sec. 33. Period of limitation upon assessment and collection.
"(a) General rule.
"(b) False return.
"(c) Waiver.
"(d) Collection after assessment.
"Sec. 34. Refunds.
"Sec. 35. Closing agreements.
"Sec. 36. Compromises.
"(a) Authority to make.
"(b) Concealment of assets.
"(c) Of penalties.
"Sec. 37. Failure to file return.
"Sec. 38. Interest on deficiencies.
"Sec. 39. Additions to tax in case of deficiency.
"(a) Negligence.
"(b) Fraud.
"Sec. 40. Additions to tax in case of nonpayment.
"(a) Tax shown on return.
"(b) Deficiency.
"(c) Fiduciaries.
"Sec. 41. Time extended for payment of tax shown on return.
"Sec. 42. Penalties.
"(a) Negligence.
"(b) Willful violation.
"(c) Definition of 'person.'
"(d) No fraud penalty if full disclosure made.
"Sec. 43. Definitions.

"APPLICATION OF TITLE

"SECTION 1. The provisions of this title shall apply to the taxable year 1939 and succeeding taxable years, except that in the case of a taxable year beginning in 1938 and ending in 1939 the income taxable under this title shall be that fraction of the income for the entire fiscal year equal to the number of days remaining in the fiscal year after January 1, 1939, divided by three hundred and sixty-five: *Provided, however,* That if the taxpayer's records properly reflect the income for that part of the fiscal year falling in the calendar year 1939, then the portion of the fiscal year's income taxable hereunder shall be the portion received or accrued during the calendar year 1939.

"IMPOSITION OF TAX

"SEC. 2. (a) Tax on individuals: There is hereby levied for each taxable year upon the taxable income of every individual domiciled in the District of Columbia on the last day of the taxable year a tax at the following rates:

"One per centum on the first $5,000 of taxable income.

"One and one-half per centum on the next $5,000 of taxable income.

"Two per centum on the next $5,000 of taxable income.

"Two and one-half per centum on the next $5,000 of taxable income.

"Three per centum on the taxable income in excess of $20,000.

"(b) Tax on corporations: There is hereby levied for each taxable year upon the taxable income from District of Columbia sources of every corporation, whether domestic or foreign (except those organizations expressly exempt under paragraph (d) of this section), a tax at the rate of 5 per centum thereof.

"(c) Definition of 'taxable income': As used in this section, the term 'taxable income' means the amount of the net income in excess of the credits against net income provided in section 9 of this title.

"(d) Exemptions from tax: There shall be exempt from taxation under this title the following organizations: Corporations, including any community chest, fund, foundation, cemetery, association, teachers' retirement fund association, church, or club, organized and operated exclusively for religious, charitable, scientific, literary, educational, or social purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation; and labor organizations, trade associations, boards of trade, chambers of commerce, citizen's associations or organizations, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual; banks, insurance companies, building and loan associations, and companies, incorporated or otherwise, which guarantee the fidelity of any individual or individuals, such as bonding companies, all of which pay taxes upon gross premiums or earnings under existing laws of the District of Columbia; voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (1) no part of their net earnings inures (other than such payments) to the benefit of any private shareholder or individual, and (2) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses; and corporations organized under Act of Congress, if such corporations are instrumentalities of the United States.

"NET INCOME

"SEC. 3. Definition: The term 'net income' means the gross income of a taxpayer less the deductions allowed by this title.

"GROSS INCOME AND EXCLUSIONS THEREFROM

"SEC. 4. (a) Of individuals: The words 'gross income', as used in this title, include gains, profits, and income derived from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees to the extent the same is not immune from taxation under the Constitution, or income derived from professions, vocations, trades, businesses, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in, such property; also from rent, royalties, interest, dividends, securities, or transactions of any business carried on for gain or profit, or gains or profits, and income derived from any source whatever.

"(b) Of corporations: In the case of any corporation, gross income includes only the gross income from sources within the District of Columbia. The proper apportionment and allocation of income with respect to sources of income within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners.

"(c) Exclusions from gross income: The following items shall not be included in gross income and shall be exempt from taxation under this title:

"(1) Life insurance: Amounts received under a life-insurance contract paid by reason of the death of the insured, whether in a single sum or otherwise (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income).

"(2) Annuities, and so forth: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 per centum of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title in respect to such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

"(3) Gifts, bequests, and devises: The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income).

"(4) Tax-free interest: Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under Act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions.

"(5) Compensation for injuries or sickness: Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement on account of such injuries or sickness.

"(6) Ministers: The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation.

"(7) Income exempt under treaty: Income of any kind to the extent required by any treaty obligation of the United States.

"(8) Dividends from China Trade Act corporations: In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China Trade Act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him.

"(9) Income of foreign governments.

"DEDUCTIONS FROM GROSS INCOME

"SEC. 5. (a) Items of deduction: In computing net income there shall be allowed as deductions:

"(1) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

"(2) Interest: All interest paid or accrued within the taxable year on indebtedness.

"(3) Taxes: Taxes paid or accrued within the taxable year, except—

"(A) income taxes;

"(B) estate, inheritance, legacy, succession, and gift taxes;

"(C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges; and

"(D) taxes paid to any State or Territory on property, business, or occupation the income from which is not taxable under this title.

"(4) Losses in trade or business: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in trade or business, the income from which is subject to taxation under this title.

"(5) Losses in transactions for profit: Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit would be subject to taxation under this title, though not connected with the trade or business.

"(6) Intercompany dividends: In the case of a corporation, the amount received as dividends from a corporation which is subject to taxation under this title.

"(7) Bad debts: Debts ascertained to be worthless and charged off within the taxable year or, in the discretion of the assessor, a reasonable addition to a reserve for bad debts; and when satisfied that a debt is recoverable only in part, the assessor may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction.

"(8) Insurance premiums: All fire-, tornado-, and casualty-insurance premiums paid during the taxable year in connection with property held for investment or business.

"(9) Depreciation: A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources allowances for depletion as permitted by reasonable rules and regulations which the Commissioners are hereby authorized to promulgate.

"(10) Charitable contributions: Contributions or gifts actually paid within the taxable year to or for the use of any corporation, or trust, or community fund, or foundation, maintaining activities in the District of Columbia and organized and operated exclusively for religious, charitable, scientific, literary, military, or educational purposes, no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided*, That such deductions shall be allowed only in an amount which in all of the above cases combined does not exceed 15 per centum of the taxpayer's net income as computed without the benefit of this subparagraph.

"(11) Wagering losses: Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

"(b) Allocation of deductions: In the case of a taxpayer, other than an individual, the deductions allowed in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District and taxable under this title to a nonresident taxpayer; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the District shall be determined by processes or formulas of general apportionment under rules and regulations to be prescribed by the Commissioners. The so-called charitable contribution deduction allowed by subparagraph (10) of paragraph (a) of this section shall be allowed whether or not connected with income from sources within the District.

"(c) Corporations and nonresident individuals to file return of total income: A corporation shall receive the benefits of the deductions allowed to it under this title only by filing or causing to be filed with the assessor a true and accurate return of its total income received from all sources, whether within or without the District.

"GAINS OR LOSSES FROM SALE OF ASSETS

"SEC. 6. (a) Gain or loss in capital assets not recognized: No gain or loss from the sale or exchange of a capital asset shall be recognized in the computation of net income under this title. For the purposes of this title, 'capital assets' means property held by the taxpayer for more than two years (whether or not connected with his trade or business) but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of a taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

"(b) Gain or loss in assets other than capital: Gains or losses from the sale or exchange of property other than a capital asset shall be treated in the same manner as other income or deductible losses, and the basis for computing such gain or loss shall be the cost of such property or, if acquired by some means other than purchase, the fair market value thereof at the date of acquisition.

"EXCHANGES

"SEC. 7. Where property is exchanged for other property, the property received in exchange for the purpose of determining the gain or loss shall be treated as the equivalent of cash to the amount of its fair market value; but when in connection with the reorganization, merger, or consolidation of a corporation a taxpayer receives, in place of stock or securities owned by him, new stock or securities of the reorganized, merged, or consolidated corporation, no gain or loss shall be deemed to occur from the exchange until the new stock or securities are sold or realized upon and the gain or loss is definitely ascertained, until which time the new stock or securities received shall be treated as taking the place of the stock and securities exchanged; provided such reorganization, merger, or consolidation is a 'reorganization' within the meaning of the term 'reorganization' as defined in section 112 (g) of the Federal Revenue Act of 1936.

"DEDUCTIONS NOT ALLOWED

"SEC. 8. (a) General rule: In computing net income no deductions shall be allowed in any case in respect to—

"(1) personal, living, or family expenses;

"(2) any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

"(3) any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; and

"(4) premiums paid on any life-insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy.

"(b) Holders of life or terminable interest: Amounts paid under the laws of any State, Territory, District of Columbia, possession of the United States, or foreign country as income to the holder of a life or terminable interest acquired by gift, bequest, or inheritance shall not be reduced or diminished by any deduction for shrinkage (by whatever name called) in the value of such interest due to the lapse of time, nor by any deduction allowed by this Act (except the deductions provided for in subsections (l) and (m) of section 23 of the Federal Revenue Act of 1926 as amended) for the purpose of computing the net income of an estate or trust but not allowed under the laws of such State, Territory, District of Columbia, possession of the United States, or foreign country for the purpose of computing the income to which such holder is entitled.

"PERSONAL EXEMPTIONS AND CREDIT FOR DEPENDENTS

"SEC. 9. (a) Credits: There shall be allowed to individuals the following credits against net income:

"(1) Personal exemption: In the case of a single person or married person not living with husband or wife, a personal exemption of $1,000; in the case of the head of a family or a married person living with husband or wife, a personal exemption of $2,500; a husband and wife living together shall receive but one personal exemption, the amount of such personal exemption shall be $2,500. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them.

"(2) Credit for dependents: $400 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective.

"(b) Change of status: If the status of the taxpayer, insofar as it affects personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned under rules and regulations prescribed by the Commissioners,

in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional portion of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

"(c) In return for fractional part of year: In the case of a return made for a fractional part of a year, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which the return is made bears to twelve months.

"ACCOUNTING PERIODS

"SEC. 10. The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the assessor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 43 or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a Federal income-tax return, his income shall be computed, for the purposes of this title, on the basis of the same calendar or fiscal year as in such Federal income-tax return.

"PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED

"SEC. 11. The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under section 10, any such amounts are to be properly accounted for as of a different period. In the case of the death of a taxpayer there shall be included, in computing net income for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly includible in respect to such period or a prior period.

"PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN

"SEC. 12. The deductions and credits provided for in this title shall be taken for the taxable year in which 'paid or accrued' or 'paid or incurred,' dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly allowable in respect to such period or a prior period.

"INSTALLMENT BASIS

"SEC. 13. (a) Dealers in personal property: Under regulations prescribed by the Commissioners, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed bears to the total contract price.

"(b) Sales of realty and casual sales of personalty: In the case of (1) a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year) for a price exceeding $1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 30 per centum of the selling price, the income may, under regulations prescribed by the Commissioners, be returned on the basis and in the manner above prescribed in this section. As used in this section the term 'initial payments' means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

"(c) Change from accrual to installment basis: If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his net income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually received during any such year on account of sales or other disposition of property made in any prior year shall not be excluded.

"(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect to which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This paragraph shall not apply to the transmission at death of installment obligations if there is filed with the assessor, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment in such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

INVENTORIES

"SEC. 14. Whenever in the opinion of the assessor the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

INDIVIDUAL RETURNS

"SEC. 15. (a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

"(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

"(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife; and

"(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income.

"(b) Husband and wife: If a husband and wife living together have an aggregate net income for the taxable year of $2,500 or over, or an aggregate gross income for such year of $5,000 or over—

"(1) Each shall make a return, or

"(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

"(c) Persons under disability: If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

"(d) Fiduciaries: For returns to be made by fiduciaries, see section 23.

"CORPORATION RETURNS

"SEC. 16. Every corporation not expressly exempt from the tax imposed by this title shall make a return and pay a filing fee of $25 which shall be credited against the tax. Such returns shall state specifically the items of its gross income and the deductions and credits allowed by this title, and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer, assistant treasurer, or chief accounting officer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

"TAXPAYER TO MAKE RETURN WHETHER RETURN FORM IS SENT OR NOT

"SEC. 17. Blank forms of returns for income shall be supplied by the assessor. It shall be the duty of the assessor to obtain an income-tax return from every taxpayer who is liable under the law to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

"TIME AND PLACE FOR FILING RETURNS

"SEC. 18. All returns of income for the preceding taxable year shall be made to the assessor on or before the 15th day of March in each year, except that such returns, if made on the basis of a fiscal year, shall be made on or before the 15th day of the third month following the close of such fiscal year, unless such fiscal year has expired in the calendar year 1939 prior to the approval of this act, in which event returns shall be made on or before the 15th day of the third month following the approval of this act.

"EXTENSION OF TIME FOR FILING RETURNS

"SEC. 19. The assessor may grant a reasonable extension of time for filing income returns whenever in his judgment good cause exists and shall keep a record of every such extension. Except in case of a taxpayer who is abroad, no such extension shall be granted for more than six months, and in no case for more than one year. In the event time for filing a return is deferred, the taxpayer is hereby required to pay, as a part of the tax, an amount equal to 6 per centum per annum on the tax ultimately assessed from the time the return was due until it is actually filed in the office of the assessor.

"ALLOCATION OF INCOME AND DEDUCTIONS

"SEC. 20. In any of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District of Columbia, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the assessor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application to any case of a common carrier by

railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by two or more common carriers by railroad subject to said Act.

"PUBLICITY OF RETURNS

"SEC. 21. (a) Secrecy of returns: Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return under this title.

"(b) When copies may be furnished: Neither the original nor a copy of the return desired for use in litigations in court shall be furnished where the District of Columbia is not interested in the result whether or not the request is contained in an order of the court: *Provided*, That nothing herein shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of $1.

"(c) Reciprocal exchange of information with States: Notwithstanding the provisions of this section, the assessor may permit the proper officer of any State imposing an income tax or his authorized representative to inspect income-tax returns, filed with the assessor or may furnish to such officer or representative a copy of any income-tax return provided such State grants substantially similar privileges to the assessor or his representative or to the proper officer of the District charged with the administration of this title.

"(d) Publication of statistics: Nothing herein shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or of the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the assessor may assist in the collection of such delinquent taxes.

"(e) Penalties for violation of this section: Any offense against the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding $1,000 or imprisonment for six months, or both, in the discretion of the court.

"RETURNS TO BE PRESERVED

"SEC. 22. Reports and returns received by the assessor under the provisions of this title shall be preserved for six years and thereafter until the accessor orders them to be destroyed.

"FIDUCIARY RETURNS

"SEC. 23. (a) Requirement of return: Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioners may by regulations prescribe:

"(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband and wife;

"(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife;

"(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income;

"(4) Every estate or trust the net income of which for the taxable year is $1,000 or over;

"(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income.

"(b) Joint fiduciaries: Under such regulations as the Commissioners may prescribe, a return by one of two or more joint fiduciaries and filed in the office of the assessor shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made, to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct.

"(c) Law applicable to fiduciaries: Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

"ESTATES AND TRUSTS

"SEC. 24. (a) Application of tax: The taxes imposed by this title upon individuals shall apply to the income of estates or of any kind of property held in trust, including—

"(1) income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

"(2) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

"(3) income received by estates of deceased persons during the period of administration or settlement of the estate; and

"(4) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

"(b) Computation of tax: The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary, except as provided in paragraph (e) of this section (relating to revocable trusts) and paragraph (f) of this section (relating to income for benefit of the grantor).

"(c) Net income: The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that—

"(1) there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (2) of this section in the same or any succeeding taxable year;

"(2) in the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

(3) there shall be allowed as a deduction (in lieu of the deductions for charitable contributions authorized by section 5 (a) (10)) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in section 5 (a) (10) or is to be used exclusively for the purposes enumerated in section 5 (a) (10).

"(d) Different taxable year: If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under subparagraph (1) of paragraph (c) of this section, to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within or with his taxable year.

"(e) Revocable trusts: Where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

"(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

"(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, then the income of such part of the trust shall be included in computing the net income of the grantor.

"(f) Income for benefit of grantor: Where any part of the income of a trust—

"(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

"(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

"(3) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 5 (a) (10), relating to the so-called 'charitable contribution' deduction);

then such part of the income of the trust shall be included in computing the net income of the grantor.

"(g) Definition of 'in discretion of grantor': As used in this section, the term 'in the discretion of the grantor' means 'in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question.'

"(h) Income from intangible personal property held by trust: Income from intangible personal property held by any trust company or by any national bank situated in the District (with or without an individual trustee, resident or nonresident) in trust to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of the District, shall not be taxable hereunder if—

"(1) such beneficial owner or cestui que trust was at the time of the creation of the trust a nonresident of the District; and

"(2) the testator, settlor, or grantor was also at the time of the creation of the trust a nonresident of the District.

"PARTNERSHIPS

"SEC. 25. (a) Partners only taxable: Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity, and no income tax shall be assessable hereunder upon the net income of any partnership. All such income shall be assessable to the individual partners; it shall be reported by such partners as individuals upon their respective individual income returns; and it shall be taxed to them as individuals along with their other income at the rate and in the manner herein provided for the taxation of income received by individuals. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such

taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

"(b) Partnership return: Every partnership shall make a return for each taxable year stating specifically the items of its gross income and the deductions allowed by this title, and shall include in the return the names and the addresses of the individuals who would be entitled to share in the net income if distributed, and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

"PAYMENT OF TAX

"SEC. 26. (a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year, except a fiscal year which expired in the calendar year 1939 prior to the approval of this Act, in which event the tax shall be paid on the 15th day of the third month following the approval of this Act.

"(b) Extension of time for payments: At the request of the taxpayer the assessor may extend the time for payment by the taxpayer of the amount determined as the tax, for a period not to exceed six months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

"(c) Voluntary advance payment: A tax imposed by this title, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

"(d) Fractional part of cent: In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

"(e) Payment to collector and receipts: The tax provided under this title shall be collected by the collector and the revenues derived therefrom shall be turned over to the Treasury of the United States for the credit to the District in the same manner as other revenues are turned over to the United States Treasury for the credit to the District. The collector shall, upon written request, give to the person making payment of any income tax a full written or printed receipt therefor.

"TAX A PERSONAL DEBT

"SEC. 27. Every tax imposed by this title, and all increases, interest, and penalties thereof, shall become, from the time it is due and payable, a personal debt, from the person or persons liable to pay the same to the District, and shall be entitled to the same priority as other District taxes; and the taxes levied hereunder and the interest and penalties thereon shall be collected by the collector of taxes in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection.

"INFORMATION FROM THE BUREAU OF INTERNAL REVENUE

"SEC. 28. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed by this title.

"ASSESSOR TO ADMINISTER

"SEC. 29. (a) Duties of assessor: The assessor is hereby required to administer the provisions of this title. The assessor shall prescribe forms identical with those utilized by the Federal Government, except to the extent required by differences between this title and its application and the Federal Act and its application. He shall apply as far as practicable the administrative and judicial interpretations of the Federal income-tax law so that computations of income for purposes of this title shall be, as nearly as practicable, identical with the calculations required for Federal income-tax purposes. As soon as practicable after the return is filed the assessor shall examine it and shall determine the correct amount of the tax.

"(b) Statements and special returns: Every taxpayer liable to any tax imposed by this title shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the Commissioners from time to time may prescribe. Whenever the assessor judges it necessary he may require any taxpayer, by notice served upon him, to make a return, render under oath such statements, or keep such records as he deems sufficient to show whether or not such taxpayer is liable to tax under this title and the extent of such liability.

"(c) Examination of books and witnesses: The assessor, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making an estimate of the taxable income of any taxpayer, is authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the assessor shall have power to administer oaths to such person or persons. Such summons may be served by any members of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the assessor may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than $300. All prosecutions under this section shall be brought in the police court of the District of Columbia on information by the corporation counsel of the District of Columbia in the name of the District of Columbia.

"(d) Return by assessor: If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the assessor shall make the return from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the assessor shall be prima facie good and sufficient for all legal purposes.

"ASSESSMENT AND COLLECTION OF DEFICIENCIES

"SEC. 30. Definition of 'deficiency': As used in this title in respect of a tax imposed by this title 'deficiency' means—

"(1) the amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

"(2) if no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

"DETERMINATION AND ASSESSMENT OF DEFICIENCY

"SEC. 31. If a deficiency in tax is determined by the assessor, the taxpayer shall be notified thereof and given a period of not less than thirty days, after such notice is sent by registered mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the assessor, and a final decision thereon shall be made as quickly as practicable. Any deficiency in tax then determined to be due shall be assessed and paid, together with any addition to the tax applicable thereto, within ten days after notice and demand by the collector. The taxpayer may appeal from such assessment to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title VI of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938.

"JEOPARDY ASSESSMENT

"SEC. 32. (a) Authority for making: If the assessor believes that the collection of any tax imposed by this title will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

"(b) Bond to stay collection: The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties as the collector deems necessary, conditioned upon the payment of the amount, the collection of which is stayed, at the time at which, but for this section, such amount would be due.

"PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION

"SEC. 33. (a) General rule: Except as provided in paragraph (b) of this section—

"(1) The amount of income taxes imposed by this title shall be assessed within two years after the return is filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

"(2) In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within twelve months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of two years after the return is filed. This subparagraph shall not apply in the case of a corporation unless—

"(A) such written request notifies the assessor that the corporation contemplates dissolution at or before the expiration of such twelve-month period; and

"(B) the dissolution is in good faith begun before the expiration of such twelve-month period; and

"(C) the dissolution is completed.

"(3) If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 per centum of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within five years after the return was filed.

"(4) For the purposes of subparagraphs (1), (2), and (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

"(b) False return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

"(c) Waiver: Where before the expiration of the time prescribed in paragraph (a) for the assessment of the tax, both the assessor and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

"(d) Collection after assessment: Where the assessment of any income tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (A) within three years after the assessment of the tax or (B) prior to the expiration of any period for collection agreed upon in writing by the assessor and the taxpayer before the expiration of such three-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

"REFUNDS

"SEC. 34. Except as otherwise provided in section 31 of this title, where there has been an overpayment of any tax imposed by this title, the amount of such overpayment shall be refunded to the taxpayer. No such refund shall be allowed after two years from the time the tax is paid unless before the expiration of such period a claim therefor is filed by the taxpayer. The amount of the refund shall not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim, or, if no claim was filed, then during the two years immediately preceding the allowance of the refund. Every claim for refund must be in writing, under oath; must state the specific grounds upon which the claim is founded, and must be filed with the assessor. If the assessor disallows any part of a claim for refund, he shall send to the taxpayer by registered mail a notice of the part of the claim so disallowed. Within ninety days after the mailing of such notice, the taxpayer may file an appeal with the Board of Tax Appeals for the District of Columbia, in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, 11, and 12 of title IX of an Act to amend the District of Columbia Revenue Act of 1937, and for other purposes, approved May 16, 1938. The remedy provided to the taxpayer under this section shall not be deemed to take away from the taxpayer any remedy which he might have under any other provision of law; but no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court if the taxpayer has elected to file an appeal in accordance with this section.

"CLOSING AGREEMENTS

"SEC. 35. The assessor is authorized to enter into an agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any income tax for any period ending prior to the date of the agreement. If such agreement is approved by the Commissioners within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact—the case shall not be reopened as to the matters agreed upon or the agreement modified; and in any suit or proceeding relating to the tax liability of the taxpayer such agreement shall not be annulled, modified, set aside, or disregarded.

"COMPROMISES

"SEC. 36. (a) Authority to make: Whenever in the opinion of the Commissioners there shall arise with respect of any tax imposed under this title any doubt as to the liability of the taxpayer or the collectibility of the tax for any reason whatsoever the Commissioners may compromise such tax.

"(b) Concealment of assets: Any person who, in connection with any compromise under this section or offer of such compromise or in connection with any closing agreement under this title or offer to enter into any such agreement, willfully (1) conceals from any officer or employee of the District of Columbia any property belonging to the estate of the taxpayer or other person liable with respect of the tax, or (2) receives, destroys, mutilates, or falsifies any book, document, or record or makes under oath any false statement relating to the estate or the financial condition of the taxpayer or to the person liable in respect of the tax, shall, upon conviction thereof, be fined not more than $5,000 or imprisoned for not more than one year, or both.

"(c) Of penalties: The Commissioners shall have the power for cause shown to compromise any penalty arising under this title.

"FAILURE TO FILE RETURN

"SEC. 37. In case of any failure to make and file a return required by this title, within the time prescribed by law or prescribed by the Commissioners in pursuance of law, 25 per centum of the tax shall be added to the tax, except that when a return is filed after such time and it is shown that the failure to file it was due to reasonable cause and not due to willful neglect, no such addition shall be made to the tax. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

"INTEREST ON DEFICIENCIES

"SEC. 38. Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 1 per centum per month from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed.

"ADDITIONS TO THE TAX IN CASE OF DEFICIENCY

"SEC. 39. (a) Negligence: If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 per centum of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency.

"(b) Fraud: If any part of any deficiency is due to fraud with intent to evade tax, then 50 per centum of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid.

"ADDITIONS TO THE TAX IN CASE OF NONPAYMENT

"SEC. 40. (a) Tax shown on return:

"(1) General rule: Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 1 per centum a month from the date prescribed for its payment until it is paid.

"(2) If extension granted: Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 41 is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in subparagraph (1) of this paragraph, interest at the rate of 1 per centum a month shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

"(b) Deficiency: Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 38, or under section 39, or any addition to the tax in case of delinquency provided for in section 37 is not paid in full within ten days from the date of notice and demand from the collector, there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 per centum a month from the date of such notice and demand until it is paid.

"(c) Fiduciaries: For any period an estate is held by a fiduciary appointed by order of any court of competent jurisdiction or by will, there shall be collected interest at the rate of 1 per centum per month in lieu of the interest provided in subparagraphs (a) and (b) of this section.

"TIME EXTENDED FOR PAYMENT OF TAX SHOWN ON RETURN

"SEC. 41. If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of section 26 (c), there shall be collected, as a part of such amount, interest thereon at the rate of 1 per centum per month from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

"PENALTIES

"SEC. 42. (a) Negligence: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply information, who fails to pay or collect such tax, to make such return, to keep such records, or supply such information, at the time or times required by law or regulations shall, upon conviction thereof (in addition to other penalties provided by law), be fined not more than $300 for each and every such failure, and each and every day that such failure continues shall constitute a separate and distinct offense. All prosecutions under this paragraph shall be brought in the police court of the District of Columbia on information by the corporation counsel or his assistants in the name of the District of Columbia.

"(b) Willful violation: Any person required under this title to pay or collect any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of this title, who willfully refuses to pay or collect such tax, to make such returns, to keep such records, or to supply such information, or who willfully attempts in any manner to defeat or evade the tax imposed by this title, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and shall be fined not more than $10,000 or imprisoned for not more than one year, or both, together with costs of prosecution.

"(c) Definition of 'person': The term 'person' as used in this section includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or

member is under duty to perform the act in respect to which the violation occurs.

"DEFINITIONS

"SEC. 43. For the purpose of this title and unless otherwise required by the context—

"(1) The word 'person' means an individual, a trust or estate, a partnership, or a corporation.

"(2) The word 'taxpayer' means any person subject to a tax imposed by this title.

"(3) The word 'partnership' includes a syndicate, group, pool, joint adventure, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the word 'partner' includes a member in such a syndicate, group, pool, joint adventure, or organization.

"(4) The word 'corporation' includes associations, joint-stock companies, and insurance companies.

"(5) The word 'domestic' when applied to a corporation other than an association, means created under the law of United States applicable to the District of Columbia; and when applied to an association or partnership means having the principal office or place of business within the District of Columbia.

"(6) The word 'foreign' when applied to a corporation or partnership means a corporation or partnership which is not domestic.

"(7) The word 'fiduciary' means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

"(8) The word 'individual' means all natural persons, whether married or unmarried; and also all trusts, estates, and fiduciaries acting for other persons; it does not include corporations or partnerships acting for or in their own behalf.

"(9) The words 'taxable year' mean the calendar year or the fiscal year ending during such calendar year upon the basis of which the net income is computed under this title. The term 'taxable year' includes, in the case of a return made for a fractional part of a year under the provisions of this title, the period for which such return is made.

"(10) The words 'fiscal year' mean an accounting period of twelve months and ending on the last day of any month other than December.

"(11) The words 'paid or incurred' and 'paid or accrued' shall be construed according to the method of accounting upon the basis of which the net income is computed under this title.

"(12) The words 'trade or business' include the engaging in or carrying on of any trade, business, profession, vocation or calling, or commercial activity in the District of Columbia; and include the performance of the functions of a public office.

"(13) The word 'stock' includes a share in an association, joint-stock company, or insurance company.

"(14) The word 'shareholder' includes a member in an association, joint-stock company, or insurance company.

"(15) The words 'United States' when used in a geographical sense include only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(16) The word 'dividend' means any distribution made by a corporation out of its earnings or profits to its stockholders or members whether such distribution be made in cash, or any other property, other than stock of the same class in the corporation. It includes such portion of the assets of a corporation distributed at the time of dissolution as are in effect a distribution of earnings.

"(17) The word 'include', when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"(18) The word 'Commissioners' means the Commissioners of the District of Columbia or their duly authorized representative or representatives.

"(19) The word 'District' means the District of Columbia.

"(20) The word 'assessor' means the assessor of the District of Columbia.

"(21) The word 'collector' means the collector of taxes of the District of Columbia.

"TITLE III—FEES AND FINES

"On and after July 1, 1939, there shall be credited to the District of Columbia that proportion of the fees and fines collected by the District Court of the United States for the District of Columbia, including fees and fines collected by the offices of the clerk of that court and of the United States marshal for the District of Columbia, as the amount paid by the District of Columbia toward salaries and expenses of such court and of the offices of the United States district attorney for the District of Columbia and of the United States marshal for the District of Columbia bears to the total amount of such salaries and expenses; and such proportion of the fees and fines, if any, collected by the United States Court of Appeals for the District of Columbia, including fees and fines, if any, collected by the office of the clerk of that court, as the amount paid by the District of Columbia toward the salaries and expenses of such court bears to the total amount of such salaries and expenses.

"TITLE IV—AMENDMENTS TO AND REPEAL OF PRIOR ACTS

"INTANGIBLE PERSONAL PROPERTY

"SEC. 1. The tax on intangible personal property imposed by any law relating to the District shall not apply with respect to any year subsequent to the fiscal year ending June 30, 1939.

"TAX ON CERTAIN UTILITIES

"SEC. 2. (a) Paragraph 5 of section 6 of the Act entitled 'An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and three, and for other purposes,' approved July 1, 1902, is hereby amended to read as follows:

"'PAR. 5. Each national bank as the trustee for its stockholders, through its president or cashier, and all other incorporated banks and trust companies in the District of Columbia, through their presidents or cashiers, and all gas, electric lighting, and telephone companies, through their proper officers, shall make affidavit to the board of personal-tax appraisers on or before the 1st day of August each year as to the amount of its or their gross earnings or gross receipts, as the case may be, for the preceding year ending the 30th day of June, and each national bank and all other incorporated banks and trust companies respectively shall pay to the collector of taxes of the District of Columbia per annum 6 per centum on such gross earnings and each gas company, electric lighting company, and telephone company shall pay to the collector of taxes of the District of Columbia per annum 4 per centum on such gross receipts, from the sale of public utility commodities and services within the District of Columbia. And in addition thereto the real estate owned by each national or other incorporated bank, and each trust, gas, electric-lighting, and telephone company in the District of Columbia shall be taxed as other real estate in said District: *Provided*, That street-railroad companies shall pay 3 per centum per annum on their gross receipts and other taxes as provided by existing law, and insurance companies shall continue to pay the 2 per centum on premium receipts as provided by existing law. Each gas, electric-lighting, telephone and street railroad company shall pay, in addition to the tax herein mentioned, the corporate income tax imposed by title II of the District of Columbia Revenue Act of 1939, and the personal property tax on merchandise stock in trade. So much of the Act approved October 1, 1890, entitled "An Act to provide for the incorporation of trust, loan, mortgage, and certain other corporations within the District of Columbia" as is inconsistent with the provisions of this section is hereby repealed.'

"(b) This section shall not apply to gross earnings or gross receipts for any fiscal year ending the 30th day of June prior to the fiscal year ending June 30, 1940. Taxes shall be levied and collected for the fiscal years preceding the fiscal year ending June 30, 1940, under said paragraph 5 of section 6 of said Act of July 1, 1902, as if this title had not been enacted.

"(c) Section 6 of the Act of July 1, 1902, (c. 1352, 32 Stat. 619), is amended by striking out paragraph 8, so that the corporate excess tax therein provided shall become inoperative.

"TAX ON REAL PROPERTY

"SEC. 3. Title VII of the District of Columbia Revenue Act of 1937, as amended, is amended to read as follows: 'For the fiscal year ending June 30, 1940, the rate of taxation imposed on real and tangible personal property in the District of Columbia shall be 1.75 per centum of the assessed value of such property.'

"TAXABLE STATUS OF MOTOR VEHICLES AS TANGIBLE PERSONAL PROPERTY

"SEC. 4. Notwithstanding any other provision of law, the tangible personal-property tax on motor vehicles, except when consisting of stock in trade of merchants, shall be prorated according to the number of months such property has a situs within the District; and all such motor vehicles shall be assessed at their value as of April 1 each year: *Provided, however*, That where a motor vehicle shall be registered in the District of Columbia for the first time on a date between April 1 of one year and April 1 of the succeeding year, such motor vehicle shall be assessed, for taxation for the period ending with the succeeding April 1, at its value as of date of application for such first registration.

"TAX APPEALS

"SEC. 5. (a) The first sentence of the second paragraph of section 2 of title IX of the District of Columbia Revenue Act of 1937, as amended by the Act approved May 16, 1938, is amended to read as follows: 'The salary of such person so appointed shall be $8,000 per annum.' This amendment shall be effective on and after July 1, 1939.

"(b) Section 3 of title IX of the District of Columbia Revenue Act of 1937, as amended, is amended as follows:

"'SEC. 3. Any person aggrieved by any assessment by the District against him of any personal-property, inheritance, estate, business-privilege, gross-receipts, gross-earnings, insurance-premiums, or motor-vehicle-fuel tax or taxes, or penalties thereon, may, within ninety days after notice of such assessment, appeal from such assessment to the Board, provided such person shall first pay such tax, together with penalties and interest due thereon, to the collector of taxes of the District of Columbia under protest in writing. The mailing to the taxpayer of a statement of taxes due shall be considered notice of assessment with respect of such taxes. The Board shall hear and determine all questions arising on said appeal and shall make separate findings of fact and conclusions of law, and shall render its decision thereon in writing. The Board may affirm, cancel, reduce, or increase such assessment.'

"(b) Subsections (a), (b), and (c) of section 5 of title IX of the District of Columbia Revenue Act of 1937, as amended, are amended to read as follows:

"'(a) The assessor and deputy assessor of the District and the board of all of the assistant assessors, with the assessor as chairman, shall compose a Board of Equalization and Review, and as such Board of Equalization and Review they shall convene in a room to be provided for them by the Commissioners, on the first Monday of January of each year, and shall remain in session until the first Monday in April of each year, after which date no

complaint as to valuation as herein provided shall be received or considered by such Board of Equalization and Review. Public notice of the time and place of such session shall be given by publication for two successive days in two daily newspapers in the District not more than two weeks or less than ten days before the beginning of said session. It shall be the duty of said Board of Equalization and Review to fairly and impartially equalize the value of real property made by the board of assistant assessors as the basis for assessment. Any five of said Board of Equalization and Review shall constitute a quorum for business, and, in the absence of the Assessor, a temporary chairman may be selected. They shall immediately proceed to equalize the valuations made by the board of assistant assessors so that each lot and tract and improvements thereon shall be entered upon the tax list at their value in money; and for this purpose they shall hear such complaints as may be made in respect of said assessments, and in determining them they may raise the valuation of such tracts or lots as in their opinion may have been returned below their value and reduce the valuation of such as they may believe to have been returned above their value to such sum as in their opinion may be the value thereof. The valuation of the real property made and equalized as aforesaid shall be completed not later than the first Monday of May annually. The valuation of said real property made and equalized as aforesaid shall be approved by the Commissioners not later than July 1 annually, and when approved by the Commissioners shall constitute the basis of taxation for the next succeeding year and until another valuation is made according to law, except as hereinafter provided. Any person aggrieved by any assessment, equalization, or valuation made, may, within ninety days after October 1 of the year in which such assessment, equalization, or valuation is made, appeal from such assessment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"'(b) Annually, on or prior to July 1 of each year, the board of assistant assessors shall make a list of all real estate which shall have become subject to taxation and which is not then on the tax list, and affix a value thereon, according to the rules prescribed by law for assessing real estate; shall make return of all new structures erected or roofed, and additions to or improvements of old structures which shall not have been theretofore assessed, specifying the tract or lot of land on which each of such structures has been erected, and the value of such structure, and they shall add such valuation to the assessment made on such tract or lot. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause, the said board of assistant assessors shall reduce the assessment on said property to the extent of such damage: *Provided,* That the Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments between September 1 and September 30 and determine the same not later than October 15 of the same year. Any person aggrieved by any assessment or valuation made in pursuance of this paragraph may, within ninety days after October 15 of the year in which said valuation or assessment is made, appeal from such assessment or valuation in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.

"'(c) In addition to the annual assessment of all real estate made on or prior to July 1 of each year there shall be added a list of all new buildings erected or under roof prior to January 1 of each year, in the same manner as provided by law for all annual additions; and the amounts thereof shall be added as assessment for the second half of the then current year payable in the month of March. When the improvements on any lot or tract of land shall become damaged or be destroyed from any cause prior to January 1 of each year the said board of assistant assessors shall reduce the assessment on said property to the extent of said damage for the second half of the then current year payable in the month of March. The Board of Equalization and Review shall hear such complaints as may be made in respect of said assessments for the second half of said year between March 1 and March 31 and determine said complaints not later than April 15 of the same year. Any person aggrieved by any assessment made in pursuance of this paragraph may, within ninety days after April 15 of the year in which such assessment is made, appeal from such assessment in the same manner and to the same extent as provided in sections 3 and 4 of this title: *Provided, however,* That such person shall have first made his complaint to the Board of Equalization and Review respecting such assessment as herein provided.'

"(c) Title IX of the District of Columbia Revenue Act of 1937, as amended, is amended by adding thereto a new section reading as follows:

"'SEC. 13. In any matter affecting taxation, the determination of which is by law left to the discretion of the Commissioners, the Commissioners may, if they so elect, refer such matter to the Board to make findings of fact and submit recommendations, such findings of fact and recommendations, if any, to be advisory only and not binding on the Commissioners, and shall be without prejudice to the Commissioners to make such further and other inquiry and investigation concerning such matter as they in their discretion shall consider necessary or advisable.'

"TANGIBLE PERSONAL PROPERTY STORED IN TRANSIT

"SEC. 6. Nothing in this Act contained, nor shall any prior Act of Congress relating to the District of Columbia be deemed to impose upon any person, firm, association, company, or corporation a tax based upon tangible personal property owned and stored by such person in a public warehouse in the District of Columbia for a period of time no longer than is necessary for the convenience or exigencies of reshipment and transportation to its destination without the District of Columbia.

"TITLE V—INHERITANCE AND ESTATE TAXES

"Title V of the District of Columbia Revenue Act of 1937, as amended by an Act entitled 'An Act to amend the District of Columbia Revenue Act of 1937, and for other purposes', approved May 16, 1938, is amended to read as follows:

"'Taxes shall be imposed in relation to estates of decedents, the shares of beneficiaries of such estates, and gifts as hereinafter provided:

"'ARTICLE I—INHERITANCE TAX

"'SEC. 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom), to the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal descendants or lineal ancestors of the decedent, shall be subject to a tax as follows: 1 per centum of so much of said property as is in excess of $5,000 and not in excess of $50,000; 2 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 3 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 4 per centum of so much of said property as is in excess of $500,000 and not in excess of $1,000,000; 5 per centum of so much of said property as is in excess of $1,000,000.

"'(b) So much of said property so transferred to each of the brothers and sisters of the whole or half blood of the decedent shall be subject to a tax as follows: 3 per centum of so much of said property as is in excess of $2,000 and not in excess of $25,000; 4 per centum of so much of said property as is in excess of $25,000 and not in excess of $50,000; 6 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 8 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 10 per centum of so much of said property as is in excess of $500,000.

"'(c) So much of said property so transferred to any person other than those included in paragraphs (a) and (b) of this section and all firms, institutions, associations, and corporations shall be subject to a tax as follows: 5 per centum of so much of said property as is in excess of $1,000 and not in excess of $25,000; 7 per centum of so much of said property as is in excess of $25,000 and not in excess of $50,000; 9 per centum of so much of said property as is in excess of $50,000 and not in excess of $100,000; 12 per centum of so much of said property as is in excess of $100,000 and not in excess of $500,000; 15 per centum of so much of said property as is in excess of $500,000.

"'(d) Executors, administrators, trustees, and other persons making distribution shall only be discharged from liability for the amount of such tax, with the payment of which they are charged, by paying the same as hereinafter described.

"'(e) Property transferred exclusively for public or municipal purposes, to the United States or the District of Columbia, or exclusively for charitable, educational, or religious purposes within the District of Columbia, shall be exempt from any and all taxation under the provisions of this section.

"'(f) Where any beneficiary has died or may hereafter die within six months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

"'(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

"'(h) The transfer of any property, or interest therein, within 2 years prior to death, shall, unless shown to the contrary, be deemed to have been made in contemplation of death.

"'(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall

accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

"'(j) Whenever any person shall exercise a general power of appointment derived from any disposition of property, made either before or after the passage of this title, such appointment, when made, shall be deemed a transfer taxable, under the provisions of this title, in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power; and whenever any person possessing such power of appointment so derived shall omit or fail to exercise the same, within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this title shall be deemed to take place to the extent of such omissions or failure in the same manner as though the person or persons thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by the will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

"'(k) The doctrine of equitable conversion shall not be invoked in the assessment of taxes under this article.

"'SEC. 2. The tax provided in section 1 shall be paid on the market value of the property or interest therein at the time of the death of the decedent as appraised by the assessor, or, in the discretion of the assessor, upon the value as appraised by the probate court of the District. The taxable portion of real or personal property held jointly or by the entireties shall be determined by dividing the value of the entire property by the number of persons in whose joint names it was held.

"'SEC. 3. The appraisal thus made shall be deemed and taken to be the true value of the said property or interest therein upon which the said tax shall be paid, and the amount of said tax and the tax imposed by article II of this title shall be a lien on said property or interest therein for the period of ten years from the date of death of the decedent: *Provided, however,* That such lien shall not attach to any personal property sold or disposed of for value by an administrator, executor, or collector, of the estate of such decedent appointed by the District Court of the United States for the District of Columbia or by a trustee appointed under a will filed with the register of wills for the District or by order of said court, or his successor approved by said court, but a lien for said taxes shall attach on all property acquired in substitution therefor for a period of ten years after the acquisition of such substituted property: *And provided further,* That such lien upon such substituted property shall, upon sale by such personal representatives, be extinguished and shall reattach in the manner as provided with respect of such original property.

"'SEC. 4. The personal representative of every decedent, the gross value of whose estate is in excess of $1,000, shall, within fifteen months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose an itemized schedule of all the property (real, personal, and mixed) of the decedent, the market value thereof at the time of the death of the decedent, the name or names of the persons to receive the same and the actual value of the property that each will receive, the relationship of such persons to the decedent, and the age of any persons who receive a life interest in the property, and any other information which the assessor may require. Said personal representative shall, within eighteen months of the date of the death of the decedent and before distribution of the estate, pay to the collector of taxes the taxes imposed by section 1 upon the distributive shares and legacies in his hands and the tax imposed by section 1 hereof against each distributive share or legacy shall be charged against such distributive share or legacy unless the will shall otherwise direct.

"'SEC. 5. The personal representative of the decedent shall collect from each beneficiary entitled to a distributive share or legacy the tax imposed upon such distributive share or legacy in section 1 hereof, and if the said beneficiary shall neglect or fail to pay the same within fifteen months after the date of the death of the decedent such personal representative shall, upon the order of the District Court of the United States for the District of Columbia, sell for cash so much of said distributive share or legacy as may be necessary to pay said tax and all the expenses of said sale.

"'SEC. 6. Every person entitled to receive property taxable under section 1 hereof, which property is not under the control of a personal representative, and is over $1,000 in value, shall, within six months after the death of the decedent, report under oath to the assessor, on forms provided for that purpose, an itemized schedule of all property (real, personal, and mixed) received or to be received by such person; the market value of the same at the time of the death of the decedent and the relationship of such person to the decedent; and any other information which the assessor may require. The tax on the transfer of any such property shall be paid by such person to the collector of taxes within nine months after the date of the death of the decedent: *Provided, however,* That with respect to real estate passing by will or inheritance such report shall be made within fifteen months after the death of the decedent, and the tax on the transfer thereof shall be paid within eighteen months after the date of the death of the decedent.

"'SEC. 7. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years, the donee for life or years shall pay a tax only on the value of his interest, determined in a manner as the Commissioners by regulation may prescribe, and the donee of the future interest shall pay a tax only on his interest as based upon the value thereof at the time of the death of the decedent creating such interest. The value of any future interest shall be determined by deducting from the market value of such property at the time of the death of such decedent the value of the precedent life interest or term of years. Where the future interest is vested the donee thereof shall pay the tax within the time in which the tax upon the precedent life interest or term of years is required to be paid under the provisions of sections 4 and 6 of this article, as the case may be. Where the future interest is contingent the personal representative of such decedent or the persons interested in such contingent future estate shall have the option of (1) paying, within the time herein provided for the payment of taxes due upon vested future interests, a tax equal to the mean between the highest possible tax and the lowest possible tax which could be imposed under any contingency or condition whereby such contingent future interest might be wholly or in part created, defeated, extended, or abridged; or (2) paying the tax upon such transfer at the time when such future interest shall become vested at rates and with exemptions in force at the time of the death of the decedent: *Provided,* That the personal representative or trustee of the estate of the decedent or the persons interested in the future contingent interest shall deposit with the assessor a bond in the penal sum of an amount equal to twice the tax payable under option (1) hereof. Such bonds shall be payable to the District and shall be conditioned for the payment of such tax when and as the same shall become due and payable. The tax upon the transfer of future interests or remainders shall be a lien upon the property or interest transferred from the date of the death of the decedent creating the interests and shall remain in force and effect until ten years after the date when such remainder or future interest shall become vested in the donee thereof. If the tax upon the transfer of a contingent future interest is paid before the same shall become vested, such tax shall be paid by the personal representative out of the corpus of the estate of the decedent, otherwise by the person or persons entitled to receive the same.

"'ARTICLE II—ESTATE TAXES

"'SEC. 1. In addition to the taxes imposed by article I, there is hereby imposed upon the transfer of the estate of every decedent who, after this title becomes effective, shall die a resident of the District, a tax equal to 80 per centum of the Federal estate tax imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted.

"'SEC. 2. There shall be credited against and applied in reduction of the tax imposed by section 1 of this article the amount of any estate, inheritance, legacy, or succession tax lawfully imposed by any State or Territory of the United States, in respect of any property included in the gross estate for Federal estate-tax purposes as prescribed in title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted: *Provided, however,* That only such taxes as are actually paid and credit therefor claimed and allowed against the Federal estate tax may be applied as a credit against and in reduction of the tax imposed by section 1.

"'SEC. 3. In no event shall the tax imposed by section 1 of this article exceed the difference between the maximum credit which might be allowed against the Federal estate tax imposed by title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, and the aggregate amount of the taxes described in section 2 of this article (but not including the tax imposed by section 1) allowable as a credit against the Federal estate tax.

"'SEC. 4. The purpose of section 1 of this article is to secure for the District the benefit of the credit allowed under the provisions of section 301 (c) of title III of the Revenue Act of 1926, as amended, or as hereafter amended or reenacted, to the extent that the District may be entitled by the provisions of said Revenue Act, by imposing additional taxes, and the same shall be liberally construed to effect such purpose: *Provided,* That the amount of the tax imposed by section 1 of this article shall not be decreased by any failure to secure the allowance of credit against the Federal estate tax.

"'SEC. 5. A tax is hereby imposed upon the transfer of real property or tangible personal property in the District of every person who at the time of death was a resident of the United States but not a resident of the District, and upon the transfer of all property, both real and personal, within the District of every person who at the time of death was not a resident of the United States, the amount of which shall be a sum equal to such proportion of the amount by which the credit allowable under the applicable Federal revenue Act for estate, inheritance, legacy, and succession taxes actually paid to the several States exceeds the amount actually so paid for such taxes, exclusive of estate taxes based upon the difference between such credit and other estate taxes and inheritance, legacy, and succession taxes, as the value of the property in the District bears to the value of the entire estate, subject to estate tax under the applicable Federal revenue Act.

"'SEC. 6. Every executor or administrator of the estate of a decedent dying a resident of the District or of a nonresident decedent owning real estate or tangible personal property situated in the District, or of an alien decedent owning any real estate, tangible or intangible personal property situated in the District, or, if there is no executor or administrator appointed, qualified, and acting, then any person in actual or constructive possession of any property forming a part of an estate subject to estate tax under this title shall, within sixteen months after the death of the decedent file with the assessor a copy of the return required by section 304 of the Revenue Act of 1926, verified by the affidavit of the person filing said return with the assessor, and shall, within thirty days after the date of any communication from the Commissioner of Internal Revenue, confirming, increasing, or diminishing the tax shown to be due, file a copy of such communication with the assessor. With the copy of the Federal estate-tax return there shall be filed an

affidavit as to the several amounts paid or expected to be paid as taxes within the purview of section 2 of this article: *Provided, however,* That in any case where the time for the filing of such return as required by section 304 of the Revenue Act of 1926 is extended without penalty by the Bureau of Internal Revenue, then the copy thereof verified as aforesaid may be filed with the assessor within thirty days after the expiration of said extended period.

"'SEC. 7. The assessor shall, upon receipt of the return and accompanying affidavit, assess such amount as he may determine, from the basis of the return, to be due the District. Upon receipt of a copy of any communication from the Commissioner of Internal Revenue, herein required to be filed, the assessor shall make such additional assessment or shall make such abatement of the assessment as may appear proper.

"'SEC. 8. The estate taxes imposed by this article shall be paid to the collector of taxes within seventeen months after the death of the decedent: *Provided, however,* That in any case where the time for the payment of taxes imposed by subdivision (a) of section 301, title III, of the Revenue Act of 1926, is extended by the Bureau of Internal Revenue, then the tax imposed by this article shall be paid within sixty days after the expiration of such extended period, together with interest as provided in section 4 of article IV of this title: *Provided further,* That any additional assessment found to be due under section 7 of this article shall be paid to the collector of taxes within thirty days after the determination of such additional assessment by the assessor.

"'ARTICLE III—GENERAL

"'SEC. 1. The bond of the personal representative of the decedent shall be liable for all taxes and penalties assessed under this title, except inheritance taxes and penalties imposed in relation to the transfer of property not under the control of such personal representative: *Provided,* That in no case shall the bond of the personal representative be liable for a greater sum than is actually received by him.

"'SEC. 2. The register of wills of the District shall report to the assessor on forms provided for the purpose every qualifiation in the District upon the estate of a decedent. Such report shall be filed with the assessor at least once every month, and shall contain the name of the decedent, the date of his death, the name and address of the personal representative, and the value of the estate, as shown by the petition for administration or probate.

"'SEC. 3. The Commissioners shall have supervision of the enforcement of this title and shall have the power to make such rules and regulations, consistent with its provisions, as may be necessary for its enforcement and efficient administration and to provide for the granting of extension of time within which to perform the duties imposed by this title. The assessor shall determine all taxes assessable under this title and immediately upon the determination of same, shall forward a statement of the taxes determined to the person or persons chargeable with the payment thereof and shall give advice thereof to the collector of taxes. The assessor is hereby authorized and empowered to summon any person before him to give testimony on oath or affirmation or to produce all books, records, papers, documents, or other legal evidence as to any matter relating to this title, and the assessor is authorized to administer oaths and to take testimony for the purposes of the administration of this title. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then and in that event the assessor may report that fact to the District Court of the United States for the District of Columbia or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

"'SEC. 4. If the taxes imposed by this title are not paid when due, 1 per centum interest for each month or portion of a month from the date when the same were due until paid shall be added to the amount of said taxes and collected as a part of the same, and said taxes shall be collected by the collector of taxes in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection: *Provided, however,* That where the time for payment of the tax imposed by this title is extended by the assessor or where the payment of the tax is lawfully suspended under the regulations for the administration of this title, interest shall be paid at the rate of 6 per centum per annum from the date on which the tax would otherwise be payable.

"'SEC. 5. If any person shall fail to perform any duty imposed upon him by the provisions of this title or the regulations made hereunder the Commissioners may proceed by petition for mandamus to compel performance and upon the granting of such writ the court shall adjudge all costs of such proceeding against the delinquent.

"'SEC. 6. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners, shall become liable in his own person and estate to the District in an amount equal to 10 per centum of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 per centum of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

"'SEC. 7. Any person required by this title to pay a tax or required by law or regulation made under authority thereof to make a return or keep any records or supply any information for the purposes of computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make any such return, or supply any such information at the time or times required by law or regulation shall, in addition to other penalties provided by law, be guilty of a misdemeanor and upon conviction thereof be fined not more than $1,000 or imprisoned for not more than one year, or both.

"'SEC. 8. When the assessor is satisfied that the tax liability imposed by this title has been fully discharged or provided for, he may, under regulations prescribed by the Commissioners, issue his certificate, releasing any or all property from the lien herein imposed.

"'SEC. 9. No person holding, within the District, tangible or intangible assets of any resident or nonresident decedent, of the value of $300 or more, shall deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, unless notice of the date and place of such intended transfer be served upon the assessor of the District of Columbia at least ten days prior to such delivery or transfer, nor shall any person holding, within the District of Columbia, any assets of a resident or nonresident decedent, of the value of $300 or more, deliver or transfer the same or any part thereof to any person other than an executor, administrator, or collector of the estate of such decedent appointed by said District Court without retaining a sufficient portion or amount thereof to pay any tax which may be assessed on account of the transfer of such assets under the provisions of articles I and II without an order from the assessor of the District of Columbia authorizing such transfer. It shall be lawful for the assessor of the District, personally, or by his representatives, to examine said assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain as herein required a sufficient portion or amount to pay the taxes imposed by this title shall render such person liable to the payment of such taxes. The assessor of the District may issue a certificate authorizing the transfer of any such assets whenever it appears to the satisfaction of said assessor that no tax is due thereon: *Provided, however,* That any corporation, foreign or domestic to the District having outstanding stock or other securities registered in the sole name of a decedent whose estate or any part thereof is taxable under this title, may transfer the same, without notice to the assessor and without liability for any tax imposed thereon under this title, upon the order of an administrator, executor, or collector of the estate of such decedent appointed by the District Court of the United States for the District of Columbia, or by a trustee appointed under a will filed with the register of wills of the District, or appointed by said court, or his successor approved by said court: *Provided further,* That the lessor of a safe-deposit box standing in the joint names of a decedent and a survivor or survivors may deliver the entire contents of such safe-deposit box to the survivor or survivors, after examination of such contents by the assessor or his representative, without any liability on the part of the said lessor for the payment of such tax.

"'SEC. 10. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title or relative to any person whose estate is subject to the provisions of this title.

"'SEC. 11. If any return required by this title is not filed with the assessor when due, the assessor shall have the right to determine and assess the tax or taxes from such information as he may possess or obtain.

"'SEC. 12. The assessor is authorized to enter into an agreement with any person liable for a tax on a transfer under article I of this title, in which remainders or expectant estates are of such nature or so disposed and circumstanced that the value of the interest is not ascertainable under the provisions of this title, and to compound and settle such tax upon such terms as the assessor may deem equitable and expedient.

"'SEC. 13. In the interpretation of this title unless the context indicates a different meaning the term "tax" means the tax or taxes mentioned in this title.

"'(a) The term "District" means the District of Columbia.

"'(b) The term "Commissioners" means the Commissioners of the District of Columbia, or their duly authorized representative or representatives.

"'(c) The term "assessor" means the assessor of the District of Columbia or his duly authorized representative or representatives.

"'(d) The term "collector of taxes" means the collector of taxes for the District of Columbia, or his duly authorized representative or representatives.

"'(e) The term "Metropolitan Police Department" means the Metropolitan Police Department of the District of Columbia.

"'(f) The term "include" when used in a definition contained in this title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"'(g) The term "resident" means domiciled and the term "residence" means domicile.

"'SEC. 14. The provisions of this title shall become effective at 12:01 antemeridian, the day immediately following its approval.'

"TITLE VI—ADVANCEMENT OF MONEY BY TREASURY

"Until and including June 30, 1940, the Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of

the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary from time to time to meet the general expenses of said District as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of taxes and revenue collected for the support of the government of the said District of Columbia.

"TITLE VII—EXTENSION OF CERTAIN TAX PROVISIONS

"The laws authorizing the imposition by the District of Columbia of intangible personal property taxes and business privilege taxes are hereby extended from and after June 30, 1939, for the following purposes in connection with the taxes accrued or due under such laws prior to July 1, 1939—

"(1) For the imposition of assessments and penalties, civil and criminal, for the violation of or failure to comply with such laws and the regulations issued thereunder;

"(2) For requiring the making, filing, and submission of returns and reports required by such laws;

"(3) For the examination of all books, records, and other documents, and witnesses; and

"(4) For the assessment and collection of such taxes, and the filing of liens therefor.

"TITLE VIII—GENERAL PROVISIONS

"SEPARABILITY CLAUSE

"SEC. 1. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"RULES AND REGULATIONS

"SEC. 2. The Commissioners shall prescribe and publish all needful rules and regulations for the enforcement of this Act."

And the Senate agree to the same.

JENNINGS RANDOLPH,
AMBROSE KENNEDY,
EVERETT M. DIRKSEN,
GEORGE J. BATES,
Managers on the part of the House.

JOHN H. OVERTON,
WILLIAM H. KING,
CARTER GLASS,
MILLARD E. TYDINGS,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Title I of the House bill provided for an income tax with the following principal features: (a) 1938 to be the first taxable year, with returns to be filed on October 15, following the end of the taxable year, and payment of the tax in two installments, namely, on October 15 following the end of the taxable year and on the following April 15; (b) the tax to be imposed on all residents of the District of Columbia, regardless of source of income, and on nonresident individuals and corporations on income from sources within the District, with provisions for tax paid in other jurisdictions to avoid double taxation; (c) the rate of taxation on individuals to be 2 percent on the first $1,000 of taxable income, 3 percent on the next $2,000, 4 percent on the next $2,000, 5 percent on the next $2,000, 6 percent on the next $2,000, and 7 percent on all taxable income in excess of $9,000, and the rate on corporations to be 5 percent of their taxable income; and (d) individuals to be allowed an exemption of $2,000 on earned income and $500 on unearned income, regardless of the marital status of the taxpayer. The Senate amendment contained no provision for an income tax. The conference agreement provides for an income tax with the following principal features: (a) 1939 is the first taxable year, with returns to be filed and the entire tax to be paid on March 15 following the close of the taxable year; (b) the tax is imposed on persons domiciled in the District on the last day of the taxable year, regardless of the source of income, and upon corporations on income from sources within the District, no tax is imposed on individuals domiciled without the District on income from sources within the District, and no provision is made for credit allowance to persons domiciled in the District for tax paid to other jurisdictions on income from sources therein; (c) the rate of taxation on individuals is 1 percent on the first $5,000 of taxable income, 1½ percent on the next $5,000, 2 percent on the next $5,000, 2½ percent on the next $5,000, and 3 percent on all taxable income in excess of $20,000, and the rate on corporations is 5 percent of their taxable income; (d) there is allowed the same personal exemptions and credit for dependents as is provided in the Federal income-tax law.

The House bill provided that after June 30, 1939, the contribution by the United States toward expenses of the District shall in no event be more than $5,000,000 for any one fiscal year. The Senate amendment provided for a formula based upon the land area in the District owned by the United States, the application of which under present conditions would result in the payment by the United States to the District of approximately $3,000,000, being an amount equal to approximately 20 percent of the general expenses of the District. The conference agreement provides that for the fiscal year ending June 30, 1940, and for each fiscal year thereafter, there is authorized to be appropriated for the payment by the United States toward defraying the expenses of the District the sum of $6,000,000.

Title III of the House bill provided for a parking-lot tax imposed on the operators of all parking lots in the District amounting to 2 percent of the gross receipts derived therefrom. No comparable provision is found in the Senate amendment or in the conference report. Such tax would produce only a small amount of revenue, but result in an increased burden to users of parking lots.

Title IV of the House bill provided for the amendment and repeal of certain revenue acts relating to the District, for the most part administrative. The Senate amendment in title VI provided for the amendment and repeal of the same acts, except in the following respects: The House bill provided for the repeal of the law imposing an intangible personal property tax. The Senate amendment had no comparable provision. The House bill provided for collection of taxes by the District in jurisdictions without the District. The Senate amendment had no comparable provision. The Senate amendment provided that no tangible personal property tax shall be imposed on personal property stored in transit in the District. The House bill had no comparable provision. The conference agreement provides for the repeal of the law imposing a tax on intangible personal property, and specifically provides that the tax on real estate and tangible personal property for the fiscal year ending June 30, 1940, shall be 1.75 percent of the assessed value of such property. The conference agreement in title VII provides, however, that the provisions with respect to assessments, collections, penalties, and violations contained in the intangible personal property tax law and the business privilege tax law shall continue to be in effect in connection with taxes accrued and due thereunder prior to July 1, 1939. In other matters relating to the repeal and amendment of prior acts the conference agreement conforms to the Senate amendment.

Title V of the House bill provided for the amendment of title V of the District of Columbia Revenue Act of 1937, as amended, and provided for a new tax, namely, a gift tax. The Senate amendment provided for the amendment to the District of Columbia Revenue Act of 1937, as amended, but did not provide for the gift tax. The conference agreement adopts such provisions of the Senate amendment.

The Senate amendment provided that there shall be credited to the District that proportion of the fines and fees collected by the District Court of the United States for the District of Columbia and by the United States Court of Appeals for the District of Columbia as the amount paid by the District toward the salaries and expenses of such court bears to the total amount of such salaries and expenses. The conference agreement adopts such provision.

JENNINGS RANDOLPH,
AMBROSE KENNEDY,
EVERETT M. DIRKSEN,
GEORGE J. BATES,
Managers on the part of the House.

Mr. BURDICK. Mr. Speaker, will the gentleman from Oklahoma yield?

Mr. NICHOLS. I yield.

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my remarks, first, on future trading; and second, on the question of a monument to Chief Joseph and quote from a letter received from the tribal council.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I desire to withdraw the request I made to extend my remarks in the RECORD, as I find that the material I wish to insert has already been put in the RECORD.

The SPEAKER. Without objection, the request will be granted.

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert therein a resolution from the Young Filipinos, Inc.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein several sections from the correspondence between the Sharif of Mecca and Sir Henry McMahon.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a statement I prepared on the great seal of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a statement by Arthur Newton Pack.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

DISTRICT OF COLUMBIA REVENUE ACT—1939

Mr. NICHOLS. Mr. Speaker, I shall make only a brief explanation in view of the fact that an appropriation bill has already passed both Houses, and I presume has been signed by the President, appropriating for this fiscal year $6,000,000 as the Federal contribution to the support of the District of Columbia.

Your conferees on the part of the House felt that it was futile to longer argue about the authorization of that appropriation for this fiscal year. Therefore, we agreed, all except myself, to the $6,000,000 authorization. Frankly I think that the House should agree to the $6,000,000 authorization. It is no longer an attempt to appropriate but is purely an authorization. It provides that the authorization shall be $6,000,000 for this fiscal year, and each fiscal year, but I assure the House that the House will have an opportunity at the next session of Congress to reassert its view as to what the Federal contribution shall be, so that despite the fact that it is a continuing authorization I trust the House will have no fear that that will become the permanent situation until they have had an opportunity to again express themselves.

The other instruction by the House to its managers that was that no joint committee should be set up for the study of the taxation problem in the District of Columbia. The House managers were successful, and the Senate receded from that amendment. With those two exceptions the bill stands exactly as it was, and I think should be passed by the House.

Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

KINGS CANYON WILDERNESS NATIONAL PARK, CALIF.

Mr. SABATH. Mr. Speaker, I call up House Resolution 223, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 223

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 3794, a bill to establish the John Muir-Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled between the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. SABATH. Mr. Speaker, this rule makes in order the Gearhart bill, H. R. 3794, creating the Kings Canyon Wilderness National Park in California. It is not a unanimous report from the committee, but a great majority of the members after many hearings agreed to report the bill. The bill has been amended in many ways by the committee, and though there still is some opposition, after the Rules Committee had studied the bill and listened carefully to the proponents, the rule was granted. It provides for 2 hours of general debate, at the conclusion of which the bill shall be taken up under the 5-minute rule. If there are any objections to any of the provisions, the Members will not be denied the privilege of offering amendments to cure any possible defects they believe to be in the bill. I am of opinion that it is legislation in the right direction. The bill when passed will create a national park out of a wilderness in California. The park will then contain approximately 454,000 acres of the mountain section of California. It will take in about 5,763 acres of the redwood mountain Sequoia, which is privately owned, but which contains some of the finest trees in that section of California.

As the older Members know, I have always been desirous of preserving these wonderful trees and forests for those who come after us. I remember what some of the lumbermen have done in Wisconsin and what they are doing in Washington, Oregon, and even in California, and I advocate and shall continue to advocate that the Government preserve all those wonderful trees which can still be saved to posterity.

The cost will be nominal. I understand that these 5,763 acres, privately owned, can be purchased at a very low price at this time. The legislation should not be delayed. It has been recommended and approved by the Forestry Bureau of both the Interior Department and the Department of Agriculture. I feel there should be, and in fact that there could be, no opposition on the part of anyone who is familiar with the situation. I fully appreciate that the gentleman from California [Mr. ELLIOTT], who has been very much interested in this matter, has had a bill pending in the House which differs from the Gearhart bill, but I hope that in the interest of the country the gentleman from California [Mr. ELLIOTT] who has worked hard to secure the legislation, will join hands with the other gentlemen from California and nearby States, and, in fact, with all of us, and help pass the bill, so that we can preserve and safeguard these 5,763 acres for a national park.

That is all I wish to say at this time. I reserve the remainder of my time. I have not asked the gentleman from Tennessee [Mr. TAYLOR] whether he wants any time, although I presume he does. I apologize for not asking him before I took the floor. I yield 30 minutes to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I have not had any applications for time to discuss this rule. Therefore, in the interest of expedition, I will reserve the balance of my time.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following resignation from committees:

JULY 17, 1939.

Hon. WILLIAM B. BANKHEAD,
Speaker, House of Representatives, Washington, D. C.

DEAR MR. SPEAKER: I do hereby resign from the following committees of the House of Representatives by reason of my appointment on the Foreign Affairs Committee:

Elections No. 1.
Claims.
Immigration and Naturalization.
Census.

Very sincerely yours,

WIRT COURTNEY, M. C.

The SPEAKER. Without objection, the resignations will be accepted.

There was no objection.

KINGS CANYON WILDERNESS NATIONAL PARK, CALIF.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. DEROUEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3794) to establish the John Muir-Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 3794, with Mr. BEAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

The CHAIRMAN. The gentleman from Louisiana [Mr. DEROUEN] is recognized for 1 hour.

Mr. DEROUEN. Mr. Chairman, I yield myself 22 minutes.

Mr. Chairman, as chairman of the Committee on the Public Lands, which has held exhaustive hearings on this bill, I appreciate the opportunity of presenting the bill, with your committee's recommendations.

The purpose of the bill is to create a new national park on the headwaters of the Kings River in the Sierra Nevada Range of California, to be known as the Kings Canyon Wilderness National Park. The proposed park area is just north of Sequoia National Park. It comprises an area of 454,000 acres, of which nearly 99 percent, or all but 5,763 acres, is already owned by the Federal Government. The major portion of these public lands is in the Sequoia and Sierra National Forests, administered by the United States Forest Service of the Department of Agriculture. Both the Department of Agriculture and the Department of the Interior recommend the establishment of this area as a national park and the bill has been introduced by the gentleman from California, Representative GEARHART, in whose district the major portion of the proposed park is situated.

The findings of your committee indicate that the Kings River wilderness is one of the most outstandingly scenic regions in the United States. All but a small portion of the area lies over 5,000 feet above sea level and many of its mountain peaks rise above 14,000 feet in elevation. It is deeply cut by a labyrinth of canyons, thousands of feet in depth, and with sheer, granite walls.

The famous American naturalist, John Muir, first brought the region to public attention in an article he published in Century magazine in 1891, in which he said:

> I fancy the time is not distant when this wonderful region will be opened to the world. * * * Some of the sequoia groves were last year included in the national reservations of Sequoia and General Grant Parks. But all of this wonderful Kings River region, together with the Kaweah and Tule sequoias, should be comprehended in one grand national park. This region contains no mines of consequence, it is too high and too rocky for agriculture, and even the lumber industry need suffer no unreasonable restriction. Let our lawgivers then make haste before it is too late to set apart this surpassingly glorious region for the recreation and well-being of humanity.

Chief Forester Graves, in speaking before the Committee on the Public Lands during the Sixty-sixth Congress, said:

> There is no question in my mind that the major scenic features of this area should be included in the national park and should be consecrated to development for the recreation and enjoyment of the people. All other possible uses there should be wholly subordinated to that end, and in the long run largely excluded.

Chief Forester Greeley, in speaking to the committee during the Sixty-eighth Congress, said:

> When you consider all that is involved in this tract, the fact that the entire country is above 5,000 feet in elevation, with the exception possibly of a few canyon bottoms, that it contains three of the outstanding canyons of the West—Tehipite, on the one fork of the Kings River, the south fork of the Kings River, and the Kern River Canyon—combined with the wonderful region of lakes and alpine forests; the combination has fixed this area in my mind for a good many years as one of the places which should be established and administered as a national park. If there is any area in the West that has outstanding national significance and exceptional beauty that justifies an additional national park, in my judgment it is this area and the entire area.

Chief Forester Silcox, in speaking before the committee during the hearing just held, said:

> I think this country is large enough to include special areas of high scenic value in parks. I think this is one of those areas. * * *
>
> Where an area like this area is outstanding scenically and large enough to constitute a complete administration unit, and the use is primarily recreational—I mean where timber is purely incidental—and there is practically no grazing, I personally, you see, would rather prefer to see the Park Service manage it. I would rather spend time, from the Forest Service standpoint, on timber areas, with recreation, grazing, and all other uses incidental to the timber use.

Numerous other individuals and representatives of organizations have publicly affirmed their belief that the Kings Canyon Wilderness is one of the superb regions of the North American Continent; a region whose scenic and inspirational qualities are so outstanding that it should be set apart as a national park, to be preserved unimpaired for all time, by act of Congress, for the benefit and enjoyment of the people.

With this point of view, your committee has agreed.

Such action would have been taken by Congress long ago had it not been that previous bills carried the park boundaries too far down the Kings River, thereby including possible water-storage sites in which the farmers dependent on irrigation were interested. Those sites have been carefully excluded in drawing the boundaries for the present bill. Moreover, recent studies have indicated that all of the water of Kings River can be impounded for irrigation most economically many miles down the river from the proposed park area, and that the best and most economical sites for hydroelectric power development are on the north fork of the river, which is also outside of the proposed park. These factors have influenced your committee in its consideration of the bill.

The State of California is now building a State highway into the canyon of the south fork of Kings River. This is a magnificent highway which will open the wilderness to countless thousands of visitors. The highway is being built solely for recreational purposes. It will be completed this year. When Kings Canyon is opened to the public, accommodations for visitors must be provided. That is the type of work for which the National Park Service has been established by Congress. The public use for which the area will soon be opened is the type of land use for which Congress customarily establishes national parks. The State highway has forced the issue and Congress should now decide what the permanent status of the area shall be.

Since the committee has recommended that the bill be passed with certain amendments, I shall explain each section of the bill and the committee's reasons for the amendments suggested.

The bill, as introduced, was to establish the John Muir-Kings Canyon National Park and to transfer thereto the lands now included in the General Grant National Park.

Because it has not been considered desirable to name national parks after individuals, since they are the property of all the people, the committee has recommended striking the name John Muir from the bill throughout and changing the name to Kings Canyon Wilderness National Park. Kings Canyon is descriptive of the area and is by common usage the accepted name of the area. Since one of the purposes of establishing this park is to preserve Kings Canyon as an unspoiled primeval wilderness, designating it as a Wilderness National Park will help to establish a fitting standard for administration.

Section 1 of the bill is, for the most part, a description of the area to be established as the national park. The few minor amendments within the land-description portions of the section are refinements in description only and do not modify the boundaries as originally set forth in the bill.

The amendment on page 8, lines 20 to 22, inclusive, is a restatement of the clause protecting valid existing rights, which clause is customarily inserted in park bills. The suggested amendments provides explicit terminology more acceptable to a majority of the committee.

The provision at the end of section 1 of the bill as originally introduced provided for the continuation of existing grazing permits within the proposed park area during the remainder of the lives of the present permittees. Twelve permittees now hold permits from the Forest Service for the average annual grazing of 985 cattle and horses and 300 sheep. This provision would result in the eventual elimination of all domestic livestock grazing within the park, but without causing undue hardship to the present permittees. The suggested amendment of this provision, a portion of which is on page 8 at the end of line 22 and the remainder of which is on page 9, lines 2 and 3, provides a restatement of the provision in terminology more acceptable to a majority

of the committee and would accomplish the original intent of this provision of the bill.

Section 2 provides for the abolition of General Grant National Park, which is a small park of 2,548 acres, and its transfer, with certain contiguous lands, to the proposed Kings Canyon Wilderness National Park, to be known as the General Grant Grove section. The committee recommends, page 9, lines 8 and 9, elimination from the proposed park of 1 square mile of the land contiguous to General Grant National Park because that square mile of land is believed to be of more value for national-forest purposes than for the national park.

The General Grant Grove section of the proposed park is a separate unit situated about 13 miles west of the main portion of the proposed park. Between the present General Grant National Park and Sequoia National Park, there is the famous Redwood mountain, upon which is found the finest large grove of big trees, or Sequoias, remaining in private ownership. This forest comprises about 10,000 acres, of which about 4,300 acres are privately owned. The owners do not wish to cut down these giant Sequoias but they will be forced to by economic circumstances unless the area can be acquired by the public. The commercial value of these trees is not significant because they do not make good lumber. On the other hand, the Redwood Mountain Grove is one of great inspirational and recreational value. Section 2 of the bill provides that this area may be added to the General Grant Grove section of the Kings Canyon Wilderness National Park by proclamation of the President.

With the addition of Redwood Mountain to the General Grant Grove section, this separate unit of the proposed park would comprise almost 14,000 acres of superlative Sequoia groves along, and through portions of which, the entrance highways into the Kings Canyon Wilderness would pass. The administrative facilities now available in General Grant National Park would serve as administrative headquarters for the new park.

Because the addition of Redwood Mountain would cut across national forest lands, the bill provides that stock and vehicles shall be permitted to pass across this area of the proposed park, to and from national forest lands, subject to general regulations to be prescribed by the Secretary of the Interior. The committee recommends a clarifying amendment to this section of the bill, page 10, line 22, to provide that no charge shall be made for stock and vehicles crossing to and from national forest lands on either side of this portion of the proposed park.

Section 3 of the bill as originally introduced provided that no roads should be built in the proposed park, except within a limited portion of the canyon of the South Fork of Kings River. Section 4 of the bill as originally introduced provided that all structures for public accommodation within the park, except upon lands formerly within the General Grant National Park, should be erected with Federal funds. The committee has stricken all of sections 3 and 4 from the bill in order that there may be no arbitrary restrictions upon road building or the location or nature of housing facilities within the proposed park.

Section 5 of the bill as originally introduced provided that the Tehipite Valley and Cedar Grove reclamation withdrawals, on the western boundary of the proposed park, should be administered for recreational purposes by the National Park Service. The purpose of this provision was to prohibit the conflict of competing administrative agencies in the two main canyons of the Kings River, so that recreational developments in the reclamation withdrawals might be supplemental to those in the proposed park.

Section 5 also provided that the President might add these withdrawn areas to the proposed park if plans for reservoir construction in them were abandoned and the fact of abandonment was certified, after public hearing, by the Secretary of the Interior upon the advice of the Commissioner of Reclamation.

Your committee questioned the advisability of authorizing the inclusion of these two reclamation withdrawals within the park before it is known whether or not they are to be utilized to produce hydroelectric power and to increase irrigation resources for the benefit of the Kings River water users.

The committee, therefore, recommended striking from the bill, after the words "the lands withdrawn," on page 12, line 11, all of the remainder of the section, and substituting in lieu thereof the following amendment:

> But nothing herein shall prevent the construction upon said lands of such works as may be recommended by the Chief of Army Engineers or the Bureau of Reclamation for the control of floods or for the use or conservation of water for irrigation or hydroelectric power in the areas adjacent or contiguous to said lands.

The effect of this amendment is to open the entire Kings Canyon Wilderness National Park to dams, conduits, tunnels, powerhouses, transmission lines, and fluctuating reservoirs.

I personally do not approve of this amendment.

The amendment is inconsistent with the main purpose of the bill, which is to preserve the Kings Canyon Wilderness in unspoiled condition.

The amendment, moreover, conflicts with the advice of both the Commissioner of the United States Bureau of Reclamation and the Chief of Army Engineers.

Commissioner John C. Page, of the Bureau of Reclamation, addressed a letter to the chairman of the committee, in which he said:

> The Bureau of Reclamation has studied a water conservation project on the Kings River, to serve the adjacent lands on the valley floor below Kings Canyon. The study has covered irrigation storage and hydroelectric development, and our engineers have been in close contact with the Army engineers studying flood control for the Kings River.
>
> The study by the Bureau of Reclamation indicates the need of a major storage dam and reservoir at Pine Flat, in the foothills, for irrigation, flood-control, and hydroelectric power, with an additional power dam or dams which might most advantageously be located on the North Fork of the Kings River. The Cedar Grove and Tehipite Dome sites, though less feasible than the North Fork locations, are possible alternatives for additional power development.
>
> Establishment of the proposed national park will not in any way interfere with plans of the Bureau of Reclamation for full use and control of the waters of the Kings River for irrigation, or for hydroelectric development, since all reservoir sites found feasible and necessary are located outside the park boundaries.

Maj. Gen. J. L. Schley, Chief of Army Engineers, addressed a letter to the chairman of the committee, in which he said:

> Under authority of the Flood Control Act approved June 22, 1936, the Chief of Engineers is making a survey of the Sacramento and San Joaquin River Basins, which includes the Kings River where a serious flood problem exists * * *. From the information available to the Department, it appears that any works which may be recommended for construction as the result of this investigation will be outside of the proposed John Muir-Kings Canyon National Park, so that the report of this Department could have no bearing upon H. R. 3794.

Finally this amendment does not accomplish another important purpose of section 5 of the original bill, which was to coordinate recreational use of the reclamation withdrawals with the administration and use of the proposed park. The reclamation withdrawals are larger than would be required for reservoirs and include the most important camp sites available for the proposed park. It is naturally desirable that the National Park Service administer these camp sites and other recreational developments in these withdrawals if there is to be consistent development for public benefit, but this amendment excludes that possibility.

Section 6 of the bill as originally introduced provides that any motor-vehicle license issued for Sequoia National Park shall be applicable to the new park also, and vice versa.

Since the committee struck from the bill all of sections 3 and 4, pertaining to the preservation of the wilderness character of the proposed park, a supplemental amendment, in form more acceptable to the committee, has been added to the original section 6 which would grant the Secretary of the Interior more specific authority in the management and protection of the proposed park.

I commend this bill to establish the Kings Canyon Wilderness National Park for your earnest consideration. I urge

that the Congress take favorable action to establish this outstanding area as a national park to be forever preserved and enjoyed.

I shall be glad to supply additional information, to the best of my ability, if you desire it. [Applause.]

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, I am opposing this measure on the ground that it is not necessary to give the area under consideration, as set forth in the bill, the status of a national park. The area is a wilderness area, under the jurisdiction of the Forest Service. It is being adequately and well administered, and its present status makes possible the development of the natural resources of the area at the time they are needed for future consumption.

The area under consideration includes the headwaters of the Kings River. It includes the south and middle forks of the Kings River, and is the area which supplies water to approximately 1,300,000 acres of farm land in the San Joaquin Valley. The water is used and developed by some 20 water users' associations. The major association, or the master association, is known as the Kings River Water Users Association. The farmers of the locality which constitute these various water and ditch companies over a period of years have used the water resources of the area proposed to be covered in this national-park bill and have developed a high class of agriculture in the San Joaquin Valley wholly dependent upon this supply of water.

The water companies, the Kings River Water Users Association, hold this water by use and by appropriation to the amount that is annually being placed upon the land. The unregulated annual flow of the river is sufficient for a portion of the year to irrigate the 1,000,000 acres that are now under development.

This bill has been before the people of California in various forms for a number of years. For some 20 years an effort has been made on the part of the National Park Service to place this area in a national park. The Legislature of California this year passed resolutions opposing this bill by a large vote.

Mr. GEARHART. Will the gentleman yield?

Mr. ENGLEBRIGHT. Not at this time.

Mr. GEARHART. Simply for the purpose of correction.

Mr. ENGLEBRIGHT. Yes; I yield.

Mr. GEARHART. The legislature passed a memorial before this bill was ever introduced. That is correct, is it not?

Mr. ENGLEBRIGHT. That is correct. This bill was introduced after the legislature passed the resolution, but efforts were made since this bill was introduced to have the legislature reverse its action, and members of the legislature have written to me, and I have the letters here, saying that they refused to reconsider their action, and that they were still opposed to this bill.

The State Chamber of Commerce of California is opposed to the measure. The Farm Bureau organizations of California have opposed the measure. The cattle raisers' associations have opposed the measure. Various other agricultural organizations have opposed it, due to the fact that the future life of the farm area depends upon the development of additional water or providing storage for irrigation, and for hydroelectric purposes. There are 16,000 pumping wells in the area that is irrigated from the Kings River watershed proposed to be included in this park. As outlined on the map on the left of the board, the area in red is the proposed national park. The lands in color, some 30 miles west of the proposed park area, are the lands that are irrigated, 1,300,000 or more acres. There are 35,000 farm units in this area. There are 75,000 farmers and 75,000 additional inhabitants in the cities and small towns in the locality.

The proposed bill sets out an area some 6 or 8 miles west of the Kings River area, which includes large Sequoia trees. This is a separate unit, not in the Kings River Canyon, and is adjacent to General Grant National Park.

Mr. SIROVICH. How many acres?

Mr. ENGLEBRIGHT. About six or seven thousand acres are included in the large-tree area. It has no connection, however, with the Kings Canyon territory.

Along in the early part of the year the Secretary of the Interior made a trip to California and spoke in behalf of this proposed bill.

When the Secretary of the Interior appeared before the Public Lands Committee of the House he made this statement:

Secretary ICKES. The members of this committee, before whom all proposed legislation affecting the national parks must be reviewed, are aware of the fact that the bill to establish the John Muir-Kings Canyon National Park in California does not deal with a new project. The subject has been before the Congress from time to time since Senator Miller, of California, introduced the first bill to establish a national park embracing the scenic Kings River Basin in 1881.

All such bills have failed because they were piecemeal attempts to solve a comprehensive problem. The people who are dependent upon the resources of the Kings River Basin have not been willing to permit the basin to be dismembered and to have one resource developed at the expense of another. With good justification they have insisted upon a comprehensive conservation and development program embracing the best use of all the resources of the basin.

As a result of careful study—and this problem has now been studied for more than 50 years—Representative GEARHART has presented a program composed of three related bills.

The first bill provides for the construction of lateral canals for the Central Valley project in order to extend the benefits of irrigation to additional sections of interior California. This bill deals with the lower portion of the Kings River Basin.

The second bill authorizes the Bureau of Reclamation to construct the Pine Flat irrigation and flood-control reservoir, together with power dams on the Kings River which are found feasible in connection with the Pine Flat project. This bill deals with the foothills portion of the basin.

The third of Mr. GEARHART'S bills is for the establishment of the John Muir-Kings Canyon National Park, a proposal of both local and national importance. This bill deals with the upper portion of the Kings River Basin.

The Pine Flat irrigation project and the John Muir-Kings Canyon National Park proposal are closely linked, because they both relate to the use of the same general land area; to the use of public lands under the control of Congress and the President. It is extremely important that these projects be properly coordinated. Part of the lands jointly affected by the irrigation project and the national park proposal are essential for economic development. Part of them are primarily important for recreation, which in areas of high scenic value calls for preservation and protection.

If the Federal Government should establish the John Muir-Kings Canyon National Park, without at the same time mapping out a policy for irrigation and power development for this region, there would be danger that the national park might have boundaries conflicting with a sound economic policy.

If, on the other hand, the Government should go ahead with irrigation and power dam construction before establishing a national park, there would be danger that this commercial development would damage an area primarily important as a scenic and recreation asset.

By mapping out both of these important projects together, it is possible to harmonize them without injury to either. If either of these projects were put forward without regard to the other, there would be uneasiness and apprehension among the friends of the other measure, and where there is apprehension there is generally needless antagonism, to the detriment of the public.

It has been easier to make a joint approach to these questions of economic and recreational use because both the Bureau of Reclamation and the National Park Service are in the Department of the Interior. Many months ago I asked the heads of these two bureaus to thresh out every issue on which there might be a conflict of interest, and to adjust them so that all legitimate rights might be recognized in their plans—the right of the people of the San Joaquin Valley to the use of the waters of the Kings River, and the right of the people of California as well as of the Nation to the recreational value of the Kings Canyon wilderness.

The Secretary also made this statement:

I am happy to state that these bureaus have been assisted in this effort by the attitude of the people of the San Joaquin Valley, by those who are most closely connected with irrigation, such as the Kings River Water Association, as well as by many chambers of commerce and business interests that are also concerned with providing for the visiting public. In addition, both State and National conservation organizations have come to the support of this comprehensive program, which is the culmination of many years of separate efforts, now united.

At the time that the three bills were introduced it was presumed that a solution of the problem had been found, but after the bills were before the committees, the representatives of the Kings River Water Users Association appeared in Washington and determined that the bills were entirely inadequate, that they did not solve their problem,

that the boundaries to the proposed park were not satisfactory, and that the bills did not protect the interests of the vast area of agricultural lands.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. ENGLEBRIGHT. Not at this time.

The gentleman from California [Mr. GEARHART] appeared before the Public Lands Committee for 3 days supporting this park bill. On March 29 he made this statement upon his own request before the committee:

Gentlemen and Mr. Chairman, as I pointed out during the course of my discussion on this bill time and time again, I consider the interests of the irrigationists to be far more important than any other interests we might have under consideration. The two bills that I have introduced, one for the creation of this park, and the other for the creation of the Pine Flat project, were bills which I thought, as did the people who induced me to introduce them, created a pattern for the water control of this drainage area. A few moments ago I was advised by the chairman and chief engineer of the Kings River Water Association, an organization which includes in its membership a large proportion, perhaps as many as 90 percent, of the users of water in that drainage area, that neither bill is satisfactory to that organization. In view of this startling information and in view of the fact it is the irrigationists alone whom I desire to serve, I think those gentlemen should be heard by this committee at this point. And I sincerely trust that you will act on anything that they have or will suggest to you, if they are permitted to testify. I think that the suggestion which was made by Mr. ENGLEBRIGHT or Mr. ELLIOTT should be followed, that a subcommittee be appointed to go to California and find out what the situation is. That report will be the one which I will abide in, too.

The representatives of the Kings River Water Users Association followed in testifying before the committee and requested that no action be taken on this measure until reports that were in course of preparation by the War Department and by the Reclamation Bureau were made public. Up to the present time such reports have not been made public, and it has not been possible for the Kings River Water Users Association, the representatives of 1,300,000 acres of cultivated land, to have available the information they desire.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. ENGLEBRIGHT. I yield.

Mr. SIROVICH. Did the committee go out to California to view this area?

Mr. ENGLEBRIGHT. Upon the request being made the chairman of the committee stated that it would be impossible for a subcommittee to go to California to go into this question.

Mr. DEROUEN. Mr. Chairman, will the gentleman yield?

Mr. ENGLEBRIGHT. I yield.

Mr. DEROUEN. Was it not a question of precedent that after hearings are held no committee is sent to reinvestigate?

Mr. ENGLEBRIGHT. I hope this will not be taken out of my time, Mr. Chairman.

Mr. DEROUEN. I will see that it is not taken out of the gentleman's time; I will give him some time. It has not been done during the 14 years I have been in Congress.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. ENGLEBRIGHT. I shall be pleased to yield.

Mr. O'CONNOR. Is it not a fact that the question was submitted to the committee to determine whether or not a subcommittee should go to California to investigate this? And is it not a further fact that the committee voted it down?

Mr. ENGLEBRIGHT. That is very true.

Mr. O'CONNOR. Then the chairman of the committee was not to blame for that?

Mr. ENGLEBRIGHT. Not at all.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. ENGLEBRIGHT. I yield.

Mr. GEARHART. Is is not a fact that the chairman of the Kings River Water Association, the chief engineer of the Kings River Water Association, the president of the California South San Joaquin Valley Flood Control Association, and the chief engineer of that organization, were in Washington a week ago and that every one of them announced publicly that the irrigationists that they have represented had no interest in this park area one way or the other and were not offering any opposition to its creation at all?

Mr. ENGLEBRIGHT. I know no such statement. To the contrary, the representatives of the Kings River Water Association, Mr. Kaupke and others, called at my office and advised me that they were still opposing this park bill and would until such time as the boundaries could be properly determined or until there was available to them the reports of the War Department and the Reclamation Bureau. They had not changed their position, and stated I could quote them as so stating in a telegram they sent me after they returned to California from the hearing, and that they still maintained the same position: That they desired to have a flood control or War Department project considered, and that this park bill and the pine flat reclamation bills were detrimental to their interests, and that they could not proceed under them as they would jeopardize the future welfare of the agricultural land area.

Mr. GEARHART. Will the gentleman yield?

Mr. ENGLEBRIGHT. I yield to the gentleman from California.

Mr. GEARHART. May I advise the gentleman that both of these men have just issued statements to the press, which I will present and read into the RECORD, stating that they have no interest in this park one way or the other, that it has no bearing whatsoever upon the irrigation problems, in which they have their primary interest.

Mr. ENGLEBRIGHT. May I call the gentleman's attention also to the fact that these same gentlemen have advised me with reference to that statement of the press that it was given without their authority and there is no foundation in fact for such statement.

Mr. DONDERO. Will the gentleman yield?

Mr. ENGLEBRIGHT. I yield to the gentleman from Michigan.

Mr. DONDERO. Is there any Federal power project tied up with this proposal?

Mr. ENGLEBRIGHT. The future of the development of the agricultural acreage largely depends upon the development of cheap power. There are 16,000 pumping wells out there. The farmers of that locality pay from a million to two million dollars a year in power bills. The proposed park area includes 80 percent of the potential power that can be developed, according to the statement of the expert connected with the Federal Power Commission who appeared before the Public Lands Committee. With the creation of the park it will preclude development of such power for the use of farmers. When I say "power," I do not mean power in the ordinary sense of the word, but power for the farming interests. That is one of the reasons the farmers have been opposing this measure. They do not want any action taken until the War Department and the Reclamation Department act in the matter. When Mr. GEARHART came before the committee he agreed that this matter should be delayed until full information might be had.

Mr. Chairman, out of fairness to the people of this locality and out of fairness to a group of farmers and people who have developed a great agricultural area out there, who have developed water resources through their own efforts and with their own money, no action should be taken on this bill until a full study can be made of the problem. The Legislature of California has requested that a park bill be not enacted into law. The members of the Legislature of California were importuned to change their action after hearings were held on this bill before the House committee. They refused to rescind their action. At the proper time, Mr. Chairman, I propose to offer a motion to recommit the measure.

Mr. DEROUEN. Will the gentleman yield?

Mr. ENGLEBRIGHT. I yield to the gentleman from Louisiana.

Mr. DEROUEN. Is it not a fact that the California Legislature did not mention any bill at all and that that resolution was passed before Mr. GEARHART introduced this bill?

Mr. ENGLEBRIGHT. It passed a resolution requesting that no action be taken creating a park which would take away from the farmers their resources.

Mr. DEROUEN. That has never been brought before our committee.

Mr. ENGLEBRIGHT. That resolution was filed with the Public Lands Committee.

Mr. Chairman, I yield back the balance of my time.

Mr. DEROUEN. Mr. Chairman, I yield 8 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, the Committee on Public Lands held hearings on this bill for 15 or 16 days, and those hearings covered about 425 closely typewritten pages. We went into the matter very carefully and, with your permission, I want to give as brief a picture as I can of the history of this matter. As the gentleman from California [Mr. ENGLEBRIGHT] stated, it was sought to set this area aside as far back as 1881, that effort having been made by Senator Miller, of California. This was opposed by various groups as well as having been sponsored by other groups. This land today is Government-owned land. Its supervision is within the control of the Forest Service. It is now sought to set it aside as a park area in order to preserve it in its natural state of wilderness.

Mr. Chairman, as one who has lived for 30 or more years in the western country and close to various wooded areas, where we have fine standing timber, that we have seen destroyed within a short period of time by fire. We get better fire protection through the National Park Service than we do through the Forest Service, and this is no reflection upon the Forest Service, because that is very good, also. More people visit in the park areas and when a fire breaks out there is greater opportunity for the people who are around to stamp out the fire before it gains such momentum that no human being can put it out. That is one of the reasons why it is sought to set this area aside and put it under the jurisdiction of the National Park Service. This will permit people to go in there and enjoy unprecedented sights. This area almost approaches, but not quite, the great Yellowstone National Fark in my own State. I would not concede, of course, that any park reaches that point of beauty and perfection.

I am engaged in the farming business as well as other sorts of business and I have always had in mind the protection of people who own farms and I have always had in mind the protection of water users. You will recall that the distinguished gentleman from California pointed out on this map that there were something like 35,000 farmers involved in this matter. I want to refer to an amendment that I had something to do with placing in this bill, which protects every farmer and every water user in connection with his use of the water which he is entitled to use. This amendment provides:

> Nothing in this act shall be construed to affect or abridge any right acquired by any citizen of the United States in the above-described area.

When any person has acquired any rights, whether they are inchoate or complete, that right is protected under the provisions of this bill and nobody can take it away from them.

I also want to call attention to the fact that there is no one in the United States, no class of people in the United States, other than the farmers, who has greater friends in the Department of the Interior than Secretary Ickes and Commissioner Page. I call attention to the language Page used in his letter of June 13, addressed to the distinguished chairman of the Public Lands Committee. In that letter he made the following statement:

> The establishment of the proposed national park will not in any way interfere with plans of the Bureau of Reclamation for full use and control of the water of the Kings River for irrigation or for hydroelectrical development, since all reservoir sites found feasible and necessary are located outside of the park boundaries.

The establishment of this park has nothing to do with the development of outside area. Confirmation of that statement is found on page 330 of the hearings. Major General Schley, who has investigated this matter, used the following language in a letter to the chairman of the committee:

> From the information available to the Department, it appears that any works which may be recommended for construction as the result of his investigation will be outside of the proposed John Muir-Kings Canyon National Park, so that the report of this Department could have no bearing upon H. R. 3794.

And that is the bill that is before this House.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. For a brief question.

Mr. COCHRAN. I take it, then, in view of what the gentleman has said, that he is opposed to the language on page 13 of the bill, inserted by the committee?

Mr. O'CONNOR. That is not my amendment. I may say to the gentleman that if he moves to strike it out, I will support his amendment.

Mr. COCHRAN. When the time arrives I intend to move to strike out that language on page 13 beginning in line 8 and ending on line 14.

Mr. O'CONNOR. The gentleman will find a lot of support for that motion.

As late as July 18 General Schley confirmed by conversation over the telephone with the chairman of our committee the very language he used in the letter I have just read.

I also wish to call your attention to pages 11, 12, 13, and 14 of the hearings, which show the number of organizations throughout the State of California and other places that are supporting this bill. You will never find unanimity of opinion of local people with reference to these matters. You will find them in Montana objecting to this and Wyoming objecting to that. The people of the United States of America have some interest in this matter as well as the people of California. As long as the bill protects the people of California in the manner in which it does in this case, it seems to me the bill should have the support of the Members of the House.

I also call your attention to the economic features of this area. Being a livestock man, I inquired whether or not the setting aside of this area for park purposes would interfere with the permittees' use of these lands for grazing sheep and cattle. You will find on page 9 that there are only 985 cattle grazing in that tremendous area, and 300 sheep. The permittees have the right to graze that number of cattle and that number of sheep, and we have protected them in the bill. On page 8 you will find this language:

> That no grazing permits heretofore issued and in effect on January 15, 1939, affecting the area described in this section, for whose renewal an application is made before the date of expiration, shall be affected by this act.

[Here the gavel fell.]

Mr. ROBINSON of Utah. Mr. Chairman, I yield 2 additional minutes to the gentleman from Montana.

Mr. O'CONNOR. I call your attention to the fact that every person who has the right to graze livestock, either cattle or sheep, is protected.

I also call your attention to the fact that from the standpoint of mining the hearings disclose this, and it is not challenged:

> The area is not important for mining. It has been prospected for decades without result.

From an economic standpoint, this area has no value whatever. It has value only for the sightseers of the country who go into these vast wilderness territories for the purpose of fishing and other sports.

You will find on pages 11, 12, 13, and 14 of the hearings that people throughout the United States in large organizations are back of this bill, and that there is widespread interest in the preservation of this primitive area for national-park purposes.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. Will this measure interfere with the irrigation projects out there?

Mr. O'CONNOR. Not the slightest, because the bill protects them if they have any interest in the waters that rise in that park. The very bill we have drawn protects them, in the amendment I just called to the attention of the House. There is not a single right of any individual, whether it is inchoate or whether it is complete, that will be interfered with by this bill.

Mr. GEYER of California. Where does the opposition come from?

Mr. O'CONNOR. From many sources. It is just like opposition to any other bill. You cannot put a bill through here but that there is opposition to it from some source.

Mr. ENGLEBRIGHT. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from California.

Mr. ENGLEBRIGHT. Does the gentleman contend that the irrigationists could go up into the area proposed to be placed in this park and construct hydroelectric plants and reservoirs, when this land will have the status of a national park?

Mr. O'CONNOR. There is no intention as far as the Army engineers are concerned, or on the part of Commissioner Page, to go into the park. Every contemplated dam that will be built is going to be built in the area outside of this park.

Mr. ENGLEBRIGHT. The gentleman is speaking of the War Department and of the Bureau of Reclamation. The gentleman is not taking into consideration future plans or what may prove to be necessary in the future.

Mr. O'CONNOR. I will answer that question by calling attention to the letter written by Commissioner Page dated June 13, 1933, at the bottom of which he says that every dam contemplated will be without the area of this park. [Applause.]

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. ELLIOTT].

Mr. ELLIOTT. Mr. Chairman, before the 2 hours of debate are completed you will hear many reasons advanced as to why this area should be made into a national park. I wonder if the Members of the House have stopped to consider who has taken care of this area up to the present time. The National Forest Service has preserved and cared for this great area ever since its inception, you might say; 35 years, to be exact. Up until that time it was cared for by Nature.

There are many things to be taken into consideration in connection with this bill. The gentleman from Montana has just finished speaking about grazing. At no time has there been anything else but an attempt to make this area into a national park without giving consideration to those who have had the use of the land and would continue to have the use of it. We are disregarding the people in the San Joaquin Valley. Eighty-eight percent of the people who go into the mountainous area in California are from the State of California, and most of those people are from the San Joaquin Valley. We are going to say to those persons who do not have the dollar bill to go into a national park, "You can no longer go into this area free of charge and hunt and fish and stay there and rest as long as you want to with your family."

Just as soon as this area is made into a national park, you are going to say to the American people of the United States, including the people of California, "We want a dollar, please, to go into this area." They are enjoying the use of that area at the present time, but we are proposing here to take the privilege of hunting away from the people; we are taking the privilege of fishing away from them to a certain extent. How many of you have gone into one of the national parks and wanted to fish, and have them tell you that this portion is set aside for Colonel So-and-So, or "Mr. Somebody from Washington is coming out here, and we don't want anybody to fish on this stream?"

All kinds of provisions are put into effect with respect to the national parks that we should be getting away from instead of talking about creating any more national parks, and if it had not been for the pressure of the Department of the Interior, I repeat the remarks I made here a few weeks ago, this bill would be dead at the present time. The Department of the Interior, with its group of workers in the State of California and on Capitol Hill, has continued to put out propaganda, and in my State they have literally rung doorbells to get resolutions sent here to the Congressmen and the Senators in behalf of this measure. Why? Not because the people of California want this area made into a national park. When the vote was taken in the assembly and in the senate in Sacramento in January, on the question that no more area be made into a national park, what was the vote? Fifty-five assemblymen voted against taking any more area into a national park and 22 voted for it, and out of the 40 senators 2 voted for placing further area into national parks.

If the people of California had wanted this, as has been represented to you people on Capitol Hill and to the Public Lands Committee, would not the State assembly and the State senate have joined hands and a majority of them voted that way? Of the 120 members only 24 voted to place this area in a national park.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. I yield for a short question.

Mr. SCHAFER of Wisconsin. Is it not a fact that the Secretary of the Interior, Mr. Ickes, is the daddy of this park baby?

Mr. ELLIOTT. He is.

Mr. SCHAFER of Wisconsin. If the power amendments put in by the committee are incorporated in the bill, do you not think we ought to change the title of this bill and name it "the Harold L. Ickes power project"? [Laughter.]

Mr. TERRY. Mr. Chairman, will the gentleman yield for a brief question?

Mr. ELLIOTT. Yes.

Mr. TERRY. The statement was made awhile ago that there are 35,000 farmers living in this area. If you make this into a national park, will they continue to reside in that area?

Mr. ELLIOTT. They will.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. I yield.

Mr. ROBINSON of Utah. There are not 35,000 people living in the park area.

Mr. ELLIOTT. There are not 35,000 people living in the Kings Canyon area, but adjacent to it on the agricultural lands south and westward of this area.

Mr. ROBINSON of Utah. There is not anyone living in the park area that you know of at the present time?

Mr. ELLIOTT. Just a few hunters and fishermen.

Mr. ROBINSON of Utah. It is entirely a wilderness, is it not?

Mr. TERRY. As it is now most of this land is in the national forest except 5,000 acres.

Mr. ELLIOTT. All except the proposed area that will be purchased later on.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. I yield.

Mr. PATRICK. Are there any farmers or any persons engaged in making a livelihood in the park area now?

Mr. ELLIOTT. Only from a grazing standpoint.

Mr. PATRICK. There are no farms there?

Mr. ELLIOTT. No.

Mr. PATRICK. How would their status be affected by this legislation?

Mr. ELLIOTT. By the water and the power. The water could be held in abeyance and let out in the summer months and power could be generated and the electric energy used for pumping purposes in the San Joaquin Valley.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. Yes.

Mr. DONDERO. I was interested in what the gentleman said about the land that is to be acquired later. Has the gentleman any estimate of what that is going to cost the Government?

Mr. ELLIOTT. No; I have not. I may say that Senator MURRAY introduced a bill in the Senate this year calling for $460 per acre, but I understand that bill has been withdrawn at the present time.

Mr. DONDERO. How many acres does that involve?

Mr. ELLIOTT. A little over 5,000 acres.

Mr. DONDERO. That would amount to about $2,000,000.

Mr. ELLIOTT. Yes; and I may say further that this bill is the entering wedge and you people will be called upon later to provide funds of the Federal Government for the purchase of privately owned property.

As for the proposed redwood area, the plea has been put out to save the big trees, and gentlemen have had pamphlets mailed to them by the dozen. They are not in the Kings Canyon area. They are 30 miles distant, and these are in private ownership and will have to be purchased. This bill is the entering wedge to an agreement later in the next session, and then Mr. Ickes will go before the Committee on Appropriations again and turn on his heat and have the boys dig up the money to buy that area.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. Yes.

Mr. ROBINSON of Utah. There is no authorization in this bill for any appropriation.

Mr. ELLIOTT. I did not say that there was any authorization in it. I said that this is an entering wedge to include this area in this bill, and that next session there will be an effort made to purchase this area.

Mr. ROBINSON of Utah. Does not the gentleman agree that the area proposed, this redwood area, should be at some time purchased and owned by the Government?

Mr. ELLIOTT. Why should it be brought into this bill when it is 30 miles distant? There is no occasion for it. It has no connection.

Mr. ROBINSON of Utah. I did not ask the gentleman that.

Mr. ELLIOTT. And I did not answer that.

Mr. ROBINSON of Utah. I want to know if the gentleman does not feel that that redwood area should be owned by the Government?

Mr. ELLIOTT. I think the redwood area should be owned by the Government, but I feel it is wrong to bring this area into this bill at this time as an entering wedge, and that is all it is put in there for, and the gentleman knows it.

Mr. ROBINSON of Utah. Is it not a fact that all of the departments and those who have investigated this redwood area feel that it is of such importance that it should be preserved and perpetuated for future generations, and therefore owned by the Government?

Mr. ELLIOTT. I might answer the gentleman by saying that I personally have no objection if they could purchase this area within a reasonable amount at some other time.

Mr. ROBINSON of Utah. But it has got to be purchased at some other time. This bill does not purchase it.

Mr. ELLIOTT. This bill opens up the gateway for the purchase, and it is a build-up for placing this in the bill, and it is said that if we do not have this bill and this area in here at this Congress these trees are to be destroyed. Why was this bill drafted and acreage on Redwood Mountain, owned by the University of California, excluded, and areas owned by the big lumber people excluded? The Sierra Club sent hundreds of thousands of folders all over the United States; they own 160 acres right in the heart of this 460,000-acre proposed Kings Canyon Park bill. Is it possible the Government by building trails and roads enhances their property? And when I asked Mr. Ickes about that, he said maybe we will get them to give it to us. I am tired of this "or something" business. I want to know what the facts are before they are enacted into law. [Applause.]

Mr. ENGLEBRIGHT. Mr. Chairman, will the gentleman from California yield?

Mr. ELLIOTT. Yes.

Mr. ENGLEBRIGHT. Was it not the understanding of the Kings River Water Association, representing some 75,000 farmers and 300,000 acres of land, that the reclamation project was to be provided to give them flood and power facilities and additional water for their lands and that the two projects were to be combined and that they were to be enacted into law with the support of the Interior Department?

Mr. ELLIOTT. That is correct.

Mr. ENGLEBRIGHT. In other words, this bill is a bill in connection with the $57,000,000 reclamation project, which is a bill pending before Congress at the present time?

Mr. ELLIOTT. That is correct.

Mr. THORKELSON. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. Yes.

Mr. THORKELSON. Is it not a fact that the area around this park is a potential grazing area for the stockmen in that locality?

Mr. ELLIOTT. That is correct.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. Not any further; I want to finish. On December 22, 1938, before the gentleman from California [Mr. GEARHART] departed to his district in California, he made a speech in which he stated, "Kings Park is key to Pine Flat." Now, there is a trade down the line on this area. There is no use whipping around the bush. The trade is to the people in California: "If you people will give me Kings Canyon as a park, that you have objected to all these years, I will assist you in getting you Pine Flat Dam." I would not object if we were today giving the people Pine Flat Dam and water protection and cheap power, but we are not doing that. We are passing out a park bill, and they have scuttled the Pine Flat Dam bill over in the committee. The hearings were stopped on the Pine Flat Dam bill. No effort is being made to take care of what the people want. I think the people of California should be considered in their desires. I agree with what the gentleman from Montana said. The Federal Government owns this area. Yes. But I say to you Members of this House, if there is something in your State that you wanted, would you not think this House should consider you first, as the Representative of that area, representing your district?

The people in my district are overwhelmingly opposed to this measure. I submitted more than 100 resolutions against the creation of this national park. Among those resolutions I submitted 23 resolutions from Mr. GEARHART's district. Among them was the Farm Bureau, the largest organization of farmers in the State of California.

I want to read another article to show you that this is a trade proposition. When Mr. Ickes was in California on the 14th day of February he made this statement:

> Before my term of office expires I hope to return here to help dedicate the national park and to stand by the side of your able and efficient Representative, B. W. GEARHART, watching precious water making a garden out of what is now a potentially rich desert.
>
> If that happens, each bill will have what it most needs—national support for a local project. Pine Flat, and local support for a national project, the park proposal, and a combination of these two must be victorious.

In other words, it is imperative that they go along together.

Another statement that Mr. GEARHART made before departing in December:

> GEARHART says the flood project depends on park—

So there was a trade or a promise to the people that if they would withdraw their objection they would be given later consideration as to what they wanted with regard to water and cheap power.

Now, a statement has been made in the press and over the radio that this is not a hunting area. I introduced in the RECORD a letter from a gentleman who has hunted there during the past 6 years, showing that this is one of the great

hunting areas of the State of California. I might mention the number of licenses that were sold in the State of California last year. Hunting licenses, 234,842; fishing licenses, 313,819; deer tags issued, 128,436.

A statement was made in the hearings that 159 deer is the average kill in this area. The average deer killed in this area is 241, checked by the forest rangers of Sequoia National Forest and Sierra National Forest. Additional deer killed in area taken to east side but no authentic figures available. Total number checked in Sierra and Sequoia National Parks, 3,140.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield? I know the gentleman wants to be fair.

Mr. ELLIOTT. Yes; I yield.

Mr. ROBINSON of Utah. If you will read a little further on it says only 149 of that 3,000 were taken from this particular area. Is that not true?

Mr. ELLIOTT. You were not listening. I said the average deer killed in this proposed Kings Canyon area was 241 instead of 159 that has been told you, and I quoted the source of my information.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ELLIOTT. Now, I will comment on the grazing. At one time 20,000 head of sheep grazed in this area. But this thing has had a build-up. They have lessened the grazing rights in the last few years, getting ready to discharge this bombshell of taking over this area into a national park, showing that there are only around 1,200 head of cattle and sheep in this area. But at one time that area grazed 20,000 head of sheep. During a drought year that area today could be used. If we had 2 or 3 drought years that area would be much needed for cattle and sheep of San Joaquin Valley.

In the hearings held before the Public Lands Committee no proponent of the bill who testified had ever been in this area. The closest Mr. Silcox ever got to it was in an airplane. Mr. GEARHART, the author of the bill, went as far as the road went, and he said he was a little fleshy and he did not want to walk, so he stopped there. He never got into this area. Very few people who appeared before the committee knew what was in this area.

Mr. SCHAFER of Wisconsin. How far did Mr. Ickes get?

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. ELLIOTT. I yield.

Mr. WHITE of Idaho. If the Park Service takes it over and carries out its program of no road building, will anybody ever get to see this area?

Mr. ELLIOTT. I could not answer that.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. ELLIOTT. I yield.

Mr. SCHAFER of Wisconsin. How far did Mr. Ickes, the daddy of this park baby, get into the area?

Mr. ELLIOTT. He never stated how far he got.

I want to mention another feature. The statement has been made that there will be no loss to the counties if Redwood Mountain is purchased. Tulare County will lose $850.29 yearly.

The statement has been made that the private owners of Redwood Mountain were delinquent in taxes. I have a telegram from the county tax collector to the effect that only $40 of taxes on this property are delinquent.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield on the question of taxes?

Mr. ELLIOTT. I yield.

Mr. ROBINSON of Utah. Is it not a fact that only $1,202 is paid in taxes on this land yearly and that at the present time one-quarter of that amount goes to the county? So one-quarter, or approximately $400, is all that is involved in taxes in this area.

Mr. ELLIOTT. That is correct on Kings Canyon, but Redwood Mountain is included in this bill. When Redwood Mountain is taken over under purchase by the Federal Government taxes will cease coming to the county to the extent of $850.

Mr. ROBINSON of Utah. I think the gentleman is in error on that.

Mr. ELLIOTT. I am sure of my facts. Redwood Mountain is not owned by the Federal Government. I saw the tax receipt. Eight hundred and fifty dollars is the amount from Redwood Mountain, but Kings River Canyon is not Redwood Mountain.

Mr. ROBINSON of Utah. May I read a letter that comes from very good authority on the subject? It says that the National Park Service, with headquarters in San Francisco, advises us that the total taxes paid last year for 4,000 acres of privately owned timberlands on Redwood Mountain which would be affected by the establishment of the park is $1,202.

Mr. ELLIOTT. That is Redwood Canyon?

Mr. ROBINSON of Utah. That is Redwood Canyon.

Mr. ELLIOTT. My statement is taken from the tax collector of Tulare County to the effect that Redwood Mountain taxes payable to Tulare County are $850.29 yearly. In the event this privately owned land is taken over by the Government this money will be lost to Tulare County.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. I yield.

Mr. VOORHIS of California. Do I understand that the gentleman is opposed to the Redwood Mountain area?

Mr. ELLIOTT. I am against this bill under which the farmers are being robbed.

Mr. VOORHIS of California. But the Redwood Mountain area has not anything to do with that.

Mr. ELLIOTT. What is it doing in the bill?

Mr. VOORHIS of California. Is the gentleman opposed to the purchase of the Redwood Mountain area?

Mr. ELLIOTT. What is it doing in the bill?

Mr. VOORHIS of California. I just want to know if the gentleman is for it or against it.

Mr. ELLIOTT. I am against the bill. That is in the bill.

Mr. VOORHIS of California. The gentleman is against the purchase of Redwood Mountain?

Mr. ELLIOTT. I am against the entire bill, because agriculturists and power users are not protected.

Mr. ENGLEBRIGHT. Mr. Chairman, will the gentleman yield for a question?

Mr. ELLIOTT. I yield.

Mr. ENGLEBRIGHT. Is it not a fact that in the last session of the Seventy-fifth Congress the chairman of the Public Lands Committee introduced practically an identical bill creating the Kings River National Park, and at that time the Secretary of Agriculture, Mr. Wallace, rendered an adverse report to the committee and set up numerous reasons why the bill should not be enacted into law?

Mr. ELLIOTT. That is right.

Mr. ENGLEBRIGHT. Has the gentleman any knowledge as to why the Secretary of Agriculture, or the Forest Service, might have changed their views since the Gearhart bill was introduced?

Mr. ELLIOTT. I will answer the gentleman from California by saying that pressure was brought to bear, and we all know it, on the Forest Service and on the Agricultural Department; that they joined hands and helped get this bill out of committee.

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. DEROUEN. Mr. Chairman, will the gentleman yield?

Mr. ELLIOTT. I decline to yield, Mr. Chairman.

When Mr. Beebe testified for the Federal Power Commission before the Public Lands Committee, he brought out very important information of interest to the committee. I asked Mr. Beebe to come back the next day to testify. I called him on the telephone, and this was his answer: "If I came back before the Public Lands Committee to testify, it might mean my job."

Now, Mr. Chairman, I ask why it is so imperative that we pull this bill out and pass it without knowing the untainted truth and facts? And we have not known them. Let me

state something else right here to bring out what has really happened on this bill.

The Sierra Club, Mills Towers, San Francisco, Calif., published and distributed 100,000 bulletins, containing a page urging that citizens and organizations write letters and pass resolutions sending them to Senators and Congressmen. The American Civic and Planning Association has had representatives canvassing Congressmen out on the hill for the last 3 months.

Dr. Palmer has spent most of 2 months contacting Congressmen urging them to support H. R. 3794. Irving Brant, a newspaperman on the pay roll of Ickes, has continuously circulated around the Hill and the departments urging support. Arno B. Cammerer, Director of National Parks; A. E. Demaray, Assistant Director of National Parks; Col. John R. White, Assistant Director of National Parks; Ben Thomson, Assistant Director of National Parks; and Mr. Beiter, all have spent months circulating among Members of Congress urging support, and this activity was a governmental expense. Frank Kitteridge, Regional Director of the National Park Service, and B. F. Manby, Assistant Regional Director of the National Park Service, have circulated California and literally rung doorbells in that State for the past year, again at Government expense, stimulating resolutions, publicity, and support for this proposal.

Mrs. Brown and W. G. Schultz were all on the pay roll out there in the interest of this park bill and the taxpayers are paying the bill.

Mr. ROBINSON of Utah. Will the gentleman yield?

Mr. ELLIOTT. If the gentleman will yield me time, I will.

Mr. ROBINSON of Utah. I have no time to yield.

Mr. ELLIOTT. I cannot yield.

Mr. Chairman, this bill should be sent back to the committee. It is only the beginning of an effort to take more area for parks and put it under the Federal Government. The proposed Kings Canyon Park bill is only an entering wedge for a far greater system of national parks and monuments in California, a State which already has four national parks and eight monuments, covering a total acreage of 4,000,000 acres. This is proven to be the fact by a Government bulletin showing the recreational use of the land in the various parks, prepared by the National Park Service and published by the National Resources Board in 1938. [Applause.]

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 1 minute to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON of Utah. Mr. Chairman, I just want to make the statement that the gentleman from California [Mr. ELLIOTT] intimated that the committee was in collusion with certain individuals who had been in Washington. I have been in Washington all the time and I am a member of this committee. May I say to the Members of the House that none of these individuals to my recollection or memory ever called on me or said one word to me about this bill. So far as I am concerned—and I think this applies to the rest of the members of the committee—we have made up our own minds with reference to the bill on the evidence adduced at the hearings and from what our general information has been.

Mr. ELLIOTT. They have called on others, have they not?

Mr. ROBINSON of Utah. I do not know. They did not call on me.

Mr. ELLIOTT. I did not say you. I said on Capitol Hill.

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. GEARHART].

Mr. ROBINSON of Utah. Will the gentleman yield for a statement?

Mr. GEARHART. I yield to the gentleman from Utah.

Mr. ROBINSON of Utah. I wish the gentleman would state to the Members of the House the amount of the park that is in his district, the amount that is in Mr. ELLIOTT's district, and also what part of this park, if any, is in Mr. ENGLEBRIGHT's district, so the Members of the House will have this information.

Mr. GEARHART. Mr. Chairman, answering the gentleman's question, may I say that not a single acre of the proposed park is in the district represented by the gentleman from California [Mr. ENGLEBRIGHT]. The balance of the acreage is divided between my district and the district represented by the gentleman from California [Mr. ELLIOTT], as follows:

In the Kings Canyon area there are 439,985 acres. Of these 357,425 acres are in the district represented by myself—the Ninth District—and 82,560 acres are in the Tenth Congressional District represented by Mr. ELLIOTT. In other words, about four-fifths of the area is in my district. The road which leads into this area is entirely in my district. The part in the district represented by Mr. ELLIOTT is inaccessible by road.

Mr. O'CONNOR. Will the gentleman yield for an observation?

Mr. GEARHART. I yield to the gentleman from Montana.

Mr. O'CONNOR. I want to say in substance the same thing that the gentleman from Utah [Mr. ROBINSON] said. I am a member of the Committee on the Public Lands, and no Member of Congress, no official in Washington, nor anyone else has ever spoken to me about supporting this bill. I sat and listened to the evidence for 15 or 16 days and I made up my mind that I was for the bill, and I am.

Mr. GEARHART. I am very happy to hear the gentleman from Montana say that. I am grateful to him for his support.

Mr. Chairman, considerable heat has been engendered during the course of this debate. If I may, I would like to lead the membership back to a calm, dispassionate consideration of the provisions of this bill, as well as the objectives which it would attain.

On the eastern side of the San Joaquin Valley lies that great mountain range known as the Sierra Nevadas. On the very crest of that mountain range, in the neighborhood where are found the highest peaks in all of continental United States, lies one of the greatest scenic areas in all the world. Back in the eighties, when the late, lamented, and ever to be beloved John Muir first recommended to the Congress the creation of certain national parks in California, he recommended that the Yosemite on the Merced River, the area where the General Grant trees now grow, and the area further south where other great trees grow, the Sequoia region, be made into national parks. He also recommended at that time that another area, the area that is embraced in the bill I am now calling your attention to, be made into a national park. In accordance with the recommendation of that great naturalist, Congress in 1890 created the Yosemite, Sequoia, and General Grant National Parks. It did not create the Kings River Canyon area a national park at that time for a very, very definite reason. The reason was that the Kings River area, the most beautiful of all the areas, was inaccessible to mankind. You could not get in there in 1890 except on foot. That inaccessibility has remained unchanged until the present year, 1939.

This year, for the first time, this wondrous region, this scenic wonderland, is to be opened to human entry. So something has to be done about it. Next year, because of the lure of scenic beauty, great crowds will be attracted there, and those crowds will have to be cared for, their comfort provided for. In other words, mountain management must be provided for the tourists, sightseers.

It is for this reason that I have introduced this bill to create a national park of this, the greatest scenic area in all the world. The air has been beclouded with charges that irrigationists who live on the lower San Joaquin Valley plains are going to be deprived of some inalienable rights by reason of the creation of this park.

Just last week the chairman and the chief engineer of the largest irrigation association in the Kings River drainage area, the president and the chief engineer of the South San Joaquin Valley Flood Control Association, were in Washington, and all four of those gentlemen announced to me that

they had no interest in whether this park was created or not, for the reason that its creation would not affect at all the irrigation interests which are their first concern.

The gentleman from California has denied that statement, so I quote here the following article from the Visalia (Calif.) Morning Delta, which is headlined, "Kings Park Plan Protest Dropped by Water Users; 'Not Interested in Park Bill Now,' Says Charles L. Kaupke, Chief Engineer."

FRESNO, June 26.—A delegation of Kings River Water Users Association officials which today started for Washington to confer with Representative B. W. GEARHART on Kings River irrigation, reclamation, and power developments, asserted the trip will not include opposition to the Kings Canyon National Park proposal.

The water users previously vigorously opposed the park and Pine Flat project bills introduced by GEARHART.

PARK ACTION DUE

"We are not interested in the park bill now," said Charles L. Kaupke, Kings River watermaster and a member of the delegation, "That is now out of the way. We are interested only in the Pine Flat project." The park bill has been approved by a House committee and now awaits action.

Other members of the delegation are W. P. Boone, president, and R. E. Shore, a director of the water users' group, and R. F. Schmeiser, a director of the South San Joaquin Valley Flood Control Association.

FACT-FINDING BODY

"We will be a fact-finding body," Boone said. "We have no preconceived ideas, and we will operate as we deem best after we have conferred with GEARHART and others, who are interested in the project."

Both the water users and the flood-control group have urged delay in action on the Pine Flat development until the reports of Reclamation Bureau and Army engineers on river studies are completed.

Mr. ENGLEBRIGHT. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from California.

Mr. ENGLEBRIGHT. What is the date of this newspaper statement the gentleman is reading?

Mr. GEARHART. I am very glad to inform the gentleman. It is dated June 28, 1939.

Mr. ENGLEBRIGHT. Is that since the gentlemen referred to left Washington or prior to the time they were in Washington?

Mr. GEARHART. Before, if I recall correctly.

Mr. HORTON. Mr. Chairman, will the gentleman yield for a question?

Mr. GEARHART. I yield to the gentleman from Wyoming.

Mr. HORTON. Can the gentleman advise the Committee what is the natural flow of Kings River?

Mr. GEARHART. The natural flow of Kings River will be just the same after the creation of this park as it is now and has ever been heretofore.

Mr. HORTON. That is not answering my question. I want to know in acre-feet the average flow per year of the river. Then I would like to have the gentleman tell me how much of that natural flow will be taken care of in the reservoirs that are being provided for. Then I wish the gentleman would tell me what you are going to do in flood years when, I understand, there is sometimes 10 times more water in the river than there is in normal years.

Mr. GEARHART. All of the projects looking toward flood control and irrigation improvement that are now being considered by any organization or by any body of engineers provide for construction entirely outside of the boundaries of the proposed park, so the park, if it is created, will not affect at all the flowage of water down to the area below.

I do not want to leave the subject of the peculiar beauty of this area without quoting the words of that greatest and most beloved figure, "Old John of the Mountains," John Muir. In an article that he wrote for Century magazine in 1891, he said:

In the vast Sierra wilderness far to the southward of the famous Yosemite Valley there is a yet grander valley of the same kind. It is situated on the south fork of Kings River, above the most extensive groves and forests of the giant sequoia, and beneath the shadows of the highest mountains in the range, where the canyons are deepest and the snow-laden peaks are crowded most closely together. It is called the Big Kings River Canyon, or Kings River Yosemite. It is about 10 miles long, half a mile wide, and the stupendous rocks of purplish gray granite that form the walls are from 2,500 to 5,000 feet in height, while the depth of the valley below the general surface of the mountain mass from which it has been carved is considerably more than a mile. Thus it appears that this new Yosemite is longer and deeper, and lies embedded in grander mountains, than the well-known Yosemite of the Merced. Their general characters, however, are wonderfully alike, and they bear the same relationship to the fountains of the ancient glaciers above them.

There is just one other quotation that I want to read, from one whose words I know will be of high influence with the membership of this body. I refer to a comment of the former Speaker of this House, the Honorable Frederick H. Gillett. He once said:

I went through the Sequoia National Park and the Kings and Kern Valleys with a pack train, and I spent there 2 of the most interesting and healthful weeks of my life. I do not suppose it is possible to compare the different beauties of nature according to their relative excellence, but if there is any finer scenery in the world than this I should like to see it.

Mr. Chairman, this bill does not provide for the purchase of a single acre of land. This is a peculiar bill in that it will not cost the Government one cent more if you pass it than if you do not pass it. Of this vast area of some 450,000 acres there are about 4,500 acres that are in private ownership, but the private ownership of land in a national park or in a national forest is not an unusual thing. You may create this park and this land may remain in private ownership forever; and it probably will remain in private ownership forever unless a condition arises which makes the Government desire in accordance with public policy to purchase it. So I wish to point out that the mere passage of this bill will not impose upon the Government or even suggest to the Government the necessity of buying any land at all.

This vast acreage is in the National Forest Reserve, all with the exception of a few privately owned acres. It may be, in fact I believe it is certain, that this land now in private ownership will be purchased by the Government in the very near future whether this bill passes or not, for the reason that it is unthinkable that the Government stand idly by and permit the destruction of those grand monarchs of the forest, the oldest, the largest living things on the face of this earth. Whether this bill is passed and this area becomes a national park or whether the bill is defeated and this land remains in the national forests, either the Forest Service or the Park Service will proceed to buy this privately owned land; but this bill does not have anything to do with that. That end will have to be achieved under other and totally different legislation.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. I note on page 4 of the report the following language:

The bill provides that the President may, by proclamation, add to the General Grant Grove section the Redwood Mountain tract of sequoias, an area of 10,000 acres, of which 4,297 acres are privately owned.

It would seem to appear from that that we are going to raid the taxpayers' Treasury for a couple of hundred thousand dollars to purchase these 5,000 acres of land.

Mr. GEARHART. That is not true at all. The bill provides for nothing like that.

Mr. SCHAFER of Wisconsin. Then I would like to have an explanation of why that is in the report.

Mr. GEARHART. The privately owned land which will be by proclamation included in the park can remain privately owned land after it is included in the park. We have privately owned land in parks and we have privately owned land in forests, and we have had that situation from the time of the beginning of the two systems or methods of mountain management.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from California.

Mr. THOMAS F. FORD. On page 13 of the bill appears this language:

> But nothing herein shall prevent the construction upon said land of such works as may be recommended by the Chief of Army Engineers or the Bureau of Reclamation for the control of floods, or for the use or conservation of water for irrigation or hydroelectric power in the areas adjacent or contiguous to said lands.

Would those works be built in the park or outside of the park?

Mr. GEARHART. The gentleman has read a committee amendment which I am not in favor of and which I hope will be stricken from the bill, for this reason and this reason alone: The Army engineers and the engineers of the Bureau of Reclamation, after making a thoroughgoing study of this area, have stated that they had no intention of recommending the construction of any works of any kind within the park boundaries, because the dam, reservoir, and power-generating sites are not economically or financially feasible.

[Here the gavel fell.]

Mr. ROBINSON of Utah. Mr. Chairman, I yield the gentleman 2 more minutes.

Mr. IZAC. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield.

Mr. IZAC. Would the gentleman care to tell the committee what the valuation by the private owners is of this private land at the present time?

Mr. GEARHART. This bill has nothing to do with the purchase of land and, therefore, that has not been the subject of inquiry. If the park is established, it can remain private land and will remain private land until the Government, acting under other authority and under other legislation, decides to make these purchases.

Mr. IZAC. But, if the gentleman please, many Members here are undecided how to vote on this bill and that question enters into it very materially, I will tell the gentleman. How much do the private owners expect to make if the Government buys the land, 5,000 acres of which the gentleman declares is in the redwood mountain region?

Mr. GEARHART. The statement has been made that all the land can be purchased for $150,000. Various estimates have been bandied about, but that is not a consideration. If this bill does not pass and this land remains in the Forest Service, those same private acres will be purchased by the National Forest Reservation Commission of the United States for the Forest Service. That is the point which I have been endeavoring to emphasize. The Government will save no money in either event. The cost will be the same whichever governmental agency administers the area.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I do not like to yield further, because I have not had time to really talk about this bill.

In the few minutes I have remaining I want to say that this land constitutes the most beautiful scenic area in all the world. It is being opened to the public now by reason of the completion of a road which the State of California has built at a cost of about $10,000,000 and which has required in construction some 16 years. The land therefore should be, and will have to be, managed. It is now in the Forest Service and the Forest Service has asked to be relieved of this responsibility. The Forest Service does not want this land any more. They sent their Chief to testify before this committee and to tell us over and over again that they regarded this property of national-park caliber and a national-park responsibility per se. They do not want to assume the responsibility of its care. Why should the Congress force this responsibility upon them? [Applause.]

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 8 minutes to the gentleman from Wyoming [Mr. HORTON].

Mr. HORTON. Mr. Chairman, I am going to start out by being a peacemaker to a little extent. Unfortunately, there has been a little hard feeling cropping out from time to time in these hearings, but I think every man here and every man on the committee grants the other fellow the right of his own "thinks," and it works both ways. When we get out of here I do not believe there is going to be any feeling whatsoever in this matter, although it has been a hotly contested hearing from start to finish.

Frankly, I was just a little bit disappointed in the gentleman from California, the author of this bill, because this is the first time I have ever seen a man from California who could not make a mountain out of a mole hill. It is just one of the characteristics of that grand, fine State. I do not think he has really done justice to this piece of country we are talking about. If I had the power of superlatives I would certainly use them to describe this wonderful, beautiful, colossal, stupendous country which we are now considering. It is everything that has been said about it and a lot more, and I think I ought to have the thanks of the man introducing this bill for plugging for him up to this extent; but—and do not forget the "but," because we are going to come back to that before we get through. You know, originally, God made that country just about the way she is, and all through the ages she has come on down, one of the grandest, finest, most beautiful countries in all the world. The redwoods, the sequoias, of which the gentleman speaks, stand ready to attest that fact. They are at least 2,000 years old, the oldest living thing on the face of the earth, and stand as proof that this country has been protected all through that time. It ought to be a rather grand thing to sit or stand, whatever the posture is that those old redwoods assume, throughout all time and look upon this wonderful, beautiful country, because it is just that. Man, perhaps, first came into that country 200 years ago and they have not spoiled it, and then along about 31 years ago along comes the Forest Reserve; and the Forest Reserve, through its administration, has been responsible for maintaining the beauties of that wonderful country right up until the present day. So if, as the gentleman says, and he does say it, and it is true, this country is beautiful and wonderful and one of the greatest pieces of country that lies outdoors, everybody else in the world except the National Park Service is responsible for the country as it is today; and, after all, this is a grand old forestry department we have, and they have done a grand job.

Now, there are one or two little things I want to clear up. What is this road coming in here that the gentleman speaks about?

The statement has been made that this park bill must pass this year. That statement was not made on the floor, but it is in the record—that this bill must pass this year, because the crowd is coming up. I had occasion to call up the Forestry Department this morning and I said, "This land is still your land, it does not belong to the park, and what are you going to do about the crowd?" The reply was, "We are making all of the arrangements necessary to take care of any crowd at the present time. We will take care of sanitation and the camp grounds, they will be provided." So that this great big hurry up, in order to take care of this crowd, dissolves itself into thin air, because the forest reserve will take care of the crowd when they come.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. HORTON. Yes.

Mr. GEARHART. As a matter of fact, Mr. F. A. Silcox, Chief Forester, testified before the hearings, and asked that the bill be passed creating the park, that the Forest Service be relieved of this responsibility, did he not?

Mr. HORTON. Oh, I wish my friend from California would not press that subject. That was lip service that was given. I wanted to evade any controversy of that kind. Since the gentleman insists, let me say that I do not know of anyone connected with this proposed park matter outside of the Interior Department, that is not scared to death. You are getting lip service, but if you want to know what they feel about it, go down there and talk to them, and you will find where the pressure is coming from. I know where it is coming from but I do not want to say where at this time.

Mr. GEARHART. This pressure has been going on for a long time.

Mr. HORTON. I do not know. I have been here only about 6 months.

Mr. GEARHART. The gentleman knows that Secretary Houston and Secretary Hyde and Secretary H. C. Wallace as well as Secretary H. A. Wallace, have all recommended this be taken from the Forest Service and put into the Park Service.

Mr. HORTON. Has the gentleman finished his question?

Mr. GEARHART. And that all of their predecessors and those interested in it, Mr. Graves and Mr. Stewart have also recommended it time and again down through the years, through Republican administrations as well as Democratic administrations.

Mr. HORTON. I thank the gentleman for the information, and if the gentleman will let me alone, I will proceed; but the fact still remains that the pressure is there, and the only reason that this is being pressed at this time is because the Interior Department wants it, and do not you think anything else. There is another thing, and that is about this so-called Redwood Mountain. That does not belong in the bill. That is 30 miles away from this proposed park. Do you have to carve out 450,000 acres in order to get a little park here where the Redwood Mountain runs between the Grant Park and the Sequoia? That is all shot full of holes. Those things absolutely do not hold water. I had hoped to go into this question more extensively than I have had an opportunity at this time, but I want to tell you that all of my life I have been in a State where the Yellowstone Park exists, and irrespective of anything that the gentleman from Montana [Mr. O'CONNOR] might say about the Yellowstone Park, it lies more in Wyoming, and all you have to do is to look at the map to see. All my mature life I have lived next to a forest reserve, and I want to point out the difference between a park and a forest reserve. So far as a park is concerned, there is a matter of tradition that you must not include commercial water in a park, it must not be developed commercially; and the point I make is that if you at this time make this area into a park and include these waters of great commercial values, they will be developed, because they are paramount. And since such development in a park is contrary to all park tradition, you imperil the entire park system for the reason that what you can do in one you can do in all. On the other hand, a forest reserve has a multiple-purpose set-up. The land is just as beautiful, just as wonderful, except that you make use of it.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 2 minutes more to the gentleman from Wyoming.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I was going to tell you about these parks and forest reserves. I live near them and I know considerable about them which might be helpful, and I use the forest reserves in many ways, and their cooperation with adjoining ranchers is most helpful.

Mr. O'CONNOR rose.

Mr. HORTON. All right, shoot.

Mr. O'CONNOR. Does not the gentleman realize that the most beautiful part of the Yellowstone National Park has been carved out of the great State of Montana?

Mr. HORTON. I think the gentleman can well be proud of the Yellowstone in Montana, because it is so much superior to anything outside of the park in Montana that there is no comparison; but in Wyoming there are many more beautiful things than you find in the park. [Laughter and applause.]

Mr. REES of Kansas. Will the gentleman yield?

Mr. HORTON. I yield.

Mr. REES of Kansas. After all, is this not the fact, that the only pressure you have had for this park is from the Secretary of the Interior, and the farmers and agricultural people in that vicinity are opposed to it. Is that not right?

Mr. HORTON. Absolutely.

Mr. ELLIOTT. Will the gentleman yield?

Mr. HORTON. I yield.

Mr. ELLIOTT. Is it not a matter of fact that the Forest Service, as this area is being administered at the present time, although 350,000 acres of Sequoia National Forest is adjacent to it, have grazing rights; and as it is at the present time the Forest Service protects that area of great trees, whereas in the Kings Canyon area there are no large trees?

Mr. HORTON. That is right. You cannot even take your pet dog with you into a national park. You cannot take a cold bath and yell if you want to in a national park. You cannot pick a flower. You cannot hunt. You must keep off the grass. There are mental hazards wherever you go. The exact opposite is true in a forest reserve. Hunt, pick flowers, fish, if you get a cold bath in the morning and you want to yell there is nobody to stop you. They cooperate with you in every respect.

Now, answering the gentleman from Montana, the users of the forest reserves make up the finest fire-fighting organization that there is. Without that help and that cooperation of the users you would not be able to save your forests in the national park, which depends upon that cooperation all the time to prevent fires in their area. [Applause.]

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield before he starts?

Mr. ROBINSON of Utah. I yield for a question.

Mr. WADSWORTH. Will the gentleman add my name to his own and perhaps several other members of the committee as amongst those who were not approached by anyone from the outside?

Mr. ROBINSON of Utah. I will be glad to. I think the issues here have been very much confused. I do not believe there has been any question of corruption or anything of that sort involved in this matter. It is not a question between the Interior Department and the farmers, as the gentleman from Kansas [Mr. REES] said. If the gentleman will look at the hearings, he will find page after page of farm organizations, of chambers of commerce, of practically every organization in California, pleading with the committee to make a park out of this area. If you will turn to page 11 of the hearings, you will find hundreds and thousands of farmers, farmers' organizations, chambers of commerce, water users' organizations pleading with us to pass this bill. So it is not a question of the Department of the Interior. It is a question between two great departments.

In my State we are proud of our parks. I think the National Park Service is one of the finest services that has ever been organized under the Federal Government. We are also proud of our Forest Service. There is no tinge of corruption and no question of efficiency has ever been raised against either one of these services. But here is a question as to which of these bureaus of the Government should take charge of this particular area, and we are happy in this instance to have a unanimous report on that.

I want to make this clear to this Committee, that both the Department of Agriculture and the Department of the Interior, possibly for the first time on a question like this, have agreed that this particular area should be controlled and operated by the National Park Service. I want to call your attention to the hearings on this question. Chief Forester Silcox appeared before our committee and he stated that at one time there was some misunderstanding, but it was wholly due to misapprehension and misstatement of facts. He said that from the Sixty-sixth Congress down to the present Congress they have been before our committee asking our committee to pass a bill putting the control of this area under the National Park Service. That is the Forest Service. That is the Forest Service making these statements. The Forest Service itself, in other words, says to the Members of Congress, "We think that the National Park Service can better take care of this area than we can."

Now, are we going to listen to this expert testimony, to those people who have gone on the ground and made a careful study of this entire problem, or are we for some reason presented on this floor, going to do away with that expert testi-

mony? In my opinion, there is not any question about what we should do with reference to this bill. There has not been a Secretary of Agriculture during the last decade who has not agreed that this is national-park area. There has not been a Chief Forester during the past decade who has not agreed that this area should be operated by the National Park Service. Shall we take any notice of them, or shall we be guided by our prejudices?

One other thought which I want to bring before this Committee. It has been mentioned a number of times, and I hope the Committee understands this clearly. This has nothing to do with money. I grant you that California will be in here trying to get some money to purchase this great, fine stand of trees that it has down there, but that will not make any difference whether this bill is passed or not.

Mr. ELLIOTT. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON of Utah. Yes; I yield.

Mr. ELLIOTT. Is it not a fact that you made the statement there would be no money spent? When this is made into a national park they will be building fine roads and trails like they are in every other area, and the Federal Government will pay.

Mr. ROBINSON of Utah. No more money will be spent under this bill than is spent in any other national park.

Mr. ELLIOTT. But they will spend money.

Mr. WADSWORTH. They do that in the forest reserves now.

Mr. ROBINSON of Utah. Some money will have to be spent, of course, for it takes money to operate a park; but there will be just as many trails built, just as many roads built under the Forest Service as there will be under the National Park Service. Now, I want to clear up this point with reference to these trees.

I think every Member who has seen these trees, or who would take the trouble to go out and see them would feel that they should be owned by the public, that the United States should own them. Whether or not we pass this bill there will be a movement on foot to get and keep the title to this great fine grove of trees in the Federal Government.

Here is an area which every man who visits it says should be a national park, an area that is now owned by the Federal Government, an area 40 miles long by 18 miles wide, within which are only 5,000 privately owned acres. The National Park Service and the Forest Service of the Department of Agriculture asks you to dedicate this area for the use and benefit of your posterity; that is what they are asking you to do. It should be dedicated, it should be consecrated to the future use of America; and the only way this can be done is through the passage of a bill such as the one now before you.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON of Utah. I yield.

Mr. RICH. Does not the gentleman think that in the past 6 or 8 years we have set aside enough ground for national-park areas that we ought to have a breathing spell; that we ought to try to conserve some of our resources and do things in other fields than trying to make everything a playground?

Mr. ROBINSON of Utah. I think the greatest service that could possibly be rendered by this Congress, so far as preserving national resources is concerned, is to set such areas aside for national use. The gentleman implies the matter of money in his question, but I may say to him that money is not involved in this case.

Mr. RICH. Inside of 5 years they will be back here asking for $5,000,000, and the gentleman knows it.

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, a lot of matters have been brought in here that really have no connection whatever with this bill, matters that are more or less assumptions. This committee made an investigation, held hearings, and read all the evidence before it brought this bill out.

We are told that it will take money. There is no money involved here. This bill does not carry an appropriation, nor does it seek to authorize the appropriation of any money. It does do this: It states that about 4,000 acres of redwood in this area of California should be preserved. In any event this would have to come back to Congress, it would have to come back to the Appropriations Committee before any money could be spent on it. The question of money, therefore, is far removed and should not affect this bill at all.

This entire area is owned by the Government. We are simply taking an area that has no further resources and placing it into a park where it properly belongs.

We have been told that many people are against it. I assume that is true of any bill passed by Congress, there are people for it and people against it.

I read now a telegram from the Governor of the State of California:

Hon. RENÉ L. DEROUEN,
Member of Congress, Washington, D. C.:

I am convinced that Congress should adopt the necessary legislation to set aside the Kings River region as a national park. The facts and arguments presented by Regional Director Frank A. Kittredge, of the National Park Service, in favor of this proposal are, it seems to me, persuasive and conclusive. I feel certain that the establishment of this national park is in the interest of both State and Nation and wish to go on record as endorsing House Resolution 3794.

CULBERT L. OLSON,
Governor of California.

Much has been said that has no relevancy to the bill. There has been a lot of animosity exhibited, either political or otherwise. As chairman of the committee I have been very conscious of all this, and I have attempted at all times to keep above partisanship in my many years of service in this Congress. [Applause.] I say to the membership right now that partisanship is not involved in this bill. We should pass this bill and preserve this area as provided in the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Louisiana has expired. All time has expired.

The Clerk read as follows:

Be it enacted, etc., That the tract of land in the State of California particularly described as follows, to wit: Beginning at the summit of Junction Peak, being a point on the present north boundary of Sequoia National Park, also a point on the Tulare and Inyo County line; thence westerly along said north boundary of said park to the crest of the hydrographic divide between Boulder Creek and Sugarloaf Creek; thence in a northerly direction along the crest of the hydrographic divide between Boulder Creek and Sugarloaf Creek to the intersection of said divide with the section line between sections 3 and 4 of township 14 south, range 30 east, Mount Diablo base and meridian; thence northerly along the section line between said sections 3 and 4 and between sections 33 and 34 of township 13 south, range 30 east, to the northwest corner of southwest quarter of section 27; thence northwesterly along the ridge immediately adjacent to and lying northeast from the headwaters of the east fork of Lightning Creek to the intersection of said ridge with the section line between sections 21 and 28, township 13 south, range 30 east, which point lies on the said section line three quarters of a mile more or less westerly from the northeast corner of said section 28; thence in a northerly direction across the easterly branch of the east fork of Lightning Creek at Summit Meadow to the ridge north of said creek branch; thence northeasterly along said ridge to Lookout Peak; thence in a northeasterly direction along the ridge from said peak, being also the crest of the hydrographic divide between Sheep Creek and Lightning Creek to the intersection of said ridge, with the line between sections 15 and 22, township 13 south, range 30 east, which point lies one quarter of a mile more or less westerly of the northeast corner of said section 22; thence easterly along said section line to the corner of sections 14, 15, 22, and 23; thence north along the line between sections 14 and 15 to the southwest corner of the northwest quarter of the northwest quarter of section 14; thence east to the southeast corner of the northeast quarter of the northwest quarter of the said section; thence south to the southwest corner of the northeast quarter of the said section; thence east to the southeast corner of the southwest quarter of the northeast quarter of the said section; thence south to the southwest corner of the northeast quarter of the southeast quarter of the said section; thence east to the northeast corner of the southeast quarter of the southeast quarter of the said section; thence south to the southwest corner of section 13; thence east on the line between sections 13 and 24 to the southeast corner of section 13; thence south to southwest corner of the northwest quarter of the northwest quarter of section 19, township 13 south, range 31 east; thence east along the north latitudinal one-sixteenth section line of sections 19, 20, and 21 to the southeast corner of the northeast quarter of the northwest quarter of said section 21; thence north to the quarter section corner of sections 16 and 21; thence east along the line between sections 16 and 21 to the southeast corner of said section 16; thence north along the section line to the quarter section corner of sections 15 and 16; thence west along the latitudinal quarter section line of sections 16, 17, and 18 to the northwest corner of the southeast quarter

of section 18; thence north to the northeast corner of the southeast quarter of the northwest quarter of said section 18; thence west to the northwest corner of the southwest quarter of the northwest quarter of said section 18; thence north along the range line between ranges 30 and 31 east, township 13 south to the northeast corner of section 13, township 13 south, range 30 east; thence west along the line between sections 12 and 13 to the southeast corner of the southwest quarter of the southwest quarter of section 12; thence north to the northeast corner of the southwest quarter of the southwest quarter of said section 12; thence west to the northwest corner of the southeast quarter of the southeast quarter of section 11; thence north to the northeast corner of the northwest quarter of the northeast quarter of said section 11; thence west along the line between sections 2 and 11 to the northwest corner of the northeast quarter of the northwest quarter of said section 11; thence south to the southwest corner of the northeast quarter of the northwest quarter of said section 11; thence west to the northwest corner of the southwest quarter of the northwest quarter of said section 11; thence north along the line between sections 10 and 11 and 2 and 3 to the intersection with the ridge of southeast spur of Stag Dome; thence in a northwesterly direction along the crest of said spur to the summit of Stag Dome; thence in a northwesterly direction along the crest of said spur to the summit of Stag Dome; thence in a northerly direction along the crest of the hydrographic divide between Lewis Creek and Deer Cove and Grizzly Creek to its intersection with Monarch Divide at Hogback Peak; thence in a westerly direction along the crest of Monarch Divide, to its junction with the northwesterly spur of Mount Harrington; thence northwesterly along the crest of hydrographic divide on the southwest side of the Gorge of Despair to the intersection with the line between sections 12 and 13, township 12 south, range 29 east; thence continuing west along the line between sections 12 and 13, 11 and 14 to the southwest corner of the southeast quarter of the southeast quarter of said section 11; thence northerly to the southwest corner of the southeast quarter of the northeast quarter of said section 11; thence east to the quarter section corner of sections 11 and 12; thence north to the southeast corner of the northeast quarter of the northeast quarter of said section 11; thence east to the southeast corner of the northwest quarter of the northwest quarter of section 12; thence north to the northeast corner of the northwest quarter of the northwest quarter of said section 12; thence east to the quarter section corner of sections 1 and 12; thence north to the northeast corner of the southeast quarter of the southwest quarter of said section 1; thence east to the southeast corner of the northwest quarter of the southeast quarter of said section 1; thence north to the northeast corner of the northwest quarter of the southeast quarter of said section 1; thence east to the quarter section corner of sections 1 and 6; thence north along the range line between the ranges 29 and 30 east, township 12 south, to the northeast corner of said section 1, township 12 south, range 29 east; thence east along the township line between townships 11 and 12 south, range 30 east to the southeast corner of the southwest quarter of the southwest quarter of section 31, township 11 south, range 30 east; thence north to the northeast corner of the southwest quarter of the southwest quarter of said section 31; thence west to the northwest corner of the southwest quarter of the southeast quarter of section 36, township 11 south, range 29 east; thence south to the quarter section corner of sections 1 and 36; thence west along the township line between townships 11 and 12 south, range 29 east to the northwest corner of section 1, township 12 south, range 29 east; thence south to the southwest corner of the northwest quarter of the northwest quarter of said section 1; thence west to the northwest corner of the southwest quarter of the northwest quarter of section 2; thence south to the northwest corner of the southwest quarter of the southwest quarter of said section 2; thence west to the northwest corner of the southeast quarter of the southeast quarter of section 3; thence south to the southwest corner of the southeast quarter of the southeast quarter of section 3; thence continuing south to the intersection with the four thousand four hundred contour; thence along the four thousand four hundred-foot contour in a southwesterly direction to its intersection with Tombstone Ridge, being also the hydrographic divide between two unnamed creeks to the mouth of the Middle Fork of the Kings River; thence in a northwesterly direction along the crest of the Tombstone Ridge to the summit of the Obelisk; thence in a straight line in a northeasterly direction crossing Crown Creek to the summit of Kettle Dome; thence in a northeasterly direction along the crest of Kettle Ridge to the summit of Finger Peak in the White Divide; thence northwesterly along the crest of the said White Divide and the Le Conte Divide, passing over the summits of Mount Reinstein and Red Mountain to the summit of Mount Henry; thence in a northerly direction along the crest of the north spur of Mount Henry to the junction of the South Fork San Joaquin River and Piute Creek; thence across the South Fork San Joaquin River and in a northeasterly direction along the hydrographic divide between Piute Creek and the South Fork San Joaquin River to the summit of Pavillion Dome; thence in an easterly direction along the crest of said hydrographic divide to its intersection with Glacier Divide; thence continuing southeasterly along the crest of said Glacier Divide to a point of intersection with the crest of the Sierra Nevada Range, also the boundary line between Inyo County and Fresno County; thence continuing southeasterly along the crest of said Sierra Nevada Range, passing over the summits of Mount Lamarack, Mount Darwin, Mount Haeckel, Mount Wallace, Mount Powell, Mount Thompson, Mount Gilbert, Mount Johnson, Mount Goode, Mount Winchell, North Palisade, The Thumb, Mount Bolton Brown, Split Mountain, Cardinal Mountain, Striped Mountain, Mount Perkins, Colosseum Mountain, Mount Baxter, Diamond Peak, Black Mountain, Dragon Peak, Mount Bixford, Mount Gould, University Peak, Mount Bradley, and Mount Keith to the summit of Junction Peak, being the point of beginning; is hereby reserved and withdrawn from settlement, occupancy, or disposal under the laws of the United States and dedicated and set apart as a public park, to be known as the John Muir-Kings Canyon National Park, for the benefit and enjoyment of the people: *Provided*, That nothing in this act shall be construed to affect any valid existing rights: *And provided further*, That all grazing permits heretofore issued and in effect on January 15, 1939, affecting the area described in this section, for whose renewal an application is made before the date of expiration, shall be continued during the lifetime of the present holders thereof subject to such terms and conditions to insure protection of the lands and for other purposes as may be prescribed by the Secretary of the Interior.

SEC. 2. That the General Grant National Park is hereby abolished, and the west half of section 33, township 13 south, range 28 east, and west half of section 4, all of sections 7 and 8 and the northwest quarter of section 9, township 14 south, range 28 east, Mount Diablo meridian, California, together with the lands formerly within the General Grant National Park, California, and particularly described as follows, to wit: All of sections 31 and 32, township 13 south, range 28 east, and sections 5 and 6, township 14 south, range 28 east, of the seme meridian, are, subject to valid existing rights, hereby added to and made a part of the John Muir-Kings Canyon National Park and such lands shall be known as the General Grant grove section of the said park. The General Grant grove section of the John Muir-Kings Canyon National Park may, by proclamation of the President, be extended to include the following described lands, to wit: Section 9, south half, section 10, southwest quarter, and that part of the east half south of Generals Highway; section 11, that part south of Generals Highway; section 13, that part south of Generals Highway; section 14, that part south of Generals Highway, section 15, east half, northwest quarter, and the southeast quarter of the southwest quarter, section 21, southeast quarter of the northeast quarter, and the east half of the southeast quarter; section 22, east half, east half of the northwest quarter, southwest quarter of the northwest quarter and southwest quarter; section 23; section 24, that part south of Generals Highway; sections 25 and 26; section 27, east half, northwest quarter, and that part of the southwest quarter north and east of the crest of Redwood Mountain; section 34, that part east of the crest of Redwood Mountain; sections 35 and 36, township 14 south, range 28 east; all of sections 1 and 2; section 3, that part east of the crest of Redwood Mountain; section 11, that part east and north of the crest of Redwood Mountain; all of section 12; section 13, that part north of the Sequoia National Park boundary, township 15 south, range 28 east, Mount Diablo meridian, which shall be subject to all laws, rules, and regulations applicable to the said park. Such extension of the General Grant grove section of the said park shall not interfere with the movement of stock and vehicular traffic, under general regulations to be prescribed by the Secretary of the Interior, to and from national forest lands on either side of the said park extension. The John Muir-Kings Canyon National Park shall receive and use all moneys heretofore or hereafter appropriated for General Grant National Park.

SEC. 3. That, in order to insure the permanent preservation of the wilderness character of the John Muir-Kings Canyon National Park, no hotels, permanent camps, or other similar physical improvements shall be constructed therein and no exclusive privileges shall be granted within the said park, or on or over the roads and trails therein, except upon ground used for public housing purposes, but the Secretary of the Interior may, in his discretion, limit the character and number of nonexclusive privileges that he may grant within the said park. No privileges shall be granted for a period in excess of 1 year. No new roads, truck trails, or public-housing structures other than simple trailside shelters with camping and eating facilities shall be constructed within the area described in section 1 hereof, and within the area in secton 2 hereof authorized to be added by proclamation of the President, but this shall not be construed to apply to that portion of the park lying within the canyon of the South Fork of the Kings River below its junction with Copper Creek: *Provided*, That, in this excepted area, the housing structures erected thereon shall not be leased for summer home-site purposes. The provisions of this section shall not apply to the lands formerly within the General Grant National Park.

SEC. 4. That all shelters, buildings, facilities, and improvements necessary for accommodation of the public and all developments required for proper park administration, shall be erected within the John Muir-Kings Canyon National Park only by the Federal Government. The provisions of this section shall not apply to the lands formerly within the General Grant National Park.

SEC. 5. That the National Park Service shall, under the rules and regulations to be prescribed by the Secretary of the Interior, administer for public recreational purposes the lands withdrawn, and the waters which may now or hereafter be impounded thereon, for the proposed Cedar Grove and Tehipite Dome reclamation dam and reservoir projects, but the administration of either or both of these areas for recreational use shall be subject to the dominant use of such lands and waters for reclamation purposes, and all structures erected within said areas shall when required be removed therefrom without cost to or compensation from said

projects. If either or both of the aforesaid projects are constructed, the lands withdrawn therefor which lie above the high water line exclusive of any lands necessary for the administration of the reclamation projects may be added to the John Muir-Kings Canyon National Park by proclamation of the President. In the event that plans for the construction of either or both the aforesaid projects are abandoned and a certification to that effect is made to the President by the Secretary of the Interior with and upon the advice of the Commissioner of the Bureau of Reclamation, after public notice, hearing and opportunity to present complete facts is granted to representatives of local irrigation interests, the President may, by proclamation, add to John Muir-Kings Canyon National Park the lands withdrawn for the proposed project or projects.

SEC. 6. That any motor-vehicle license issued for Sequoia National Park shall be applicable to John Muir-Kings Canyon National Park, and vice versa.

SEC. 7. That the administration, protection, and development of the John Muir-Kings Canyon National Park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916 (39 Stat. 535), entitled "An act to establish a National Park Service, and for other purposes", as amended.

Mr. DEROUEN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with, that it be printed in the RECORD, but that the bill may be open for amendment to any section.

Mr. HOFFMAN. Mr. Chairman, reserving the right to object, I would like to ask the gentleman in charge of the bill who read a telegram from the Governor of California, whether that is the same Governor who endorsed the ham-and-egg program and then changed his mind?

Mr. DEROUEN. The chairman is not posted on such things and is very sorry he cannot answer the gentleman's question. [Applause and laughter.]

Mr. ENGLEBRIGHT. Mr. Chairman, reserving the right to object, I have no objection to dispensing with the reading of the bill providing the bill is open for amendment by sections.

Mr. DEROUEN. That was my request.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 6, after the figures "34" insert "and sections 27 and 28."

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this bill, it seems to me, has caused a great deal of excitement and consternation that never should have developed and I want to address myself for a few minutes to the reasonableness of the proposal in an endeavor to see if we cannot calm down about the matter a little bit. In the first place, this bill proposes to make a national park out of a very mountainous area in California, an area which I have not visited myself, it is true, but I have been over much of our mountainous country which is similar to this area. I have walked many miles over these rocky California mountains, and I am not surprised that in this particular proposed park area we find there are only 300 sheep and about 800 cattle that are now being grazed in there, because it is just not the kind of country where stock can be profitably grazed. It seems to me that the most reasonable use for this area of surpassing scenic beauty, therefore, is that it should be converted into a national park.

We have been told this afternoon by a number of different Members that we should not make this into a national park because it is better in the hands of the National Forest Service. I do not have any choice as between the Forest Service and the National Park Service—both are fine organizations, but I believe that in the case of this particular area the making of it into a national park will mean a much more permanent preservation of its scenic beauty which, after all, is the one most important resource that there is in this particular area.

It was said here by one of the gentlemen who spoke that there was not any support for this bill except from the Department of the Interior and some other place he mentioned. I wish I had brought my letters over here about this bill because I think I am right when I say that I have hardly received a single letter from my own district in opposition to it, but, on the other hand, I have received a great many in favor of it.

Mr. GEARHART. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from California.

Mr. GEARHART. May I call the attention of the membership to the fact that on page 3294 of the Appendix of the CONGRESSIONAL RECORD I have shown the names of over 200 organizations that have endorsed this bill.

Mr. VOORHIS of California. I thank the gentleman.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from California.

Mr. ENGLEBRIGHT. Does the gentleman recall that when the president of the Kings River Water Association appeared before the committee he stated he personally was responsible for having gotten most of the resolutions in favor of this bill because he thought and believed that water for irrigation would be supplied in connection with the park bill?

Mr. VOORHIS of California. He did not get any of the people to write from my particular congressional district. I am certain of that. Furthermore, may I say to the gentleman that I am very much in favor of the pine-flats project and I hope it will go through, but I do not see how the defeat of this bill is going to help the pine-flat bill pass. I do not think anybody should be subjected to criticism because he happens to be for both of them. It seems to me each proposition has to stand upon its own merits.

Mr. ELLIOTT. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from California.

Mr. ELLIOTT. Is it not a fact that, had not a lot of people gone down into the gentleman's district and talked with Rotary Clubs and Lions Clubs, he would not have received any letters in regard to this matter?

Mr. VOORHIS of California. I do not think so. A great many of the people in our section travel through these mountains. They are interested in national parks. I think it was a perfectly spontaneous matter.

The only area in this bill which it is definitely provided shall be in the national park is 100 percent federally owned land at the present time. It is only a matter of transfer from the Forest Service to the National Park Service. So far as the Redwood Mountain area is concerned, this bill does not provide as a mandatory matter for its inclusion. It merely makes possible its inclusion in the General Grant Park area. That is a matter for the future to decide. Certainly the purchase of this beautiful redwood grove will not be forestalled by the defeat of this bill. If you want to prevent the purchase of those beautiful redwoods, that cause will not be advanced by the defeat of this bill, but must be decided on its own merits.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it seems to me we have been doing a great deal in the past 5 or 6 years to make this country a playground. Of course, it is a nice thing to have playgrounds, and I think every community and every State ought to have a Federal park and playground for its children. I sometimes wonder, however, at the rapidity with which we are going into the matter of trying to make everything in this country a playground, where everyone can sit down quietly on park benches, do nothing, and then expect the Government to feed them. It is about time that the people of this country get back to the old idea that they have got to do a little work. If we want to have bread and butter for ourselves and for our families we ought to be able and willing to do something to get it.

They come in here this afternoon and ask the Federal Government to take over 454,600 acres and create another national park. Everyone who is in favor of this bill makes the statement that it will not cost anything to develop this

national park. Every Member who gets up here and says that this is going to be a Federal park belonging to the national-park system and is not going to cost any money is about the biggest boob I have ever seen in my life, because anyone who thinks that you can create an additional national park and do it on air has something wrong with him from here up.

Mr. GEARHART. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from California.

Mr. GEARHART. I am one of those boobs with something wrong from here up.

Mr. RICH. I will ask the gentleman a question.

Mr. GEARHART. I want to point out to the gentleman why he is in error. I know he will listen because he is a very fair man. This area is going to be opened up by a road this fall and because the road will go in there for the first time there will be thousands of tourists visit the area. Whether it becomes a national park or whether it stays in the national forests, those forests have to be cared for. The Forest Service, thinking that possibly this bill might not pass, has already had designs made for roads and trails and hotels and everything else it is expected will be placed in there, because the road recently completed has opened up that country and the people are coming in there; so it is a question of spending the money whether it becomes a park or whether the land stays in the forest.

Mr. RICH. Then the gentleman admits we are going to spend money to develop it?

Mr. GEARHART. Of course; the gentleman is going to spend some money sometime himself.

Mr. RICH. I do not believe anybody is going to have anything left pretty soon. I do not believe they are going to be able to spend any money. They are going to look to the Government to put this park on the map and then they are going to look to the Government to give them a hand-out so they can go out and see it.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Wyoming.

Mr. HORTON. Perhaps the gentleman would like to know that the records show that out of every 100 people who visit the parks of California 88 are Californians and 12 belong to the rest of the world; so it is a grand piece of money we are spending for California.

Mr. RICH. You have heard that old song California, Here We Come. That is what we are here for again today. California, by the way, is not the only State that has its hand out, because I have seen Members of Congress from 35 States come in here and try to get a hand-out for their States. If you do not believe it, just look at this Treasury statement.

Mr. VOORHIS of California and Mr. SCHAFER of Wisconsin rose.

Mr. RICH. Just a minute. I want to show the Members of Congress something that the majority of them do not know anything about. Mr. Chairman, let me call your attention, so that you will impress it upon the minds of the Members of Congress, that in the past 6 years you have gone in the red over $21,000,000,000. You have set up no less than 25 or 30 great corporations in this country, owned and operated by the Federal Government in competition with its private citizens, whereby you show about $40,000,000,000 worth of assets. When you go to liquidate those assets you will find that you are six or eight billion dollars short of being able to balance; therefore, you are probably $45,000,000,000 to $48,000,000,000 in the red at this time.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I sincerely desire that this bill be amended so that I can support and vote for it. Unless some perfecting amendments are incorporated, I shall have to vote against the bill with the committee amendments.

On page 4 of the committee report we find the following language:

> The bill provides that the President may, by proclamation, add to the General Grant Grove section the Redwood Mountain tract of Sequoias, an area of 10,000 acres, of which 4,297 acres are privately owned.

Mr. Chairman, the proponents of this bill have indicated that the bill does not contemplate the acquisition of privately owned land. In view of the fact there has been introduced in the Senate at this session of Congress, on January 16, 1939, the bill S. 631 providing for the purchase of 4,080 acres of Redwood Mountain at a cost to the taxpayers' Treasury of $460 an acre or a total of $1,876,800, we had better strike from the pending bill the provision giving the President authority to include this private land in the park project. Our Federal Government is almost bankrupt. We should not lay the ground for a $1,876,800 raid on the Treasury.

Here is another proposition which should be stricken from the bill. In this committee report we find on page 3 the following language, referring to amendment No. 12:

> This amendment provides that nothing in the act shall interfere with the construction upon the park lands of dams and reservoirs for flood control, irrigation, or hydroelectric power. The effect of this amendment is to open the entire Kings Canyon Wilderness National Park to dams and reservoirs.

Hydroelectric dams; this may be the Ethiopian in the woodpile in this bill, which caused our Secretary of the Interior, Mr. Ickes, to put all the pressure that he could behind its passage. Unless this committee amendment No. 12 is rejected, we should change the title of this bill and name it "The Harold L. Ickes Government power project," so the people can remember him after 1940 when he leaves public life.

To the sponsors of the bill I may say that, after talking with many Members of the House, I believe you will gather quite a few additional votes for the bill if you accept and incorporate the amendments which I have suggested.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield to the distinguished gentleman from Oregon.

Mr. MOTT. I would like to say for the gentleman's information that that was a committee amendment, and it was put in very much over the opposition of the Secretary of the Interior. He was not in favor of the amendment at all.

Mr. SCHAFER of Wisconsin. I am not a rubber stamp for the Secretary of the Interior. I know, however, that a good many Members of the House, including myself, will be glad to vote against this committee amendment and strike the hydroelectric provisions from this park bill. I believe that this amendment should be stricken from the bill, as well as the provision which gives the President authority to bring these four-thousand-odd acres of privately owned land within the park system, and which will be a precedent for a future raid on the Treasury to the tune of $1,876,000 for its purchase.

Mr. MOTT. The gentleman's contention may or may not be true, but I just want the gentleman to know that the Secretary of the Interior was not responsible for that amendment.

Mr. SCHAFER of Wisconsin. He is a champion of Government development, ownership, and operation of hydroelectric power. He may be rendering lip service in opposition to the amendment while praying that it be incorporated in the bill.

[Here the gavel fell.]

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I must confess at the outset I have never been to this region we are now talking about, and while my tastes as a vacationist may differ from many of my colleagues, as I see pictures of this place with thousand-foot cliffs, I do not believe I care to walk around it very much. It may be very beautiful to look at but I would be perfectly willing that other people endeavor to scale those heights.

I went through the hearings on this bill as did other members of the Committee on Public Lands and endeavored

to learn all I could about it and as a result of those hearings I decided to give my adherence to the measure.

The gentleman from Wisconsin [Mr. SCHAFER] has just called attention to some language which he criticizes very severely. It is the language found on page 13 which reads:

But nothing herein shall prevent the construction upon said lands of such works as may be recommended by the Chief of Army Engineers or the Bureau of Reclamation for the control of floods or for the use or conservation of water for irrigation or hydroelectric power in the areas adjacent or contiguous to said lands.

I think I can explain to the Committee of the Whole the reason that language was put in by the committee. As the gentleman from Oregon [Mr. MOTT] has stated, it was not requested by the Department, either the Interior Department or any other department. Many members of the committee, myself among them, were deeply impressed by the plea made by the water users down river. As I recollect there are something like 20,000 families in the area outside the park, down the river, dependent upon this river for their irrigation. Their representatives appeared before the committee and bombarded us also by mail and telegrams, pleading that we do nothing in the creation of this park which would prevent them in the future getting the benefit of that river for the irrigation of their farms.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield at that point?

Mr. WADSWORTH. I only have 5 minutes, may I go along please?

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield for just a brief question?

Mr. WADSWORTH. Hurry along, please.

Mr. O'CONNOR. Does not the gentleman believe that the language contained in the bill beginning on page 8, lines 19 to 22, takes care of all water-right users?

Mr. WADSWORTH. I was talking about how we came to offer this amendment. Many members of the committee were impressed with this plea, because it is a serious matter if you threaten the further development of 20,000 families in an irrigation district.

We knew when we were considering this bill that the Army engineers were making a survey of that whole irrigation situation, including the possible control of the flow of the water in the Kings River Canyon. So we put this provision in the bill that nothing in the bill should be construed to prevent, upon the recommendation of the Army engineers and the Reclamation Service, the erection of works which, in our mind, might prove to be necessary for the salvation of the men and women who live down the river and are dependent upon its flow. That is the sole reason it was put in—in deference to the plea of the water users.

Since it was put in and since the report was made on this bill, information has come to us in the way of a preliminary report from the Army engineers, that the result of their survey thus far has persuaded them conclusively that no such works will ever be needed in this park for the preservation of the irrigation outside the park. So it is the intention of the gentleman from California [Mr. GEARHART], supported by the members of the committee who supported this amendment in committee, to ask that the provision be stricken from the bill because, obviously, there is no further need for it. [Applause.]

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 4, line 25, after the word "dome" and the semicolon following it, strike out the remainder of the line and down to and including the word "dome" in line 1, page 5.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 6, after the word "ridge" strike out the remainder of the line and down through the word "river" in line 8.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, line 17, strike out "John Muir Kings Canyon" and insert "Kings Canyon Wilderness."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, line 20, strike out "any valid existing rights" and insert "or abridge any right acquired by any citizen of the United States in the above-described area."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, line 22, strike out the word "all" and insert the word "no."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 9, line 1, after the word "expiration," strike out the remainder of the line and the words "present holders thereof," in line 2, and insert "shall be affected by this act, except that they shall be."

The committee amendment was agreed to.

The following committee amendments were severally reported and severally agreed to:

Page 9, line 8, strike out "sections 7 and" and in insert "section."

Page 9, line 17, strike out "John Muir-Kings Canyon" and insert "Kings Canyon Wilderness."

Page 9, line 20, strike out "John Muir-Kings Canyon" and insert "Kings Canyon Wilderness."

Page 10, line 22, after the word "traffic", insert "without charge."

Page 10, line 25, strike out "John Muir-Kings Canyon" and insert "Kings Canyon Wilderness."

Page 11, strike out all of section 3.

Page 12, strike out all of section 4.

Page 12, line 8, strike out the figure "5" and insert the figure "3."

The Clerk read as follows:

Page 12, line 11, after the word "withdrawn", strike out the rest of the section and insert "but nothing herein shall prevent the construction upon said lands of such works as may be recommended by the Chief of Army Engineers or the Bureau of Reclamation for the control of floods or for the use or conservation of water for irrigation or hydroelectric power in the areas adjacent or contiguous to said lands."

Mr. COCHRAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: Page 13, line 8 to line 14, inclusive, strike out the following: "but nothing herein shall prevent the construction upon said lands of such works as may be recommended by the Chief of Army Engineers or the Bureau of Reclamation for the control of floods or for the use or conservation of water for irrigation or hydroelectric power in the areas adjacent or contiguous to said lands."

Mr. COCHRAN. Mr. Chairman, this committee amendment which I seek to strike out was, I understand, adopted in the committee by one vote. I come from the center of the country, but the people of my section are vitally interested in conservation and in the national parks. I have received many communications in reference to this amendment. It has aroused a national protest on the part of many people who have taken an interest in our national parks. It is denounced by every national-park enthusiast in the country. They claim it is setting a terrible precedent. They assert that parks should be parks and not areas of commercial exploitation, least of all for such works, dams, reservoirs, and transmission lines. They fear the inclusion of such an

amendment in any national-parks bill will create a precedent most destructive of national-park standards. Since this committee bill has been reported, as the gentleman from New York [Mr. WADSWORTH] just said, we have heard from the Chief of the Army Engineers, General Schley, and also from the Commissioner of the Reclamation Service. Both these gentlemen say that this amendment is absolutely unnecessary, that it is not needed in this bill. In view of that announcement, why should it be included here? It is not going to protect any of the irrigationists, and the retention of the amendment in the bill will serve no good purpose whatsoever, but, as I said, set a bad precedent.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. Yes.

Mr. O'CONNOR. I rise to approve every word the gentleman has said with reference to this amendment, and I hope the amendment of the gentleman from Missouri will prevail.

Mr. COCHRAN. If the committee language remains in the bill, every time you have a bill of this character you will find those who advocated it striving to place this same language in that bill. Friends of conservation, friends of national parks have a reason to be exercised over such an amendment.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. Yes.

Mr. TARVER. If I understood the gentleman's amendment correctly, he proposes to strike out a committee amendment which has not been adopted.

Mr. COCHRAN. The Chair has been stating after every committee amendment was read, "Without objection, the committee amendment is agreed to"; I thought the Chair had used that language. My amendment is to strike out the committee amendment.

Mr. TARVER. The gentleman's amendment is unnecessary. The Committee should merely vote down the committee amendment.

Mr. COCHRAN. As I understood it, the amendment had already been adopted. Probably the gentleman is correct.

Mr. TARVER. It has not been adopted.

Mr. COCHRAN. I thank the gentleman. My purpose is to see the committee amendment voted down. It has no place in this legislation. It is absolutely unnecessary, and, as I say, it is going to set a precedent that will come back to plague you. Regardless of what you think of this bill, whether you propose to vote for it or against it, this language has no place in this legislation.

Mr. ROBINSON of Utah. Will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. ROBINSON of Utah. I wish to state that this amendment came before the committee at a time when we were trying to close the session, and it was given very little consideration. At that time I, for one, opposed the amendment. I agree that it should not be in the bill and I hope that the Members of the House will strike this committee amendment, because it has no place in a bill like this.

Mr. COCHRAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COCHRAN. Did I understand the Chair to say "without objection the committee amendment is agreed to"?

The CHAIRMAN. No. The Chair desires to advise the gentleman from Missouri that the committee amendment to this particular section has not been adopted. The regular procedure will be to first submit the gentleman's amendment to the committee amendment. Then, if it is agreed to, the Chair will submit the committee amendment.

Mr. COCHRAN. Then, as I understand the situation, to accomplish my purpose we should vote down the committee amendment?

The CHAIRMAN. The vote will come first on the gentleman's amendment to the committee amendment.

Mr. COCHRAN. Then a vote on my amendment "yea" will strike out this language?

The CHAIRMAN. The gentleman is correct.

Mr. DEROUEN. Mr. Chairman, will the Chair state the parliamentary situation again? I do not believe the committee understands the situation.

The CHAIRMAN. The question first comes on adopting the amendment offered by the gentleman from Missouri to the committee amendment. The Chair will first put the amendment offered by the gentleman from Missouri. If that amendment is adopted, the Chair will then submit the committee amendment as amended for the consideration of the committee.

Mr. WADSWORTH. Mr. Chairman, if the amendment offered by the gentleman from Missouri is adopted, what is there left to put to the House as a committee amendment?

The CHAIRMAN. Striking out the language beginning on page 12, line 11, down to and including the language in line 8, page 13.

Mr. GEARHART. Mr. Chairman, I raise a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GEARHART. I make a point of order against the amendment which has been proposed by the gentleman from Missouri.

Mr. COCHRAN. Mr. Chairman, I make the point of order that the gentleman's point of order comes too late.

The CHAIRMAN. The Chair will advise the gentleman that the point of order comes too late at this juncture, and the gentleman from Missouri has proceeded to debate his amendment.

Mr. GEARHART. May I be heard briefly, Mr. Chairman?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. GEARHART. The parliamentary situation is that we have a bill here to which the committee has offered an amendment which has not been acted upon. Now the gentleman from Missouri presents an amendment to strike from the bill the amendment of the committee which has not been adopted. So what should happen is that the vote on the committee amendment should be presented, and those who are against it should vote it down. I take it that the amendment offered by the gentleman from Missouri is out of order, because it is an attempt to strike from the bill something that has not been put into the bill by a vote of this body.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

Mr. WHITE of Idaho. Mr. Chairman, I rise in support of the committee amendment.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. WHITE of Idaho. Mr. Chairman and members of the Committee, this bill has been considered in the committee over a long period. We heard testimony from a great many people from the affected district and we heard the testimony of Mr. Bebee, of the Power Commission. You have it in the record. It is clearly stated that if this amendment is not adopted, if we do not install storage projects in this area, we lose 60 percent of the available water power. If there is any place in the United States where the people of the country need to use water power it is right here. We are told that in the San Joaquin Valley, tributary to this district, there are 2,000 pumps being operated by electricity to raise water from the wells, to irrigate one of the most productive sections of California. Now to tie up 60 percent of the available water power in the Sierra Nevadas on a sentimental proposition that we must not build any dams or storage plants in this area is absurd. This is a practical thing. These people need power. They need energy to lift the water. They are paying excessive charges now. That has all been developed in the hearings.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield.

Mr. VOORHIS of California. If I thought there was the remotest chance of an actual, practical project really being carried out by any of these agencies in this area I would agree with the gentleman. And if any such project is ever needed and recommended in the future I will certainly vote for it.

Mr. WHITE of Idaho. Now, I yield no further. Let me tell the gentleman from California that right next to this project in his own State is the great Hetch Hetchy project,

which takes water with a series of units in the developments from the headwaters of the first stream that comes down from the headwaters in the series, and every drop of the water is used. A comparable plant can be put into this Kings River Canyon and afford cheap power to put water on this famished land in the San Joaquin Valley and make it a better place to live.

I ask the committee to support this amendment and get away from this sentimental scheme to keep people from utilizing the natural resources of this country. This is a conservation measure and I submit we should adopt it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 13, line 15, strike out "6" and insert "4."

The amendment was agreed to.

The Clerk read as follows:

Page 13, lines 16 and 17, strike out "John Muir-Kings Canyon", and insert in lieu thereof "Kings Canyon Wilderness."

The amendment was agreed to.

The Clerk read as follows:

Page 13, line 18, after "versa:", insert the following proviso: "*Provided*, That in order to insure the permanent preservation of the wilderness character of the Kings Canyon Wilderness National Park the Secretary of the Interior may, in his discretion, limit the character and number of privileges that he may grant within the Kings Canyon Wilderness National Park. No privileges shall be granted for a period in excess of 5 years."

The amendment was agreed to.

The Clerk read as follows:

Page 14, line 1, strike out "7" and insert "5."

The amendment was agreed to.

The Clerk read as follows:

Page 14, line 2, strike out "John Muir-Kings Canyon", and insert in lieu thereof "Kings Canyon Wilderness."

The amendment was agreed to.

Mr. ROBINSON of Utah. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBINSON of Utah: Amend the title by striking out the word "Wilderness."
Page 8, line 18, strike out the word "Wilderness."
Page 9, line 17, strike out the word "Wilderness."
Page 9, line 21, strike out the word "Wilderness."
Page 10, line 25, strike out the word "Wilderness."
Page 13, lines 17, 20, and 23, strike out the word "Wilderness."
Page 14, line 3, strike out the word "Wilderness."

Mr. ROBINSON of Utah. Mr. Chairman, this is an amendment which I think the chairman will accept. It is to strike out the word "Wilderness" in the title and wherever it appears in the bill so that the name of the park will appear as simply "Kings Canyon National Park."

Mr. DEROUEN. Mr. Chairman, I was the one who introduced this amendment in the committee and I am willing to accept it so far as I am concerned.

The CHAIRMAN. Without objection, the amendment is agreed to.

There was no objection.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BEAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H. R. 3794) to establish the John Muir-Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes, pursuant to House Resolution 223, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment?

Mr. WHITE of Idaho. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WHITE of Idaho. Was the Cochran amendment adopted?

The SPEAKER. The Chair was not present during the session of the Committee, but the Chair is advised that the Cochran amendment was agreed to in the Committee of the Whole.

Mr. WHITE of Idaho. Mr. Speaker, I demand a separate vote on the Cochran amendment.

The SPEAKER. The Chair is advised by the Parliamentarian that the Cochran amendment was an amendment to an amendment, and cannot be voted upon separately in the House.

Mr. WHITE of Idaho. Then, Mr. Speaker, I demand a vote on the committee amendment as amended. Considerable confusion exists as to just what happened in the Committee of the Whole.

The SPEAKER. The Chair was just upon the point of advising the gentleman that he would have a right to make that demand.

The gentleman from Idaho demands a separate vote on the committee amendment as amended by the Cochran amendment.

Is a separate vote demanded on any other amendment? [After a pause.] If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the committee amendment as amended by the Cochran amendment.

The Clerk read as follows:

On page 12, beginning in line 11, after the word "withdrawn", strike out down through line 14 on page 13.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. ENGLEBRIGHT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ENGLEBRIGHT. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ENGLEBRIGHT moves to recommit the bill (H. R. 3794) to establish the John Muir-Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes, to the Committee on Public Lands.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Chair being in doubt the House divided, and there were—ayes 90, noes 81.

Mr. DEROUEN. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Obviously there is not a quorum present.

The Doorkeeper will close the doors; the Sergeant at Arms will notify the absent Members; and the Clerk will call the roll.

The question was taken; and there were—yeas 140, nays 205, not voting 83, as follows:

[Roll No. 132]

YEAS—140

Allen, Pa.	Bulwinkle	Culkin	Engel
Andersen, H. Carl	Byrns, Tenn.	D'Alesandro	Englebright
Anderson, Mo.	Carlson	Darrow	Faddis
Arnold	Carter	Dingell	Fenton
Ashbrook	Chapman	Disney	Flannery
Barnes	Chiperfield	Ditter	Ford, Miss
Beckworth	Clason	Dondero	Fulmer
Blackney	Coffee, Nebr.	Dowell	Gamble
Bolles	Cole, N. Y.	Durham	Gartner
Bradley, Mich.	Colmer	Dworshak	Gathings
Brown, Ga.	Cooper	Eberharter	Gerlach
Bryson	Corbett	Elliott	Gilchrist
Buck	Creal	Elston	Gillie

Gore	Johnson, Ill.	Norrell	Springer
Graham	Johnson, Ind.	O'Neal	Starnes, Ala.
Grant, Ala.	Johnson, Luther A.	Pace	Sumner, Ill.
Grant, Ind.	Jones, Ohio	Patrick	Taber
Gregory	Kinzer	Pearson	Talle
Gross	Kirwan	Pierce, N. Y.	Taylor, Tenn.
Hancock	Kitchens	Polk	Terry
Harness	Lambertson	Ramspeck	Thomas, Tex.
Harrington	Landis	Rees, Kans.	Thorkelson
Harter, N. Y.	Lanham	Rich	Tibbott
Hawks	Larrabee	Rodgers, Pa.	Treadway
Heinke	Ludlow	Routzohn	Van Zandt
Hendricks	McCormack	Rutherford	Vincent, Ky.
Hess	McDowell	Ryan	Wheat
Hoffman	McMillan, John L.	Schaefer, Ill.	White, Ohio
Hook	Mahon	Schafer, Wis.	Whittington
Horton	Martin, Iowa	Sheppard	Wigglesworth
Houston	Miller	Short	Williams, Del.
Izac	Mills, Ark.	Simpson	Winter
Jeffries	Monkiewicz	Snyder	Woodruff, Mich.
Jenks, N. H.	Moser	South	Youngdahl
Johns	Mundt	Sparkman	Zimmerman

NAYS—205

Alexander	Dempsey	Kilday	Reece, Tenn.
Allen, Ill.	DeRouen	Kleberg	Reed, Ill.
Allen, La.	Dickstein	Knutson	Reed, N. Y.
Anderson, Calif.	Dirksen	Kocialkowski	Risk
Andrews	Doughton	Kramer	Robertson
Angell	Douglas	Kunkel	Robinson, Utah
Arends	Doxey	Leavy	Robsion, Ky.
Austin	Drewry	LeCompte	Rogers, Mass.
Ball	Dunn	Lemke	Rogers, Okla.
Barden	Eaton, N. J.	Lesinski	Romjue
Bates, Ky.	Ellis	Lewis, Colo.	Sandager
Bates, Mass.	Flaherty	Lewis, Ohio	Sasscer
Beam	Ford, Leland M.	Luce	Satterfield
Bell	Ford, Thomas F.	McAndrews	Schiffler
Bender	Fries	McArdle	Schulte
Bland	Garrett	McGehee	Scrugham
Boehne	Gavagan	McKeough	Seccombe
Boland	Gearhart	McLaughlin	Seger
Bolton	Gehrmann	McLean	Shafer, Mich.
Boykin	Geyer, Calif.	McLeod	Shanley
Bradley, Pa.	Gibbs	Maloney	Sirovich
Brewster	Gossett	Mansfield	Smith, Conn.
Brooks	Griffith	Mapes	Smith, Maine
Brown, Ohio	Guyer, Kans.	Marcantonio	Smith, Va.
Burdick	Gwynne	Martin, Colo.	Spence
Byrne, N. Y.	Halleck	Martin, Ill.	Stearns, N. H.
Byron	Hare	Mason	Stefan
Caldwell	Hart	Michener	Sweeney
Cannon, Fla.	Harter, Ohio	Mills, La.	Tarver
Cannon, Mo.	Havenner	Monroney	Tenerowicz
Cartwright	Hill	Mott	Thill
Casey, Mass.	Hinshaw	Mouton	Thomason
Celler	Hobbs	Murdock, Ariz.	Tolan
Chandler	Holmes	Murdock, Utah	Vinson, Ga.
Church	Hope	Murray	Voorhis, Calif.
Clark	Hull	O'Brien	Vorys, Ohio
Cluett	Hunter	O'Connor	Vreeland
Cochran	Jacobsen	O'Day	Wadsworth
Coffee, Wash.	Jarman	O'Leary	Wallgren
Cole, Md.	Jenkins, Ohio	Oliver	Walter
Collins	Jensen	O'Toole	Ward
Costello	Johnson, Lyndon	Parsons	Warren
Courtney	Johnson, Okla.	Patton	Weaver
Cox	Johnson, W. Va.	Peterson, Fla.	Welch
Crawford	Jones, Tex.	Peterson, Ga.	Whelchel
Crosser	Kean	Pierce, Oreg.	White, Idaho
Crowe	Kee	Pittenger	Williams, Mo.
Crowther	Keefe	Plumley	Wolcott
Cullen	Keller	Poage	Wolverton, N. J.
Curtis	Kennedy, Md.	Powers	
Darden	Keogh	Rabaut	
Delaney	Kerr	Rayburn	

NOT VOTING—83

Andresen, A. H.	Fay	Maciejewski	Schuetz
Barry	Ferguson	Magnuson	Schwert
Barton	Fernandez	Marshall	Secrest
Bloom	Fish	Martin, Mass.	Shannon
Boren	Fitzpatrick	Massingale	Smith, Ill.
Buckler, Minn.	Flannagan	May	Smith, Ohio
Buckley, N. Y.	Folger	Merritt	Smith, Wash.
Burch	Gifford	Mitchell	Smith, W. Va.
Burgin	Green	Myers	Somers, N. Y.
Case, S. Dak.	Hall	Nelson	Steagall
Claypool	Hartley	Nichols	Sullivan
Clevenger	Healey	Norton	Sumners, Tex.
Connery	Hennings	Osmers	Sutphin
Cooley	Jarrett	Patman	Taylor, Colo.
Cummings	Kelly	Pfeifer	Thomas, N. J.
Curley	Kennedy, Martin	Randolph	Tinkham
Dies	Kennedy, Michael	Rankin	West
Duncan	Lea	Richards	Wolfenden, Pa.
Eaton, Calif.	McGranery	Rockefeller	Wood
Edmiston	McMillan, Thos. S.	Sabath	Woodrum, Va.
Evans	Maas	Sacks	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Woodrum of Virginia (for) with Mr. Osmers (against).
Mr. Wolfenden of Pennsylvania (for) with Mr. Maas (against).

General pairs:

Mr. Rankin with Mr. Martin of Massachusetts.
Mr. West with Mr. Barton.
Mr. Burch with Mr. Fish.
Mr. Thomas S. McMillan with Mr. Jarrett.
Mr. Patman with Mr. Gifford.
Mr. Hennings with Mr. Case of South Dakota.
Mr. Magnuson with Mr. Smith of Ohio.
Mr. Cooley with Mr. Eaton of California.
Mr. Flannagan with Mr. Thomas of New Jersey.
Mr. Sullivan with Mr. August H. Andresen.
Mr. Steagall with Mr. Hartley.
Mr. Richards with Mr. Tinkham.
Mr. May with Mr. Rockefeller.
Mr. Martin J. Kennedy with Mr. Marshall.
Mr. Green with Mr. Hall.
Mr. Fernandez with Mr. Clevenger.
Mr. Dies with Mr. Buckler of Minnesota.
Mr. Nelson with Mr. Evans.
Mr. Nichols with Mr. Schuetz.
Mr. Folger with Mr. Buckley of New York.
Mr. Fay with Mr. Randolph.
Mr. Cummings with Mr. Pfeifer.
Mr. Sutphin with Mr. Duncan.
Mr. Bloom with Mr. Massingale.
Mr. Taylor of Colorado with Mr. Wood.
Mr. Barry with Mr. McGranery.
Mrs. Norton with Mr. Schwert.
Mr. Kelly with Mr. Shannon.
Mr. Merritt with Mr. Edmiston.
Mr. Ferguson with Mr. Sacks.
Mr. Somers of New York with Mr. Secrest.
Mr. Fitzpatrick with Mr. Myers.
Mr. Smith of West Virginia with Mr. Claypool.
Mr. Lea with Mr. Michael J. Kennedy.
Mr. Smith of Washington with Mr. Connery.
Mr. Sumners of Texas with Mr. Boren.
Mr. Burgin with Mr. Smith of Illinois.

Mr. TREADWAY changed his vote from "nay" to "yea."

Mr. GILLIE changed his vote from "nay" to "yea."

Mr. GIBBS changed his vote from "yea" to "nay."

The doors were opened.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. Cox]?

There was no objection.

Mr. SMITH of Virginia. Will the gentleman yield?

Mr. COX. I yield to the gentleman from Virginia.

INVESTIGATION OF NATIONAL LABOR RELATIONS BOARD

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following privileged resolution (Report No. 1215), which was referred to the House Calendar and ordered to be printed:

House Resolution 258

Resolved, That a committee of five Members of the House of Representatives be appointed by the Speaker of the House to take testimony, investigate, and report to the House as follows:

1. Whether the National Labor Relations Board has been fair and impartial in its conduct, in its decisions, in its interpretation of the law (particularly with respect to the definition of the term "interstate commerce"), and in its dealings between different labor organizations and its dealings between employer and employee;

2. What effect, if any, the said National Labor Relations Act has had upon increasing or decreasing disputes between employer and employee; upon increasing or decreasing employment; and upon the general economic condition of the country;

3. What amendments, if any, are desirable to the National Labor Relations Act in order to more effectively carry out the intent of Congress, bring about better relations between labor unions and between employer and employee, and what changes, if any, are desirable in the personnel of those charged with the administration of said law;

4. Whether the National Labor Relations Board has by interpretation or regulation attempted to write into said act intents and purposes not justified by the language of the act; and

5. Whether or not Congress should by legislation further define and clarify the meaning of the term "interstate commerce" and whether or not further legislation is desirable on the subject of the relationship between employer and employee.

The said committee shall recommend to the Congress such changes as they deem desirable in said act or in the personnel of those administering said act and shall recommend such legislation as they may deem desirable.

The committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act anywhere within or without

the District of Columbia whether the House is in session or has adjourned or is in recess; to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this resolution.

Mr. HOOK. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count.

Mr. COX. Mr. Speaker, I trust the gentleman will not insist on that.

Mr. HOOK. Mr. Speaker, I withdraw the point of order.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until 12 o'clock tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, on what bill?

Mr. RAYBURN. That is the railroad bill.

Mr. MARTIN of Massachusetts. That has not been reported as yet?

Mr. RAYBURN. No.

Mr. WADSWORTH. Mr. Speaker, reserving the right to object, it is understood that if certain members of the committee may wish to file a minority report they have that privilege?

Mr. RAYBURN. Mr. Speaker, I make the same request for the majority and minority.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

There was no objection.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan asked and was given permission to extend his own remarks in the RECORD.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of Scuttling the W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. ALEXANDER]?

There was no objection.

EXTENSION OF REMARKS

Mr. SCHIFFLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address by the Honorable Harry Thompson.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. SCHIFFLER]?

There was no objection.

Mr. STEARNS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Concord (N. H.) Monitor.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

FIVE YEARS OF THE TRADE-AGREEMENTS PROGRAM

Mr. COX. Mr. Speaker, I have asked for this time in order that I may submit the first of a series of three studies I have prepared in support of the program set up by the Department of State under the Trade Agreements Act.

1. GENERAL BACKGROUND

On June 12, 1934, the Trade Agreements Act, amending the Tariff Act of 1930, became law. The act occasioned opposition on the part of certain groups in the Nation who contend that the program which it inaugurates is inimical to the welfare of the farmer.

The program has been denounced as selling out the farmer for the benefit of eastern manufacturers. In support of that contention it was stated that imports of agricultural products are unduly large and have been constantly increasing. It is asserted further that the agreements we had made were causing us to lose our favorable balance of trade, that foreign countries were reaping the benefits, and that we received nothing in exchange for the concessions we made. Some of those statements have been due undoubtedly to misinformation; many of them, however, have been made with the deliberate intent to mislead and confuse the farmers of the Nation and alienate their support.

What is the Trade Agreements Act, the reciprocal trade program, and what agreements have we entered into?

The Reciprocal Trade Agreements Act authorizes the President to enter into trade agreements with foreign governments when he finds that existing duties or other restrictions are unduly burdening the foreign trade of the United States and to proclaim such modifications as may be necessary to carry out those agreements. He is not permitted to increase or decrease any existing rate of duty by more than 50 percent, and he may not transfer articles between the dutiable and free lists. This simulates the authority vested in the President under the Tariff Acts of 1922 and 1930. The President acts upon information and advice furnished him by the Tariff Commission and other Government agencies.

WHY WAS THIS LEGISLATION NECESSARY?

The conditions which created an imperative need for the enactment of the Trade Agreements Act in 1934, so far as the United States is concerned, grew directly out of the depression of 1929–32 and the Hawley-Smoot Tariff Act of 1930. Other factors of an international character contributed. Because of currency depreciation and a breakdown in the foreign-exchange mechanism of those years many nations were unable to bring about a normal flow of their foreign trade or to stabilize their currencies or exchange. Tariff barriers, exchange control, import quotas, and in some cases even complete embargoes all contributed to the disruption of foreign trade.

The need for some system which would enable the United States to defend its interests against the high tariffs and new devices that had been set up in many countries to shut out imports and divert trade, as well as to help restore world trade as a whole by getting it back into normal channels, was imperatively impressed upon the United States.

The war wrought vast changes in the economic conditions in our own country. Under the influence of war demand our agricultural output increased enormously. Forty million acres were added to the Nation's crop area—23,000,000 in wheat alone. In addition, we were transformed overnight into a creditor nation.

The years immediately following the war were marked by a steady movement toward extreme protection. The World Economic Conference of 1927 tried to check that movement but failed. World trade declined from more than $68,000,000,000 in 1929 to $26,800,000,000 in 1932, while our own foreign trade fell from $9,600,000,000 to $2,900,000,000 in the same period. Although our foreign trade accounted for only about 10 percent of our total trade—that is a general average and subject to various shortcomings—the dependence of many branches of industry and agriculture on exports was far greater than that. Indeed one of our major problems was the disposal of our agricultural surpluses, for to no group of America is foreign trade of greater importance than to our farmers, and especially to those who produce our great exportable crops—wheat, corn, and pork products; tobacco, rice, fruits, and cotton. Partly because of our tariff policy prior to 1933, partly for purposes of economic self-sufficiency, and for military defense, many nations stimulated more intensive domestic agricultural production. The effect was to shut out American hog products, wheat, rice, and tobacco by arbitrary and excessive governmental restrictions. Our excessive tariff policy reduced the amount of dollar exchange available to foreign buyers of our exports and stimulated the erection of retaliatory trade barriers against us.

Ever since the Civil War our tariff policy has discriminated against agriculture. Throughout those years the farmers of

this Nation were beguiled into the belief that they shared in the benefits of high tariffs. It was a long time before they awoke from this delusion to a realization that tariff acts as they had been written were worthless to them as producers of exportable surpluses, and that the world market price for their exportable surpluses tended to establish the price for the entire crop. After the distresses of the twenties the farmers demanded that they be given consideration in the drafting of new tariff legislation, and in 1922 the Fordney-McCumber Act was written allegedly in their behalf. But little, if any, benefits came to the farmers from that act. The Hawley-Smoot Act followed in 1930. Farmers now know that they were sold down the river then as they always had been before. Most of the rates they were granted were ineffective or on noncompetitive articles. The extent to which this hoax was practiced upon the farmers is well illustrated by the proposal at one stage of the tariff debate to place a high duty upon bananas—the domestic production of which is negligible—in order to make people eat more apples and vegetables. But the farmers were made to believe that the tariff of 1930 would benefit them and that they should, therefore, approve and support, as always before, the entire high tariff proposal.

So long as America was the source to which Europe looked for much of her supply of agricultural products, so long as Europe existed as a market for our exportable surpluses, so long as we were a debtor Nation and Europe took our exportable surpluses in liquidation of our debts, our farmers had little occasion to be concerned about our trade policy. Moreover, they were unable to penetrate the fallacy of the protective policy they were offered. As exporters a protective policy could not benefit them, and as consumers of protected products they were penalized.

But our debtor status ended with the World War. Europe no longer was a creditor market awaiting our payments in agricultural exports. The debtor-creditor position had shifted and Europe owed us.

For 8 years, between 1922–30, we fooled ourselves by lending Europe the money with which to buy our products. Then we stopped lending; and the day of reckoning came. Europe stopped buying. Agricultural surpluses began to appear. Instead of taking constructive action, we passed the Hawley-Smoot Act. In retaliation, country after country raised its tariffs against us. Our foreign trade collapsed. As stated, it fell from $9,600,000,000 in 1929 to $2,900,000,000 in 1932. In 1929 we exported $1,693,000,000 of farm products; in 1932, $662,000,000. Our national income fell from $81,000,000,000 in 1929 to $40,000,000,000 in 1932. Farm income fell from $10,500,000,000 to $4,300,000,000.

DECLINE IN FOREIGN TRADE OF THE UNITED STATES

The loss of foreign markets for important American products was the emergency factor in the situation which caused the administration to pass the Trade Agreements Act in 1934. The following figures indicate why it was necessary to do something about our fast-vanishing foreign trade.

	Total exports	Percentage of 1929	General imports	Percentage of 1929
1929	$5,241,000,000		$4,399,000,000	
1930	3,843,000,000	73.3	3,061,000,000	69.5
1931	2,424,000,000	46.2	2,091,000,000	47.5
1932	1,611,000,000	30.7	1,323,000,000	30.0
1933	1,675,000,000	31.9	1,450,000,000	32.9

Official figures.

These figures show that by 1931, the first full year after the Hawley-Smoot Act went into effect, our exports were less than half what they had been in 1929. At the depression low of 1932 they were only 30.7 percent of what they had been in 1929; by the end of 1933 there was only slight improvement, namely 31.9 percent.

In terms of value the imports for the respective years on the basis of 1929 were 47.5, 30.0, and 32.9 percent. In terms of volume trade did not decline so drastically—roughly, about half the extent of the decline in value. The value figures are important, for one who has a surplus to sell is not especially interested in disposing of twice as much for the same or of the same quantity for half the price. Furthermore, in considering the balance of trade we think and speak in terms of value and not volume. With trade reduced by an average of two-thirds, we can readily understand the repercussions on those industries exporting comparatively large proportions of their production.

For example, the curtailment of our export trade in 1932 forced down our exports of meat and meat products by 76 percent in value and of wheat and flour by 73 percent. This resulted in a direct loss of farm income; indirectly it glutted the domestic markets with unsalable surpluses that had been produced for export. It had a devastating effect not only upon farmers, but upon merchants, bankers, and industry.

THE PLACE OF COTTON IN OUR TRADE-AGREEMENTS PROGRAM

Before the World War our cotton farmers received 3 percent of the national income; in 1938 they received only 1.4 percent; during 1931 and 1932 they received less than 1 percent. Our cotton farmers are still paying the cost of the World War, and the debts entailed, as well as for our lost foreign markets.

Today, 58 percent of the total farm population of the United States lives in the 16 cotton-producing States. A million more people live on the cotton farms of the South today than before the war; yet the total income of our cotton farmers still remains far below what it was before the war and far below what is necessary to provide these citizens of the Republic with a decent existence in terms of the high standard of living we regard as requisite for the national welfare. Instead of being able to buy more of the goods produced in other sections of the Nation, they find themselves compelled to buy less. They are unable to contribute to the national income that proportionate share which they should be able to contribute, or that which they would contribute if given the opportunity.

Between 1929 and 1933 the value of our domestic exports fell from $5,157,000,000 to $1,647,000,000. Cotton exports declined 48 percent in value during that period. Since the World War cotton has suffered a severe blow from the action of certain European countries, and new competitive cotton-producing areas have developed. During this year, 1939, our cotton exports probably will not exceed three and one-half million bales—the lowest in 60 years. Our carry-over increases day by day, with every likelihood that on August 1, it will be 14,000,000 bales—an all-time high.

We set out to reduce our cotton surplus in 1933, and by 1936 we had reduced the 13,000,000 bales of 1932 by one-half. But in 1936, the A. A. A. program, under which we had brought about that reduction, was stopped, and since then our surplus has continued to mount. Without effective control our cotton farmers increased their plantings, and in 1937 we had the vast total of 19,000,000 bales. We were carried back to the condition of 1932; and the rest of the world also grew a record crop. The only way in which we have prevented the collapse of 1932 has been through our Government cotton loan of 1937 and our 8.3-cent loan of 1938. But we have accumulated 11,000,000 bales under such loans, at a current carrying price of $45,000,000 a year.

The crux of our cotton problem is how to secure for our cotton farmers a market for an export crop. For cotton is an export crop. It always has been. Only about half our cotton can be marketed in the United States, and in 1929 we sold more than half our cotton crop abroad.

The suggestion that our surplus cotton should be used by our own people through expansion of domestic utilization is most attractive, but statistics reveal that, however desirable such utilization might be, it is not feasible. The domestic expansion of cotton is sharply limited. We have no choice but to find foreign markets for the cotton we produce so abundantly. We must find ways to move our cotton into export trade.

It is true that our domestic consumption of cotton is far below what it should be, but it is so because low-income families cannot purchase much cotton in the form of cotton

goods as they normally require. The 800,000 families in the Nation who received incomes of $5,000 and more in 1935–36 spent an average of $78 a year for wearing apparel and household items containing cotton. The 2,600,000 families—not on relief—receiving incomes of less than $500 a year spent an average of only about $11 per year for such items. The 18,700,000 families receiving incomes of less than $2,000 per year spent an average of $20.14 for such items, while 3,700,000 families with incomes between $2,000 and $3,000 spent about $35. If we could persuade the 18,700,000 families with incomes less than $2,000 to buy such items up to the level bought by the group of 3,700,000 having incomes above $2,000, we should be able to increase the expenditure for cotton goods in those categories by a total of about $300,000,000, a very material increase. But the fact remains that we have not been able to bring this about. Strong foreign markets are essential for the successful disposal of our surplus cotton. When surplus cotton cannot be sold abroad, it forces down the domestic price. But it does something more. It deprives our cotton farmers of the income necessary to buy the products of factory, mine, and mill. It reduces their purchasing power for the things produced in our industrial areas. It causes resultant unemployment, part-time employment, and the inadequate wages that prevent our citizens who live in cities and who are engaged in industrial activities from buying their normal share of cotton goods. Not merely barely enough but an abundance of the goods they normally need and normally require. It deprives us of the power to increase our own use of cotton.

We cannot reduce our cotton acreage below what it now is. To take more acres out of production might reduce our surplus, but only at the increased misery of our citizens who produce cotton. But there are also many thousands of citizens engaged in the processing of cotton who would suffer no less. Our cotton industry constitutes a complex empire of which farmers, bankers, shippers, merchants, railroads, and exporters are all a part. Our foreign cotton market has meant about half a billion dollars a year to our cotton farmers. It has meant far more to our cotton industry.

The South cannot afford to lose its export market; but neither can the rest of the Nation afford to lose it, for to destroy the buying power of the South means idle factories in the industrial areas of the North and East. The entire Nation will lose if the South loses its export market for cotton.

We must regain our lost world market for cotton; we must look to volume as well as to price if our cotton farmers are to have a decent income. The trade-agreements program represents the soundest long-term approach to the solution of our export surplus of cotton.

Our trade-agreements program can benefit our cotton farmers by stimulating foreign purchasing power, for although Europe wants and needs our cotton it lacks the power to purchase it and it will continue to lack the necessary purchasing power so long as we retain the excessive trade barriers that stifle international trade. When we are able to increase our sales of goods abroad our people will be able to buy more goods at home. Trade will increase employment, create profits, and raise our standards of living. It will enable our people to purchase more abundantly the things they need.

There can be no prosperity for our Nation without prosperity for the South; and there can be no prosperity for the South without prosperity for the growers of cotton. The problem of cotton is a national problem.

SELF-SUFFICIENCY OR ECONOMIC NATIONALISM

Economic nationalism has a popular appeal. Superficially it appeals to patriotism and the desire to be independent of foreign markets and foreign policies. It wins political support because economic isolation presumptively means freedom from competition. It commends itself as apparent protection against foreign currencies, dumping, and arbitrary discrimination. The Hawley-Smoot tariff exemplified it.

But economic self-sufficiency is a costly program. The geographical distribution of natural resources makes it so. Italy lacks coal and oil; Germany lacks cotton and other raw materials; England imports foodstuffs. We lack tin and rubber and coffee and many tropical and other products necessary in our modern life. We increase our dependence upon the products of other countries and other climes in direct ratio to the progress of our complex civilization. The geographical distribution of raw materials is such as to compel some international trade, and the extent of that trade bears a direct ratio not only to the progress of civilization, but to invention and industry. Increased international trade means increased national wealth, an increase in the standard of living.

We would be less than realists if we did not recognize that some of the leading factors in our decline in exports was the restored and increased production by European countries of some of the products which we formerly shipped abroad in large quantities. Likewise we realize that once a self-sufficiency drive has gained momentum it is difficult to dispossess producers who have stepped up production primarily because of tariff bounties or other subsidies. This uneconomic and extreme self-sufficiency movement is the very thing which we are attempting to correct through trade agreements. It is not necessary here to recount how some countries are making high-cost substitutes for natural products which could be obtained much more cheaply in world markets, if more liberal trade policies were adopted. Those countries which carry on the largest interchange of world trade should be foremost in the effort to prevent the retardation which inevitably follows a restriction of commerce and trade.

WHAT SUPPORTERS OF THE PROGRAM HAVE CLAIMED FOR IT

On May 22 the gentleman from New York [Mr. FISH] stated that when the Trade Agreements Act was presented to Congress:

> We were assured, and the American people were assured, after it had been in effect 6 months' time that it would put 3,000,000 American wage earners back to work.

The gentleman from New York must have been mistaken in attributing such statements to proponents of trade agreements. I have had some examination made of the legislative history of the act and have not been able to find any such statement. I do not believe that he can find any such statement by any responsible person. If the gentleman cannot cite the source of his statement, I hope he will tell us frankly from the floor of the House that he was mistaken. On the contrary, I find that those sponsoring the program all the way down from the President—Secretaries Hull, Roper, and Wallace, and others—stressed the fact that it would take a long time to work out this program before we could regain our foreign trade and give jobs to our workers. The President's message of March 2, 1934, when he asked the Congress to pass this legislation stated in part:

> I would emphasize that quick results are not to be expected. The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.
>
> The disposition of other countries to grant an improved place to American products should be carefully sounded and considered; upon the attitude of each must somewhat depend our future course of action. With countries which are unwilling to abandon purely restrictive national programs, or to make concessions toward the reestablishment of international trade, no headway will be possible.
>
> * * * * * * *
>
> From the policy of reciprocal negotiation which is in prospect, I hope in time that definite gains will result to American agriculture and industry.

Cautious and careful action has been the keynote of the program all the way through. Secretary Hull stated before the Committee on Ways and Means as follows:

> While naturally no detailed plans and methods relative to the proposed negotiations have been formulated, it can be stated with emphasis that each trade agreement undertaken would be considered with care and caution, and only after the fullest consideration of all pertinent information. Nothing would be done blindly or hastily. The economic situation in every country has been so thoroughly dislocated and disorganized that the people affected

must exercise patience while their respective governments go forward with such remedial undertakings as the proposed bilateral bargaining agreements.

The leaders of the Democratic Party, responsible for passing the Trade Agreements Act and its subsequent operation, realized that it was high time for some important commercial country of the world to start unraveling the snarl into which international commerce had become involved. It was an emergency matter to get something done which would reverse the existing trend. It was realized that without some modern method of bargaining for trade our own country could not hope to win out in the contest. We realized that a mere reduction of our own tariffs would not automatically reopen markets in foreign countries unless at the same time such reduction removed trade barriers set up against our commerce.

It is frequently stated in criticism of the trade-agreements program that our export trade is gone and there is no use attempting to regain it. This seems a rather pessimistic point of view, for two important reasons. First, we are now exporting larger percentages of some products than we did in 1929, such as petroleum products, phosphate rock, canned salmon, pears, and radio apparatus. Second, our trade with certain foreign countries is greater than it was before the depression, such as with Sweden, the Netherlands West Indies, and Venezuela. It will be some time before we ever reach the 1929 level of total foreign trade. But I refuse to believe that the world is not going forward and that a profitable foreign trade for the United States will not be carried on for years to come.

In 1934 the Congress made it possible for the United States to create the machinery which would give our Government an opportunity to take steps to correct this undesirable international situation. It was essential for our Government to be in a position to indicate to foreign governments that we meant to lower our tariffs and give them an opportunity to sell some of their products in our markets so that they would buy from us. The mere passing of this bill by Congress, I am convinced, influenced foreign governments to exercise restraint against placing additional barriers against our commerce. Psychologically this was an important act, irrespective of its subsequent relation to trade.

By means of reciprocal-trade agreements it is sought to create a basis for international trade which will enable mutually beneficial commerce among nations to flow more and more into channels of natural advantage. We are prepared to negotiate mutually advantageous trade agreements with all nations. We are prepared to extend the benefits of concessions which we grant in such trade agreements to all nations willing in turn to extend nondiscriminatory treatment to our trade. That is the essence of our trade-agreements program. [Applause.]

MIGRATORY BIRD CONSERVATION COMMISSION

The SPEAKER. Pursuant to the provisions of title 16, section 715a, United States Code, the Chair appoints as a member of the Migratory Bird Conservation Commission the gentleman from South Carolina, Mr. THOMAS S. MCMILLAN.

ADMINISTRATION OF THE UNITED STATES COURTS

The SPEAKER. The attention of the Chair has been called to the fact that a Senate bill (S. 188) to provide for the administration of the United States courts and for other purposes, was substituted for a House bill, H. R. 5999, and passed the House; therefore the House Resolution 239, which made in order the consideration of the bill H. R. 5999 should be laid on the table. Without objection, the resolution will be laid on the table.

There was no objection.

EXTENSION OF REMARKS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered by the Honorable Louis Johnson, Assistant Secretary of War, at the department convention of the American Legion at Alexandria, La., on June 17, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

AMENDMENT OF THE CIVIL-SERVICE RETIREMENT ACT

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 281) to amend further the Civil Service Retirement Act, insist on the House amendment, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. RAMSPECK, Mr. SIROVICH, Mr. RANDOLPH, Mrs. ROGERS of Massachusetts, and Mr. HALLECK.

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks on two topics, in the first to include a statement by a constituent, and in the second to include a statement by Hollywood motion-picture actors.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. FLAHERTY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an item from the Hellenic World, a newspaper dedicated to the interests of American Greeks, concerning a Presidential poll conducted among the American Greeks in this country.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered by the Vice President of Georgetown University at the commencement exercises of the eleventh session of the National Police Academy of the F. B. I.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short editorial from the Marine Journal.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article from Liberty Magazine on the cooperative movement in Nova Scotia.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 280. An act to prohibit and to prevent the trade practices known as compulsory block booking and blind selling in the leasing of motion-picture films in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

S. 1032. An act to amend the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States," and for other purposes; to the Committee on the Judiciary.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 26. An act to empower the President of the United States to create new national-forest units and make additions to existing national forests in the State of Montana;

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a na-

tional highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes; and

S. J. Res. 118. Joint resolution to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on Monday, July 17, 1939, present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H. R. 5748. An act to amend the Second Liberty Bond Act, as amended; and

H. J. Res. 329. Joint resolution consenting to an interstate oil compact to conserve oil and gas.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 54 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 19, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization on Wednesday, July 19, 1939, at 10:30 a. m., for the consideration of H. R. 6443 and H. R. 7066. Public hearing.

COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Committee on the Public Lands on Wednesday, July 19, 1939, at 10:30 a. m., in room 328, House Office Building, for the consideration of H. R. 6668.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, July 19, 1939, at 10:30 a. m., for the consideration of H. R. 953, H. R. 6054, H. R. 6859, House Joint Resolution 288, and House Joint Resolution 289.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, July 20, 1939. Business to be considered: Hearing on H. R. 5472.

COMMITTEE ON FOREIGN AFFAIRS

The Foreign Affairs Committee will start hearings on Wednesday, July 19, 1939, at 10 a. m., on proposed legislation dealing with treaty violations, with special reference to the Orient; H. R. 4232 (Mr. VOORHIS of California), H. R. 5432 (Mr. COFFEE of Washington), H. R. 6837 (Mr. EATON of New Jersey), H. R. 7159 (Mr. IZAC), House Joint Resolution 42 (Mr. CRAWFORD), House Joint Resolution 113 (Mr. FISH), House Joint Resolution 254 (Mr. FISH), House Joint Resolution 318 (Mr. WALLGREN).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1017. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department in the amount of $375,000, for the fiscal year 1940, for the construction of a medical school building at Carlisle Barracks, Pa. (H. Doc. No. 432); to the Committee on Appropriations and ordered to be printed.

1018. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the United States Coronado Exposition Commission for the fiscal year 1940, in the amount of $250,000. (H. Doc. No. 433); to the Committee on Appropriations and ordered to be printed.

1019. A letter from the Attorney General, transmitting the draft of a proposed bill to amend certain laws governing Federal prisoners; to the Committee on the Judiciary.

1020. A letter from the Acting Secretary of Agriculture, transmitting the draft of a proposed bill to amend the act of May 18, 1934 (48 Stat. 780; U. S. C., 253 and 254), as amended, providing punishment for killing or assaulting Federal officers; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FULMER: Committee on Agriculture. H. R. 6972. A bill to amend the Federal Crop Insurance Act; without amendment (Rept. No. 1207). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 591. An act to amend the United States Housing Act of 1937, and for other purposes; with amendment (Rept. No. 1208). Referred to the Committee of the Whole House on the state of the Union.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. S. 1540. An act to adjust the compensation of the members of the National Advisory Health Council not in the regular employment of the Government; with amendment (Rept. No. 1209). Referred to the Committee of the Whole House on the state of the Union.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. S. 1899. An act to provide for the detail of a commissioned medical officer of the Public Health Service to serve as Assistant to the Surgeon General; without amendment (Rept. No. 1210). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEARSON: Committee on Interstate and Foreign Commerce. H. R. 2883. A bill to amend the Federal Firearms Act (Public, No. 785, 75th Cong.) so as to more adequately define the term "ammunition" as said term is defined in said act; without amendment (Rept. No. 1211). Referred to the House Calendar.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 6314. A bill authorizing an appropriation for payment to the Osage Tribe of Indians on account of their lands sold by the United States; without amendment (Rept. No. 1212). Referred to the Committee of the Whole House on the state of the Union.

Mr. COCHRAN: Committee on Expenditures in the Executive Departments. H. R. 6693. A bill to amend the provisions of law relating to the use of private vehicles for official travel in order to effect economy and better administration; without amendment (Rept. No. 1213). Referred to the Committee of the Whole House on the state of the Union.

Mr. COCHRAN: Committee on Expenditures in the Executive Departments. S. 2454. An act to relieve disbursing officers and certifying officers of the Veterans' Administration from liability for payment where recovery of such payment is waived under existing laws administered by the Veterans' Administration; without amendment (Rept. No. 1214). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 258. Resolution creating a select committee to investigate the National Labor Relations Board; without amendment (Rept. No. 1215). Referred to the House Calendar.

Mr. LUTHER A. JOHNSON: Committee on Foreign Affairs. H. R. 7149. A bill to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensaton therefor," approved February 23, 1931, as amended; without amendment (Rept. No. 1216). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA: Committee on Interstate and Foreign Commerce. S. 2009. An act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes; with amendment (Rept. No. 1217). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BELL:

H. R. 7262. A bill granting the consent of Congress to Frank O. Lowden, James E. Gorman, and Joseph B. Fleming, trustees of the estate of the Chicago, Rock Island & Pacific Railway Co. to construct, maintain, and operate a railroad bridge across the Missouri River at or near Randolph, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. HAVENNER:

H. R. 7263. A bill to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939; to the Committee on Ways and Means.

By Mr. HINSHAW:

H. R. 7264. A bill to provide for fostering applied research and laboratory testing for aeronautics; to the Committee on Interstate and Foreign Commerce.

By Mr. HUNTER:

H. R. 7265. A bill to amend the District of Columbia Unemployment Compensation Act; to the Committee on the District of Columbia.

By Mr. ROBINSON of Utah:

H. R. 7266. A bill to amend the act of January 12, 1895, as amended by the act of March 1, 1919, relating to Government printing and blankbook work; to the Committee on Printing.

By Mr. HARTER of Ohio:

H. R. 7267. A bill to facilitate the procurement of aircraft for the national defense; to the Committee on Military Affairs.

By Mr. CANNON of Florida:

H. R. 7268. A bill authorizing an appropriation to reimburse the Fort Pierce port district, Fort Pierce, Fla., for work done in improving Fort Pierce Harbor, Fla.; to the Committee on Rivers and Harbors.

By Mr. FRIES:

H. R. 7269. A bill providing for a biennial census of employment and unemployment throughout the United States and the Territories; to the Committee on the Census.

By Mr. PIERCE of Oregon:

H. R. 7270. A bill to amend the Bonneville Project Act; to the Committee on Rivers and Harbors.

By Mr. FULMER:

H. R. 7271. A bill to authorize the Secretary of Agriculture to enter into cooperative agreements or leases with farmers and the owners of forest lands in order to provide for their management in accordance with proper forestry practices, and for other purposes; to the Committee on Agriculture.

By Mr. MONRONEY:

H. R. 7272. A bill to add certain land to Platt National Park, Okla., and for other purposes; to the Committee on the Public Lands.

By Mr. VOORHIS of California:

H. J. Res. 365. Joint resolution designating April 13 of each year National Citizenship Day; to the Committee on the Judiciary.

By Mr. NORRELL:

H. J. Res. 366. Joint resolution to provide for the observance and celebration of the four hundredth anniversary of the discovery of the Mississippi River by Hernando De Soto; to the Committee on the Library.

By Mr. BLOOM:

H. J. Res. 367. Joint resolution to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes; to the Committee on Foreign Affairs.

By Mr. LEA:

H. Res. 262. Resolution for the consideration of S. 2009; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS:

H. R. 7273. A bill for the relief of Dexter and Elizabeth Shiomi; to the Committee on Immigration and Naturalization.

By Mr. BARRY:

H. R. 7274. A bill to record the lawful admission to the United States for permanent residence of Alphonse Diamanti; to the Committee on Immigration and Naturalization.

By Mr. BURDICK:

H. R. 7275. A bill for the relief of Mary Bannach; to the Committee on Immigration and Naturalization.

By Mr. DEMPSEY:

H. R. 7276. A bill for the relief of Walter B. McDougall and Herbert Maier; to the Committee on Claims.

By Mr. DUNN:

H. R. 7277. A bill for the relief of Stefanida Szewczuk-Omelchuk (Kovalcik); to the Committee on Immigration and Naturalization.

By Mr. FRIES:

H. R. 7278. A bill for the relief of the Fitzpatrick Lumber Co.; to the Committee on Claims.

By Mr. HAVENNER:

H. R. 7279. A bill to provide for the promotion on the retired list of the Army of Maj. Andrew S. Rowan; to the Committee on Military Affairs.

By Mr. OLIVER:

H. R. 7280. A bill granting an increase of pension to Mary M. Carr; to the Committee on Pensions.

By Mr. PFEIFER:

H. R. 7281. A bill for the relief of Giovanni Giannetti; to the Committee on Immigration and Naturalization.

By Mr. REECE of Tennessee:

H. R. 7282. A bill for the relief of Frank P. Luttrell; to the Committee on Military Affairs.

By Mr. ROUTZOHN:

H. R. 7283. A bill for the relief of Frank Hall; to the Committee on Claims.

By Miss SUMNER of Illinois:

H. R. 7284. A bill granting a pension to Florence Montgomery; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4718. By Mr. HOUSTON: Resolution adopted July 15, 1939, by Local No. 246 of the Oil Workers International Union, Augusta, Kans., petitioning Congress to amend the Sherman antitrust law so as to prevent inclusion in its terms of trade unions; to the Committee on the Judiciary.

4719. By Mr. LUTHER A. JOHNSON: Petition of Tom Field, general manager, Brazos Valley Cotton Cooperatives, Bryan, Tex., favoring House bill 6749; to the Committee on Agriculture.

4720. By Mr. MICHAEL J. KENNEDY: Petition of the American Farm Bureau Federation, pertaining to the Transportation Act of 1939; to the Committee on Interstate and Foreign Commerce.

4721. Also, petition of the American Merchant Marine Institute, Inc., opposing enactment of the omnibus transportation bill as being prejudicial to the best interest of the water carriers; to the Committee on Interstate and Foreign Commerce.

4722. Also, petition of Labor's Non-Partisan League, opposing House bill 258, calling for an investigation of the National Labor Relations Act and the Board administering the act; to the Committee on Labor.

4723. Also, petition of the Brotherhood of Railway Clerks, Cincinnati, Ohio, representing 150,000 members, urging support of the Lea bill on railroad legislation, known as omnibus

transportation bill; to the Committee on Interstate and Foreign Commerce.

4724. Also, petition of the Association of American Railroads, pertaining to the omnibus transportation bill; to the Committee on Interstate and Foreign Commerce.

4725. Also, petition of the Dairymen's League, urging support of House bill 7133, which contains agricultural amendments to the Fair Labor Standards Act; to the Committee on Labor.

4726. Also, petition of the Religious Union for World Peace, Inc., pertaining to neutrality legislation; to the Committee on Foreign Affairs.

4727. By Mr. KEOGH: Petition of B. M. Jewell, representing the Railway Labor Executives Association, and R. V. Fletcher, representing the Association of American Railroads, concerning the Lea bill (substitute for S. 2009); to the Committee on Interstate and Foreign Commerce.

4728. Also, petition of the American Merchant Marine Institute, Inc., New York City, concerning the Lea transportation bill, and urging consideration of the Bland resolution providing for a report to Congress in 1940; to the Committee on Interstate and Foreign Commerce.

4729. Also, petition of George M. Harrison, president, Brotherhood of Railway Clerks, Cincinnati, Ohio, favoring the passage of the Lea bill; to the Committee on Interstate and Foreign Commerce.

4730. Also, petition of Fred H. Sexauer, president, Dairymen's League, representing many dairymen in New York, New Jersey, Pennsylvania, Vermont, Connecticut, and Massachusetts, concerning House bill 7133; to the Committee on Labor.

4731. By Mr. PFEIFER: Petition of the American Farm Bureau Federation, Washington, D. C., concerning the Transportation Act of 1939; to the Committee on Interstate and Foreign Commerce.

4732. Also, petition of the Brotherhood of Railway Clerks, George M. Harrison, president, Cincinnati, Ohio, urging support of the Lea bill on railroad legislation; to the Committee on Interstate and Foreign Commerce.

4733. Also, petition of the American Merchant Marine Institute, Inc., New York City, opposing the Lea transportation bill, and favoring House Resolution 226, the Bland resolution, providing for report to Congress in 1940; to the Committee on Interstate and Foreign Commerce.

4734. Also, petition of Fred H. Sexauer, president, Dairymen's League, New York City, urging support of House bill 7133; to the Committee on Agriculture.

4735. By Mr. VOORHIS of California: Petition of Clara B. White and 17 others, of Monrovia, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4736. Also, petition of Hugh R. Hall and 107 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4737. Also, petition of Harriet C. Falk and 24 others of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4738. Also, petition of Charles J. O'Donnell and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4739. Also, petition of Edwin G. Parker and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4740. Also, petition of Hugh Paisley and 24 others, of Monrovia, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bills; to the Committee on Banking and Currency.

4741. Also, petition of William D. Cox and 24 others, of San Pedro, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4742. Also, petition of Frank S. Mattos and 24 others, of Oakland, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4743. Also, petition of R. H. Strunk and 19 others, of Whittier, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4744. Also, petition of Julia Harrington and five others, of Oakland, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4745. Also, petition of John H. Johnson and eight others, of San Pedro, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4746. Also, petition of Jessie Hunt and two others, of Altadena, Calif, endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4747. Also, petition of Martha K. Hooly and 68 others, of Victorville, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and

Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4748. Also, petition of R. J. Ferro and 19 others, of Long Beach, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4749. Also, petition of William J. Leicht and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4750. Also, petition of Robert A. Green and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4751. Also, petition of Mary M. Darling and 24 others, of Lone Pine, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4752. Also, petition of Fred Reinhardt and 14 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4753. Also, petition of Theodora Burton and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4754. Also, petition of Clyde Gans and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4755. Also, petition of Andrew MacKay and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4756. Also, petition of U. S. Oles and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4757. Also, petition of Carl B. Sheldon and 49 others, of Hollywood, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4758. Also, petition of Lee A. Mower and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4759. Also, petition of Flora A. Nurnan and 19 others, of Long Beach, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4760. Also, petition of Gerard M. Laub and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4761. Also, petition of C. O. Gray, and 19 others, of Le Sueur, Minn., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4762. Also, petition of Narcissos L. Scofield, and 19 others, of Yountville, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4763. Also, petition of E. J. Van Dusen, and 19 others, of Lakeport, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4764. Also, petition of Edward B. Hawkins and 22 others, of Altadena, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4765. Also, petition of Hugh M. McCloskey and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4766. Also, petition of Alice E. Day and 19 others, of Van Nuys, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Consti-

tution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4767. Also, petition of Magdalene Grossbusch and 39 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4768. Also, petition of R. M. Whyte and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4769. Also, petition of Doris Ginsburg and 18 others, of Hollywood, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4770. Also, petition of Charles L. Ray and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4771. Also, petition of Ernest Coldevto and 24 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4772. Also, petition of J. L. Doyle and 19 others, of Milwaukee, Wis., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4773. Also, petition of Knudt A. Knudtson and 49 others, of Riverside, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4774. Also, petition of Edwin G. Dold and 24 others, of San Pedro, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4775. Also, petition of Sarah Vilkie and 19 others, of Los Angeles, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4776. Also, petition of A. T. Hawkins and 45 others, of Willets, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4777. Also, petition of George Stokes and 19 others, of Chicago, Ill., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4778. Also petition of Charles Donnelly and 19 others, of Detroit, Mich., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4779. Also, petition of J. S. Storm and 19 others, of Norman, Okla., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4780. Also, petition of John F. Meehan and 49 others, of Sacramento, Calif., endorsing House bill 4931, which would provide for Government ownership of the stock of the 12 Federal Reserve banks and would establish a constitutional money system in conformity with article I, section 8, of the Constitution of the United States, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4781. By Mr. WELCH: Statements of San Francisco unions and California individuals, made in behalf of the Wagner Act and in opposition to changes in the act and Board; to the Committee on Labor.

4782. By the SPEAKER: Petition of the National League of American Pen Women, Baltimore branch, petitioning consideration of their resolution with reference to the U. S. frigate *Constellation*; to the Committee on Naval Affairs.

4783. Also, petition of Isabelo A. Mago, Indan, Camarines Norte, P. I., petitioning consideration of his petition with reference to insular affairs; to the Committee on Insular Affairs.

SENATE

WEDNESDAY, JULY 19, 1939

(Legislative day of Tuesday, July 18, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O God of wisdom and love, without whom nothing is strong, nothing holy, lift us to Thy presence, we beseech Thee, where we may be still and know that Thou art God, the Strengthener and Holy One; and, having known Thee as Thou truly art, may gain Thy blessing for this Nation and all Thy servants entrusted with authority therein, that, having served Thee in our generation, future ages shall praise Thee for our works. Through Him who came and died to serve mankind, Thy Son, our Saviour, Jesus Christ. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day

Tuesday, July 18, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Russell
Andrews	Ellender	Lee	Schwartz
Ashurst	Frazier	Lodge	Schwellenbach
Austin	George	Logan	Sheppard
Bailey	Gerry	Lucas	Shipstead
Bankhead	Gibson	Lundeen	Slattery
Barbour	Gillette	McCarran	Stewart
Barkley	Glass	McKellar	Taft
Bilbo	Green	McNary	Thomas, Okla.
Bone	Guffey	Maloney	Thomas, Utah
Borah	Gurney	Mead	Tobey
Bridges	Hale	Miller	Townsend
Bulow	Harrison	Minton	Truman
Burke	Hatch	Murray	Tydings
Byrd	Hayden	Neely	Vandenberg
Byrnes	Herring	Norris	Van Nuys
Capper	Hill	Nye	Wagner
Chavez	Holman	O'Mahoney	Walsh
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	Wiley
Connally	Johnson, Calif.	Pittman	
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from South Carolina [Mr. SMITH], and the Senator from New Jersey [Mr. SMATHERS] are detained from the Senate because of illness in their families.

The Senator from Michigan [Mr. BROWN] and the Senator from Arkansas [Mrs. CARAWAY] are absent on important public business.

The Senator from Ohio [Mr. DONAHEY] is unavoidably detained.

The Senator from Montana [Mr. WHEELER] is detained from the Senate because of slight illness.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1930, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RAMSPECK, Mr. SIROVICH, Mr. RANDOLPH, Mrs. ROGERS of Massachusetts, and Mr. HALLECK were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 247) to provide minimum national allotments for cotton.

CONSOLIDATION OF LIGHTHOUSE SERVICE WITH THE COAST GUARD

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to perfect the consolidation of the Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard of certain officers and employees of the Lighthouse Service, and for other purposes, which, with the accompanying paper, was referred to the Committee on Commerce.

EASEMENTS ON LANDS OF WIND RIVER OR SHOSHONE INDIAN RESERVATION, WYO.

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation granting easements on Indian lands of the Wind River or Shoshone Indian Reservation, Wyo., for dam site and reservoir purposes in connection with the Riverton reclamation project, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

PETITIONS AND MEMORIALS

Mr. HILL presented a petition of W. P. A. workers in Jefferson County, Ala., asking a change in the 1940 relief bill eliminating the present standards for determining W. P. A. wages and the restoration of the prevailing wage rate standard, which was referred to the Committee on Appropriations.

Mr. WALSH presented a petition of sundry citizens of the State of Massachusetts, praying for action by the Government to prohibit the shipment of war materials to Japan for use in operations in China, which was referred to the Committee on Foreign Relations.

Mr. LODGE presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of legislation to prohibit the advertising of alcoholic beverages by radio, which were order to lie on the table.

Mr. HOLT presented the petition of Townsend Club, No. 1, of Moorefield, W. Va., praying for the enactment of general welfare legislation granting old-age assistance, known as the Townsend plan, which was referred to the Committee on Finance.

He also presented petitions of Townsend Club, No. 1, of Elkins; Townsend Club, No. 1, of Fairmont, and Townsend Club, No. 1, of Morgantown, in the State of West Virginia, praying for the adoption of an amendment to the Constitution relative to the granting of old-age assistance, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Indian Affairs, to which was referred the bill (S. 1968) to provide for the distribution of the judgment fund of the Klamath and Modoc Tribes and Yahooskin Band of Snake Indians, reported it with amendments and submitted a report (No. 862) thereon.

Mr. ADAMS, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 1802) authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States, reported it with an amendment and submitted a report (No. 863) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H. R. 6037) to amend section 194 of an act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909 (35 Stat. L. 1088), reported it without amendment and submitted a report (No. 864) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2798) for the relief of Charles H. Parr, reported it without amendment and submitted a report (No. 865) thereon.

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 543. A bill for the relief of Imogene Enley (Rept. No. 866); and

H. R. 1436. A bill for the relief of William H. Keesey (Rept. No. 867).

Mr. HUGHES also, from the Committee on Claims, to which was referred the bill (H. R. 1875) for the relief of the Women's Board of Domestic Missions, reported it with an amendment and submitted a report (No. 868) thereon.

He also, from the same committee, to which was referred the bill (S. 2560) for the relief of Marjorie Buchek, reported it with amendments and submitted a report (No. 869) thereon.

Mr. WILEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 2514. A bill for the relief of G. E. Williams (Rept. No. 870);

H. R. 4264. A bill for the relief of Corabell Wuensch, Jackie Lee Wuensch, and Mary Rainbolt (Rept. No. 871);

H. R. 4609. A bill for the relief of Charles Enslow (Rept. No. 872); and

H. R. 4725. A bill for the relief of William L. Rull (Rept. No. 873).

Mr. CONNALLY, from the Committee on Foreign Relations, to which was referred the joint resolution (S. J. Res. 85) authorizing the preparation of plans for the eradication and control of the pink bollworm affecting cotton in the United States and Mexico, reported it without amendment.

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (S. 2756) relating to the funeral costs and transportation of bodies of certain deceased veterans, reported it with amendments and submitted a report (No. 874) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 159) authorizing the appointment of Harley V. Ferguson as a major general, United States Army, reported it without amendment and submitted a report (No. 875) thereon.

Mr. LUCAS, from the Committee on Patents, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 6872. A bill to amend sections 4886, 4887, 4920, and 4929 of the Revised Statutes (U. S. C., title 35, secs. 31, 32, 69, and 73) (Rept. No. 876); and

H. R. 6873. A bill to amend sections 4904, 4909, 4911, and 4915 of the Revised Statutes (U. S. C., title 35, secs. 52, 57, 59a, and 63) (Rept. No. 877).

Mr. DANAHER, from the Committee on Patents, to which was referred the bill (H. R. 6874) to repeal section 4897 of the Revised Statutes (U. S. C., title 35, sec. 38), and amend sections 4885 and 4934 of the Revised Statutes (U. S. C., title 35, secs. 41 and 78), reported it with amendments and submitted a report (No. 878) thereon.

He also, from the same committee, to which was referred the bill (H. R. 6878) to amend section 4894 of the Revised Statutes (U. S. C., title 35, sec. 37), reported it with an amendment and submitted a report (No. 879) thereon.

Mr. CLARK of Idaho, from the Committee on Patents, to which was referred the bill (H. R. 6875) to amend section 4903 of the Revised Statutes (U. S. C., title 35, sec. 51), reported it without amendment and submitted a report (No. 880) thereon.

Mr. BULOW, from the Committee on Indian Affairs, to which was referred the bill (H. R. 1177) for the relief of Bessie Bear Robe, reported it without amendment and submitted a report (No. 881) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 1065) to authorize an appropriation for payment of the cost of providing additional water for the Wapato Indian irrigation project, Washington, reported it with an amendment and submitted a report (No. 882) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2419. A bill for the relief of Walter J. Hogan and W. R. Larkin, in connection with the construction, operation, and maintenance of the Fort Hall Indian irrigation project, Idaho (Rept. No. 883); and

S. 2617. A bill to authorize the leasing of the undeveloped coal and asphalt deposits of the Choctaw and Chickasaw Nations in Oklahoma (Rept. No. 884).

ENROLLED BILLS AND A JOINT RESOLUTION PRESENTED

Mr. TRUMAN (for Mrs. CARAWAY), from the Committee on Enrolled Bills, reported that on July 18, 1939, that committee presented to the President of the United States the following enrolled bills and a joint resolution:

S. 26. An act to empower the President of the United States to create new national forest units and make additions to existing national forests in the State of Montana;

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes; and

S. J. Res. 118. Joint resolution to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PEPPER:

S. 2831. A bill for the relief of J. R. Sealy; to the Committee on Claims.

By Mr. DANAHER:

S. 2832. A bill conferring jurisdiction upon the United States District Court for the District of Connecticut to hear, determine, and render judgment upon the claim of Chris Nielsen; to the Committee on Claims.

By Mr. LOGAN:

S. 2833. A bill for the relief of Theodore R. Troendle and the Dawson Springs Construction Co.; to the Committee on Claims.

By Mr. ASHURST:

S. 2834 (by request). A bill to amend the acts providing punishment for killing or assaulting Federal officers; to the Committee on the Judiciary.

(Mr. WILEY introduced Senate bill 2835, which was referred to the Committee on Agriculture and Forestry, and appears under a separate heading.)

By Mr. SHIPSTEAD:

S. 2836. A bill to amend the Federal Trade Commission Act, as amended; to the Committee on Interstate Commerce.

S. 2837. A bill to correct the military record of Abraham J. Palo, also known as Abram Palo; to the Committee on Military Affairs.

S. 2838. A bill to correct the naval record of Clark Wilson Hoff; to the Committee on Naval Affairs.

S. 2839. A bill granting an increase of pension to Sarah K. Carter; to the Committee on Pensions.

By Mr. RADCLIFFE:

S. J. Res. 176. Joint resolution providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner; to the Committee on the Library.

PROMOTION OF THE DAIRY INDUSTRY

Mr. WILEY. Mr. President, back in the spring I made some remarks on the floor of the Senate in which I characterized the idea that came out from Wisconsin in relation to handling the dairy problem as the "Wisconsin idea." It included dairy products in the so-called basic commodities and provided for parity payments for milk. At that time a representative of the farm group called on me, and I presented to him a rough draft of the bill that I had drawn to fit the situation, providing for parity payments and making milk a basic commodity. I was requested at that time not to introduce the bill. For reasons which he then gave, I did not introduce the bill. I assumed, from what this dairy representative said, that the senior Senator from the State of Wisconsin was to introduce that bill, similar to a bill that was introduced in the House on May 24 by Mr. HULL. Today for the first time I was informed that the bill had not been introduced in the Senate, and I ask consent at this time to introduce a bill to provide for the promotion of sound dairy practices and to provide an adequate and balanced flow of milk and its products in interstate and foreign commerce, and for other purposes, and ask that it be referred to the Committee on Agriculture and Forestry. I am doing this at the request of Mr. W. H. Bundy, of Menomonie, Wis., who represents the proponents of this plan. This is the same bill introduced in the House by Mr. HULL.

There being no objection, the bill (S. 2835) to provide for the promotion of sound dairy practices and to provide an adequate and balanced flow of milk and its products in interstate and foreign commerce, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

SHIPOWNERS' LIABILITY CONVENTION, 1936—CHANGE OF REFERENCE

Mr. PITTMAN. Mr. President, on behalf of the Committee on Foreign Relations, I ask that that committee be discharged from the further consideration of Senate bill 2647, to implement the provisions of the Shipowners' Liability (sick and injured seamen) Convention, 1936, and that it be referred to the Committee on Commerce. I may state that the reason for the request is that the Committee on Commerce are considering at the present time the facts involved in Senate bill 2647. After they report to the Senate on the bill I shall ask that the bill be again referred to the Committee on Foreign Relations for the sole purpose of ascertaining whether or not the bill, as reported by the Commerce Committee, infringes any of the terms of the treaty.

The VICE PRESIDENT. Is there objection?

Mr. AUSTIN. Mr. President, I do not identify the bill. Will the Senator help me in that regard? What is the calendar number of the bill?

Mr. PITTMAN. It is not on the calendar. It is in the committee. What I ask is to have the committee discharged from the consideration of the bill and to have it referred to the Commerce Committee.

Mr. AUSTIN. The Senator who is making the request is chairman of the committee which he wishes to have discharged?

Mr. PITTMAN. Yes; and it is done by request of the committee this morning.

Mr. AUSTIN. I have no objection.

The VICE PRESIDENT. Without objection, the Committee on Foreign Relations will be discharged from the further consideration of the bill, and it will be referred to the Committee on Commerce.

LOANS FOR SELF-LIQUIDATING PROJECTS—AMENDMENT

Mr. MEAD submitted an amendment intended to be proposed by him to the bill (S. 2759) to provide for the construction and financing of self-liquidating projects, and for other purposes, which was referred to the Committee on Banking and Currency, and ordered to be printed.

ESTABLISHMENT OF ECONOMIC RESEARCH STATIONS—AMENDMENT

Mr. MALONEY. Mr. President, I ask consent to submit an amendment to be printed and lie on the table. It is an amendment to Senate bill 1740, which was introduced by the senior Senator from Texas [Mr. SHEPPARD]; and I should like to take just a moment to explain the purposes of the amendment.

Senate bill 1740 is intended to promote business and economic research in the United States by establishing and maintaining, in connection with State university schools of business administration, research stations to cooperate with the Department of Commerce.

At the time the bill was under consideration in the Committee on Commerce I offered an amendment which would have included the District of Columbia with the States. Through some misunderstanding somewhere, the bill was reported to the Senate with the District of Columbia excluded. That was not the desire of the committee, and it happened through error. Since that time I have talked with officials of the Department of Commerce, and they are in accord with my view that the District of Columbia should be included in the bill.

My interest in the matter is that the Department shall have a chance to include Howard University. I am concerned with Howard University because I think there is a need, in connection with this study, to give thought to the serious problem of the Negro engaged in small business. I do not think any other school is so well equipped as is Howard University to make this study. I think the university would be most anxious to make the study. I know the Department of Commerce is most anxious that it be included; and I offer the amendment with the request that it may be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SHEPPARD. Mr. President, I wish to say that the Senator from Connecticut [Mr. MALONEY] has accurately stated the situation in connection with his amendment to Senate bill 1740, and that when the bill comes before the Senate I shall be glad to accept his amendment.

PROVISION FOR RESEARCH ASSISTANTS

Mr. GUFFEY submitted the following resolution, S. Res. 167, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That on and after the date this resolution is agreed to and until otherwise provided by law the majority leader and the minority leader of the Senate shall each be entitled to have a research assistant, in addition to any other clerical assistance to which he may be entitled under any act of Congress. Each such research assistant shall receive compensation at the rate of $5,000 per annum which shall be paid from the contingent fund of the Senate.

REPORT ON NECHES RIVER AND TRIBUTARIES, TEXAS (S. DOC. NO. 98)

Mr. SHEPPARD. I submit a report to the chairman of the Committee on Commerce of the Senate from the Chief of Engineers of the United States Army on reexamination, and preliminary examination and survey, of the Neches River and tributaries, Texas. I ask that it may be printed, with illustrations, as a document, in accordance with the practice in such cases, and referred to the Committee on Commerce.

The VICE PRESIDENT. Without objection, it is so ordered.

NEUTRALITY—ARTICLE BY SENATOR NYE

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an article by Senator NYE in the July number of Investor America under the headline "Neutrality Smoke Screens," which appears in the Appendix.]

THE AMERICAN TAX BURDEN

[Mr. HOLT asked and obtained leave to have printed in the RECORD an article appearing in Investor America entitled "Taxes Consume Almost Two-thirds of the Earnings of American Industry," which appears in the Appendix.]

REVENUE LEGISLATION FOR THE DISTRICT—EDITORIAL FROM WASHINGTON EVENING STAR

[Mr. OVERTON asked and obtained leave to have printed in the RECORD an editorial from the Washington Evening Star entitled "Statement Versus Facts," which appears in the Appendix.]

EXPEDITIOUS SETTLEMENT OF DISPUTES—MOTION TO RECONSIDER

Mr. MINTON. Mr. President, on yesterday on the call of the calendar I was unavoidably detained from the Senate. An important bill was passed at that time by unanimous consent. Had I not been unavoidably detained from the floor, I should have entered my objection. I am, therefore, compelled now to enter a motion to reconsider the vote by which that bill was passed. The bill to which I refer is Senate bill 915, to provide for the more expeditious settlement of disputes with the United States, and for other purposes. I now enter the motion to reconsider.

Mr. LOGAN. I move to lay that motion on the table.

Mr. MINTON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MINTON. As I understand the situation, the motion of the Senator from Kentucky is not debatable.

The VICE PRESIDENT. It is not debatable, but it is not the business of the Chair to say it is not in order, although the Parliamentarian advises the Chair that it is not.

Mr. MINTON. Then, I make the point of order against the motion.

Mr. BARKLEY. Mr. President, did the Chair say it was not his business to hold the motion not to be in order? To which motion does the Chair refer?

The VICE PRESIDENT. The motion to lay on the table, because there is pending business; so the Parliamentarian advises the Chair. The Chair would ordinarily think it was in order, but he has not investigated and does not know. However, the Parliamentarian advises the Chair as indicated.

Mr. BARKLEY. Of course, we have a bill which is the unfinished business. A motion to reconsider, of course, may be made at any time within 2 days. I do not understand the rule to mean that we have got to conclude the unfinished business before a motion to reconsider would be in order.

The VICE PRESIDENT. The Parliamentarian advises the Chair that, under the rules of the Senate, a Senator can enter a motion to reconsider at any time within 2 days, and that is the only motion that is privileged.

Mr. BARKLEY. So that the motion would be entered, to be taken up and disposed of later.

The VICE PRESIDENT. And then, when the time came for it, a motion to lay on the table would be in order.

Mr. LOGAN. Mr. President, I should like to make a parliamentary inquiry.

A motion has been made to reconsider. That is in order; but a motion to lay that motion on the table, as I understand, the Chair holds is not in order. So, if the pending business should run on until the end of the session, there would be no way to dispose of the motion to reconsider.

The Senator from Indiana did not give notice that he would make a motion to reconsider. He made a motion to reconsider now. If that motion is privileged, it seems to me it would take precedence over the pending business; and, if it does, it seems to me a motion to lay it on the table would be in order.

The VICE PRESIDENT. Let the Chair say to the Senator from Kentucky—and the Chair thinks the Senator's observations will confirm the statement of the Chair—that the Senate rules are so indefinite, so mysterious, so illogical in many ways, that the Chair is wholly at a loss to make a ruling on a matter of this kind except by advice of the Parliamentarian; and he has made this ruling according to the advice of the Parliamentarian.

Mr. BARKLEY. Mr. President, the bill concerning which the motion is entered is a bill which really ought not to have been passed on the call of the calendar. It has been reached on the call of the calendar a number of times during the past few months, and has been laid over on each occasion because representatives of the Department of Justice and the Attorney General had spoken to me two or three times about it, and said they were working on the matter through a committee of the Department, suggesting some changes or amendments to the bill which was introduced by my colleague and reported to the Senate.

I was temporarily off the floor yesterday when the bill was called. If I had been here, I would have suggested the same course I have suggested heretofore, that the bill go over. The bill really should be considered on its merits and debated, and not passed simply by default on the call of the calendar, although I realize that no Senator has any right to complain of the passage of bills in that way. But an important measure of that kind should be debated, so that Senators may know what it contains. For that reason I had hoped no effort would be made to pass the bill on the call of the calendar.

I wonder if my colleague would be willing to have the vote on the passage of the bill reconsidered, with the understanding that it will be separately taken up and discussed on its merits.

Mr. KING. I should object to that.

Mr. LOGAN. Mr. President, I will say that the Committee on the Judiciary had this bill under consideration for a year or two. The sole issue presented to Congress is whether we shall have a government by men or a government by law. There are a number of persons connected with the present administration who believe it ought to be a government by men, and so they are very rabidly opposed to the bill.

I may say that twice I have had conferences with representatives of the Attorney General's office. I said I would not attempt to prevent their submitting their suggestions. They said they had a committee considering the matter. In other words, the bureaus desire to work out their own regulations free from interference by Congress. I asked them to submit anything they had. None of them ever submitted anything except the Department of the Interior.

This measure was considered for a long time by a subcommittee of the Judiciary Committee, consisting of the Senator from Vermont [Mr. AUSTIN], the Senator from Utah [Mr. KING], the Senators from Nebraska [Mr. BURKE and Mr. NORRIS], and myself. We made a report, and it was unanimously approved by the Judiciary Committee. There is no more important piece of legislation. So far as I am individually concerned—I cannot speak for the other members of the committee—if the bill may be set down for argument within the next few days, I shall have no objection in the world to what is proposed, because I dare say there will hardly be a vote in the Senate against the bill when it comes up. I do not believe any Senator, after he familiarized himself with the provisions of the bill, would vote against it, because I think to do so would shock his conscience to such an extent that he would not do so.

Mr. BARKLEY. I am making no predictions as to how many votes there would be against the bill, or whether there would be any; but the bill which passed yesterday on the call of the calendar, and which has gone over a number of times for reasons which have been expressed, makes an important departure from the present law and procedure with respect to the departments. Whether or not it is solely an issue between those who want a government of men and those who want a government of law is a matter which may well be debated here. It may be that the bill sets up a kind of supercourt to decide administrative matters in the various departments in Washington.

Mr. LOGAN. No; I will say to my colleague that the bill does not set up a supercourt at all.

Mr. BARKLEY. I mean it sets up a sort of superjurisdiction over departments as to matters of administration.

Mr. LOGAN. It allows appeals to the courts from rulings of the departments.

Mr. BARKLEY. I am not going into a discussion of the merits of the bill, but I think it is of sufficient importance that it ought to be discussed. I very seriously doubt whether a majority of the Members of the Senate are familiar with the provisions of the bill.

Mr. LOGAN. If we can reach an agreement as to when the bill may be made the special order or unfinished business of the Senate, then it may be that we could have it discussed, if anyone desired to discuss it. It has been under consideration for some time.

Mr. BARKLEY. I shall be glad to talk over the matter with my colleague.

The VICE PRESIDENT. Will the Senators from Kentucky permit the Chair to make a suggestion which may clear up the matter? When the consideration of the unfinished business shall have been concluded, the junior Senator from Kentucky may obtain the floor and move to take up the motion to reconsider. If the motion should be agreed to, he could then move to lay the motion to reconsider on the table, or he could go on and debate the motion; and the question could be determined in that way.

Mr. BARKLEY. Mr. President, I myself do not care to terminate it in that way. If my colleague and I can come to an understanding about the consideration of the bill on its merits—and I shall be glad to talk with him about it during the day—I prefer to do it in that way.

Mr. MINTON. Mr. President, if the Senator will yield, I will say to the Senator from Kentucky—who is the author of the bill, I understand, and a member of the Judiciary Committee—that I have no disposition unduly to delay the consideration of the bill. The Senator stated that the Judiciary Committee considered the bill to be one of the most important measures the committee had had to deal with, and that they gave it years of consideration. Certainly the Senate ought to be entitled to take a look at it. What happened yesterday was that the bill just passed through here in routine, without anybody knowing what it was all about.

Mr. LOGAN. I cannot agree to that statement.

Mr. MINTON. We certainly are entitled to have time to consider the bill, and possibly debate it on the floor of the Senate. That is all I ask.

ATTENDANCE OF NAVAL ACADEMY BAND AT NEW YORK WORLD'S FAIR

Mr. TYDINGS. Mr. President, in a moment I shall make a unanimous-consent request, but before doing so I wish to offer a brief word of explanation, so that Senators may know in advance why I am making it.

July 28 next, a very few days off, is Maryland Day at the New York World's Fair. The Naval Academy, of course, is a national institution, but is domiciled in Maryland. One of the purposes of Maryland Day is to accentuate the virtues and beauties and usefulness of the Naval Academy, and the State is entirely willing to pay the expenses of the Naval Academy Band to take part on that occasion. The Naval Academy Band is perfectly willing to play on that occasion, but in order that it may be done "according to Hoyle," and no law may be violated, it is necessary to obtain an authorization for the President of the United States to let the band go to New York. It will cost the Government not a single cent.

Therefore, with the consent of the Senator from Alabama [Mr. BANKHEAD], who has a measure pending before the Senate, I ask unanimous consent that the unfinished business be temporarily laid aside, that Senate bill 2805 be considered, and that immediately upon its disposition the consideration of the unfinished business be resumed.

Mr. WALSH. Mr. President, I have no objection to the request of the Senator from Maryland; but I should like to say, in connection with this matter, that the Committee on Naval Affairs is very much embarrassed by the many demands made for legislative authority to permit various bands in the Navy, particularly the Marine Band, to appear at public functions. The House recently passed a bill authorizing the Marine Band to appear at Rye Beach in New Hampshire.

Mr. TYDINGS. Mr. President, will the Senator permit an interruption?

Mr. WALSH. Yes.

Mr. TYDINGS. In that case the expenses were to be borne by the Federal Government. In the bill of the Senator from Maryland no expense to the Federal Government will be involved.

Mr. WALSH. I was about to say that. The object in the case of the House bill, to which I have referred, was to raise funds for the dependent survivors of the *Squalus* disaster.

The bill which the Senator from Maryland presents is different in several essential particulars. It provides for permission being granted by the President if he chooses to do so. It provides that the band shall go to the World's Fair, if consent is given, without cost to the Government. I personally think it is differentiated from other bills in the fact that the band is to participate on Maryland Day at the World's Fair in New York, and the band is located at Annapolis, which is in the State of Maryland. Therefore, I think, it is removed from the class of bills which would establish a precedent.

I desire to call attention to the fact that the Marine Band and other service bands should not be sent broadcast throughout the country at the expense of the Government. It costs about $3,100 for the Marine Band to leave Washington on a 2-day trip, and it should not be taken away from its post of duty, and its obligation to drill and participate in drills, and participate in the training of enlisted men in the Navy and Marine Corps. I have no objection to the bill presented by the Senator from Maryland for the reasons stated.

The VICE PRESIDENT. Is there objection to the present consideration of the bill presented by the Senator from Maryland?

There being no objection, the bill (S. 2805) to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President is authorized to permit the band of the United States Naval Academy to attend and give concerts, without expense to the United States, at the New York World's Fair on July 28, 1939, which has been designated as Maryland Day at such fair.

ADMINISTRATION OF UNITED STATES COURTS

Mr. BURKE. Mr. President, yesterday a motion was made that the Senate concur in the House amendment to the bill (S. 188) to provide for the administration of the United States courts, and for other purposes.

I now give notice that at the proper time I shall make a motion to reconsider the vote by which the House amendment was agreed to.

The VICE PRESIDENT. The Senator enters a motion to reconsider the vote referred to in his motion.

INSURANCE OF COTTON CROP

The Senate resumed consideration of the bill (S. 2635) to amend the Federal Crop Insurance Act.

Mr. KING. Mr. President, the junior Senator from Mississippi [Mr. BILBO] will be compelled to leave the Chamber in a little while, and he desires to address himself to the pending bill. I have consented to yield the floor to give him that opportunity. I shall take the floor after he concludes.

Mr. BILBO. Mr. President, I am a member of the Committee on Agriculture and Forestry, and when we had before us the legislation proposing crop insurance, through a gentleman's agreement it was decided to try out the insurance scheme on wheat first, with the understanding with the Senators representing the wheat States that after a trial of the wheat-insurance scheme we would then take up the matter of putting cotton in the same category. I do not know that there is any opposition to the pending bill, but I desire to direct attention to the fact that if the cotton growers in the Cotton Belt, which extends from California to North Carolina, representing about 2,000,000 farmers, are anxious to have this legislation enacted, I cannot understand how any Senator could get their consent to vote against it.

If a cotton-insurance law were in force at this time, it would result in a great saving to the Federal Government, because it has always been the custom of the Government to come to the assistance of distressed farmers as a result of its great humanitarian spirit and desire to help citizens in distress.

Recently there has been a tragic situation in my State, and also in Alabama, and possibly in other Southern States, where the rainfall has broken the record of a hundred years. I am informed that the rainfall in half of the State of Mississippi has been 18 inches more than the average for a hundred years. There has been an incessant rainfall for nearly 2 months, and it came just at the time when the farmers were planting their crops. In fact, they have planted two crops, and, because of the continued rain, they have lost those two crops, and it is too late in the season to plant a third time. They have lost their seed; they have lost their fertilizer; they have lost their labor, and it is too late to plant another crop for this year. We find several million of our citizens in distress, and the various agencies of the Government whose duty it is to look after the welfare of people in distress very graciously agreed to come to the rescue of these stricken people in two or three of the Southern States, the major part of the tragedy being in my home State.

If the 2,000,000 cotton farmers had had an opportunity to take advantage of the crop-insurance scheme, as provided for in the wheat-insurance arrangement, protection would have been given to them, and it would have saved the millions of dollars which the Government will be compelled to spend in order to rescue these people from starvation and from despair. As a cold-blooded business proposition, it is the best thing for the Government, and it is the best thing for the farmers themselves. With a small premium paid by the cotton growers, 2,000,000 in number, from California to North Carolina, there would be enough to take care of the major load or burden imposed on the Government at this

time as a result of the great rainfall which has exceeded the record for a hundred years.

In this extensive strip of territory, from North Carolina to California, known as the Cotton Belt—and California is becoming one of the great cotton-producing States of the Union—from time to time there are tragedies all along the belt, and with the proposed legislation on the books, in which the cotton farmers will be glad to participate, just as the farmers in the wheat section have participated in the scheme provided for them by the Government, our farmers would be able to protect themselves against such tragedies and distressful conditions as obtain now in half of my State, and in several of the adjoining States.

I therefore ask Senators to give careful consideration to the matter and to accord my people, and the people of the entire Cotton Belt—2,000,000 farmers—an opportunity to protect themselves by this mutual-insurance scheme of the Government against such tragedies. In one case it may be insect infestation, in another case it may be a dry spell which will hit some part of the belt. In the present case there was excessive rainfall; but from time to time we have had these distressful conditions somewhere along the belt, and, with this insurance scheme in operation and backed by the Government, we will be saved in the future. It will be a protection to the farmer, protection to the merchant, a protection to everyone in the area affected. It will be a protection to the Government, because I know the Government will always come to the rescue of its citizens when they are in dire distress.

Mr. VANDENBERG. Mr. President, at the time the bill was before the Senate on a previous occasion there was discussion regarding the success or failure of the preliminary experiment with wheat insurance. In a colloquy with the able Senator from Alabama [Mr. BANKHEAD] the suggestion was made that the wheat operation had been a profitable one for the Government Insurance Corporation. I think since then supplemental information has been developed, and I am inquiring of the Senator from Alabama whether he has made a supplementary statement for the RECORD on that subject.

Mr. BANKHEAD. I have not, Mr. President, because the bill has not been before us; but I shall be glad to have the Senator put into the RECORD the statement furnished by the Department of Agriculture.

Mr. VANDENBERG. Let me ask the Senator for his interpretation of the memorandum to which he refers. In other words, what would be his answer now to the question whether the wheat-insurance scheme has liquidated itself successfully?

Mr. BANKHEAD. At the time I received the original information, as I suggested previously on the floor, there was a profit. There is a profit to date if one figures on the income and the outgo up to this time, but while this memorandum shows that there is a substantial difference in favor of the Government between receipts and payments, yet it develops that there is a potential liability which will likely exhaust the difference, so that there will be no profit. But that does not indicate any substantial loss.

Mr. VANDENBERG. May I ask the Senator whether there would be a loss without charging the administrative costs to the premiums?

Mr. BANKHEAD. I think the loss would be less if the administrative costs were charged to the premiums, but I have never considered that. I have always figured that the cost of administration was the real financial contribution which the Government was to provide, and that the farmers themselves, through the premium payments over a period of years, would cover and provide for all losses that might result.

Mr. VANDENBERG. Let me see if I understand the Senator. Eliminating the administrative costs, it is the Senator's judgment that there still would be something of a loss in the operations?

Mr. BANKHEAD. The memorandum referred to indicates that there might be some small loss. The Senator has the figures before him. It certainly could not be of any significance. I read part of the memorandum:

> In his statement on the floor of the Senate recently Senator BANKHEAD must have had in mind the fact that the Crop Insurance Corporation has collected approximately 7,000,000 bushels of wheat during the first year in payment of premiums, whereas up to the present time less than 1,000,000 bushels has been paid out in losses.

That is what I had in mind when I had the bill up here before.

> On the other hand Mr. Johnson—

Who testified before the House committee, to which the Senator from Michigan made reference—

> was aware of the fact that the entire 7,000,000 bushels and probably some in addition thereto may be required to meet all losses during the first year, as the wheat crop this year is reported to be below the average normal yield for the 10-year base period upon which the program rests.

That indicates the possibility of a very narrow margin, but nothing substantial; nothing, as I see it, to affect the merits of the program. It is anticipated that during some years there will be losses, and that during other years there will be profits, and over the period of the actuarial basis the premiums will be such that ordinarily, based upon experience, where there are losses subsequently there will be sufficient profits to repay and balance the losses.

Mr. OVERTON. Mr. President, will the Senator from Michigan yield to me in order that I may ask the Senator from Alabama a question?

Mr. VANDENBERG. I yield.

Mr. OVERTON. I should like to ask the able Senator from Alabama, who has made quite a prolonged study of the cotton industry, and also of the wheat industry, whether or not on the average the cotton crop is as stable a crop or a more stable crop than the wheat crop.

Mr. BANKHEAD. I assume the Senator refers to conditions relating to production.

Mr. OVERTON. To production, yes.

Mr. BANKHEAD. Yes; cotton is more stable. There are more risks in the wheat area than there are in the cotton area, based upon long experience. Wheat production is more hazardous than that of cotton.

Mr. VANDENBERG. Mr. President, if I may ask the Senator from Alabama one further question, am I correctly informed that the Secretary of Agriculture recommends the extension of this program to the cotton crop?

Mr. BANKHEAD. That is correct.

Mr. VANDENBERG. I have such complete belief in this particular method of attempting farm relief that I am not going to quarrel with the pending bill extending the experiment to cotton at the present time, but I think it is a rather imprudent and hazardous thing to do on the basis of the incomplete and inconclusive experience which we have had with crop insurance up to date.

When the program was launched it was with the specific understanding that we were to feel our way along, and succeed with one commodity before we attempted to follow with another. I would not say that the year's experience with wheat has been a success when it shows a loss. I think it is premature to enter the larger field; but, on the basis of the Department's recommendation, I assume the Senate is going to make the extension anyway, and I can simply express the hope that it will succeed. It certainly is an effort in the right direction.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The Senator from Utah is recognized.

Mr. KING. Mr. President, the statement just made by the Senator from Michigan [Mr. VANDENBERG], together with the observations by the Senator from Alabama [Mr. BANKHEAD] reveal, in part at least, the purpose of the bill now under consideration. In my opinion the inevitable conclusion to be drawn from these statements is that the bill is lacking in merit and is not in harmony with our principles of government. It is an effort to plunge the Government

further into the evils of paternalism; indeed into socialistic policies at variance with the philosophy and theory of our Government.

The act of Congress—a measure which was approved February 16, 1938—sought to deal with agriculture. That measure contained provisions which many persons believed to be not only unwise, but also at variance with the principles upon which our Government is founded. This measure was criticized by many because of the extraordinary power which it conferred upon the officials of the Department of Agriculture. It was claimed by some that the provisions of the measure interfered with the freedom of individuals to prosecute their activities in agricultural fields; that it contemplated the control of agriculture by the Government and the regimentation of all engaged in this important and vital industry.

In my opinion a perusal of the measure will convince fair-minded persons that some of its provisions are at variance with our theory of government and would subject agriculturists to oppressive bureaucratic control and lay a heavy hand upon agricultural development. The view was entertained by some persons that the act contained unconstitutional provisions. Certain it is that freedom of action upon the part of those engaged in the various forms of agriculture were interfered with, and under the operations of the bill the agriculturists of our country have sustained great losses.

In an attempt to enforce the act, plans have been devised and policies followed which have proven injurious to the farmers, and indeed harmful to the consumers of agricultural commodities. I think it may be said that the agricultural situation of our country is worse today than it was several years ago; that the condition of the farmers is more serious than it was in some period during several decades. Some of the plans urged by the Department of Agriculture called for the reduction of acreage and the destruction of agricultural products. Efforts were made to prevent the operation of the law of supply and demand, and to interfere with legitimate activities which would broaden the market for agricultural products.

I repeat when I say that policies and plans urged by the Department of Agriculture have been unsuccessful. But as one plan failed, another equally illogical and unsound was suggested. The policy of the Department has resulted in the accumulation by the Government of millions of bales of cotton and has resulted in severely injuring the foreign market for cotton as well as for other agricultural products. Tens of millions of dollars have been expended in the experiments tried by the Department of Agriculture and tens of millions of dollars have been expended in adding to the personnel of the Department of Agriculture of tens of thousands of additional employees.

Later in my remarks I shall call attention to the enormous expenditures of this Department during the past few years, and the apparent purpose of those controlling the Department to still further augment the list of employees and increase by many millions of dollars the administrative cost of the Department. In my opinion, there has been no more unfortunate and disappointing experience in any department of our Government than that which we witness in the administration of the Department of Agriculture during the past few years.

The bill before us now is in line with a number of the unwise and unsound experiments and plans of the Department. It further embarks the Government in the insurance of crops and seeks to broaden the field of its experimental policies by providing insurance for cotton.

I submit that the experience of the Department in connection with the insurance of wheat has been disappointing and certainly should prove an admonition to the Government to not further continue this system of experimentation in agricultural commodities.

I might add in passing at this point that persons familiar with the purpose for which our Government was founded will not be reconciled to the embarkation of the Federal Government upon the sea of socialism. The bill before us gives to the Department of Agriculture the authority to insure cotton and calls for the expenditure of millions of dollars to carry out that policy.

When the Senator from Alabama called the bill up for consideration a few days ago, I was not privileged to hear his explanation of its terms. I did, however, hear part of the colloquy between the Senator and the Senator from Vermont, and reached the conclusion from the statements of the Senators that the measure lacked merit and would prove more difficult of administration and more unsatisfactory in its results than attended the administration of the law providing for the insurance of wheat.

The Senator from Michigan [Mr. VANDENBERG] has just submitted a number of questions to the Senator from Alabama, and the information obtained brings further confirmation of the proposition that the projection of the Federal Government into the field of insurance is unwise and will constitute a precedent that will result in continuing irritation, difficulties, and losses to the Federal Government.

A few days ago I inquired of Mr. Johnson, the head of the insurance organization in the Department of Agriculture, concerning the work which had been done in connection with the insurance of wheat. He stated, in substance, that $5,000,000 had been expended during the first year of the administration of the act in connection with the insurance of wheat.

In reply to my question as to whether the costs of administration would be diminished, he stated, as I recall, that he did not expect any reduction, and that possibly there might be some increase, depending upon the number of wheat farmers who obtain crop insurance.

Mr. President, notwithstanding the fact that the Department of Agriculture has more than 100,000 employees and has added to its organization these agencies, there have been added to the personnel a considerable number who have cost the Government $5,000,000 for the first year of the administration of the Crop Insurance Act. We are confronted with the fact that we are imposing upon the taxpayers of the United States a cost for administration of at least $5,000,000 per annum.

I inquired of Mr. Johnson whether, if cotton was added to the list of insurable commodities, the administrative expenses would be greater than those required in the administration of the insurance of wheat. He stated, as I recall, that in his opinion the expenses would be larger, because there would be more cotton growers who would avail themselves of the crop-insurance provisions than there were wheat producers.

I learned from Mr. Johnson that the wheat growers who obtained insurance did not pay for their insurance in cash, nor would the cotton growers be expected to employ cash in paying for the insurance which they would obtain. The wheat farmers paid for their insurance by delivering at various stations wheat which they had produced. The Government was required, under its policies, to accept the wheat, and of course to furnish suitable elevators in order to care for the same. Under this plan, the Government is compelled to incur great expense for costs of storage, insurance, and handling of the wheat. It cannot keep the wheat indefinitely, and must therefore find markets for the same. This requires a sales organization in order that the wheat may be disposed of advantageously.

This plan places the Government in the position of a broker or dealer in the wheat which it accepts in payment for insurance. The Government is compelled to gage the markets and to handle the wheat in such a manner as to prevent loss.

In my opinion it is improper for the Government to engage in the purchase and disposition of wheat, and to enter into competition, as it would, with those who are engaged in the buying and selling of wheat.

Mr. President, it is clear from the colloquy between the two Senators just referred to that not only has the Government lost $5,000,000 for administrative expenses for the year, but it will suffer losses growing out of the wheat transactions. The 600,000,000 bushels of wheat which the Government has acquired will not meet the insurance losses, as a

result of which the Government will sustain a considerable loss in addition to the $5,000,000 administrative expenses.

The experience of the Agricultural Department in this wheat venture is an admonition that the Government, even if it had the authority, should not enter this field of insurance. May I add that demands for the insurance of additional crops will be made, and soon Congress will be requested to appropriate tens of millions of dollars for administrative purposes, with the certainty of being compelled to appropriate additional millions in order to meet the losses that will be sustained in its insurance activities.

May I add that Mr. Johnson stated to me that private insurance companies had sustained great losses.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. HATCH. Did the Senator say that all the private companies had failed?

Mr. KING. My recollection is that Mr. Johnson stated that the companies which had engaged in the insurance of crops had met with great losses, and many had failed.

Mr. HATCH. I happen to know that that is not a correct statement. I have had hail insurance this year with a private company, and I know that it is still doing business.

Mr. KING. The insurance acquired by the Senator provided only for losses occurring from hail?

Mr. HATCH. Yes.

Mr. KING. Not for the entire crop.

Mr. HATCH. The company will write crop insurance if one is willing to pay the premiums, which are rather high.

Mr. KING. Obviously, that must be true. Perhaps Mr. Johnson limited his statement to those insurance companies which had insured prices, and as to those companies my recollection is that he stated all had failed.

Mr. President, I again repeat there is no authority for the Federal Government to embark upon the business of insuring properties or crops. Certainly there are limitations upon the authority and the functions of government. The line of separation between private activities and private enterprise and the functions and authority of government, is marked particularly in a government such as that in which we live. The Federal Government, it is unnecessary to state, possesses only limited authority. It may operate only in fields which pertain to governmental matters, and which it may enter because of the authority delegated to it in the Constitution of the United States.

Mr. President, the Government has been generous in dealing with agriculture. It has appropriated to the Department of Agriculture and its agencies during the past 8 years more than $7,337,000,000. And I should add that that stupendous sum does not comprehend all the expenditures which have been made for the benefit of those engaged in agricultural pursuits; nor does it comprehend losses which the Government will sustain by reason of guarantees and commitments which have been made. Perhaps these losses which the Government will be required to meet will aggregate hundreds of millions of dollars. However, I believe that the Government should deal generously and not act magnanimously with the farmers of our country.

In 1933 Congress appropriated for agriculture $251,931,139. The appropriations for 1934 were more than $924,000,000. In 1935 they exceeded $1,140,000,000. In 1936 the appropriations for agriculture were approximately $946,000,000. In 1937 they amounted to more than $869,000,000. In 1938 they amounted to more than $971,000,000. In the fiscal year 1939 the appropriations exceed $1,267,000,000. In addition to these appropriations there are additional funds supplied to the Department of Agriculture which amount to hundreds of millions of dollars. The Senator from Georgia, who sits near me, and who has had charge of the agricultural appropriation bill in the Senate for a number of years, can advise me whether the figures which I have just submitted are accurate. The figures which I have just mentioned as the appropriation for the coming fiscal year of more than $1,000,000,000 do not include the amount which will be received by the Department of Agriculture from customs duties.

Mr. RUSSELL. It is my understanding that it does not. The figure which the Senator has just given does not include the $90,000,000 which will be available from section 32; nor do the amounts stated by the Senator from Utah for the years 1939, 1938, and 1937 include the sums available from section 32.

Mr. KING. So, Mr. President, I have understated the aggregate amounts which were appropriated by Congress to aid agriculture during the years indicated. There should be added to the figures which I gave the amounts which were obtained from customs receipts. Such amounts would aggregate perhaps $300,000,000 or $400,000,000 during the past few years.

Mr. RUSSELL. I think they would easily aggregate $400,000,000, or perhaps slightly more.

Mr. KING. Mr. President, I have before me a complete statement, furnished by officials of the Government, of the appropriations made for agriculture from the year 1848 down to the present time. I hope Senators will examine them; they will discover the enormous increase which has occurred year by year in appropriations for agriculture by the Federal Government.

For example, in 1848 only $3,000 was appropriated for the benefit of agriculture. Skipping the intervening years, in 1865, the amount was $143,100.

Beginning in 1848 the Federal appropriations for agricultural purposes were but $3,000. There were slight increases during the intervening years and in 1863 $60,000 was appropriated. The appropriations varied during the following years and in 1881 they totaled $353,000. There were unimportant increases in agricultural appropriations until 1888, when they totaled $1,028,000. There were slight increases between that year and 1900 and 1901, when the appropriations totaled $4,023,000. Between that date and 1907 the appropriations were substantially the same. In 1908 they totaled $9,437,000. During the period between 1908 and 1917 there were unimportant increases in the appropriations. In 1918, owing to the war and the demands for "food stimulation," the appropriations reached the sum of $40,000,000. In 1919 for "food stimulation" and for the Department of Agriculture $38,000,000 was appropriated. In 1920 the appropriations for the Department of Agriculture were $112,000,000. However, there was $1,000,000,000 for wheat guaranty. In 1922 there was $38,000,000 appropriated. In 1922 there were seed-grain loans amounting to $1,500,000 appropriated, and in 1923 the Department of Agriculture received $62,000,000 and for the same year $25,000,000 were appropriated for roads. Following that year the appropriations were increased until in 1930 the appropriations for the Department amounted to $160,000,000. In addition $251,000,000 was appropriated for "marketing funds." In 1931 the appropriations for the Department amounted to over $200,000,000 and $89,000,000 was also appropriated for roads. The same year $150,000,000 was appropriated for "marketing funds" and $45,000,000 for the "relief of farms." In 1932 $269,000,000 was appropriated for the Department and $50,000,000 for roads. The appropriations in 1933 were $176,500,000, and in 1934 $200,000,000 was provided as a loan to farmers and, in addition, $100,000,000 was appropriated to the Department and $40,000,000 for "crop-production loans." In 1935 there was appropriated $15,000,000 for agricultural adjustment and $66,000,000 to the Department and $2,389,000 for the Farm Credit Administration.

In 1936 the Department of Agriculture received approximately $430,000,000, and also $296,000,000 under the Agricultural adjustment provisions of the law. Further, in 1936 an act of Congress was passed under the terms of which 30 percent of the gross customs receipts were to be expended by the Agricultural Department.

In 1937, $172,000,000 were appropriated to the Department and $4,000,000 for the Farm Credit Administration.

In 1938, for all purposes, including roads, the Department received over $1,100,000,000, and the Farm Credit Administration $4,000,000. In 1938 also, under the terms of the Sugar Act, $39,750,000 were appropriated, and a deficiency appropriation of $23,365,000 was made.

In 1938 the appropriations for the Department amounted to approximately $750,000,000.

Mr. President, only a few days ago the able Senator from Georgia [Mr. RUSSELL]—and I emphasize the word "able" because since he has been in the Senate he has demonstrated his earnestness, zeal, and comprehension of public questions—submitted a conference report to the Senate. There were only a few minutes of debate. I did not agree with the report which was submitted. The Senate agreed to the same and as a result of which a measure providing an appropriation of about $1,300,000,000 to be expended in aid of the farmers during the next fiscal year was passed. When the bill was under consideration by the Senate I invited attention to the vast increase in the appropriation for the next fiscal year. I referred to the fact that in 1920 the appropriation for the Department of Agriculture was only $66,000,000. Large as that figure was, how infinitesimal it is when compared with the sum agreed upon in the conference report carrying appropriations for the next fiscal year. Although the figure for 1933 is approximately four times as large as the appropriation 13 years before, it is $1,000,000,000 less than the sum being appropriated for agriculture for the next fiscal year.

The total individual-income taxes collected during the fiscal year 1937 would not be adequate to pay for the current appropriations for agriculture. From time to time we hear much talk about imposing higher income taxes. The Finance Committee has addressed itself with earnestness to the problem of obtaining revenues adequate to meet the expenses of the Government. We have very heavily taxed the incomes of the people. However, the other day we resisted a suggestion made by the able Senator from Wisconsin [Mr. LA FOLLETTE] to lower the income brackets, and so increase the number of persons subjected to the income tax. I can assure the Senate that members of the Finance Committee have not been derelict in their duty to find sources of revenue to meet the mounting expenses of the Government. However such efforts, the revenues collected will be wholly inadequate to meet the appropriations made.

I noticed in a morning newspaper that a learned professor and economist, who delivered an address in California, stated that the course which we are pursuing will inevitably lead to inflation; and inflation carries with it economic and industrial dangers, if not deadly perils.

Germany had inflation. As I stated a number of months ago, during the course of an address, that when I was in Germany the inflation had been so extreme that it had practically destroyed the middle class and brought incalculable injury to the entire population. I talked with hundreds of Germans, some of whom were walking the streets in despair, who had prior to the inflationary policy of Germany possessed resources adequate for their sustenance for life; and, as I was told that many persons had committed suicide because of the tragic conditions which had followed the destructive policies of the Government.

The total individual income taxes collected during the fiscal year 1937 were not sufficient to pay for the appropriations for agriculture. It will not be a happy thought for any citizen who complains over paying a high income tax to remember that, high as it is, his income tax, together with the income tax paid by every other person in the Nation, will not even pay for the expenditures of the Department of Agriculture for the year 1940.

These figures are borne out by official reports. The Annual Report of the Commissioner of Internal Revenue for 1937, at page 1, gives the total collection of individual taxes for that year as $1,091,740,746, while, according to Government figures, the appropriation for the Department of Agriculture for 1937 was $1,264,000,000, and, according to the statement made by the able Senator from Georgia, the appropriation for 1940 will exceed that sum perhaps by one or two hundred million dollars.

Let it also be remembered by the taxpayer that all the individual income taxes collected are not even sufficient to pay the interest on our public debt.

With the mounting expenses of the Government we have now reached approximately the $45,000,000,000 limit of indebtedness, and undoubtedly Congress will be asked at the next session of Congress to meet large deficits because of the failure of the departments to live within the appropriations which have been made.

Mr. President, this is, indeed, a serious situation, though I know that any observations which may be made in behalf of economy fall upon deaf ears. We are continuing to spend, and spend more, and the appropriations next year which will be demanded will exceed those for this year, stupendous as they are. Obviously, we may not continue this profligate course without bringing disaster not only to the credit of the country but to millions of the American people.

One of our richest sources of income—that is, the income tax—being inadequate to meet the interest alone on our public debt, being insufficient to pay for the running of merely one of our 10 executive departments, it is obvious that we are being confronted with a most serious condition which should challenge the attention of thoughtful Senators and the public, and lead to a universal demand that these profligate expenditures shall cease and that we shall inaugurate a policy with respect to our fiscal affairs which will be consonant with democratic institutions and with wise and efficient administration of the Government.

Need I say there is concern being expressed by many thoughtful persons concerning the solvency of the Government? Congress is largely to blame for this condition. If new functions and new duties are delegated to a department, there can be only one answer—increased expenditures and increased personnel.

Since I have mentioned "personnel," I may add that when I came to the Senate in 1917 there were 34,000 Government employees in Washington; there are now more than 100,000, and the number of persons on the Federal pay roll, not including those in the Works Progress organization, number nearly 2,000,000, and their salaries and compensation will total approximately $2,000,000,000 a year.

When the Government a few years ago appropriated $1,000,000,000 for 2 years, it excited criticism, many Senators and Representatives who had voted for the same were rebuked by their States. Now, it is said by some that Senators and Representatives may be defeated for reelection if they do not vote for large appropriations, showing the difference in the attitude of the American people toward economy and thrift and those fine virtues which manifested themselves in the early days of the Republic.

Permit me to present a list of some of the agencies of the Department of Agriculture as shown in the Congressional Directory in order that we may obtain some idea of the extent of this organization. The Congress, I repeat, is largely to blame. The demands of officials of the Federal Government are increasing. We do not find, as a rule, bureaucrats asking for smaller appropriations or reduced personnel. They are asking for increased jurisdiction, as they are asking now for increased jurisdiction under the act under which wheat has been insured.

The major divisions are listed as follows:

The Office of Land Use Coordination.
The Office of Personnel.
The Office of Budget and Finance.
The Office of Plant and Operations.
The Office of the Solicitor.
The Office of Information.
Library.
The Office of Experiment Stations.
Extension Service.
Foreign Agricultural Service.
Agricultural Adjustment Administration.
Federal Surplus Commodities Corporation.
Federal Crop Insurance Corporation.
Bureau of Agricultural Economics.
Bureau of Agricultural Engineering.
Bureau of Animal Industry.

National Agricultural Research Center, whatever that may be.

Bureau of Biological Survey.

Bureau of Chemistry and Soils.

Commodity Exchange Administration.

Where did they get the authority under form of government to set up an exchange for commodities, engaging in traffic and buying and selling commodities?

Mr. RUSSELL. Mr. President, if the Senator will yield, I will state that the function of that agency of the Department of Agriculture is to regulate abuses on the commodity exchanges in the large cities. It does not involve any actual exchange of commodities by the Department of Agriculture, but rather the regulation of dealings in futures on commodity exchanges, which, in times past, has been disastrous to the farmers of the United States.

Mr. KING. I am glad to have the explanation. I recall now that when the matter was under consideration by the Senate a number of years ago it was demonstrated that there needed to be some restrictive measures with respect to operations upon the commodity exchanges.

I continue with the list of agencies under the Department of Agriculture:

Bureau of Dairy Industry.

Bureau of Entomology and Plant Quarantine.

Farm Security Administration.

Food and Drug Administration.

Forest Service.

Northeastern Timber Salvage Administration.

Bureau of Home Economics.

Bureau of Plant Industry.

Advisory Council of the National Arboretum.

Bureau of Public Roads.

Soil Conservation Service.

Sugar Division.

Weather Bureau.

Thus we have 33 major divisions of this one executive department. A mere reading of the names of the divisions suggests the widening scope of Federal activities in the field of agriculture.

Mr. President, it can be easily understood by the sheer force of the added work that has been placed upon the Department of Agriculture by the Congress why the number of employees in this Department alone has, as I am advised, doubled in the short space of 5 years.

In 1934 the total personnel of the Department of Agriculture was 51,000; in 1938 the number was approximately 102,000, and I am told that there have been a large number of increases in the various branches of the Department since 1938.

The Senator from Colorado [Mr. ADAMS] placed in the RECORD a table of the total appropriations by sessions of Congress from the year 1873 until the present year. That table, Mr. President, I suggest should be examined not only by Members of Congress but by the public at large. It was presented June 1 of this year—and it is found at page 6511 of the CONGRESSIONAL RECORD. I submit this table indicates the dangerous, if not ruinous, trend that has been followed by our Government in the matter of appropriations and expenditures during the past decade.

I may say that not in 1 year, from 1873 down to and including 1916, did the total appropriations for the operations of the entire Government equal the amount of money that was recently appropriated for the Department of Agriculture alone. The entire expenditures of the Federal Government prior to 1909 never totaled $1,000,000,000 in any year. In 30 years the expenditures have increased by more than 10 times; and, as I believe, before we adjourn, the appropriations for the next fiscal year will exceed $11,000,000,000, and commitments and authorizations will be made aggregating between three and five billion dollars. Yet, I find no spirit of opposition to these mounting expenditures that is sufficient to restrain the appropriations. Motions have been made from time to time to reduce the appropriations 10 percent, or 5 percent. Only a few Senators voted for those motions.

I wish to pay tribute to the President for the attack which he made upon expenditures when he first came to the White House. He recommended a reduction of 25 percent in governmental expenditures, and both Houses of Congress enthusiastically supported that wise and statesmanlike movement of the President. I wish the spirit of moderation—if I may use that expression—which would lead to reduction in expenditures had characterized the executive departments since that time. The reverse has been true, however; and an examination of the hearings before the Appropriations Committees of the House and the Senate will show that most witnesses in favor of increased appropriations were from the Government departments. The itch for greater power and the demand for larger appropriations are deplorable, and constitute a danger to the Republic.

As stated, the figures presented by the Senator from Colorado [Mr. ADAMS] indicate that the expenditures for the fiscal year just ending—1939—amount to nearly eleven and one-half billion dollars. This staggering figure is beyond visualization. I can only say that it took no more than this sum—eleven and one-half billion dollars—to pay the expenses of the Federal Government for 9 years between 1909 and 1917, inclusive. Less than three decades ago our Government could operate for 9 years on the amount of money that is now being expended in 1 year. The expenditures have steadily increased since 1932, enormous as they seemed to us in those days, to the point that at the present time the yearly appropriations are nearly equal to the total expenditures of the Government during the 2 darkest years of the depression, 1933 and 1934, when the appropriations were $5,785,252,641 and $7,692,447,339, respectively. How long can this profligate spending continue without the appearance of the dreaded and inevitable result, national bankruptcy?

I know that appeals for economy meet with but slight favor in this Chamber, and probably with but little success in the country. It is not difficult to conjecture what will be the result of this orgy of expenditures; we know that every nation which has abandoned sound economic and fiscal policies has met with disaster and frequently with general bankruptcy.

Mr. President, where is the power that can stop this torrent of demands for Federal money? Only a few days ago an important person, in decrying our reckless spending and the terrific debt that is being created, was critically questioned, and some Senators indicated that he was only talking "generalities." It is not an unimportant "generality" when attention is challenged to these enormous expenditures and the danger of national bankruptcy. It will not be a case of "generalities" later on, when pay day comes, and when the foundations of our economic, industrial, and political systems have been undermined.

These questions are illustrative of the dilemma into which this Nation has fallen. I believe there is general alarm among many persons over the increasing enormity of our Federal debt—a debt which cannot help but grow in the face of annual expenditures which are more than double the annual income. Thoughtful persons are beginning to realize that we cannot continue operating under such an unsound and dangerous fiscal policy. There must be an end. My hope is that the end will be in the courage of Congress to stem the tide of disaster which I believe is threatening our country, and that the end will not be inflation and national bankruptcy.

Any person who is ready to admit that the Congress cannot reduce expenditures must be ready to face the ultimate and inevitable end which must come to a nation or to a person following a course of spending greatly in excess of income.

Unfortunately, many of the people are bewildered by reason of this situation, and their bewilderment produces fear and distrust, which lead to resentment, anger, and animosity. It has been said that the world is still suffering from the shock of the World War—that its horrors are still before nations as a frightful specter. Nations are oppressed by burdens which the war imposed, and people are bowed

beneath debts, national and international, and they are suffering from disorders, mental and physical, which can be cured alone by peace and the reign of law and justice.

I need not advert to the fact, with which Senators are familiar, that not alone is our Nation bowed beneath the burden of debt but most nations are in a similar situation. Capital levies have been made in some lands, and more will be made in the future if the present madness is not abated; the earnings of the people will be absorbed in the processes of war, or preparations for war; and the movements for peace, for education, and for the resuscitation of industry will be postponed to meet the emergencies, so-called, and the exigencies of the war psychosis which unfortunately controls too many people of the world.

Moreover, as I have indicated, that cry will be carried across the seas and will impel other nations to increase their burdens and to make larger preparations for war than they otherwise would be willing to make.

Mr. President, it is my opinion that the enormous Federal appropriations of the Government not only for military purposes but for other activities are largely the product of active propagandists and constant pressure by Federal departments, bureaus, and agencies. We know that representatives of the War and Navy Departments, as well as other Federal agencies, avail themselves of opportunities to arouse the people to urge increased Federal appropriations. We know that officials and important figures in various departments visit communities and States and impress upon the people the importance of the work which they have done and the necessity of increased appropriations for their respective fields of activity.

The great expansion of the Federal Government and its intrusion into fields of private endeavor has increased the army which annually invades Washington and multiplies the demands for Federal appropriations.

Let me say, by way of parenthesis, that the criterion by which the success of legislators is not infrequently measured is the extent to which they can aid in securing Federal appropriations for the benefit of their constituents. The philosophy of the fathers—of service—which guided the American people in the early days of the Republic, has given way to a new philosophy of dependence upon contributions, subsidies, and, in common language, "hand-outs" from the Federal Treasury. No longer do the people ask, as they did in the days when the patriotic fathers struggled for their independence and the establishment of this Republic, "How can we serve?" The question too often is now, "How much can we and our communities obtain from the Federal Government?" This philosophy, Mr. President, not only weakens the people but it is not consonant with the precepts of Christianity.

Mr. President, the demands for Federal appropriations are, in my opinion, a challenge to the patriotism of the people, and certainly a challenge to the executive and legislative branches of the Government. As indicated, demands for appropriations are increasing, and the Federal Government is urged to take over duties and responsibilities which belong to individuals and to the States and their subdivisions. The spirit of independence is being undermined, and the people are being taught that the Federal Government must assume the part of a benignant father. Our dual form of government is being undermined, and there is a subsidence of that fine spirit of individualism which is essential to the maintenance of our form of government.

The indebtedness of the Federal Government has reached stupendous heights, and yet we are told that the limits of $45,000,000,000 of indebtedness must be removed. I observed in an article a few days ago that the suggestion was being made by representatives of the Government that expenditures amounting to $75,000,000,000 might be required. Measures have been passed, and are being considered, which confer upon the Federal Government much of the authority and power which accompany a totalitarian state. It is being urged that the Government take over and control public education; public health; provide pensions for all; construct homes for the people; take over and operate the railroads and all public utilities; determine what crops each person shall produce; regulate commodities, and, indeed, regiment business, communities, and individuals.

These tendencies find expression in totalitarian states and are reminiscent, as I stated in the Senate yesterday, of Hitlerism.

When the pillars of constitutional government are weakened they may be broken, and when they are broken, the torrential flood of communism, nazi-ism, or powerful centralized authority will menace orderly government and democratic government.

There is no promise of immortality for this Nation, and an examination of the history of nations which have perished justifies the epitaph—if one were written—"They perished by their own folly and their centralization of political and economic power in the hands of the government."

Unfortunately there is great public apathy with respect to the encroachments of the Federal Government; its usurpations; its impingements upon the rights of individuals and of local communities. As I have indicated, the demands for the maintenance of local self government and for economy, are no longer heard or, if made, are ignored. If warnings are sounded of the dangers of impaired credit, of inflation, they also are ignored and indeed are too often treated with derision. The result, of course, is increased expenditures; mounting deficits; bonded indebtedness, and the torrential floods of appropriations, and increased burdens of taxation upon the people.

There was a time when economy was a virtue; when public spending was deplored; when criticism and, indeed, condemnation awaited those who laid heavy taxes upon the people and incurred State, municipal, or national indebtedness. Reference has been made to the example of the founders of the Republic. The philosophy of Benjamin Franklin concerning thrift and savings was approved by the States as well as by the Federal Government, and the spendthrift and the debtor—whether individual, State, or National—were looked upon with disapproval.

Political parties pledged themselevs to economy in the administration of public affairs, and in those better days counties, States, and municipalities vied with each other in maintaining their governments free of indebtedness.

As I have stated, when Congress appropriated $1,000,000,000 to meet the expenses of the Federal Government for 2 years, the Nation was shocked and the party in power criticized for its unprecedented act. But the virtues of early days seem to be forgotten and thrift and savings are not regarded as proper attributes of individuals, State or the Federal Government.

Notwithstanding the stupendous appropriations now made, there is a bill pending in the Committee on Banking and Currency which commits the Government to additional appropriations of more than $3,000,000,000, and efforts are being made, largely by Federal officials, to secure the enactment of this bill. This bill, in my opinion, should not be passed. It is unwise, unsound, and without justification.

It has been said that individualism in all that that word implies, and as it was understood in the early days, does not now exist; that it is an anachronism, and economy is a quality not commended, and possessed but by few.

I have referred to the demands made by individuals and States as well as by the National Government for appropriations. In my opinion Congress has been derelict in its duty in acceding to these demands, but the American people should know that if the credit of the Government is impaired, and the powers and authority of the States are taken over by the Federal Government, they will be the betrayers. Economy must begin in the family and the local community in the State. The sovereignty of the States, however, is being destroyed. There seems to be a mad rush from all parts of the Union to confer upon the Federal Government the crown and jewel of States' rights and individual liberty. We should not forget that debts are cruel masters and individuals, governments, and communities suffer from their scourgings. Not only the States and their political subdivisions but the Federal Govern-

ment are putting on chains of bondage—bondage of debt; and individuals, corporations, and partnerships are overwhelmed with indebtedness.

The wealth of the people of the United States, by some statisticians, does not exceed $200,000,000,000, and it is estimated by others that the indebtedness of the Federal Government, the States and their political subdivisions, corporations, and individuals, exceeds that amount. There are more than 200 Federal departments, bureaus, and agencies, and several score additional will be created by this Congress.

I think a proper appraisal of the Federal indebtedness and the indebtedness of the States, and counties, and their political subdivisions, and the indebtedness of corporations, partnerships, and individuals, will show that the combined indebtedness exceeds $200,000,000,000. The States and municipalities are keeping pace with the Federal Government in the race for expenditures and the creation of additional bureaus, departments, and agencies, and, of course, in the augmentation of the number of employees.

As I have indicated, notwithstanding the heavy burdens of taxation, the deficits during the past 6 or 7 years exceed $22,000,000,000, while during the past 7 years, we have increased the Federal taxes at least 500 percent. We have increased the expenditures by from 800 to 1,000 percent; also increased the public debt from $22,000,000,000 in 1933 to more than $40,000,000,000.

During the time this administration has been in power, by heavy taxation we have wrung from the people approximately $32,000,000,000, and, notwithstanding that tremendous burden upon them, we have deficits of considerably more than $26,000,000,000.

It is obvious that the appropriations for the next fiscal year will reach the stupendous sum indicated by the Senator from Colorado [Mr. ADAMS] of approximately $11,500,000,000, with authorizations of approximately $2,000,000,000 or $3,000,000,000 additional. I repeat that a continuation of these expenditures and inflation, with all its evils, will beset our pathway.

For years I have protested against governmental extravagance, and when the Republicans were in power I criticized many of their policies and rejoiced when the Democratic Party, in its national platform of 1932, declared for economies.

Mr. President, as I indicated a few moments ago, I heartily approved the recommendation of the President when he announced a reduction of 25 percent in the expenses of the Government, and I hoped that the platform of the party would be rigidly adhered to. But, in my opinion, it has been departed from.

I have deplored measures which invaded the rights of the States, and which embarked the Federal Government upon policies—many of which were socialistic—and some of which, in my opinion, seriously interfered with the rights of individuals and invaded the rights of sovereign States.

The time has come for economy—and still more economy—but I fear we will have none—for a return to genuine democratic government, to policies which defend the rights of the States, and withdraw the hand of the Federal Government and its army of employees and bureaus from the lives, conduct, and activities of individuals; and it is also a time for our Government to take the lead to bring about a reduction in the military armaments of the world.

Mr. President, I know the bill will pass. My friend the Senator from Alabama [Mr. BANKHEAD] stated to me yesterday that it would pass. I knew that. But I am not to be deterred from expressing my dissent simply because important and leading members of my party favor measures which I regard to be unsound, unwise, and in some instances unconstitutional.

I am opposed to this bill. It is a further step in the direction of socialism. Notwithstanding the asseverations which may be made, it will cost the Government millions of dollars, and will lead the way to further demands for larger extensions of socialistic policies, and the invasion still more of individual liberty and the rights of sovereign States and their political subdivisions.

I yield the floor.

EFFICIENCY OF THE LIGHTHOUSE SERVICE

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2170) to improve the efficiency of the Lighthouse Service, and for other purposes, which were, on page 1, line 3, after "That", to insert "the last clause of"; on page 1, line 6, to strike out "the Commissioner of Lighthouses" and insert "and the Commandant of the Coast Guard"; on page 1, line 9, to strike out "tenders, light"; on page 1, line 10, to strike out "Lighthouse Service" and insert "Coast Guard"; on page 2, to strike out lines 1 to 7, inclusive; on page 2, line 8, to strike out "3" and insert "2"; on page 2, line 8, to strike out "Secretary of Commerce" and insert "Secretary of the Treasury"; on page 2, line 10, to strike out "lighthouse" and insert "Coast Guard"; on page 2, lines 13 and 14, to strike out "or suitable for the purposes of the lighthouse depot"; on page 2, line 15, to strike out "4" and insert "3"; on page 2, line 16, to strike out "Secretary of Commerce" and insert "Secretary of the Treasury"; on page 2, lines 16 and 17, to strike out "Lighthouse Service" and insert "Coast Guard"; on page 2, line 18, to strike out "5" and insert "4"; on page 2, line 19, to strike out "Department of Commerce for lighthouse purposes" and insert "Treasury Department for the use of the Coast Guard"; on page 3, line 9, to strike out "6" and insert "5"; on page 3, line 9, to strike out "Secretary of Commerce" and insert "Secretary of the Treasury"; on page 3, line 24, to strike out "Secretary of Commerce" and insert "Secretary of the Treasury"; on page 4, lines 6 and 7, to strike out "Secretary of Commerce" and insert "Secretary of the Treasury"; on pages 4 and 5, to strike out all of section 7 and insert:

SEC. 6. Section 1 of the act entitled "An act to authorize the Secretary of Commerce to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York, certain portions of the Stony Point Light Station Reservation, Rockland County, N. Y., including certain appurtenant structures, and for other purposes," approved July 30, 1937 (50 Stat. 549), is amended by striking out "the Commissioners of the Palisades Interstate Park" and inserting in lieu thereof "the Palisades Interstate Park Commission, a body corporate and politic established by compact between the States of New York and New Jersey, authorized by joint resolution of Congress approved August 19, 1937 (50 Stat. 719)"; and section 2 of such act of July 30, 1937, is amended by striking out "In exchange for the property to be transferred the Commissioners of the Palisades Interstate Park shall transfer title to the United States to" and inserting in lieu thereof "The Secretary of the Treasury is also authorized to accept on behalf of the United States."

And to amend the title so as to read: "An act to improve the efficiency of the Coast Guard, and for other purposes."

Mr. BAILEY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House insisted upon its amendments to the bill (S. 1558) to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DEROUEN, Mr. ROBINSON of Utah, Mr. HILL, Mr. ENGLEBRIGHT, and Mr. WADSWORTH were appointed managers on the part of the House at the conference.

The message also announced that the House insisted upon its amendment to the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CELLER, Mr. WEAVER, and Mr. GUYER of Kansas were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H. R. 3794) to establish the Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 504. An act to provide a right-of-way;

S. 770. An act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment of a fish hatchery, and for other purposes;

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States;

S. 1155. An act to provide for probationary appointments of officers in the Regular Army;

S. 1725. An act relating to the acquisition of the site for the post-office building to be constructed in Poplarville, Miss.; and

S. 1878. An act to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes.

HOUSE BILL REFERRED

The bill (H. R. 3794) to establish the Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes, was read twice by its title and referred to the Committee on Public Lands and Surveys.

INSURANCE OF COTTON CROP

The Senate resumed the consideration of the bill (S. 2635) to amend the Federal Crop Insurance Act.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment.

Mr. DANAHER. Mr. President, I send to the desk amendments which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 1, in line 6, after the word "commodities" it is proposed to insert the words "including tobacco"; on the same page, in line 13, after the word "cotton", to insert the words "and tobacco"; on page 2, in line 5, after the word "commodity", to insert the words "including tobacco"; in line 6, after the word "commodity", to insert the word "including tobacco"; in line 9, after the word "commodity", to insert the words "including tobacco"; in line 13, after the word "commodity", to insert the words "including tobacco"; and on page 3, in line 8, after the word "or", to strike out the word "both" and to insert in lieu thereof the word "tobacco."

Mr. DANAHER. Mr. President, I would ask that the managers of the bill accept the amendments which have been submitted in this connection, and if such acceptance be noted on the RECORD at this time I shall not speak further on the question. Otherwise, I should like to proceed.

Mr. BANKHEAD. I do not accept the amendments. The Senator may proceed.

Mr. DANAHER. Mr. President, after everything is said and done, what is involved here is the question of being fair in this matter. I realize that we are far short of having a general crop insurance. It well may be that the answer ultimately will be to have a general crop-insurance program.

Mr. BANKHEAD. Mr. President, I think we had better have a quorum. Will the Senator yield to me in order that I may suggest the absence of a quorum?

Mr. DANAHER. I yield.

Mr. BANKHEAD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Russell
Andrews	Ellender	Lee	Schwartz
Ashurst	Frazier	Lodge	Schwellenbach
Austin	George	Logan	Sheppard
Bailey	Gerry	Lucas	Shipstead
Bankhead	Gibson	Lundeen	Slattery
Barbour	Gillette	McCarran	Stewart
Barkley	Glass	McKellar	Taft
Bilbo	Green	McNary	Thomas, Okla.
Bone	Guffey	Maloney	Thomas, Utah
Borah	Gurney	Mead	Tobey
Bridges	Hale	Miller	Townsend
Bulow	Harrison	Minton	Truman
Burke	Hatch	Murray	Tydings
Byrd	Hayden	Neely	Vandenberg
Byrnes	Herring	Norris	Van Nuys
Capper	Hill	Nye	Wagner
Chavez	Holman	O'Mahoney	Walsh
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	Wiley
Connally	Johnson, Calif.	Pittman	
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. DANAHER. Mr. President, I have previously sent to the desk an amendment which was stated by the clerk, which would include in Senate bill 2365 tobacco as an agricultural commodity to come within the Federal Crop Insurance Act. The changes suggested by the amendment are in verbiage only, but the effect necessarily is to include tobacco among the insurable crops.

I should point out that in fixing adequate premiums for the insurance, the amount thereof will be payable either in cash or in the commodity itself. The basis for the amount of the premium is fairly well establishable on the basis of information already in the hands of the Department of Agriculture.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. SCHWELLENBACH. I should like to ask the Senator the extent to which the Department of Agriculture has made a survey of this question so far as tobacco is concerned?

Mr. DANAHER. I cannot adequately answer the question as to the extent to which a survey has been made with reference to tobacco. However, our agricultural economists certainly are in possession of full information with reference to the tobacco situation.

In the Connecticut Valley we are flooded year in and year out by the Connecticut River. Tobacco farmers within the scope of the river at flood stage have been absolutely wiped out time and again. No adequate effort has been made to arrest the flood condition which prevails annually in the Connecticut Valley. The net result is that 3 and sometimes 4 years are required for the tobacco farmer to make the equivalent of 1 year's income for himself. He is constantly operating at a loss; he is constantly behind.

The bill includes losses due to floods. Because it does, and because the inclusion of tobacco will do no more than fairly measure the amount of loss to the farmers in Hartford County, Conn., particularly—and I dare say in other tobacco-raising sections of the country—the least we can do for them, so long as we have no general crop insurance, is to include them in the pending bill.

I offered the amendment with the request and in the hope that the Senator from Alabama [Mr. BANKHEAD] would accept it. He feels that he cannot do so in justice to his own position. Of course, I respect his position and his attitude in that connection. However, I respectfully ask that the Senate reverse the attitude of the Senator from Alabama and support me in the amendment which I have offered.

Mr. RUSSELL. Mr. President, I can appreciate the interest and concern of the Senator from Connecticut in having tobacco included in the bill. I hope his desire to see tobacco included is evidence of his belief in a general system of crop insurance.

We have previously had before us the question of what commodities could properly be included in the legislation.

When the bill insuring wheat was brought before the Senate, amendments were prepared including cotton, tobacco, rice, and corn among the basic commodities. Amendments were also proposed to enlarge the scheme of crop insurance so that it would be possible to insure fruits, vegetables, and crops which are subjected to unusual hazards. In some years there is a complete crop failure in certain crops.

After a rather full discussion of that bill on the floor of the Senate it was decided that it was much better to proceed in an orderly way, and not to endanger the success of the entire program of crop insurance by embracing commodities with respect to which the Department had not had an opportunity thoroughly to study the various phases of the question and determine whether or not it was possible to have a plan of crop insurance, or what premiums should be charged.

This plan of insurance is unique in one respect, in that the premiums are paid in kind. They are paid in the crop which is insured. Therefore the question of storage is involved, as to whether or not a commodity is adapted to being stored from year to year or for several years, so as to leave available a reserve with which to pay any losses that might be incurred by reason of crop damage, whether brought about by flood, drought, or the attacks and ravages of insects.

I am as much interested in having tobacco insured as is any other Member of the Senate. My State produces a large quantity of tobacco. However, I think it is best for us to proceed in an orderly way, and not jeopardize the entire program of crop insurance by setting a precedent by including tobacco, thereby opening the door to amendments which would bring in other crops and other commodities with respect to which no study has been made, and with respect to which the Department of Agriculture is not prepared to say that it has a definite program which would enable the Department to insure such crops. There would be no end to it if the Senate should set the precedent now and include tobacco. Much as I would desire to see tobacco included among the crops insured, there would be no way to say to the fruit and vegetable producers, "You cannot come in."

I will say to the Senator from Connecticut that I understand the Department of Agriculture is now working up all the data relative to tobacco, and that it is contemplated that tobacco will be the next crop that will be brought into the program of crop insurance; but, in my judgment, if the amendment now proposed were adopted, it would be very unwise and, in fact, might jeopardize the entire program which I regard as being fundamentally sound and which holds a great deal of hope to the farmers of the country. The system is a cooperative system; it does not involve any huge expense on the Government of the United States; but it is fundamentally sound, and I hope that the Senate will reject the amendment and not vote tobacco into the bill, because we desire to proceed in an orderly way, and only after the Department has carefully investigated the different phases of the question and are satisfied that the proposals which they bring to the Congress stand on solid ground.

Mr. SCHWELLENBACH. Mr. President, I desire to discuss the amendment of the Senator from Connecticut [Mr. DANAHER]. It happened that in 1937 I was a member of the subcommittee which had under consideration the question of crop insurance and heard the testimony of a large number of witnesses. I appreciate the fact that, representing as I do a State which produces no tobacco but which does produce wheat, what I may say could be inferred to be more or less selfish. However, in discussing the matter and in considering the matter, I want to avoid being selfish about it, if possible.

The crop insurance question was considered in 1923 by a committee of this body. A program was discussed until 1937. It happened that in the special session I was the one who introduced the crop-insurance title to the agricultural act. It is purely a business proposition, and the desire to limit the crops included in the program until such time as ample study can be made concerning them is actuated only by a desire to make a success of the crop-insurance plan.

Early in the 1920's there were a number of private insurance companies in this country that entered into the crop-insurance business. They sold insurance on various crops in different sections of the country. Without exception those efforts upon the part of private insurance companies failed. They failed for the reason that the insurance companies did not have sufficient data and sufficient statistics upon which to base the premiums which they charged or the penalties which they paid. Those failures were presented in detail to the subcommittee of the Committee on Agriculture and Forestry, and, in a number of instances, the officers of the companies which had engaged in an effort to sell crop insurance earlier appeared before the subcommittee and gave their testimony. They were, without exception, of the belief that if we intended to make a success of crop insurance, taking into consideration the experiences they had had, we would have to proceed slowly and carefully, and with a conservative attitude toward it, with the idea that in each particular instance we would not attempt to write into the law a provision for crop insurance unless and until the Department of Agriculture had secured sufficient data so that they would have their actuarial tables worked out and so that they would at least be reasonably sure of making a success of the program.

There is not any difference from an insurance point of view between writing insurance upon a crop against hail or flood or a blight of some kind than there is writing insurance on a barn or upon glass or upon machinery or anything else. It is simply a task of ascertaining what the experience has been over a period of years, knowing what the averages have been, and writing upon that basis.

It happened that the Department of Agriculture had the data on wheat at the time the bill was presented, and it was for that reason, and that reason alone, that wheat was accepted and selected as being the one crop upon which we would try the insurance plan. The experience in the case of wheat has been ascertained in 1938 and thus far in 1939, although we have had practically no experience in 1939.

I went to the Senator from Alabama yesterday to ascertain whether or not the Department was of the opinion that it had made a sufficient study as to cotton in order to assure themselves that they would have a reasonable chance of making a success if cotton were included along with wheat. If they had not made such a study, I would now be opposed to the inclusion of cotton. However, the Department now says that they have statistics in reference to cotton which are comparable with those which they had in reference to wheat when Congress passed the wheat insurance law. If they go into a field in which they do not have sufficient statistical data, and, as a result, they have the same experience that the private companies had, and the plan shall be a failure, it will mean that the whole crop insurance program of the Government will fail.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I gladly yield to the Senator from Connecticut.

Mr. DANAHER. Does not the Senator know when the acreage-allotment program was in force that all the acreage was known, the acreage was apportioned on the allotment basis; the average yield was known, and the amount that had been produced over a period of years was known? All these economic facts and factors are now in the possession of the Department.

Mr. SCHWELLENBACH. The statement the Senator makes insofar as it refers to that one factor is correct; but there is nothing in the experience which the Department gained as a result of acreage allotments to enable them to know when and on what occasions and in what territory the blight, floods, insect pests, or drought come. Those are factors which they must take into consideration in determining the premiums which will be charged for crop insurance. Those are factors which they have to consider. It took them a year and a half, I will say to the Senator, to obtain the data with regard to wheat. They started, as I

recall, in the middle of 1936 to make the study concerning wheat, and it was not until the middle of 1937 that they had completed the study with regard to wheat. It takes them about a year and a half of study to obtain the statistics which they need on those particular subjects to correlate them with the statistics they have as a result of their reduction of acreage and curtailment program.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. SCHWELLENBACH. Yes.

Mr. DANAHER. Under section 508 subsection (a) there is a provision to the effect that—

> The Board may condition the issuance of such insurance in any county or area upon a minimum amount of participation in a program of crop insurance formulated pursuant to this title.

Mr. SCHWELLENBACH. Let me say that if the Senator had been in a wheat area and had gone into certain counties where that particular section has been used, he would not be asking that it be used in reference to tobacco in his State. There have been complaints about it. I will say that when the wheat program started it was not popular with the wheat farmers. They did not understand it. It was merely a matter to them of selling them insurance. I was at a meeting last fall attended by a number of wheat farmers—75 or 100 of them—and I remember one man getting up and objecting that in his county that particular section of the law had been used, and it was the subject of very great criticism. He could not see why it was that in his county that particular section should be put in use while in another county it was not put in use. I do not think the Senator, if he had practical experience with that section where the insurance plan has been in operation, would want that particular section to be availed of, because it has resulted in unpopularity.

If the Senator from Connecticut wants to do the way the Senator from Florida did last year, it seems to me there can be no objection to it. I do not know what the attitude of the Senator from Alabama would be upon the subject, but last year the Senator from Florida wanted to include fruits and vegetables. No Senator here is more interested in seeing fruits and vegetables put under crop insurance than am I. We have, if I may boast a little, the most and best apples in the United States in the State of Washington, and I should like to see them under the crop-insurance law.

Mr. VANDENBERG. Almost the best.

Mr. SCHWELLENBACH. We will leave that to the trade. I wanted to see fruits and vegetables put under the act. However, the Department did not have the statistics in reference to fruits and vegetables, and they were not able and knew they would not be able successfully to carry out this program with reference to those commodities. So I vigorously opposed the Senator from Florida in his effort to have fruits and vegetables included. However, as I remember, the Senate adopted a resolution which directed the Department of Agriculture immediately to proceed with their studies of fruits and vegetables. So far as I am concerned—I cannot speak for the Senator from Alabama—I would have no objection to an amendment by the Senator from Connecticut which would direct the Department of Agriculture to proceed with investigations and studies of tobacco as expeditiously as they possibly can.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. BANKHEAD. The Senator from Georgia [Mr. RUSSELL] has just stated that such a study is now in progress. That statement is in accordance with my information.

Mr. RUSSELL. A study is now being conducted of all basic commodities, and I understand it is contemplated by the Department that tobacco will be the next one on which studies will be concluded.

Mr. SCHWELLENBACH. I thank the Senator from Georgia. I did not know he placed tobacco in that category.

Mr. BANKHEAD. I am glad the Senator did. I do not oppose the inclusion of tobacco. I favor it when the time comes and the Department is ready.

Mr. SCHWELLENBACH. So far as I am concerned, I think the possibilities under crop insurance afford the greatest chance of success of any agricultural problem. While I have been here and have sat on many committees I never have heard testimony in reference to any subject which was so satisfactory as that submitted upon this particular program. It had been carefully worked out, carefully studied, and carefully thought out; but it seems to me it would be a very serious and a very dangerous mistake to extend it on further into fields where the Department officials do not have the statistics and do not have the data, and thereby possibly endanger the whole program; and I know that no Member of this body wants to have that done.

Mr. VANDENBERG. Mr. President——

Mr. SCHWELLENBACH. I yield to the Senator from Michigan.

Mr. VANDENBERG. What is the capital structure of the Crop Insurance Corporation, or bureau, or whatever it is?

Mr. SCHWELLENBACH. It is so long since that question was up that I cannot give the exact figures. The Senator from Georgia [Mr. RUSSELL] says he can.

Mr. RUSSELL. Mr. President, the total amount of capital authorized by the original act was $100,000,000. However, only $20,000,000 of that amount has ever been utilized. Only that much stock has been issued.

Mr. VANDENBERG. Was this capital structure created in contemplation that it was essential for wheat insurance alone?

Mr. RUSSELL. I understand it was to apply to all the crops that were insured, because the Department is not asking for any increase either in the amount of the total authorization or in the amount which has been allocated for that purpose in this legislation.

Mr. SCHWELLENBACH. The Senator from Michigan will remember that one occasion when former Senator Pope, of Idaho, had this matter up, the Senator from Michigan raised the same question, and I came over on that side of the Chamber and we worked out a little amendment—I do not remember the language of it—which limited the capital structure to the amount necessary for whatever crop they were working on.

Mr. VANDENBERG. Yes. What I had in my mind was that if capital structure of a given amount is essential for crop insurance for wheat alone, for example, it is a rather sad economic adventure to proceed to expand the coverage without expanding the capital.

Mr. SCHWELLENBACH. As I have said, that was a year ago last fall. My recollection from that time was that we provided for sufficient capital to take care of other crops besides wheat, with the understanding that the authorities were going to ask only for the issuance of an amount sufficient to provide the necessary capital for wheat alone.

Mr. VANDENBERG. If there is an exceedingly bad year, from the standpoint of an insurable risk, I suppose the deficit is chargeable to the capital structure. Is that correct?

Mr. SCHWELLENBACH. Yes; that is correct. It is just an insurance proposition. The Government has organized an insurance company. That is all we have done.

Mr. VANDENBERG. In an exceptionally bad year from the insurable risk standpoint, might not the loss easily reach $100,000,000, even on wheat itself, or is that too large a figure?

Mr. SCHWELLENBACH. I cannot remember the figures. I know that we set up a capital structure for more than wheat. I know the authorities said to us that they were going to use only a sufficient amount to provide the necessary reserve in accordance with the amount of insurance they figured on writing on wheat.

Mr. VANDENBERG. Then the Senator thinks the capital structure at the present time is sufficient to cover tobacco also?

Mr. SCHWELLENBACH. Without going into that particular question specifically, I should think so; yes.

Mr. RUSSELL. Not the appropriated capital structure.

Mr. SCHWELLENBACH. The authorized capital structure.

To clear up my answer to the question of the Senator from Michigan, I think he understands, but I want to make certain, that while I think the authorized capital of $100,000,000 would be sufficient to take care of tobacco, too, the appropriated capital of $20,000,000 would not be sufficient. In other words, it would take an additional appropriation, putting more money into the corporation, to meet the requirement of capital reserve if tobacco were included.

Mr. VANDENBERG. That is because the $20,000,000 quota is considered essential for the purposes of wheat insurance?

Mr. SCHWELLENBACH. Yes.

Mr. VANDENBERG. Does that mean, then, that we shall have to make an additional appropriation in order to take care of the new cotton adventure?

Mr. SCHWELLENBACH. I assume so; yes.

Mr. VANDENBERG. And what will that be?

Mr. SCHWELLENBACH. I do not know. I have not had anything to do with that.

Mr. RUSSELL. Mr. President, I do not know that I could answer that question on the basis of any definite information I have; but it is my understanding the wheat insurance has worked so well the first year that the same $20,000,000 which has been heretofore appropriated will be the reserve for the cotton insurance contemplated by the pending bill.

Mr. VANDENBERG. The Senator means the net loss has been so low?

Mr. RUSSELL. That is correct. There has been no net loss, as I understand.

Mr. VANDENBERG. Yes; there has been. It is now conceded that there has been or will be some sort of loss.

Mr. RUSSELL. The last figures I saw showed that the premiums which had been collected greatly exceeded the claims that it was anticipated would be approved.

Mr. VANDENBERG. My interpretation of the memorandum submitted by the able Senator from Alabama today was that there will be a loss of some degree.

Mr. BANKHEAD. Not necessarily, as I stated to the Senator. Apparently, it is about an even break. Speaking of having collected 7,000,000 bushels and having paid out only 1,000,000 bushels, the memorandum says that on the other hand Mr. Johnson is aware of the fact that the entire 7,000,000 bushels, and probably an amount in addition thereto, may be required. In other words, it seems to be a matter on the border line. There is no positive adverse balance.

Mr. VANDENBERG. And that, of course, is without counting administrative costs.

Mr. BANKHEAD. It is.

Mr. SCHWELLENBACH. I should like to say, so far as I am concerned, that if the Department's figures show that they needed $20,000,000 as a reserve for wheat, offhand I do not approve of the theory that merely because they have not had losses during a period of a year and a half they should not increase the reserve if we should include cotton under the provisions of the act.

Any insurance company must have a proper reserve. Such companies cannot go upon the basis that from year to year, merely because they do not have losses, there will not be any. A large percentage of failures of insurance companies comes when they have a good year, and pay out dividends to their stockholders. I do not think the Department officials have had sufficient experience in a year and a half to say that their original figure of $20,000,000 should now be modified upon the basis of that experience. I think they should ask for additional appropriations.

Mr. VANDENBERG. Of course, I agree with the Senator. It also seems to me they have not had sufficient experience to say they are justified in expanding the experiment into any additional commodity.

What will be the increased administrative expense as a result of the expansion of the insurance into the cotton field?

Mr. SCHWELLENBACH. That is a question which the Senator must submit to the Senator from Alabama. I have not had anything to do with this particular piece of legislation; and, as a matter of fact, it was not until yesterday that I started to go into the particular question of whether or not the Department had made the basic studies prior to the time they approved this bill.

Mr. VANDENBERG. I wonder if we might have an answer to the question from the Senator from Alabama.

Mr. BANKHEAD. Mr. President, the actual outlay in the wheat program was slightly above $4,000,000. It is estimated, however, that the cotton program will cost somewhat more, because there are twice as many cotton farmers as wheat farmers, and the Department figures that they should certainly cover the expenses with the requested amount of $6,000,000. Five and a half million dollars were appropriated under the wheat program. They did not spend it all; but the Senator, I am sure, will bear in mind that the first year the expenses will be greater than thereafter, because they have to set up the machinery; they have to sell the idea, and do the other things which necessarily accompany introducing a new program of this sort and putting it into effect in a wide way.

Mr. VANDENBERG. I think that is fair.

Mr. BANKHEAD. So, doubtless, the expenses of cotton insurance the first year will be more than the expenses of wheat insurance last year.

Mr. VANDENBERG. Let me ask the Senator a further question, and then I shall subside.

Mr. BANKHEAD. I shall be glad to furnish the Senator any information I can.

Mr. VANDENBERG. In the letter of the Secretary of Agriculture which the able Senator submitted this morning for the RECORD, I notice he suggests that the administrative expenses in connection with this experiment should be a general charge on the Treasury, rather than a charge against the insurance operation itself. Is it contemplated, in the development and expansion of the crop-insurance plan, that that theory will be pursued, and that the administrative expense hereafter is to be a general Treasury charge, rather than a charge against the insurance premiums?

Mr. BANKHEAD. I can speak only for myself, but personally I favor that plan. I think the Government can well afford to make that contribution, because, as stated by the Senator from Mississippi [Mr. BILBO] today, the insurance will in many cases relieve the Treasury from direct relief obligations resulting from loss of crops.

Mr. VANDENBERG. What actually happens as the law now stands? Is administrative expense charged to premiums?

Mr. BANKHEAD. No; there is a straight appropriation from the Treasury to support this program, to aid farmers in carrying out the crop-insurance program. As stated before—and it is reasonable—if the premiums are fixed upon a sound actuarial basis, the Government will save money, considering the amount of money the Government will pay out to farmers whose distress is occasioned by the loss of crops. If this plan goes into wide operation, the farmers pay it in a mutual way, in a cooperative way, instead of the Treasury paying it.

Mr. VANDENBERG. Then, the enactment of the bill and the expansion of crop insurance to cotton contemplates an additional appropriation of six million or eight million dollars for administrative expenses?

Mr. BANKHEAD. It is as provided in the bill.

Mr. SCHWELLENBACH. Mr. President, I desire to conclude discussing the amendment of the Senator from Connecticut with one further observation. I think he will find, as anyone else will find, in connection with the failure in the past of insurance companies, which were in the nature of casualty companies, rather than those which limit themselves exclusively to life insurance, the greatest factor in such failures has been the extension of the field of activity of those companies to the coverage of different classes or kinds of risks concerning which the companies had no experience and no proper data.

Frequently insurance companies have been formed in this country and have started out, for example, as automobile insurance companies, and have made a complete success. They

limited their activities to the one line. Then they became ambitious, and wanted to furnish coverage to something else, and the first thing they knew, while they had made a success of the one subject in which they specialized, they made a complete failure when they attempted to extend themselves, and the result was that the company folded up, and was unable to pay the losses which were sustained.

I do not want this governmental insurance operation to undergo that sort of an experience. It is only a matter of time, if we make a success of the first steps, before there will be a coverage of all kinds of crops. I am anxious that that time shall come as quickly as possible, but I do not want to endanger that possibility by having a failure because of too rapid extension at the present time.

Mr. VANDENBERG. Mr. President, may I ask the Senator one further question?

Mr. SCHWELLENBACH. Certainly.

Mr. VANDENBERG. The Senator has made an intimate study of this problem, and has a very well sustained opinion respecting it, and I have great respect for his opinion. Let me ask him, when the experiment was started in respect to wheat, did he anticipate that 1 year's experience would suffice to determine whether or not the venture was sound and practical, and susceptible of expansion, or did he anticipate within his own contemplation of the problem that a substantially more dependable experience than that would precede any extension of the system?

Mr. SCHWELLENBACH. I will have to answer the question in two ways. When I knew that there was to be a possible extension of the program to cotton this year, I felt that it was too soon. I felt that we should have 5 years' experience before extending the plan to other crops, and that during that period of time the basic studies would be made, so that the Department could extend rather rapidly into other fields. I will say, however, that the few men who are connected with the organization in charge of this activity, and who have made the studies, are as careful and as conservative men as I have seen during the time I have been here. As I stated a few moments ago, I never heard such satisfactory proof presented to a committee as was presented by this group when they presented the original wheat-crop-insurance proposition, and if they feel now that they can extend the plan to cotton, I am inclined to give credit to what they say; although I frankly confess that I thought it would take at least 3 years' experience with wheat before we extended it to any other crop.

Mr. VANDENBERG. I thank the Senator for his frankness and for his usual conservatism in dealing with a problem.

Mr. SCHWELLENBACH. It is very delightful for me at times to be on the conservative side in argument with my friends on the other side of the Senate.

Mr. McNARY. Mr. President, for many years I have been deeply interested in the subject of crop insurance. The inauguration of such a plan is a "noble experiment." Anyone who approaches the subject for discussion must understand that it is not possible to work out a formula with an experience of only 1 year.

I have just reviewed the record and find that it was in 1922 that I offered a resolution for a study of the question of crop insurance. I was made chairman of the subcommittee to which the resolution was referred, and we gave nearly a year to the consideration of the matter. No action was taken on the resolution, because at that time we thought that the burden in the way of paying premiums was probably more than the farmers could bear. Our theory was that it should be a Government undertaking only so far as the Government aiding in the inauguration of the system was concerned. As I recall, the subcommittee did not at that time agree with the chairman of the committee, and the matter was dropped until 1937, when it was renewed on the floor of the Senate by Senator Pope, at which time I discussed the subject at length. I do not intend to review the statements I made at that time.

I am in hearty accord with any crop-insurance experiment which is based upon solid, substantial ground, and which can be sustained by reason and experience. I think we all realize that there is only one among all human activities which does not carry insurance to cover its risks, and that is the pursuit of farming. I cannot conceive of a manufacturer, or a banker, or a businessman, or a home owner, long continuing in his occupation if he did not carry insurance. The farmer is subjected to more risks than are faced by those engaged in any other occupation. I have had some practical experience in that line, having been chairman of the Committee on Agriculture and Forestry for many years. I have heard testimony as to the many things which may happen to the farmer, and I have reached the conclusion that something must be done along the line of insuring the farmer against the risks he encounters.

I did not entirely favor this approach to the problem. I did submit to it, because I was in a position where I either must submit or fail in my effort to cooperate in the approach being made. I think that crop insurance, to be effective, must be based upon scientific data gathered through a period of years by the Department of Agriculture, and the application must be along the line of the philosophy and theory of the old insurance companies in issuing policies.

The pending bill, which is similar to a bill originally offered by Senator Pope, attempts to provide for the payment of a premium in kind on the commodity that is being insured, and I call attention to the point made by the able Senator from Michigan that the cost of operation is thrown upon the Treasury of the United States. That is a weakness, because in its nature it is a subsidy. I think the farmer who sustains a loss, and because of that loss receives a benefit payment, should pay the cost of administration. To me, the failure to put the burden upon the farmer is a weakness in the whole plan. I tolerate it only, in a mental sense, because I am unable to prescribe a different remedy.

I am willing to go along without complaint for a few years to see if a plan cannot be worked out whereby the insurance, whether it is paid in cash or commodities, shall pay the costs of administration, as costs of the administration of other insurance are paid by those who carry the insurance.

Mr. President, that is the general feeling I have, because I know that there should be something in the nature of recoupment for the losses the farmer suffers as a result of insect pests and plant diseases, changes in climatic conditions, the inability of the weatherman to prophesy what may occur, and other visitations which come suddenly upon him. That philosophy is one to which I am wholly and faithfully wedded.

I do not feel any comfort in attempting at this time, or at any time, to agree wholly with the proposal. I do not want to project the Government into the insurance business. I do not want to project the Treasury of the United States into carrying this load. I know from experience and from study and from some exploration into this subject that the farmer can well afford to employ a plan, through the aid of the Department of Agriculture, whereby he will carry all the load, and I am sure he is willing to do it.

Inasmuch as we have appropriated $20,000,000 out of the capital set-up of $100,000,000 for this noble experimentation, I am willing to go along, and I think the plan should be expanded so far as commodities are concerned.

I stated here a few years ago that one of the great objections I had to the A. A. A. Act was that it was limited to five so-called major crops. If one would study figures as to gross income, he would find that in none of the agricultural commodities given a preferential status does the gross income come anywhere near that of other major farm projects. We took wheat, cotton, corn, tobacco, and rice, and left out the large major farm projects, namely, the livestock industry, the dairy industry, the poultry industry, the fruit and vegetable industries, the gross income of each of which exceeds that of cotton and wheat many times. The income received from rice is insignificant by comparison.

So, Mr. President, this proposal should not be limited to wheat. We have done enough for the wheat farmer. It

should not be limited to cotton. We have done enough for the cotton farmer. It should apply, like the A. A. A., without discrimination and without favoritism. I shall have something to say upon that in the future.

Mr. President, I think we have all been patient in dealing with the farm problem. This year, when the parity-payment question came up in the Committee on Agriculture and Forestry, I did not like the sum that was provided for parity payments, but I did say that I should oppose parity payment unless there was an increase in the appropriation under section 32 to take care of the surplus commodities mentioned in the A. A. A. measure.

Mr. President, I do not wish to stray far from the pending proposition. I come to this statement, which I think is an answer to the statement made by the able Senator from Washington [Mr. SCHWELLENBACH], who has shown an interest in this question, and the able Senator from Alabama [Mr. BANKHEAD], who is the author of the bill. The capital structure is $100,000,000. That should be increased if other agricultural commodities are to be included under the provisions of the law.

Mr. President, to my right is my friend and able colleague, the Senator from Connecticut [Mr. DANAHER], a State which raises a superior quality of tobacco used, I think, for outer wrappers of cigars. The producers of tobacco in his State want to come within the provisions of the crop-insurance act, and they should be permitted to do so. There is nothing in the proposal, Mr. President, that would impair the capital stock if they came in. The Department of Agriculture is not compelled arbitrarily to act and to take risks upon tobacco unless after a consideration and exploration and study they believe that it is an insurable crop and should be covered by the provisions of the act.

I do not think the producers of any crop should take upon themselves to say that they exclusively should be insured. I do not think the cotton farmer should come in and share with the wheat farmer and then say, "No others should come in, because we do not think that they are suitable company." I think that is not a fair way of looking at the statute, in view of the fact that the premium is not wholly paid by the farmer, but the cost of operations is paid from the Treasury of the United States with money which belongs to everyone.

Mr. President, from experience that I have had as chairman of the Committee on Agriculture and Forestry of the Senate, I have no doubt that there is ample data on file in the Department of Agriculture which would indicate to the Department and its experts in a very short time whether it is feasible to insure the tobacco producers. I know it was testified back in 1922 in the special committee of which I was chairman, that the Department of Agriculture had this data. How profound is this data? Acreage is to be considered, as well as the average yield over a period, we will say, of 10 years. Those two factors constitute the major factors in determining whether a crop is practically insurable.

There are side matters such as frost, drought, excessive moisture, plant and insect pests which are to be considered. Data are attainable for all those matters and are now in the possession of the Department of Agriculture, and I have no doubt that the experts in that Department would say in answer to my statement that they could in a very short time determine the feasibility of carrying coverage on tobacco.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. MALONEY. I wanted to add briefly, if I might, to the Senator's able argument, that the tobacco growers in New England face one serious hazard against which they themselves cannot guard. Some precautionary measures might be taken against insects and some other forms of hazard, but we suffer a great deal of destruction of tobacco from hail in New England. I wish to suggest that consideration for attention of the able Senator from Oregon.

Mr. McNARY. Mr. President, I may state my views on that, and it will only take a moment, if the Senate will bear with me.

A number of experiments were made, particularly in the Northwestern States of North and South Dakota, Kansas, and Nebraska, regarding farm insurance away back in what we call the eighties. Mutual companies undertook to issue insurance, and they all failed. They limited their coverage to losses by hail. Representatives of a New York insurance company, the name of which escapes me at the moment, came before our committee some time ago, and we found that they did not possess sufficient data to justify a continuance of that program.

At that time an expert in the Department of Agriculture stated that hail is an unusually difficult hazard to insure against, but I am happy to say that now there are three large insurance companies which are successfully carrying hail insurance. So even now, Mr. President, hazards of that form have been protected against by insurance.

Let me appeal to the very able Senator from Alabama, with whom we have all cooperated in his many efforts to aid the cotton producer. I think it would be fair of him to open up his heart and permit inclusion of this amendment in the bill. The Government could well afford to take care of the cost of administration of tobacco as well as corn and wheat. It would cause no impairment, in my opinion, of the capital structure of this corporation, and I can see no reason why anyone should attempt to close the gates against any agricultural product and keep it from entering this very hopeful field of experimentation.

Mr. PEPPER. Mr. President, I do not know of any more far-reaching legislation than that of crop insurance, which was inaugurated with the insurance program for the wheat crop. I remember that the former able Senator from Idaho, Senator Pope, was a very strong proponent of that legislation, and the very able Senator from Oregon [Mr. McNARY], who has just spoken so well, and I think in so timely a manner, has himself been an ardent advocate of crop insurance. In my own feeble way since I have had the privilege of being here I have taken advantage of every opportunity to give encouragement to such a proposal.

In my State, of course, we are primarily interested in fruits and vegetables, and in those crops particularly upon which the hazards of the weather fall with unusual severity. A good many years ago there occurred a freeze in Florida, which was unusual. It was a rather severe freeze, and meant a loss of millions of dollars to the citrus growers of that State. If there should be a repetition of that freeze, I venture to say that it would bankrupt a large part of the citrus industry of the State. The same thing may be said with respect to the vegetable crop.

Those engaged in it plant their crops, and, of course, anticipate that there will be, sometimes, as many as two or three crops a year. The man who is a large producer, who has adequate capital, can afford to lose one or even two crops if he succeeds in getting a third crop, because even then he may be able to pull out; but the little fellow who does not have very much capital upon which to operate cannot afford to lose even one crop without perhaps incurring an indebtedness which it is impossible for him to meet.

So, it seems to me that crops which are subject to particular hazards should be given the first consideration in a program of crop insurance.

I think we are all aware of the fact that the farmer may be said to be the greatest gambler in the country, perhaps the greatest gambler in the whole economy of the country, because he has all of his stock of goods, as it were, under the open sky, without any protection from the elements, and from the hazards particularly of inclement weather, and 99 out of 100 farmers do not have the capital to stand a loss. If they have a loss, it simply means that they go further and further and more hopelessly into debt. So if anything can be worked out that will make feasible a cooperative plan whereby, by spreading the risk, the potential loss upon each individual unit may be minimized, I know of nothing better that the Government could do.

No one is more friendly and more cordial than am I to the efforts of the able Senator from Alabama to include cotton in this program. But I have a very great sympathy for the point of view that has been expressed by the Senator from Connecticut. If we are to carry out this program I think

we have now had sufficient experience to extend its scope and not even stop with tobacco. While some cotton and some tobacco are grown in my State, I do not think that the tobacco of Connecticut is more deserving of crop insurance than are the fruits and vegetables of Florida. So, as a matter of fact, it seems to me we should extend it to all crops, and make it a permissible coverage for all the farmers who are producing a given crop, perhaps upon some kind of referendum being taken whereby a minimum percentage of the farmers producing a given crop may apply for the benefits of the program. So I think I go far enough when I agree that the cotton crop should be included; but if we are to include the tobacco crop, then I should like to offer an amendment to include fruits and vegetables and a number of other commodities which are being produced in the various States of the country. What I should really prefer, Mr. President, is to see some kind of blanket proposal made, so that all crops of any sizable proportions might come under the benefits of the plan.

The Government pays only the supervision costs. It does not pay the insurance premium which is paid annually or periodically. It merely pays the cost of overhead for the operation of the plan. If the Congress is to help agriculture, it seems to me that instead of sinking money in the purchase of agricultural commodities, or even in subsidies or parities, we might better put into operation a plan of crop insurance of which the farmers themselves would bear the cost, with the exception of the overhead, which would be a relatively small contribution on the part of the Government. I dare say the total contribution for all the crops in the country would be much less than the agricultural benefits we are now paying to producers of various agricultural commodities. I dare say that in the long run the advantage to the individual farmer would be greater than the subsidies we are now paying, because if the farmer loses a crop he loses practically everything. He not only loses the prospective yield of the crop, but he loses the cost of its production. The mortgage is just a little larger, and the prospect of paying it off a little dimmer, than it otherwise would be.

So I ask the Senator from Alabama [Mr. BANKHEAD] if he knows whether or not the Committee on Agriculture and Forestry of the Senate is contemplating any legislation which would extend the benefits of the crop-insurance plan to other agricultural commodities as well as to wheat, and now to cotton, as he proposes to apply it.

Mr. BANKHEAD. I will say to the Senator that the Committee on Agriculture and Forestry has no bill on that subject before it at this time. I have no authority to speak for the committee, because the matter has not been finally considered; but, so far as I am advised, it is well understood by those in touch with the situation that the Department of Agriculture is pursuing a course of investigation of various crops in the country looking to the possibility, step by step, of bringing them under the crop-insurance program. I think the Senator knows—I hope he does—that an active study of fruits and vegetables is being made by the Department.

A number of considerations are involved in this subject. The primary factor is the amount of premium to be charged. From an actuarial standpoint the premium must be fixed so as to cover the loss, destruction, or deterioration of the crops over a reasonable average period of years. In some cases it is rather difficult to obtain the necessary data. According to my information, the Department has been engaged in the study of a number of crops; and doubtless at the next session of Congress it will be prepared to proceed, and perhaps propose further crops to be brought under the program.

Of course, cotton is one of the basic commodities on which the Department naturally has records over a long period of years. With respect to wheat and cotton, the Department has the most accurate and dependable records on normal yields as well as crop losses.

The Senator from Oregon made a prejudicial statement to the effect that representatives of the cotton-producing States had no right to say who would be their associates. I am sure the Senator did not mean to imply that we had taken such a course. I did not hear anyone make the statement that representatives of the wheat-producing sections were choosing their associates. I will say to the Senator that I sat here during the debate and voted time after time to exclude everything but wheat. I even voted at that time to exclude cotton.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. I have such affectionate regard for the able Senator from Alabama that I must make this observation: I did not agree with him when he wanted to cut out everything except wheat. I wanted to include cotton and all other commodities. I am of the same view today; I am for cotton; I am for tobacco; I am for vegetables; I am for citrus fruits; I am for everything which can properly be included in the bill. So I am not saying that the Senator is trying to exclude any one. I hope the Senator will help us get in.

Mr. BANKHEAD. I think the Senator realizes that I will do so just as soon as the necessary information is available.

Mr. McNARY. I have always found the Senator to be fair, fine, and generous in every way.

Mr. BANKHEAD. I appreciate the statement of the Senator.

The question is whether we shall unduly rush the Department of Agriculture, which, as has been pointed out, is proceeding with a broad, hopeful program which holds out the chance of beneficial results, and break down the program, or whether we shall go along in a deliberate way, in the way in which statesmen would be expected to approach a great new field of activity.

As everyone knows, it was agreed that we would try the experiment with wheat. The representatives of the cotton-producing States agreed to that plan, and supported it. The representatives of tobacco-producing States agreed to the plan, and supported it. I hope it will be well understood that the question is not a sectional question merely because the bill involves cotton; and it is not a sectional question merely because the Senator from Connecticut [Mr. DANAHER] has offered an amendment with respect to tobacco I am sure 60 percent of the tobacco produced in the country is produced in the cotton-producing States of Virginia, North Carolina, South Carolina, Georgia, Tennessee, and Florida. So the question is not a sectional one. If it were, nearly all the representatives of cotton-producing States would be asking to have tobacco included.

Let us be fair with each other about this matter. Let us all understand that the opposition is not because the amendment comes from the Senator from Connecticut. That circumstance has no bearing on the question. I had hoped that in the interest of orderly procedure, looking to the probable early inclusion of tobacco in the insurance program, he would go along this time and wait until the Department comes to Congress at the next session with the information upon which it can determine, in a business-like way, the premiums which are necessary upon different commodities which are to be included in the program.

As soon as the information is available, I am ready to include tobacco. I think it ought to be included as soon as the Department is ready to administer the tobacco program. If we include tobacco, we ought to increase the appropriation. As every thoughtful man realizes, we must not merely slip it in, either to hamstring the cotton program or for other reasons. If we are to go along in an orderly way with crop-insurance legislation we can not hope to include other commodities, especially one as widespread as tobacco, covering a very large number of the States, without largely increasing the appropriation. So if the Senator wishes to include tobacco he ought to include a provision for the additional money necessary to administer the tobacco program.

I would have no objection to a tobacco program. I wish the Department were ready to include tobacco. I wish it were ready to include fruits and vegetables. However, as we all know, this is a large undertaking. Let us proceed

with it in an orderly way. The representatives from cotton-producing States waited with respect to cotton. We did not start until the Department of Agriculture said it was ready with the data, information, and actuarial figures to undertake the administration of a cotton program. That is the reason why the bill is before us.

Mr. REED. Mr. President, in my short experience in the Senate there is no Senator for whom I have formed a higher opinion, for his activity and loyalty to his State, than for the junior Senator from Connecticut [Mr. DANAHER]. However, I come from a State which has had one form of crop insurance for wheat. That was hail insurance. Every company, cooperative, or corporate, engaged in the wheat crop insurance against hail went broke.

The Senator from Alabama [Mr. BANKHEAD] has correctly stated the situation. We have now embarked upon a plan promoted by the Government and administered by the Government for insuring the wheat crop. The plan is still in the experimental stage. The response to the program last year was very good. I should not want to say that it is bound to be successful; but I hope it will be, and I rather think it will be. I agree with the Senator from Alabama, this being an experimental matter, that we ought to go slowly and cautiously and proceed upon a sound basis. If we can make crop insurance of wheat a success, and then make it work successfully in the case of cotton, we can probably apply it successfully to tobacco, to fruits and vegetables, and to other crops.

I earnestly hope that the Senator from Connecticut will not press his amendment. I think it is premature. I have no objection, in principle, to insuring tobacco on the same basis as wheat or the same basis as cotton, but I think it is a sound and wise thing to proceed cautiously and carefully and break the ground in advance. I hope that the amendment offered by the Senator from Connecticut, to add tobacco, will not prevail, and when the bill of the Senator from Alabama providing for an insurance upon cotton shall come to a vote, I hope the Senate will pass it. I say that without any prejudice to action at any proper time in the future with regard to insurance upon tobacco.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut [Mr. DANAHER].

The amendment was rejected.

Mr. DANAHER. Mr. President, I want to thank those Senators who have given such earnest consideration to the problem which I have raised by my amendment. I am particularly grateful to the Senators from Washington and from Alabama for their good wishes with reference to including tobacco in the future.

Now, so that there may be no question on the particular point, I am going to offer a further amendment. With those thoughts in mind, Mr. President, I ask the Senator from Alabama to give his attention to section 2 of the bill. If he will read section 2, he will notice that it purports to strike out, and if adopted, it will strike out of section 506, subparagraph (h), of the act the words "for wheat and other agricultural commodities."

Mr. President, I am going to ask that the Senator from Alabama join with me in amending his bill by striking out section 2 of his bill so that section 506 (h) will be amended so as to read:

(h) May conduct researches, surveys, and investigations relating to crop insurance for wheat, tobacco, and other agricultural commodities.

In other words, Mr. President, I interpolate the word "tobacco" after the word "wheat" in the bill as drawn.

Mr. BANKHEAD. What does the Senator propose to do with cotton?

Mr. DANAHER. The amendment, if adopted, would include tobacco, cotton, wheat, and other agricultural commodities, whatever they may be.

Mr. BANKHEAD. Will the Senator restate his amendment, please?

Mr. DANAHER. Yes, sir. Suppose I step over to the Senator and indicate to him where the amendment would come in. If he will regard section 506, subparagraph (h), I simply propose to interpolate the word "tobacco" after the word "wheat." Does the Senator from Alabama agree to the language as proposed?

Mr. BANKHEAD. Yes; but I desire it to cover cotton. I do not know why the researches are still to be made with reference to wheat, but, if they are to be made, I presume they should continue as to cotton.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. LUCAS. Why does the Senator put in "tobacco" following "wheat" when the present wording includes "and other agricultural commodities"?

Mr. BANKHEAD. I understood the Senator from Connecticut to say "and other agricultural commodities."

Mr. DANAHER. In answer to the Senator from Illinois, I will say the reason is that section 2 of the bill before the Senate, Senate bill 2635, proposes to strike out all the words after the word "crop" in section 506 (h) of the original act.

Mr. LUCAS. Are we going to start to specify various crops? Why now mention tobacco specifically unless we are going into the entire group of agricultural commodities with respect to crop insurance?

Mr. DANAHER. Was the Senator present during the discussion which has been going on for the last hour?

Mr. LUCAS. I heard a part of it, and I was very much interested in the discussion, I will say to the Senator from Connecticut.

Mr. DANAHER. Then, in answer to the Senator, let me point out that the reason Senators have given for opposing my amendment is that there are inadequate data and information available to the Department at the present time upon which to predicate rates. Because of such inadequacy, and since section 506 (h) directs that there shall be conducted researches, surveys, and investigations relating to crop insurance, I want to make sure that when next year comes around there will be such data available upon which to fix rates. Does that answer the Senator's question?

Mr. LUCAS. It answers the question so far as the particular commodity is concerned, but if these investigations and studies are to be made, it strikes me that we should not select this one crop alone. If we are going into the crop-insurance field from every kind of angle and cover agricultural commodities generally, I do not see why tobacco should be given any preference over fruits and vegetables and, perhaps, corn and some other agricultural commodities, which are probably just as important as is tobacco.

Mr. DANAHER. Will the Senator yield?

Mr. LUCAS. The Senator from Connecticut has the floor.

Mr. DANAHER. Then, by way of interruption, may I point out to the Senator that the language of the existing law as now worded has been in it from the day the law was first enacted, and still we are told there is inadequate data. Consequently, it is perfectly obvious that the term "agricultural commodities" has not up to now led the Department to make the necessary investigations. That is the reason offered by Senators for rejecting the amendment proposed by me, and on that basis I want to make certain that the necessary investigations upon which to predicate rates shall be made. Therefore, I simply want to have section 506 (h) amended to include tobacco. I am willing that it be amended to include tobacco, and corn, if you like, to include tobacco and cotton, if you choose; I am willing to include tobacco and anything else, but, in any event, tobacco I want included.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. PEPPER. I notice that in the bill now pending for discussion section 8 contemplates an increase in the existing appropriation because of the fact that cotton is to come under the law as well as wheat. Has the Senator gained any information as to how much additional appropriation would be necessary if tobacco were to be included under the act and covered?

Mr. BANKHEAD. The amendment of the Senator from Connecticut merely provides for a survey. On the basis of which they could come to Congress at the next session and the appropriation could then be made.

Mr. PEPPER. Yes; I realize that.

Mr. DANAHER. In answer to the Senator from Florida, let me point out that my amendment in reference to the whole pending bill has been rejected, and I now seek a further amendment to make certain that we will be able to answer such questions as that of the Senator from Florida next year, for then we will have information available as to the extent of possible losses.

Mr. PEPPER. I am glad to say, in view of the fact that I did not mention tobacco awhile ago in my statement, that I am just as much in favor of crop insurance for tobacco as I am for fruits and vegetables. I am in hearty accord with the amendment the Senator from Connecticut has offered, and I join with him in the hope that by next session there will be adequate data to extend the plan to tobacco.

Mr. DANAHER. Then let me restate the situation as it is now. I have offered an amendment which will add to section 506 (h) the words "tobacco and cotton" after the word "wheat", and also to strike out section 2 from the pending bill. That is the amendment to which the Senator from Alabama has agreed.

The PRESIDING OFFICER (Mr. ADAMS in the chair). The question is on the amendment offered by the Senator from Connecticut.

Mr. BARBOUR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New Jersey?

Mr. DANAHER. I yield.

Mr. BARBOUR. Mr. President, I beg the attention of the Senator from Florida. I was detained from the Chamber for a few moments, and I am wondering whether the distinguished Senator from Florida [Mr. PEPPER] made the same inquiry and developed the same situation in relation to fruits and vegetables as my friend, the distinguished Senator from Connecticut, has made in relation to tobacco. My interest is just as keen as is the interest of the Senator from Florida in respect to bringing fruits and vegetables under the purview of this insurance plan.

I feel we are now at last moving at least in the right direction, for heretofore in the Northeastern section of the country we have felt that, so far as agriculture is concerned, we have been almost entirely forgotten. I realize that I cannot now suddenly precipitate the inclusion of a number of new commodities without probably upsetting the whole crop-insurance plan, but I do want to know before I vote for this bill, if I do, whether a really sincere move is to be made to bring vegetables and fruits and other agricultural crops or products within the scope of this insurance plan. I am anxious that fruits and vegetables shall be included, for if the plan is practical and sound financially it should not be confined only to wheat, cotton, and tobacco.

Mr. PEPPER. Mr. President, I think the Senator from Alabama can answer more technically and accurately than can I but, as I have understood the law all along, there has been authority in the Department of Agriculture under the Wheat Crop Insurance Act to investigate other commodities as fast as they could get to it. I have been informed that they are in process of investigating at least the fruit industry, citrus fruits and perhaps apples and other commodities of that character. I have been pressing the Department of Agriculture to investigate vegetables also as rapidly as they possibly can.

The only effect of the amendment of the Senator from Connecticut, as I understand it, is actually to specify the word "tobacco," but the Department would be under, perhaps, no greater mandate than they previously may have been, except tobacco would be called to their attention. I agree with the Senator from New Jersey that all of us, I think, are deeply interested in this program because we feel it is so far reaching in its consequence.

Mr. BARBOUR. I thank the Senator from Florida very much. I just wanted to be sure that he and I were showing the same interest and energy and forthrightness that the Senator from Connecticut is showing, because otherwise I myself should feel compelled to make a motion on behalf of other agricultural products similar to the one he has made in relation to tobacco. I am just as interested in agriculture and agricultural problems as is anyone from the South or Middle West, and New Jersey and the other States in the northeastern section of the United States are just as interested and just as important, if not more so.

Mr. MALONEY. Mr. President, when this proposal originally came to the Senate concerning wheat, I was among those who resisted the bill. I did not think then, and I do not think now, it is a wise governmental undertaking. I am willing that the experiment shall proceed; but I desire to call to the attention of the Senate the fact that premium payments in connection with cotton are to be made, as I understand, in cotton rather than in money. I have some doubt that the measure will be beneficial to the small farmer. I think that is equally true of tobacco. I think if this program could be beneficial to the tobacco grower, it would be to the large tobacco grower.

Mr. BANKHEAD. Mr. President——

Mr. MALONEY. I yield to the Senator from Alabama.

Mr. BANKHEAD. The Senator is in error in his understanding that premiums are necessarily to be made in kind. The law provides that they may be made either in kind or in money.

Mr. MALONEY. I wonder if the Senator can tell me whether or not any cash premiums have been paid.

Mr. BANKHEAD. I understand that the majority of the wheat payments have been made in cash.

Mr. MALONEY. I thank the Senator.

I understand that while the present law has been in effect for some time, a very small proportion of the wheat growers have taken advantage of the insurance feature. I think the same thing probably will be true of cotton. I have a fear that it may be true of tobacco; but I compliment my colleague [Mr. DANAHER] for his insistence that tobacco be included, and if the program is to go on I am hopeful that the tobacco growers of my State and our New England neighborhood will be afforded the same opportunity as is afforded the growers of other agricultural commodities.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. DANAHER], which will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 1, it is proposed to strike out lines 7, 8, and 9 in their entirety and to insert in lieu thereof the following:

SEC. 2. Section 506, subsection (h), is further amended by inserting the words "tobacco and cotton" after the word "wheat."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still open to amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

CODIFICATION AND REVISION OF PENAL LAWS OF THE UNITED STATES—MOTION TO RECONSIDER

During the delivery of Mr. DANAHER's speech,

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. ASHURST. I enter a motion to reconsider the vote by which Senate bill 2246 was passed yesterday.

Mr. McKELLAR. Mr. President, I think that ought to be done. The bill, which refers to the Post Office Department, was sent to the Committee on Post Offices and Post Roads,

and it was reported by that committee and passed. The House has passed an identical bill, and the House bill has been referred to the Committee on the Judiciary, which is proper. The Judiciary Committee should handle it.

The PRESIDING OFFICER. The motion of the Senator from Arizona will be——

Mr. McNARY. Mr. President, I am not conversant with the matter.

Mr. ASHURST. Mr. President, I have no objection to the bill. I am merely trying to save some work. Senate bill 2246 is a bill to amend section 194 of an act entitled "An act to codify, revise, and amend the penal laws of the United States," making more stringent the penalties for taking, concealing, or abstracting mail, by deception, fraud, or otherwise.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The motion of the Senator from Arizona [Mr. ASHURST] will be entered.

Mr. ASHURST. I hope the Senate Committee on the Judiciary will within a very short time report House bill 6037, which is identical with Senate bill 2246. Then the House bill can be passed.

Mr. McKELLAR. I very much hope it may be.

TRUTH IN FABRIC

After the conclusion of Mr. DANAHER's speech,

Mr. SCHWARTZ. Mr. President, I move that the Senate proceed to the consideration of Senate bill 162.

Mr. McKELLAR. I ask to have the title of the bill stated.

The PRESIDING OFFICER. The clerk will state the title of the bill.

The LEGISLATIVE CLERK. A bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. SCHWARTZ. I ask the Chair whether the bill is now before the Senate?

The PRESIDING OFFICER. The bill is not before the Senate. The motion of the Senator from Wyoming that the Senate proceed to the consideration of Senate bill 162 is the matter before the Senate.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. SCHWARTZ. Yes.

Mr. AUSTIN. I understand this is a motion to proceed to the consideration of the Senate bill. Is that correct?

Mr. SCHWARTZ. Yes; Senate bill 162.

Mr. AUSTIN. Is it the purpose of the Senator to offer to substitute the House bill for the Senate bill, or to substitute the text of the House bill in place of the text of the Senate bill?

Mr. SCHWARTZ. No; it is the purpose to proceed to the consideration of the Senate bill.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Is the motion subject to debate?

The PRESIDING OFFICER. It is.

Mr. THOMAS of Oklahoma. To my certain knowledge, the senior Senator from Virginia [Mr. GLASS] is interested in this bill. In fact, he called me by telephone since the Senate assembled today and asked to be advised when the bill came before the Senate. In obedience to that telephone call, I feel justified in stating that I have no objection to the Senate proceeding to consider the bill, provided it is not taken up for discussion this afternoon, in order to give the Senator from Virginia a chance to be present. Also I suggest that last year the Senator from Massachusetts [Mr. WALSH] made remarks at some length in relation to the bill; and I think likewise he should be present, or at least should have a chance to be present.

I have no objection to the bill being made the unfinished business if it can be put over until tomorrow for debate; but if it is to be proceeded with this afternoon, I think we should have a quorum call.

Mr. SCHWARTZ. Mr. President, the Senator says he has no objection to the bill being made the unfinished business. That is my motion, and I should like to have a vote on the motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Wyoming.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, which had been reported from the Committee on Interstate Commerce, with amendments.

Mr. SCHWARTZ obtained the floor.

Mr. LODGE. Mr. President, in view of the fact that Senators who are interested in the bill are not present, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Russell
Andrews	Ellender	Lee	Schwartz
Ashurst	Frazier	Lodge	Schwellenbach
Austin	George	Logan	Sheppard
Bailey	Gerry	Lucas	Shipstead
Bankhead	Gibson	Lundeen	Slattery
Barbour	Gillette	McCarran	Stewart
Barkley	Glass	McKellar	Taft
Bilbo	Green	McNary	Thomas, Okla.
Bone	Guffey	Maloney	Thomas, Utah
Borah	Gurney	Mead	Tobey
Bridges	Hale	Miller	Townsend
Bulow	Harrison	Minton	Truman
Burke	Hatch	Murray	Tydings
Byrd	Hayden	Neely	Vandenberg
Byrnes	Herring	Norris	Van Nuys
Capper	Hill	Nye	Wagner
Chavez	Holman	O'Mahoney	Walsh
Clark, Idaho	Holt	Overton	White
Clark, Mo.	Hughes	Pepper	Wiley
Connally	Johnson, Calif.	Pittman	
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

CORRECTIONS IN THE ENROLLMENT OF THE DISTRICT OF COLUMBIA TAX BILL

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. OVERTON. I send to the desk a concurrent resolution and ask unanimous consent for its immediate consideration, with the understanding that the Senator from Wyoming will not lose his right to the floor and that it will only temporarily displace the unfinished business.

The PRESIDING OFFICER. The concurrent resolution will be read.

The legislative clerk read the concurrent resolution (S. Con. Res. 28), as follows:

Resolved by the Senate (the House of Representatives concurring), That the Clerk of the House, in the enrollment of the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, is authorized and directed to make the following changes:

(1) On page 2 of the conference report agreed to by the House on July 18, 1939, under the heading "Table of contents," in section 4 (a), strike out "resident", and in sections 4 (b) and 5 (c) strike out "and nonresident individuals";

(2) On page 7 of such conference report, in the heading of subsection (c) of section 5, strike out "and nonresident individuals"; and

(3) On page 18 of such conference report, in section 31, strike out "title VI" and insert in lieu thereof "title IX."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution? The Chair hears none.

The concurrent resolution was considered and agreed to.

Mr. OVERTON. Mr. President, I desire simply to make a brief explanation of the concurrent resolution.

Mr. BARKLEY. The concurrent resolution has already been agreed to.

Mr. OVERTON. Yes; I realize that it has been agreed to, but perhaps I had better make the explanation.

In the rather hurried preparation of the conference report there were three typographical errors, two of which I do not regard as being of any importance, but one of which I consider is rather important; that is the last one referred to in the concurrent resolution. Provision is made for an appeal by the taxpayer to the Board of Tax Appeals, and it refers to the act of May 16, 1938, and refers to title VI of that act. Title VI of that act gives no right of appeal. Title IX of the act gives the right of appeal. It is mainly to correct this error that the concurrent resolution has been prepared and has been acted upon by the Senate.

The other two matters are purely verbal corrections. One is on page 2 of the conference report. In the table of contents there is a subdivision providing for corporations and nonresident individuals to file returns of total income. Under the tax provisions of the bill nonresidents do not file income-tax returns.

The other is a similar error on page 7 of the conference report in the heading of subsection (c) of section 5. It refers to "and nonresident individuals," and the context shows that it does not apply in this regard to nonresident individuals.

EXPEDITIOUS SETTLEMENT OF DISPUTES WITH THE UNITED STATES

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Wyoming yield to the Senator from Kentucky?

Mr. SCHWARTZ. I yield.

Mr. LOGAN. Mr. President, on yesterday, when Senate bill 915, Calendar No. 475, was called, I was prepared to offer something for the RECORD in connection with the measure. On June 28, Mr. Harry Slattery, Acting Secretary of the Interior, addressed a letter to the Honorable HENRY F. ASHURST, chairman of the Committee on the Judiciary, in which he protested against the passage of that bill and submitted an analysis of it. He states that the arguments offered are sufficient to justify the failure to pass the bill. I believe, however, that the reasons which he gives show conclusively why the bill should be passed.

I ask unanimous consent that the letter, as well as the analysis of the bill attached to the letter, be included in the RECORD as a part of my remarks.

Mr. President, I also have some comments on Mr. Slattery's analysis from Col. O. R. McGuire, of the General Accounting Office, who, I believe, is as familiar with the workings of the various agencies of the Government as any other man in Washington. I desire also to have them included as a part of my remarks.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE INTERIOR,
Washington, June 28, 1939.

Hon. HENRY F. ASHURST,
Chairman, Committee on the Judiciary,
United States Senate.

MY DEAR SENATOR ASHURST: On May 17 the Committee on the Judiciary submitted to the Senate a favorable report upon the bill (S. 915) entitled "A bill to provide for the more expeditious settlement of disputes with the United States, and for other purposes," together with an amendment in the form of a modified draft of the entire bill. The hindrances which this measure would place in the way of effective administration of the law by executive departments are such that its enactment would make extremely difficult, if not altogether impossible, the conduct of many of the activities which the Congress has assigned to the Department of the Interior. Because of this fact, I believe it my duty to place before you the objections which exist to S. 915 in its present form, with the request that you take whatever action you may deem appropriate to bring these objections to the attention of the committee and the Senate.

While no question can exist as to the desirability of the underlying objectives to which the pending bill is apparently directed, namely, the maintenance of certainty, uniformity, fairness, impartiality, openness, expedition, and efficiency in the administration of quasi-legislative and quasi-judicial functions by the executive branch of the Government, the provisions of the bill are so unsuited to the accomplishment of these ends and their adverse consequences and effects are so far reaching, as virtually to make the measure a bill for the frustration of administrative activity in the conduct of governmental functions. This is due in part to the ambiguities and uncertainties present in the language employed; in part to the cursory treatment accorded matters of major importance and ramification; in part to the unreasonable nature of certain of the substantive requirements imposed; and in part to the extension of substantive requirements to situations where they are distinctly inappropriate. Not only does the bill deal with subjects of vital importance and great complexity in a manner little better than superficial, but it also lays burdens of almost inestimable magnitude upon the executive branch of the Government. When the numerous and serious controversy-provoking flaws in the text of the bill, and the unreasonable and cumulative impediments which it places in the way of administrative action are summed together, I find the conclusion hard to escape that enactment of S. 915 would put an end to all effective prosecution of a large part of the duties imposed upon this Department by law.

The enclosed "analysis of S. 915" particularizes and describes the objections to that measure, both in its original and its present form, which I consider most serious and fundamental. No attempt has been made therein to suggest specific amendments for inclusion in the bill, as drastic revision of its whole structure would be necessary to remove these objections. At the direction of the President a study of the problem in its entirety, from which comprehensive recommendations may be expected, is now being carried on through two committees appointed by the Attorney General. Since S. 915 fails to accord essential protection to the public interest in sound administration, as indicated in this letter and the enclosed "analysis," I strongly recommend that it be not enacted.

I have been advised by the Director of the Bureau of the Budget that, in view of the study now being conducted, this proposed legislation would not be in accord with the program of the President.

Sincerely yours,

HARRY SLATTERY,
Acting Secretary of the Interior.

ANALYSIS OF S. 915

The administrative law bill now pending before the Senate (S. 915), entitled "A bill to provide for the more expeditious settlement of disputes with the United States, and for other purposes," prescribes certain rules to govern the conduct of administrative activities by the executive branch of the Government and to govern the review of these activities by the judicial branch. The bill does not in terms exempt from its operation the Department of the Interior or any of the major activities thereof, and has a reach that would bring most of these activities within its operation at one point or another. The principal provisions and effects of S. 915 will be considered in the ensuing paragraphs, with particular reference to their application in the administration of the duties committed by law to the Department of the Interior. The discussion will be based upon the provisions of the bill in the form in which they appear in the revised draft recommended by the Committee on the Judiciary in its report of May 17, 1939. As the modifications made by this draft relate, for the most part, to matters of detail, the substance of the following remarks, however, may be applied, with but minor variations, to the provisions of the bill in its original form.

Sections 2 and 3 of S. 915 are directed to the quasi-legislative activities of the executive departments and establishments—that is, to the promulgation under statutory authority of regulations having the force and effect of law. In endeavoring to appraise the substantive merits of the requirements for the issuance and review of administrative regulations proposed in these sections, a major difficulty encountered at the outset is that the types of regulations to which these requirements are intended to apply cannot be fairly determined from the text of the bill. Regulations issued by an administrator under statutory authority sometimes contain an interpretation of the statute implemented by them, but more frequently they merely supply a regulatory detail covering a matter entrusted to the discretion of the administrator. For example, the issuance of rules governing the use of the public lands presents in many cases merely the problem of choosing from several different possibilities, all plainly lawful, that particular one which is most practical and beneficial for those concerned. Further, while some administrative regulations clearly operate upon personal or property rights by defining or modifying legal rights existing independently of the action of the administrator, and while others just as clearly operate in ways which have no effect at all upon private rights, still others occupy an intermediate position in that they control the allowance of valuable privileges which, although no one is entitled to their allowance as a matter of vested right, do constitute legally protected property interests once they have been granted by the administrator. Licenses, easements, leases, and similar privileges presenting situations of the latter type are provided for in many of the public-land statutes. Administrative regulations which are of general application may also be either external or internal in their incidence; that is, they may deal with the relations between the agency issuing them and the public, or they may deal with the relations inter sese of the subordinate units and the personnel of the agency. But even regulations of an internal character may indirectly affect the personal or property rights of outsiders, as, for instance, by devolving upon particular officers or services within the agency the power to handle particular matters which do affect individual rights.

To what extent regulations falling within these various general categories are intended to be subject to all or some of the requirements imposed in S. 915 is a matter upon which the text of the bill affords little real guidance. The definition of "administrative

rules" in section 1 specifically mentions only rules "of general application * * * interpreting the terms of statutes." On the other hand, in section 2 (a) the subject matter is defined as "administrative rules and all amendments or modifications or supplements of existing rules implementing or filling in the details of any statute affecting the rights of persons or property." In sections 2 (b), 2 (c), 2 (d), and 3, reference is made merely to "administrative rules," without further explanation. From these statements it is impossible to draw any positive conclusion upon such vital questions as the extent to which administrative regulations not involving an element of statutory interpretation are to be subject to the several provisions of sections 2 and 3, or the extent to which the scope of these provisions is intended to be qualified by the phrase "affecting the rights of persons or property" in section 2 (a), or the extent to which regulations pertaining to matters of internal administration are intended to be covered, or the extent to which the granting of property interests to applicants who have no prior vested right thereto would be a matter "affecting the rights of persons or property" within the meaning of section 2 (a). While the subject of administrative regulations covers a reach of such breadth as to make difficult the formulation of precise definitions and the drawing of exact lines of demarcation, the bill in its present form is open to the criticism that it leaves in entire uncertainty even the basic principles to be employed in determining the applicability of sections 2 and 3 to the various situations commonly encountered in practice.

Section 2 (a) of the bill provides that after its enactment all administrative regulations within the application of this section shall be issued only after the publication of notice and the holding of a public hearing. The holding of a public hearing upon a proposed measure affords a medium for the presentation of facts and arguments which might otherwise have escaped the attention of the administrator, and thus sometimes leads to a better regulation than might have been issued in the absence of a hearing. The same result may, however, be obtained through other procedures, as, for example, by the publication of a tentative draft of the proposed regulation with a request for written comments thereon, or by allowing interested persons an opportunity for informal consultation with the administrator or his subordinates. Under existing law the choice as to whether a public hearing shall be held or other means used to obtain information is left to the administrator, and a requirement that hearings be held in every case irrespective of the circumstances would, in reality, offer very little increased protection to any private parties concerned. When account is taken of the heavy burden, both from the standpoint of the time consumed and that of the expense incurred, which a mandatory hearing requirement would place upon the Government, the disadvantages to the public seem clearly to outweigh any advantages to private individuals which might be expected to ensue from such a requirement. The committees of the Congress in charge of proposed legislation possess the right to decide whether public hearings shall be held upon a particular measure, and exercise a firm control over the testimony to be received and the time to be consumed therein. A similar discretion should be entrusted to those officers in the executive branch who are charged with the duty of considering proposed regulations.

Under section 2 (a) of the bill, as now written, it might be possible for opponents of a proposed regulation to conduct a filibuster by prolonging the hearing to unreasonable lengths, since no express authority is conferred to terminate a hearing before everyone who wishes to appear has had his full say. Likewise, under this section no clear power is given to issue regulations without prior notice and hearing when an emergency exists which necessitates immediate action. The phrase "except when the President declares that a public emergency exists" at the end of section 2 (a) is, in terms, merely an exception to the requirement that regulations shall not become effective until they have been published in the Federal Register, and does not appear to modify the requirement in the preceding sentence that notice and hearing shall be accorded in every case. Furthermore, even if such modification were made clear, this provision would result in the placing of an unnecessary and onerous burden on the President.

Section 2 (b) of the bill requires that future statutes be implemented by administrative rules within 1 year after their enactment. This section contains a serious ambiguity in that the language used might be read either as conferring the power and the duty to implement all statutes, or as merely imposing the duty to implement those statutes with respect to which the power of issuing interpretative or supplementary regulations exists independently of the bill. A still more fundamental objection is that under either construction this provision would necessitate the issuance of a large number of entirely unneeded regulations, to the confusion of all concerned. The provisions of a particular statute are frequently so clear and comprehensive that their interpretation or supplementation by administrative action is unnecessary. Many of the laws, both general and special, administered by the Department of the Interior, are of this nature. A mandatory requirement that administrative regulations be issued under all these statutes, or even that administrative regulations be issued under those as to which the power of implementation otherwise exists, would result in the promulgation of a vast body of regulatory material adding nothing of real moment to the text of the laws involved. The task of finding the governing legal rule upon a particular situation would thereby be made more difficult for everyone affected, whether regulator or regulated.

Section 2 (c) provides that any presently existing administrative regulation within the application of this section shall, upon the petition of any person substantially interested in its effects, be reconsidered by the administrator after publication of notice and opportunity for a public hearing. What has been said above with respect to section 2 (a) is for the most part equally applicable to section 2 (c), but with these differences, that the burdens involved would be vastly greater due to the much larger number of matters to be considered, and that any benefits which might be derived would be materially less since the bulk of the regulations now outstanding have already passed the test of successful actual experience. If this provision were invoked to any considerable extent, as it undoubtedly would be, the reconsideration of existing regulations in the manner contemplated would entail so much additional work that very substantial increases in the administrative appropriations for the agencies concerned would probably become necessary. A further objection is that the language used in section 2 (c) is susceptible of being given the interpretation that an existing rule shall be reconsidered not once only, but as often as interested parties who have not been parties to a previous reconsideration may choose to file petitions therefor. Whatever need the vast body of outstanding regulations may present for revision, clarification, simplification, and codification, this task is one which calls for comprehensive treatment and scientific study, to which a procedure based upon the individual requests of particular persons for the reconsideration of separate provisions affecting their private interests would be poorly suited.

Section 3 of S. 915, in which provision is made for the review of administrative regulations by the Court of Appeals for the District of Columbia, appears open to serious question on at least two scores. In the first place, the Court of Appeals seemingly would be obliged in many instances to pass upon the validity of the regulation in a factual vacuum, since no requirement is made that the case presented to the court embody an actual controversy based upon real facts, such as is requisite for the maintenance of suits under the judiciary article of the Constitution. The Supreme Court has repeatedly expressed the view that an informed and accurate judgment upon the validity of a particular measure cannot be arrived at independently of a consideration of its incidence in concrete situations, or in the absence of full factual data as to the circumstances in which it is to apply, and has consistently refused to pass upon the legality of legislative or executive acts in hypothetical cases or by advisory opinions. These same difficulties would beset the Court of Appeals in endeavoring to appraise the validity of quasi-legislative action under the procedure provided for in section 3, and would prevent the taking of appeals from its judgments to the Supreme Court. In the second place, a decision by the Court of Appeals that a particular regulation was invalid would be binding upon the Government, not only in the case at bar but also in all subsequent actions in any court, whereas a decision that the regulation was valid apparently would not be binding upon the opposite party to the suit, nor upon other persons affected by the regulation, in any subsequent proceeding. Thus the bill would confer upon the Court of Appeals a veto power over administrative regulations which, if viewed as executive in its nature, plainly violates the constitutional principle of separation of powers, and which, if viewed as judicial in its nature, clearly violates the fundamental maxim of justice that both parties to an adjudication should be bound thereby in like degree. These objections are intensified by the fact that the authority granted the Court of Appeals in the bill to pass upon the constitutionality of an administrative regulation is susceptible of being construed as including the power to pass upon the constitutionality of the statute under which the regulation is issued.

Sections 4 through 6 of S. 915 are directed to the quasi-judicial activities of the executive departments and establishments—that is, to the adjudication of specific controversies between the Government and private individuals. Insofar as the executive departments are concerned, the procedure proposed in the bill for the handling of all such controversies would involve, first, an initial decision by the officer in immediate charge of the matter out of which the controversy arises; second, a review of the decision of this officer by an intradepartmental board of three members selected by the head of the department from its regular staff; third, a review of the decision of this intradepartmental board by the department head or by a deputy designated by him; and fourth, a review of the action taken in the department by either an appellate Federal court or the Court of Claims. Before the intradepartmental board may render its decision upon the matter in controversy a full quasi-judicial hearing before the board must be accorded to the person who has demanded review of the initial administrative decision. Among the steps to be taken in connection with this hearing are the sending of notices to interested parties, the allowance of interventions, the filing of written pleadings, the issuance of subpenas for witnesses and documents, the taking of testimony in accordance with the rules of evidence applicable to quasi-judicial proceedings, the examination and cross-examination of witnesses before the board, the reduction of the testimony to writing, the making of formal findings of fact upon the evidence, and the preparation of a written decision by the board. One great difficulty with this proposed all-embracing procedure for the settlement of administrative controversies is that many matters of fundamental importance in its application are left to uncertainty by the provisions of the bill.

The scope of the review to be exercised by the intradepartmental board, which stands at the heart of the whole procedure, is nowhere clearly defined. Thus the text of the bill does not indicate whether in cases which turn upon an exercise of discretion by the

officer making the initial decision it is the duty of the board to redetermine the merits of the matter and substitute its discretion for that of the officer deciding the matter originally, or merely to determine whether the decision of that officer was, in the circumstances, within the bounds of the discretion reposed in him by law. Similarly, the text of the bill does not indicate whether in cases which turn upon a disputed issue of fact it is the duty of the board to redecide the matter of fact and substitute its own independent conclusion thereon for that of the officer making the initial decision, or merely to determine whether in the light of the testimony the decision of the officer is supported by substantial evidence, and hence stands within the bounds of reasonableness. Further, notwithstanding the fact that there are a considerable number of situations where the officer charged with the duty of deciding initially is required before doing so to hear the evidence and prepare a written transcript, no exception covering these situations where existing law requires a full hearing to precede the original decision is contained in the bill. This raises the question whether in such instances the board must disregard the record made in connection with the initial decision and must build its own independent record through a trial de novo, thus saddling both the Government and the adverse party with the expense of twice introducing the same evidence and arguments.

The nature of the duties to be performed by the department head or his deputy when reviewing the decisions of an intradepartmental board is also left without adequate definition. Must the reviewing officer confine his consideration of the case to the evidence contained in the record made before the board, or may he take into account facts within his own knowledge, or appearing in departmental records, or brought to his attention by subordinates, which have not been formally offered in evidence? Must the reviewing officer sustain the decision of the board if he finds it based upon substantial evidence and a correct view of the law, or may he set it aside if for any reason he disagrees with the conclusion reached? Must the reviewing officer read the entire record before he may overrule a decision of the board? May the reviewing officer lawfully decline a request that he reexamine the matter decided by the board, and may the decision of the board be appealed directly to the courts in this event? In the absence of any clear answer to these and other questions pertaining to the conduct of the proceedings within the department, the effect of departmental adjudications rendered under the procedure prescribed in the bill would necessarily be extremely uncertain.

Compliance with this procedure would, moreover, necessitate extended delays in the conduct of the business and affairs of the several establishments while hearings were being held and the other steps requisite to the making of the final administrative determination were being taken. Not only would these delays greatly impede and embarrass the effective functioning of the Government at many points, but no protection is afforded against the quasi-judicial proceedings authorized in the bill being resorted to, upon an alleged claim of private grievance, solely for the purpose of delaying necessary public action. The bill imposes upon the Government the duty of paying damages to litigants who suffer injury through the taking or omission of administrative action during the pendency of the proceedings, in consequence of emergency conditions which render further delay contrary to the public interest; but it does not impose upon the litigant the reciprocal duty of paying damages to the Government for injury suffered by the public through the institution and maintenance of administrative proceedings for which no substantial basis exists apart from the desire of the litigant to evade or delay Government action affecting his interests.

Section 5 of S. 915 provides for judicial review of the final decision rendered in any administrative proceeding under the bill upon the filing of a petition therefor by any party to the proceeding who may claim to be aggrieved by the decision. This section makes it the duty of the reviewing court to set aside the decision of the intradepartmental board and the reviewing officer whenever it finds that any one of seven specified grounds exists for this action, of which the first is "that the findings of fact are clearly erroneous." The language here used would appear to impose upon the court the duty of reweighing the evidence and of formulating its own independent conclusion upon the correctness of the findings, rather than the duty of merely ascertaining whether there is any substantial evidence in the record upon which a reasonable person might have arrived at these findings. This conclusion seems almost inescapable in view of the fact that the second ground for setting aside an administrative decision listed in section 5 is "that the findings of fact are not supported by substantial evidence." Enactment of the bill in its present form would thus apparently confer upon every person affected by an administrative decision the right to have the facts as well as the law completely retried in the courts, with the result that the decision reached by the administrative officers after a full hearing of the evidence, and under conditions approximating those of a court action, would be denied even the limited degree of conclusiveness attached to jury verdicts in civil suits. By this enlargement of the scope of the court review, the functions of the intradepartmental board and of the reviewing officer, in cases where court review was sought, would be restricted substantially to the collection of evidence, the formulation of tentative findings, and the making of an advisory decision for the information of the court.

This opening up of the facts to complete review on their merits by the reviewing court would reverse the policy laid down in many acts of the Congress and in numerous decisions of the Supreme Court, that findings of fact by administrative officers and boards upon matters committed by law to their decision are to be accepted as conclusive and binding if supported by substantial evidence. By this change in policy the benefits to be derived from the application of expert scientific and technical knowledge in the judging of administrative controversies which require specialized training and experience for their fair and accurate disposition would be largely lost. As these benefits constitute one of the chief reasons for the vesting of quasi-judicial powers in administrative officers, this loss would be a vital one. Further, the transfer of the power of ultimate decision upon factual matters to the courts would make to a large degree useless and ineffective the expensive machinery provided in the bill for the consideration and settlement of administrative controversies through intradepartmental proceedings; would impede to a most serious extent the conduct of the business and affairs committed by law to the executive establishment by taking away the essential power of conclusively determining, within the limits of a reasonable judgment, the facts upon which must rest the legality of the various actions which these establishments are daily required to perform; and would vastly increase the burdens of the courts without corresponding benefit to the public.

The extremely broad reach which S. 915 purports to give the procedure for the settlement of administrative controversies proposed therein throws into strong light the defects and ambiguities inhering in the provisions of the bill. The subject matter of the proposed administrative and judicial reviews, as delimited by the definition of a "controversy" in section 1, would extend to "any dispute or disagreement concerning any claim, right, or obligation for or against the United States and any refusal to grant any license, permit, or other privilege." Any person aggrieved by any affirmative or negative decision, order, or act "which determines the issue" involved in any "specific" dispute or disagreement of this character is to have the right to institute a quasi-judicial proceeding under the bill, and the further right to carry the controversy to the courts if dissatisfied with the final administrative decision. Even with the exceptions stated in section 7, the bill would apply to a great number of administrative actions which could not be handled under the rather elaborate procedure contemplated therein without so great a loss in time and efficiency, and so great an increase in expense, as completely to frustrate effective operation in the public interest. Of itself, this would constitute a very serious objection to the provisions of S. 915 in their present form, even were these to be clarified in the particulars previously mentioned.

Some random examples will be cited. The various establishments of the Government, including this Department, are engaged in operating a number of enterprises and furnishing a number of services of a general business character. The expedition and freedom from red tape essential to the efficient conduct of these activities would be greatly cut into by the provisions of the bill. Again the conduct of a Government establishment necessitates the handling of numerous personnel problems and other matters of internal administration. Since the bill contains no express exemption for controversies arising out of these matters except when they involve merely a failure to appoint or employ the person claiming to be aggrieved, the assumption may reasonably be made that the dismissal of incompetent or unnecessary employees, the allocation of positions to their respective classification grades, the fixing of individual salaries, and many other matters of internal administration might become the subject of quasi-judicial and court proceedings under the bill.

It is also to be noted that the definition of a "controversy" in section 1 extends in terms to any "claim" against the United States, including claims for the allowance of a "privilege," and is not on its face limited to claims founded upon an alleged invasion of a right or interest which, under the common or statute law, is recognized as entitled to protection by judicial process. As a general matter, claims for the allowance of a privilege, gratuity, or other bounty from the United States are not now open to enforcement by judicial process. This rule has been applied by the courts to many situations involving the disposition of the public lands or interests therein, on the ground that the nature of the transaction as a voluntary grant made at the public expense precludes the statutory authorization for the grant from being construed as vesting a judicially enforceable right to obtain the grant in persons claiming to come within the class to whom it is authorized to be made. The language used in S. 915 is, however, so unrestricted in its purport as to suggest that this established rule is intended to be overthrown by the bill, and that the right to maintain both administrative and judicial proceedings for the allowance of privileges, gratuities, and other bounties is intended to be conferred thereby.

Taking into account the numerous judicial remedies which are now available to the individual citizen for the protection of his legally recognized rights and interests against arbitrary official action, the additional measure of legitimate protection which he might be afforded in his dealings with the Government under the court- and administrative-review provisions of S. 915 would be so slight as to be far outweighed by the detriment to the public interest inherent in the burdens which these provisions impose upon effective administrative action.

The foregoing general survey of the provisions and effects of S. 915 leads inevitably to the conclusion that the enactment of this measure would altogether frustrate the conduct of many of the activities now committed by law to executive agencies, and would deny essential protection to the public interest in sound administration of the law. These adverse effects are particularly apparent

in the case of the Department of the Interior on account of the large number of points at which the provisions of S. 915 would touch the activities of the Department.

AMERICAN BAR ASSOCIATION,
SPECIAL COMMITTEE ON ADMINISTRATIVE LAW,
July 10, 1939.

Re S. 915, Logan administrative law bill.
Hon. M. M. LOGAN,
United States Senator, Washington, D. C.

DEAR SENATOR LOGAN: As you have requested, I have given careful consideration to a letter of June 28, 1939, and accompanying memorandum from the Acting Secretary of the Interior, Harry Slattery, wherein he admits that "no question can exist as to the desirability of the underlying objectives to which the pending bill is apparently devoted—namely, the maintenance of certainty, uniformity, fairness, impartiality, openness, expedition, and efficiency in the administration of quasi-legislative and quasi-judicial functions of the executive branch of the Government." However, he further states that the bill will not accomplish such purposes and that it would "put an end to all effective prosecution of a large part of the duties imposed upon this Department by law."

This statement in the preceding sentence is a very serious one for an acting secretary of any department to make concerning a bill which has been unanimously reported by the Senate Committee on the Judiciary after the matter, in one form or another, has been pending in the Congress for approximately 11 years; after the bill has received the approval of the board of governors and the house of delegates of the American Bar Association; to date, of the State Bar Associations of California, Colorado, Illinois, Iowa, Kansas, Nebraska, North Carolina, Ohio, Oregon, Pennsylvania, and Texas; to date, of the City Bar Associations of Boston, Chicago (in principle), Cleveland, Philadelphia, Phoenix, and St. Louis; to date, of a number of business organizations and of the American Federation of Labor.

Moreover, it is not without significance that among the able, learned, experienced, and patriotic men who have served on the committee was Hon. James R. Garfield. As you know, he was at one time Secretary of the Interior, and he not only approved the bill in substantially its present form, but he presented the report of this committee to the Cleveland meeting in 1938 of the American Bar Association—a report which was largely the work of former Dean Roscoe Pound, of the Harvard Law School. It is evident that former Secretary of the Interior Garfield and Dean Pound do not agree with Acting Secretary of the Interior Slattery.

But, waiving for the moment the greatest aggregation of support by legal, business, and labor organizations and by able, learned, and experienced men that was ever placed behind any proposed legislation in the history of America, I think we should examine the statements made by Mr. Slattery upon their merits.

First, he refers to "a study of the problem in its entirety now being carried on through two committees appointed by the Attorney General." I know of no two such committees. There is one such committee with a member of the Lawyers' Guild as its director, a member who agreed to a report of his committee on administrative law to the National Lawyers' Guild condemning the bill, and who made an address before the last convention of the guild likewise in opposition to the bill. This address was recently placed in the CONGRESSIONAL RECORD by Senator MINTON. Does any one seriously believe that this lawyer guild director will be able to give impartial and unbiased study to this problem?

But in addition to that, I have in my possession an agenda or program of study of this problem for the Attorney General's committee which this lawyer guild director issued in the latter part of June 1939 to the members of the Attorney General's committee. This agenda would cover substantially the same ground that the American Bar Association has already covered—these studies being contained in six printed reports of my committee and in the working papers on administrative adjudication prepared under its supervision which was printed in 1938 by the Senate Committee on the Judiciary.

This problem has been growing acute for many years and the time for action has arrived. The fact that some members of the Attorney General's committee, such as its lawyer guild director, require time to acquaint themselves with the problem is not material. The fact is that some of the members of the American Bar Association's administrative law committee have been studying and administering Federal statutes for more than 20 years. The product of that study is contained in S. 915, Seventy-sixth Congress, and in the above-referred-to printed reports.

What is more, the Attorney General's committee could effect no reforms without legislation for that purpose and S. 915 would furnish the needed legislation to enable his committee to accomplish something in the way of uniform rules of procedure before the administrative agencies in the exercise of both their quasi-legislative and quasi-judicial work.

Running as a thread through the memorandum accompanying Mr. SLATTERY's letter is a complaint as to the requirement of uniformity in the exercise of quasi-legislative and quasi-judicial powers of the administrative agencies. This argument has been met elsewhere, but it is answered by S. 915 itself and by a few fundamental considerations. The bill prescribes the barest minimum of procedure, and does not affect the substantive law administered by the various agencies of Government. In substance, these minima of rules of procedure go to the according of public hearings, written rules, written records, written findings of fact in the quasi-judicial process, and written decisions or orders. Also, as to the subpenaing of witnesses, documents, etc., and as to the scope of judicial review. Far less uniformity would be established by the bill for the administrative agencies than has been established by the uniform rules in law and equity cases for the trial courts which were recently issued by the Supreme Court of the United States.

It was objected for years that such uniform rules for the trial courts in law and equity cases was impracticable, and there was a time, as you know, when there were different writs for each form of common-law action. There is simply nothing to the argument that there cannot, or should not, be a minimum of uniformity of procedure before any and all administrative agencies of Government.

It is objected in the memorandum that the courts should not be given jurisdiction to reverse administrative decisions when the "findings of fact are clearly erroneous," as that would open up the administrative record to a retrial of the facts. Anyone at all familiar with the work of the courts must realize that this does not mean that every case will be retried on the facts in the reviewing courts. In substance, that has been the jurisdiction for more than a century in reviewing equity and admiralty cases. The appellate courts do not retry the facts in such cases unless it be shown by counsel that the facts found by the trial court are indeed "clearly erroneous." If a decision of a trial court or of an administrative agency is based upon "clearly erroneous" findings of fact, it should not stand, and the bill does not intend that it shall stand.

Further, the phrase "clearly erroneous" was taken from the new rules issued by the Supreme Court of the United States for the trial courts, and these rules have been in operation for nearly a year. An examination of the recent opinions of the appellate courts does not show that these courts are trying anew the record evidence and reversing the trial courts right and left, as the writer of this memorandum seems to fear.

We can trust the courts in these matters. If we cannot trust the courts, then our scheme of government is a failure.

It is argued that there should be no judicial review of the rules in the United States Court of Appeals for the District of Columbia. It is stated that while the decision on the rules would be binding on the administrative agencies, they would not be binding on other individuals in other courts. This argument overlooks a number of things: First, a judgment of the courts is never controlling beyond the territorial jurisdiction of such courts and the territorial jurisdiction of the United States Court of Appeals for the District of Columbia is that District. Second, a judgment of the courts is never binding beyond the territorial jurisdiction of such courts and particularly upon individuals which were not parties to the proceedings resulting in such judgment. Third, the agencies can, and should, go to the Congress for additional statutory authority when a rule is required which transcends the existing statutory jurisdiction of such agencies. Fourth, few individuals will avail themselves of the procedure to have the rule reviewed in the District of Columbia because of the necessary expense involved. This remedy will be used for the most part by business and labor organizations having memberships largely effected by such a rule. Fifth, no one can say at this time with certainty whether the Supreme Court of the United States would review a judgment of the United States Court of Appeals for the District of Columbia in such a case, but it is not without significance that the Supreme Court does review declaratory judgment cases. Even if the Supreme Court should refuse to review such a judgment as to an administrative rule, the United States Court of Appeals is a most able court. It is composed of judges fully qualified to serve on the Supreme Court of the United States and even if it should occur that there could be no review of its judgments in these cases much relief will be afforded to the people—not only by the learning and ability of such court brought to bear upon the question, but in the insurance that the administrative agencies will be more careful than they now are to see that their rules conform to the law.

It is to be remembered that in the exercise of quasi legislation power the administrative agencies are functioning as little congresses. They should be compelled to follow the open procedure of notice and hearing which the Congress has afforded through its committees for a century and a half. Some of the agencies have followed such procedure and they are generally conceded to be the best administered agencies in the Government. The American people are instinctively opposed to "star chamber" tactics.

As quasi-judicial bodies these administrative agencies are performing a part of the work which is normally that of a court and again these agencies should not be exempt from the minimum of court procedure—procedure which the experiences of centuries have demonstrated to be necessary to secure justice.

Complaint is made in the memorandum that the bill is not specific as to the class of rules which should be issued after notice and public hearing, if requested, or the procedure which should be followed in doing so. It was not intended to make the bill so specific that no element of judgment and discretion should be left to the administrative agency. Some agencies may find it to advantage to publish with their notices tentative rules to be the subject of hearings; others may find it to advantage to hold informal consultations preliminary to the public notice and hearings, etc., and the bill intends that there shall be the utmost leeway in these respects. Further, the agencies will not be required to do more than accord a general hearing preliminary to the issuance of rules, similar to those held by congressional committees. The bill does not contemplate that these hearings shall

run along like Tennyson's brook, but they are to be closed when the subject matter reasonably has been covered. In fact, the administrative agencies are expected by the bill to be capable of using judgment and discretion in affording a reasonable hearing.

It is significant that the various State and the few Federal agencies which use the procedure of notice and public hearing, if requested, have been confronted in practice with no such bogeymen in this respect as the writer of this memorandum seems to think lurk in the hinterland.

The bill cannot leave the question of hearings to the discretion of the administrative officials. If it did that, it is safe to say that the present situation will continue of practically no public hearings. The matter will settle itself because no public hearings will be requested on rules which are not of public importance.

The other points in the memorandum are minor ones, and I am sure that all necessary answers thereto will occur to you. But if not, I should be glad to discuss them with you informally as this letter seems to have reached undue proportions.

In closing, I may say that I personally know many of the men in the Interior Department. They are high-grade, conscientious men, and I have no doubt that the writer of this memorandum is sincere in his views. I think he is in error and that none, or hardly none, of his fears will materialize after the bill becomes law and is placed in operation—assuming, of course, that these agencies, in good faith, carry out the statutes as enacted by the Congress. We intend that they shall have trouble if they do not.

Cordially and sincerely,

O. R. McGUIRE, *Chairman.*

TRUTH IN FABRIC

The Senate resumed the consideration of the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. SCHWARTZ. Mr. President, Senate bill 162, to quote its title, is "A bill to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes."

To afford this protection the bill requires that all wool products entering or intended for entrance into interstate commerce shall carry a label showing the kind and percentage of fiber in each wool product. The label starts with the manufacturer of the cloth or yarn. The manufacturer, of course, knows the kinds and quantity of fibers he puts into his own product. He is allowed such variances as may arise by reason of uneven distribution of fibers in the process of manufacturing. Succeeding handlers of the product are protected by labeling in accordance with the original label. When, through procedure provided in the bill, it shall be found a label is false, the handler may substitute a correct label.

At the last session of Congress a bill similar to S. 162 and proposed amendments now adopted by the committee passed the Senate. Owing to the lateness in the session that bill did not come up for action in the House, although it received favorable action by a subcommittee of the House Committee on Interstate and Foreign Commerce. That House committee has now made favorable report on H. R. 944, introduced by Representative MARTIN of Colorado, which is companion bill to S. 162.

S. 162, as introduced this session, differed in some respects from the bill the Senate passed last session.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. BRIDGES. I understand that a companion bill has passed the House.

Mr. SCHWARTZ. No; it was reported by the committee of the House and is now before the Rules Committee. After extensive hearings by a subcommittee of the Senate Committee on Interstate Commerce, the committee adopted amendments which make S. 162 closely conform to the bill which passed the Senate last year; and the committee also adopted other amendments limiting criminal liability under the bill to violations committed "willfully" and "with intent to violate the provisions of the act."

Certain opponents of S. 162—principally representatives of ladies' cloak and suit manufacturers and corporations—were frankly opposed to labeling of any kind. These gentlemen also asserted for different reasons that labeling was not a practical possibility under the system of manufacture now used in that industry. These latter objections have been given careful study and investigation by the chairman of the subcommittee, and he is convinced most of them are wholly without merit and others may be readily overcome by the manufacturers themselves.

Mr. BRIDGES. Mr. President, will the Senator yield for a question?

Mr. SCHWARTZ. I yield.

Mr. BRIDGES. Is the primary purpose of the bill to protect consumers or buyers of woolen and worsted material, or is it through the labeling process to encourage the use of more wool, which will have a tendency to improve the woolen business?

Mr. SCHWARTZ. The primary purpose is to protect the general consuming public, and what effect it may have on the manufacturers of reworked wool or on the manufacturers of virgin wool is a matter which is in dispute and is controversial. But I may say that the principal outside support for this bill comes from consuming groups and farm groups and labor groups, and all the national farm organizations, and most of the consumers' leagues. And, of course, it is also true that the wool growers are in favor of this proposed legislation.

Mr. BRIDGES. Mr. President, will the Senator further yield?

Mr. SCHWARTZ. I yield.

Mr. BRIDGES. When the Senator refers to labor groups, does he mean labor groups that are employed in factories which manufacture wool and worsteds, or is he speaking generally of labor?

Mr. SCHWARTZ. I am speaking more particularly of representatives of one branch of the American Federation of Labor—I do not recall the technical name of it at the moment—and in addition to that separately laborers who are employed in the sorting of wool and work of that kind.

Mr. Arthur Besse, president of the National Association of Wool Manufacturers—and I am referring to Mr. Besse because he has been active in connection with this proposed wool legislation and has been active in ultimate opposition to any form of labeling bill we have been able to devise—is also in opposition to some features of S. 162. Appearing as a witness last year and this year, Mr. Besse has been on all sides of the labeling question.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. LODGE. I do not want to interrupt the Senator if he has a prepared statement, but did I correctly understand the Senator to say that representatives of labor unions engaged in the woolen textile industry are in support of this bill?

Mr. SCHWARTZ. No; I said representatives of labor unions in the American Federation of Labor, in the labeling department, and also the laborers in the wool-sorting departments.

Mr. LODGE. Can the Senator furnish that information for the RECORD?

Mr. SCHWARTZ. It is in the printed hearings; and before I have concluded—probably not this afternoon—I shall refer to the specific organizations.

Mr. LODGE. I thank the Senator.

Mr. SCHWARTZ. I will say to the Senator now, for his information, that neither the textile workers' union nor the needleworkers appeared on one side or the other in connection with the proposed legislation because they were confronted by their employers—I need not say why they did not appear, but they did not appear.

Mr. LODGE. I thank the Senator.

Mr. SCHWARTZ. Mr. Besse favors labeling which will make a distinction between virgin wool and reclaimed wool, but he does not want the label to disclose how much virgin wool and how much reclaimed wool is in a wool product. This is the stock argument of the manufacturers who do not want the consuming public to know what it is buying from

the retail dealers. However, it should be said that a very substantial number of the membership of the National Association of Wool Manufacturers are supporting Senate bill 162.

Returning to Mr. Besse's views, on March 8, 1938, appearing before the subcommittee of the Senate Committee on Interstate Commerce considering Senate bill 3502, which also provided for a labeling distinction by quantity between virgin wool and reclaimed wool and was otherwise identical in many respects to Senate bill 162, now under consideration, Mr. Besse testified:

We are in favor of fiber identification. We believe that the consumer has a right to know what he or she is buying. We have ourselves supported labeling regulations, knowing that there was a very substantial amount of misrepresentation in the sale of so-called wool products which contain varying amounts of wool. We do not believe that mills are responsible for that misrepresentation; but in the absence of labeling regulations it is impossible to fix the responsibility, and for that reason we welcome labeling regulations of the right sort, so that there may be no opportunity for anyone who wants to misrepresent, be it a textile mill or anything else, to take advantage of any technicality or loopholes or any lack of diligence in telling the consumer exactly what he may be buying.

Then Mr. Besse continued to say—

We do not object to this present bill, S. 3502—

Which is the bill I introduced last year, and which passed the Senate—

largely for one reason. We believe it is entirely practical and entirely reasonable to provide for a distinction between virgin wool and reworked wool. If the distinction goes to fabrics that are composed exclusively of virgin wool we think it is impractical and we think it is of no advantage to the consumer to try to show in a fabric that is composed of a blend of new wool and reworked wool the exact percentages that the type of fibers may bear to each other. If the fabric contains reworked wool, the consumer should, in my estimation, know that. But that is quite different from saying that the reworked wool is 40 percent or 50 percent of the total. There are so many other factors in connection with the construction of that fabric that are more important than the raw material that you place an undue emphasis on the material content itself.

We not only have no quarrel with the principle of fiber identification to indicate whether there is cotton or rayon or any other fiber present, but we welcome it.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. BRIDGES. In order that we may have a rather clear picture of how the bill would operate, will the Senator explain the physical method? I have read the bill, and am familiar with it. However, I should like to have the Senator explain just how the bill would operate with respect to labeling.

For example, a certain factory or mill may manufacture woolen or worsted goods and sell them to a dealer or jobber, who in turn may sell them to a tailor who buys the cloth by the bolt. The tailor may make up the goods into a suit and sell the suit to another wholesaler, who, in turn, may sell the suit to the retailer, who sells it to the consumer. How are the goods marked, and where does the responsibility lie?

Mr. SCHWARTZ. That is a long story; and I shall be able to explain, detail by detail, the mechanism in the various processes, and the various manufacturers who handle it. However, I should prefer to make the explanation later, if the Senator is willing.

Mr. BRIDGES. I hope to be present when the Senator explains it. If I am not, I hope to read the explanation in the RECORD. Just who is responsible in each step, and who suffers the penalty for a failure to comply with the law?

Mr. SCHWARTZ. I shall be glad to explain the situation, from the manufacturer down.

I will say to the Senator now that beginning with the manufacturer, after the goods pass out of his hands, if those who succeed him—7 or 8 or 10 in the course of the line—use the manufacturer's fiber identification in percentages, they will be protected, and no liability will come upon them if for any reason the manufacturer's label is false. However, I shall later explain the situation more in detail.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. LODGE. I should like to take advantage of this interruption to express the hope that the Senator will give his view as to the effect which the bill would have on the price structure of wool.

Mr. SCHWARTZ. I shall be glad to do so at some later time, when I discuss that question. Of course, it is a controversial question. The opponents of the bill say that the bill would raise the price of manufacture to the detriment of the consumer. They say also that the bill would reduce the consumption of wool, and reduce the price of wool to the producer. So the opponents of the bill claim that both the consumer and the producer would lose.

Mr. LODGE. What is the opinion of the Senator from Wyoming on that point?

Mr. SCHWARTZ. My opinion is that the bill would not result in any material increase in the prices of products generally. It might result in some small increase in the prices of certain forms of reworked wool which now come upon the market; but I am unable to tell how much that would be.

Mr. LODGE. Then the Senator does not believe that the bill would materially affect the prices of woolen clothing?

Mr. SCHWARTZ. No; I do not.

Mr. Besse said:

We not only have no quarrel with the principle of fiber identification to indicate whether there is cotton or rayon or any other fiber present, but we welcome it, and we will cooperate with your committee, or any one else, to bring about such legislation or such regulations under the auspices of the Federal Trade Commission.

Mr. Besse further said:

We believe that there should be some definition of virgin wool * * *. We believe that it should be defined, and that if a purchaser wants virgin wool she should be entitled to know whether she is getting it or not. But that, in our estimation, is quite a different thing from giving the percentage in a blend. We believe that with reference to a blend, they are entitled to know if it is not a virgin wool; but the question of fixing the exact point where the blend may lie seems to us a grave mistake.

This year Mr. Besse prefers a bill, Senate bill 1496, in the preparation of which he collaborated, and which, as he states, makes no distinction between virgin wool and reclaimed wool. In other words, the shoddy manufacturers and fabricators have taken Mr. Besse into camp.

Incidentally, the Federal Trade Commission submitted an adverse report on Senate bill 1496, which report I ask to have printed in the RECORD at this point in my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MEMORANDUM RE S. 1496, SEVENTY-SIXTH CONGRESS, FIRST SESSION—WOOL LABELING

Complying with the Commission's request for comment and report, I wish to advise that I have examined the bill, S. 1496, which is entitled "A bill to protect producers, manufacturers, and consumers from the unrevealed presence of substitutes and mixtures in woven or knitted fabrics and in garments or articles of apparel made therefrom, and for other purposes." The measure, which as a short title is to be designated as the Fabric Labeling Act of 1939, relates to matters covered by the Schwartz bill, S. 162, as to which report has heretofore been made and in respect to which hearings have recently been held before a subcommittee of the Senate Committee on Interstate Commerce. The present bill differs in many respects from S. 162. To assist in understanding the measure, I shall point out the contrast between the two in some of the provisions which appear to be of material importance:

(1) In considering the subject matter, it should be borne in mind that one of the problems involved lies in the fact that non-woolen materials are made in simulation or imitation of woolen merchandise to such an extent that, it is alleged, they pass for and are purchased by the public as and for wool, even without specific oral or written representations to that effect. The bill does not specifically provide in term for the labeling of such merchandise. It seems to be common knowledge that synthetic and other imitation merchandise of this character are being placed on the market in increasing quantities, and any limitations in the bill which would exclude such simulated or purported wool fabrics from its provisions would leave untouched one of the principal sources of the evils claimed to exist in the situation.

(2) Unlike S. 162, the present measure, S. 1496, makes no provision for disclosure of shoddy or reclaimed wool where used in lieu of new or virgin wool or other fiber. I am informed that latest available statistics show an increasing use of shoddy or reclaimed wool as a substitute for virgin wool in new woolen fabrics, and that

up to the year 1935 the use of such recovered wool fiber, rags, clippings, etc., by the wool-textile manufacturers in this country had risen to over 111,000,000 pounds; also, that the importation and use of rags from which shoddy or reclaimed wool is made has in recent months shown a decided increase.

Available figures also show that the amount of shoddy or reclaimed wool used by the wool-textile manufacturers is equal to about 50 percent of all virgin or new wool used annually in this country. I am further informed that it is not possible to use or substitute shoddy for virgin wool in worsted fabrics because such shoddy or reclaimed fiber cannot be made to withstand the necessary spinning and processing operations. Worsted fabrics constitute about 50 percent or more of our total annual production of woolens. Consequently the large amount of shoddy and reclaimed wool used annually in fabrics is to be found in about 50 percent or less of the total production of fabrics. It follows, from these figures, that the shoddy or reclaimed wool used in fabrics equals or exceeds in the aggregate the amount of virgin or new wool used in the same fabrics.

It is common knowledge that disclosure to the buying public of the presence of such materials in fabrics is almost never made, and that in the ordinary course of trade it is impossible for the consuming public to detect or ascertain the fact that such shoddy or reclaimed materials have been introduced into the fabric. Under the circumstances it would appear plain that in the purchasing of a large part of the wool-textile manufacturers' annual production of fabrics, consumers are receiving, without their knowledge, substantial quantities of shoddy or reclaimed wool instead of new or virgin wool.

The opposition to requiring such disclosure which has been voiced by certain trade associations of fabrics and clothing manufacturers or distributors is understandable and not unusual. However, available information on the subject indicates quite clearly that a large and substantial part of the consuming public, and numerous businessmen, including fabric manufacturers, clothing manufacturers, and others, as well as the representatives of the producing and farming elements, hold the view that such nondisclosure or concealment of shoddy or reclaimed wool is productive of harm to the public, to agriculture, and to business. The bill—S. 1496—makes no provision against such nondisclosure or concealment, which is viewed by many as a principal problem and source of evil involved in the premises. In fact, as presently worded, the measure would appear to sanction such nondisclosure and concealment, irrespective of the deception which might be involved in the respective transactions.

(3) In S. 162 provision is made for temporary injunction against misbranding to be issued by the district courts at the request of the enforcement agency where quick action is necessary to protect the public interest. Likewise, in S. 162, willful violations are penalized as a misdemeanor, and provision is made for the normal judicial procedure and authority in the courts to condemn misbranded or fraudulently labeled goods where necessary to protect the public interest. These provisions for enforcement are of the usual type found in labeling legislation of this character. Experience is deemed to have demonstrated their effectiveness in curbing willful violations and situations where the unscrupulous or fraudulent suddenly flood the market in different parts of the country with misbranded goods, and protection of the conscientious competitor and of the purchasing public requires that quick action be taken to prevent consummation of the fraud.

In S. 1496 these several enforcement provisions have been omitted, with the result that it appears the necessary means for economical and adequate enforcement are lacking. The measure makes no provision for speedy action where necessary to prevent fraud and irreparable injury to the public, and omits penal provisions against the willful perpetrator of the fraud. Undoubtedly these omissions would impair the effectiveness of the bill if passed in its present form.

(4) The bill—S. 1496—also exempts entirely such widely used wool fabrics or purported wool fabrics as carpets, rugs, draperies, and upholstery products. These products are used in the homes of the people and form a large item of household equipment of economic concern to men and women of all classes. Substitutes and imitations of the well-known mohair upholstery fabrics have been developed and are widely used. Carpets and rugs have long been made principally of wool and the wool therein has an important bearing and relationship to the value of the carpet or rug. However, rugs and carpets are now on the market which have every appearance of being wool, but, in fact, contain little or no wool at all. In the reversible or double-faced rug even the base material, usually jute or cotton, is not visible and the rug appears to be literally all-wool, which is not true. So-called synthetic wools or imitations are manufactured in simulation of wool and unless labeled will undoubtedly pass to many consumers as and for wool.

The fabric of rugs and carpets is usually made of a combination of two or more fibers, such as wool, jute, cotton, rayon, and sometimes other materials, including plastic compounds. These fibers are manipulated and mixed in a great variety of proportions or combinations and unless disclosure as to content is made the consumer has no practical means of ascertaining these facts to guide her in her purchases. The same is true with drapery fabrics and it seems clear in the situation that there is just as much reason for requiring the labeling of carpets, rugs, draperies, and upholstery fabrics as there is in the case of any other wool or imitation wool product. Their exemption from the inhibitions of the bill narrows the measure to such an extent as to leave untouched a large part of the field involved in the matter under consideration. I am unable to see any substantial reason for the exemption.

(5) I believe the foregoing will be sufficient as a general explanation of the measure and that therefore a more extended statement or discussion of other terms is unnecessary here. In my opinion the bill if passed in its present form would not be adequate to accomplish the purposes expressed in the title.

Respectfully submitted.

W. T. KELLEY,
Chief Counsel, Federal Trade Commission.

MARCH 16, 1939.

Mr. SCHWARTZ. Mr. President, I now wish to make a few observations on the subject of virgin wool and shoddy or reworked wool, because that question seems to have become one of the major questions in the whole subject.

Considerable effort has been made to defend the undisclosed use of shoddy or reclaimed wool because the best grades of shoddy command a higher price than certain low grades of new wool.

There are two complete answers to this. One is that the amount of such higher priced shoddy is relatively small when the total volume of such grades of new wool and shoddy are considered. The more important answer is that no shoddy is equal in value, price, or wearing quality with the same grade of new wool from which the shoddy is later manufactured. I believe no one can dispute that statement. And, what is still more important, each particular kind of fabric requires a particular kind of grade of either virgin or reclaimed wool. In each case the virgin wool or reclaimed wool must be of the same original character in order to obtain a similar surface effect. I am reliably informed by men best qualified to speak on textile manufacturing processes that in every case, without any exception, the reclaimed wool which is always and solely used as a substitute or adulterant for virgin wool in any fabric must have been reclaimed from the same grade of virgin wool for which it is substituted. It is only possible, therefore, to compare products made of a particular grade of virgin wool and those made of reclaimed wool obtained from the same grade of virgin wool.

In the American Wool Handbook of 1938, written by two of the leading chemists and experts in wool technology, endorsed and issued under a foreword preface by Mr. Arthur Besse, president of the National Association of Wool Manufacturers, there is given on page 193 the comparative average prices of better grades of wool and shoddy during January 1938. I quote from that work, which, of course, is standard:

> The average prices of shoddy derived from the five most used grades were as follows: White softs, 36 cents; light hoods, 25 cents; fine merino, 22 cents; coarse merino, 14 cents; and dark cloths, 9 cents, whereas the corresponding wool grades varied in prices from 65 to 85 cents per pound.

Quoting again from the American Wool Handbook, page 193, under the heading, "Difference Between Reclaimed and Virgin Wool," we read:

> Virgin wool, when examined under the microscope, most always exhibits the characteristic structure of the epidermis consisting of the variously formed scales. This scale layer is the protective covering for the cortical layer, which consists of a fibrous mass of individual cells. These very fine spindle-like cells are responsible for the strength and elasticity of the healthy fiber.
>
> The wool fiber is generally resistant to constant bending, strain, and pressure put on it by ordinary wear, but when the bending is often repeated, the outer layer suffers, and the whole fiber starts to break down in a manner similar to that in which a branch or twig is broken apart.

And again, page 194, we find:

> Since the reconverting process of picking and garnetting subjects the wool fiber to severe mechanical treatments, the protective covering is torn away and the fibrous cortical layer is splintered as well as broken. The three fibers shown opposite illustrate some of the numerous forms of torn and raveled ends as present in all reworked wools.

The publication there shows the wool fibers, both virgin and reworked, magnified a hundred times, and presents a very interesting picture.

> The extent of the actual breakage and shortening of the fibers is best disclosed by the comparative length curves of virgin wool and reclaimed wool. The length of the reclaimed wool fibers made from an undyed piece containing 100 percent virgin wool of 1.9

inches original length was found to be 0.7 inch, or approximately one-third of the original length. The length of the reclaimed wool made from a similar dyed piece was only 0.5 inch, or about one-quarter of the original length.

The elasticity of the reworked fibers is considerably lower than the virgin wool fibers because of the overstretching and pulling which occurred during the breaking operation. When such reclaimed wool is used as raw material in the manufacturing of new pieces it will contain a high number of highly damaged fibers.

An again, on page 196, appears the following:

Tensile strength and abrasion tests made on fabrics of identical construction and finish, made of virgin wool and reworked wool produced from the same virgin wool, gave the following results:

Tensile strength	Virgin wool fabric		Reclaimed wool fabric	
	Original	Redyed	Original	Redyed
Grab test, A. S. T. M.:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Warp	31.1	30.6	9.8	6.6
Filling	31.3	29.9	9.7	7.3
Abrasion test, Wyzenbeek machine:	*Number of rubs*		*Number of rubs*	
Cloth against cloth	40,000		2,600	2,300
Percentage of damaged fibers	1.2		11.7	----------

The authors of the book continue:

In cases where uncarbonized clippings and rags were used the following characteristics are positive indications of reclaimed wool:

A. Fibers with brush ends and lengthwise breaks.

B. Fibers of many colors.

C. The presence of cotton fibers in small percentages.

D. The presence of rayon fibers in various sizes and various kinds, such as dull and lustrous, viscose and acetate rayon.

The preceding photomicrograph is an excellent example of a cheap blend produced entirely from clippings.

Mr. President, I regret the necessity of further description of shoddy, but in view of the intensive propaganda to convince the Congress that shoddy, good shoddy, is as valuable as new wool, I feel constrained to quote further the American Wool Handbook, under the heading of "Reclaimed or reworked wool," at pages 189–190. I quote:

This class of material is produced by shoddy manufacturers, who may be independent enterprises or a part of woolen mills. The table at the beginning of the chapter shows that approximately 57,000,000 pounds of these materials were consumed in 1929 by American mills, which is approximately one-fifth of the total wool consumption. In 1935, according to the figures of the United States Tariff Commission, the amount increased to 111,400,000 pounds, representing 25 percent of the total fibers consumed in the industry in 1935. Reclaimed wool is almost entirely employed in the lower grades of woolen goods, and practically none enters worsted goods.

The sources of reclaimed wools in all cases are clippings, new and old woolen and worsted rags, and other wastes made in the manufacture of garments. They are obtained as a result of a highly organized system all over the world. The rag man in any community collects the rags and disposes of them to local dealers, who roughly classify them according to the materials of which they are composed. From the dealers they are purchased by the rag merchants, who re-sort them into bulk qualities, in which condition the rags are offered to the shoddy manufacturers or direct to mills.

According to the type of rags, the shoddy manufacturer is able to produce three main classes of reworked or reclaimed wools: (1) Shoddy, (2) mungo, (3) extract wool.

In producing all of the above the first process to which the rags are submitted is sorting. This is done with the following points in mind: (a) Clippings; (b) new and worn rags; (c) whether made of pure wool or mixtures of fibers; (d) kind of fabric, knitted, woven, fulled, or unfulled; (e) according to color of material.

In the sorting of rags women are employed. The work is done in a well-lighted and ventilated room. The bales of rags are opened and handfuls are picked from them, which are spread on a sorting table. The operation is not particularly arduous but requires a proper knowledge of the various kinds of materials in order to be able to sort them in accordance with the above classifications. The visual inspection as well as the hand or feel of these materials are the determining factors.

After the sorting, the buttons, hooks, iron, and the trimmings are removed, also the seam bits containing cotton, rayon, or other vegetable fibers in any form are grouped into a class by themselves and are subjected to carbonizing later to remove these vegetable fibers. Before the actual tearing-up process, the rags may be run through a shaker to remove the surface dirt and dust, and to soften their texture. With very dusty rags this dusting may be done even before sorting. The shaker consists of a feed and delivery, traveling lattice, placed in front of the machine, and of a large, spiked drum, which rotates at a speed of 300 to 450 revolutions per minute. For carrying off the dust a large fan is employed.

After these pretreatments, the rags are subjected to an oiling to facilitate the grinding or tearing-up process. For this purpose the rags are spread in layers and sprinkled with approximately 10 percent hot oil in the form of an emulsion. For better penetration the oiled lot is allowed to remain for at least 12 hours. Cheap mineral oil emulsions are employed. The oiled pile is vertically divided, securing an even mixture of the sorted rags and placed on the lattice feed apron of the rag picket, which is illustrated.

The feed tables carry the rags to strong, fluted rollers, which feed the material to a cylinder provided with flat or rounded teeth or spikes. For very hard goods there may be 52 teeth in a row, and 28 teeth per row for soft goods on a width of 36 inches. The production depends on the nature of the rags, which may run from 500 to 750 pounds per 10-hour day for mungo in a 36-inch-cylinder machine. After the rags leave the fluted rollers, they are attacked by the teeth of the cylinder and literally separated into smaller pieces, with the result that they are reduced to a partially fibrous condition. Any bits of rags insufficiently torn come into contact with the blade of a special roller which automatically throws them back to the feed table to be reentered into the machine.

In many instances one operation is not enough to reduce the cloth into a fibrous substance suitable for carding. It is, therefore, subjected to further processing known as garnetting as insufficient rag grinding is detrimental to carding. The resultant material compared with fleece wool is deficient in fiber strength and length because of the broken, bruised, and splintered fibers present. The material in this fibrous form is known as shoddy.

Certain representatives of corporations labeling their products as "virgin wool" testified in opposition to labeling. It will be interesting to read just what some corporations really think of shoddy and reworked wool, as set forth in their own widely circulated pamphlets and advertising addressed to the consuming public.

Mr. John Ashby is president of F. C. Huyck & Sons, and is a vice president of the National Association of Wool Manufacturers. He opposes compulsory labeling. His company, in advertising Kenwood blankets to the general public, issues a beautiful little booklet entitled "How to Enjoy One-third of Your Life—in Bed." The booklet states, in part—I quote:

Beware of blankets in which shoddy or reworked wool is combined with new wool. Such wool has lost its life and much of its warmth. It looks dull; it mats down and becomes hard and boardy after a few washings. But live, new, fleece wools, just as they come from the sheep's back, have a springy resilience that you can actually feel. Grasp a handful of blanket and squeeze it. If it is made of live, new wool, you will find it has a feeling of springy fullness in the hand.

Do you know what really makes wool warm? It is not the wool itself, but the tiny insulating air cells imprisoned in the clinging fibers. That is why a deep, soft nap is so important.

That is the gentleman's explanation of the merits of new wool and the demerits of reworked wool; but he is opposed to labeling to permit the public to know that fact.

We have already seen from the Wool Handbook that the shoddy manufacturing process destroys a considerable percentage of these insulating air cells.

Mr. Sylvan Stroock has frequently appeared as a witness against wool labeling on the basis that it would be misleading to say that a thing was virgin wool, or part virgin and part reclaimed wool, according to the testimony of Margaret Dana, merchandising counsel and director of the Consumers' Forum of the Atlantic Monthly. Yet in the Stroock Co.'s advertisement appearing in the January 15, 1939, issue of Vogue, we read about Cloud-Drift, which is the name of a fabric manufactured by Stroock Co., the following:

Cloud-Drift is a combination of the finest insulative virgin camel fibers with kid mohair and fine virgin wool.

Mr. C. E. Bishop, president of the Pendleton Woolen Mills, opposes labeling, and in lengthy letters and alleged arguments conjures up bogies and straw men to sustain his position. Yet all products sold by the Pendleton Woolen Mills carry the label "100 percent virgin wool." On tickets issued with sales this company advises, "Pendleton will not wrinkle and will not stretch—100 percent virgin wool."

The president of the National Coat and Suit Industry Recovery Board is also president of the Printz-Biederman

Co. In his advertisement in Womans Wear Daily, Mr. Printz says:

Now complete fiber identification on every Printzess fashion.

Mr. Saul Cohn, president of the Retail Dry Goods Association this year, said:

The 1938 platform of the National Retail Dry Goods Association calls for sound merchandise standards, the development of a universal dictionary of retail terms so that the retailer and his customer will speak one language; the use of informative labeling of goods so that the public will know what it is buying.

In the face of all this the National Coat and Suit Industry Recovery Board adopted a resolution June 17, 1938, reading:

Resolved, That the legislative committee be, and it is hereby, authorized to oppose any legislation or any administrative action by any Government agency which has for its objective laws, rules, or regulations which will have the effect of compelling members of the coat and suit industry to reveal the fiber content of the fabrics of which their products are made.

Mr. President, if I may paraphrase a well-known line from Hamlet, I could say "there is something rotten in the textile industry."

I conclude this subject of reclaimed wool, or shoddy, by quoting a paragraph from a letter, appearing on page 221 of the record of hearings, from Charles F. H. Johnson, president of the famous Botany Worsted Mills, of Passaic, N. J., in support of Senate bill 162. Mr. Johnson says:

It is most important in considering this phase of the question to recognize the fact that this mixture of other than wool, or, may I say, other than virgin wool, in the manufacture of cloth is particularly true of imports, which to a very large extent are mixtures. It is important, therefore, that there be proper guarding against the influx of large importations sold as woolen goods but largely containing reworked wools, shoddies, cottons, and other mixtures. There should be no fear on the part of a manufacturer who is making an honest mixture. The fact that there is a rayon content, silk or cotton, need not mean that the fabric is not a good-wearing fabric. It need not mean that it is an inferior fabric, and the public can easily be given such information as will make these things clear. Certainly, however, the public does not expect, when it buys a garment supposed to be made of wool, to find that it contains very little real honest virgin wool, and possibly many contain old rags that have been used before, and even though they may have been thoroughly sterilized and carbonized, and all the other "izings," they still are not what the buyers think they are buying. If the manufacturer of the product is honest he need have no fear of marking his goods for what they are, and if he is not honest and desires to trade under a misnomer, then there is all the more reason why such a bill as this should be passed and the policing powers given to the Federal Trade Commission, who have proven themselves thoroughly capable of enforcing such legislation.

Speaking for the Botany Worsted Mills, may I most heartily approve of this legislation.

CHAS. F. H. JOHNSON, *President*.

WHO IS ASKING FOR ENACTMENT OF S. 162?

Realizing the weakness of their case on the merits, Mr. Besse and those opposed to labeling of any kind have resorted to a flank attack. They have stated in testimony and have whispered about that the efforts to get a labeling law which will differentiate between virgin wool and shoddy or reclaimed wool originated with wool producers and the Forstmann Woolen Co. On page 46 of the hearings, Mr. Besse says S. 162's principal proponents are the wool growers' associations, except California, and the Forstmann Woolen Co. The view of the secretary of the California association will be given later.

At page 149, Mr. Dubow, executive director of the Merchants Ladies Garment Association, New York City, who opposes labeling of any kind, says that so far as woolen manufacturers are concerned only the Forstmann corporation gives unqualified support to S. 162.

At pages 199 and 200, Samuel Klein, executive director of the Industrial Council of Cloak and Suit Manufacturers, Inc., admits that many manufacturers have submitted letters in support of S. 162, but he is of the opinion these supporters thus write because they love Mr. Forstmann. Then he adds, "So do I love Forstmann."

These statements, and this whispering campaign, coming to the attention of the Forstmann Co., Mr. Curt E. Forstmann, president of the company, submitted a statement on the matter which appears on pages 267 and 268 of the hearings. That statement is well worth reading in its entirety, but I quote only two paragraphs, as follows:

In the fall of 1937, Mr. Irving Fox, representing the National Retail Dry Goods Association, asked for an interview with my father, Mr. Julius Forstmann, then president and now chairman of the board of the Forstmann Woolen Co. In the presence of my father's secretary, Mr. F. E. Ackerman, Mr. Fox said that in view of the ever-increasing consumer demand for proper fiber identification in fabrics he thought that the retailers should comply with this demand and that he would like to have our firm join his organization in furthering this movement. He particularly stressed the fact that this identification should go further than the labeling bill then sponsored by the National Association of Wool Manufacturers and should definitely differentiate between virgin wool as it comes from the sheep and reclaimed wool, or shoddy, which is used as a substitute.

About 10 days after Mr. Fox's unsolicited visit, Miss Julia K. Jaffray, of the New York Federation of Women's Clubs, who have been prominently identified with the consumers' demand for the proper disclosure of rayon through Federal Trade Commission rulings, also approached my father to ask our advice and help on the problem of honest fiber identification in the wool industry. While our concern has always been in favor of the proper labeling of wool products and while my father had played a prominent part in the elimination of shoddy from the uniforms of our armed forces during the World War, he realized that only with organized consumer demand, such as forced the passage of the Pure Food and Drugs Act, could this legislation be made really effective. This straightforward request from both the representatives of the consumers and retailers brought my father to the decision to take an active part in this question.

Mr. Curt E. Forstmann then states that due to the illness of his father he has carried on in support of S. 162. Parenthetically it should be stated that while Mr. Klein may have a diluted platonic affection for the elder Mr. Forstmann there are shoddy sharks in New York using shoddy, who have imitated in weave, pattern, and color fabrics manufactured by the Forstmann Co. from virgin wool and have palmed such false substitutes off on the consumers as Forstmann products. Senators interested in the details of these reprehensible practices may read Mr. Forstmann's testimony on pages 128 and 129 of the record of the hearings.

Miss Julia K. Jaffray, chairman of the department of economic adjustment, New York City Federation of Women's Clubs, comprising over 200,000 women in the city of Greater New York, tells us on pages 99 and 100 of the hearings that she went to Mr. Forstmann seeking his cooperation in securing proper wool identification; that Mr. Forstmann was a stranger to her but she went to him because she knew his products carried a virgin-wool label. On page 97, Miss Jaffray inserts in the record the resolution of the Federated Women's Club of 1939 endorsing this bill and the like Martin House bill.

On page 103 of the hearings Mr. J. Byron Wilson, representing the National Wool Growers Association and the Wyoming Wool Growers Association, states:

So far as the National Wool Growers Association is concerned, I may say that the Forstmann Co. has been assisting us, at our request, as our technical advisers in our campaign to obtain the enactment of truth-in-fabric legislation, S. 162 (the Schwartz bill). The Forstmann Co. did not volunteer this assistance, but that cooperation was accorded at our request.

Mr. President, as to the support of S. 162 by the wool growers' associations of the several States and by the National Wool Growers Association, Mr. Besse invariably declares that the California Wool Growers Association does not favor separate identifications of virgin wool and reclaimed wool. He says the letter from the secretary of that association should appear in the record of the hearings. It appears at page 267. This letter addressed to the chairman of the subcommittee, dated February 24, 1939, reads:

Concerning S. 162. We strongly favor legislation providing for labeling of fabrics designating percentage of each fiber contained therein. Substitution of other fibers therein masquerading as wool is unfair competition. This is most important problem confronting marketing of wool today. We ask that this matter be straightened out and legislation enacting giving this needed protection before considering differentiation between virgin wool and other wools.

CALIFORNIA WOOL GROWERS ASSOCIATION,
By W. P. WING, *Secretary*.

So we see, Mr. President, that it is Mr. Wing's view, not that he opposes differentiation of virgin and reclaimed wool,

but that the Congress should first pass a strong labeling act, designating the percentages of fibers other than wool before legislating against shoddy.

Evidently Mr. Wing is in agreement with all the other wool growers' associations, except on a matter of procedure. I am not advised that the California Wool Growers Association, as such, has ever endorsed Mr. Wing even on procedure.

Mr. President, during the course of the hearings several women representing various consumer organizations testified in support of S. 162. Later, in his own testimony, at page 45, Mr. Besse asked the subcommittee to furnish him with the names and post-office addresses of one group of 200,000 women. Just why the names and addresses of 200,000 would satisfy him when we could have asked for two million is yet a mystery. Undoubtedly his idea was that these great women's organizations spoke only through their officers, and that the membership did not know what this is all about. And it is fair to say that many supporters of S. 162 are not familiar with the language of the bill. But they are familiar with their own experiences as consumers—and women for themselves and families purchase at least 85 percent of textile products. They may not know shoddy when they buy it. But they certainly know it after they or their families wear or use something they thought was real wool but which in fact was shoddy. Mr. Besse's implied or facetious assumption that American women have not given earnest thought to fabric content is aptly answered by Mrs. Puncke, representing the farm women in 10 States, beginning on page 51 of the hearings, and particularly in a paragraph at the top of page 52; also by the letter of May Peake, on page 82. Mrs. Peake is president of the ladies' auxiliary of the International Association of Machinists.

Again, Mr. President, we are assured by opponents of this bill that the wool growers themselves are suffering from a pathetic delusion that this bill will decrease the demand for wool, and thus lower the price they receive. So our opponents tell us this bill will increase the price of wool to the hurt of the consumer and decrease the price of wool to the hurt of the producers. Mr. President, the farmers and flockmasters of America are an intelligent, clear-thinking group of citizens. And let it be remembered that they, their families, and their employees are also consumers. It is true they may not possess the finesse and aptitude displayed by Jacob in his dealings with the astute Assyrian Laban. Today the wool business still attracts bright minds and good traders—but most of them have abandoned the prosaic farms and ranges and moved into the metropolitan centers where some 266 corporations have, in self-protection, each from the other, organized a conciliation board which functions in that capacity at a cost of over $280,000 a year.

Mr. President, the supporters and proponents of the Schwartz and Martin bills seek properly to appreciate and evaluate the advice and solicitude our opponents have shown and offered us. We are compelled to dissent when we are told that neither producers, consumers, nor labor organizations know what they want, nor why, nor what is best for them. We regret our opponents ask us to have faith in their assurances of deep interest in our welfare. James advises that "Faith, if it hath not works, is dead, being alone." Some cynic of a later day added that faith may also be killed by works of a king. The trouble with our protesting friends is that they ask the consumer to accept on faith without exposure of the works.

As Loring A. Schuler, editor of the Ladies Home Journal, said in an editorial dealing with all shoddy manufacturers:

> She (woman) is learning that she cannot trust anonymity, for while all anonymous goods are not necessarily shoddy, all shoddy is always anonymous.

So we ask for legislation which will make that which is now anonymous manifest; legislation which will protect the public, and add strength to the efforts of the textile industry to protect itself from the crucifying competition from which it now suffers.

Mr. President, let it be said here, and said emphatically, that we who support this legislation realize and know that the vast majority of the men and corporations engaged in the textile industry and merchandising are upright, honest, and reliable men and organizations. Some of these men believe this legislation unnecessary, that it will be difficult of enforcement, and in some cases may work individual hardship on some of them. Those objections have all been considered, and we are convinced that any temporary hardship will be far outweighed by the major good to be accomplished, and most of the objections are without merit.

DETECTING SHODDY

One of the principal contentions of our opponents in the past has been that it is impossible to detect shoddy or reworked wool in a cloth after it has been manufactured. Can shoddy be detected and its percentage determined by examination of a fabric? Our opponents say it cannot, and hence that enforcement officers must rely upon the records of the manufacturer of the fabric.

Early in 1938 it was the consensus of the textile opinion that analysis of cloth would not detect the presence of shoddy or reclaimed wool, or that the percentage of shoddy could not be determined. Mr. Werner von Bergen, chief chemist of the Forstmann Woolen Co., writing early in 1938, declared that in many cases it was difficult or impossible to do so. In May 1938 Mr. Besse sent a questionnaire to the principal private testing laboratories asking whether the presence of shoddy could be identified in fabric. Most of the replies state that reclaimed wool cannot be identified; others say the percentage cannot be determined. The National Bureau of Standards advised it was not equipped to make such tests and that so far as it knew accepted methods had not been developed elsewhere. That was the picture over a year ago. It is not the fact today.

Because of the pending legislation and the widespread interest in the matter, the experts in the Department of Agriculture have made continued study of the subject, as have wool technologists employed in private industry. From these sources we are assured that virgin wool and reclaimed wool cannot only be separately identified in the manufactured cloth, but the respective percentages determined with close accuracy.

In a letter of date February 21, 1939 (p. 37 of hearings) addressed to the chairman of the Senate subcommittee, Mr. J. R. Mohler, Chief of Bureau, Department of Agriculture, advises:

> First. The presence of reclaimed wool fiber of any grade in a wool product can be determined scientifically.
>
> Second. The relative contents of virgin wool and reclaimed wool fibers in a fabric containing only these two kinds of fibers can, according to recent investigations, be determined within 10 percent of the actual content of these fibers.

This second answer is limited to fabrics containing only virgin and reclaimed wool because that was the exact form of the question submitted by the subcommittee to the Department of Agriculture. It is, of course, well known that old established methods will determine the presence of fibers other than wool.

The Department of Agriculture continued its studies, and later, on March 18, in reply to a letter from the House Committee on Foreign and Interstate Commerce, the following letter was received from the Department of Agriculture:

> UNITED STATES DEPARTMENT OF AGRICULTURE,
> BUREAU OF ANIMAL INDUSTRY,
> *Washington, D. C., March 18, 1939.*
>
> Mr. F. R. RANDOLPH,
> *Assistant Committee Clerk, Committee on Interstate and Foreign Commerce, Washington, D. C.*
>
> DEAR SIR: Receipt is acknowledged of your letter of March 11 with reference to H. R. 944—
>
> That is the companion to Senate bill 162—
>
> and stating that the subcommittee would appreciate at its hearings the appearance of a representative from this Bureau to give testimony concerning fiber analysis. The Bureau will be glad to send a representative to such hearings as you may designate.

The questions you asked are listed and answered below:

1. Can your Department determine the presence of reworked wool (or shoddy) in fabrics and garments? Yes.

2. Can you detect the percentage of reworked wool in a fabric composed of virgin wool and reclaimed wool, and can you detect the percentage of virgin wool in such fabrics? The percentage of virgin wool and reworked wool in a fabric may be determined. Based upon the Bureau's research with microscopical methods upon fabrics of known fiber content in which only new and reworked wool are present, the content of reworked wool or virgin wool may be detected within 10 percent.

3. Can you detect the presence and percentage of rayon or other synthetic fibers, silk, or cotton in fabrics or garments? Yes.

Very truly yours,

J. R. MOHLER, *Chief of Bureau.*

In February of this year, Mr. Werner Von Bergen, chief chemist and technical expert of the Forstmann Woolen Co., who had continued his experimentation and study for a scientific method of determining the percentage of reclaimed wool, tested his work by the examination of a group of six fabrics containing virgin and reclaimed wool.

Lest some may question these results because of the attack made on Mr. Forstmann, I quote the following appraisal of Mr. Von Bergen and his associate author of the American Wool Handbook given by Mr. Besse in his preface to that technical work. He says:

> The authors deserve much credit for their painstaking efforts in compiling and editing this volume. Mr. Werner Von Bergen is one of the leading experts of the industry. He is the chief chemist of Forstmann Woolen Co., of Passaic, N. J., and a teacher of wool manufacture at Columbia University.
>
> Mr. Herbert R. Mauersberger, technically trained at Lowell Textile Institute, is technical editor of one of the leading trade publications and has for many years been in charge of the evening textile courses at Columbia University. Both men have made valuable contributions to standardization and research in the industry.

At the time Mr. Von Bergen made his tests neither he, Mr. Forstmann, nor any of his employees knew the virgin or reclaimed wool content of any of these fabrics. The fabrics had been supplied by other manufacturers. After Von Bergen had completed his examination and submitted his report, the actual virgin-wool and reclaimed-wool content in each fabric was received from these outside sources. Von Bergen's report, No. G 89a, and a full statement of the results, will be found on page 269 of the Senate hearings. Mr. Von Bergen has demonstrated that by use of microphotography and other used scientific methods the actual virgin and reclaimed wool content of fabric can be determined within close percentage.

RESORT TO MILL RECORDS

I refer to these matters, Mr. President, because it has been stated so often that if we should pass the bill it could not be enforced. Last year, as stated by some of the testimony and letters in the hearings, I laid particular stress upon the fact that the actual fiber content of any fabric can always be determined by mill records, allowing for slight variances in the process of manufacture due to stretching of certain fibers in the spinning of the threads. With the close approximations of actual content in wool products now capable of scientific demonstration by experts in the Department of Agriculture and by private testing laboratories where supplied with proper equipment and trained experts, it can be ascertained whether the label is widely at variance with facts, and the Federal Trade Commission can determine whether the particular case warrants recourse to the mill's records for corroborative proof.

As against resort to the mill records, it was contended in the Senate last session when this subject was under debate that examination of mill records would entail the expense and use of an army of inspectors. The facts are just the reverse. The Federal Trade Commission is of record, stating S. 162 and H. R. 944 will in fact reduce the number of needed investigators now employed by that Commission. The Commission's letter reads:

FEDERAL TRADE COMMISSION,
Washington, D. C., March 27, 1939.

Hon. CLARENCE F. LEA,
Chairman, Committee on Interstate and Foreign Commerce, Washington, D. C.

MY DEAR CHAIRMAN LEA: Your letter of March 10, 1939, in reference to the Martin bill, H. R. 944, respecting the labeling of wool products, was duly received. Consideration has been given to your statement that your committee would appreciate information as to the number of additional personnel, if any, the Federal Trade Commission would require to administer the provisions of the bill if enacted; and the additional cost, if any, which would be involved in the administration and enforcement of the law.

After examination of the various factors entering into the question, and with due regard to the prospective needs so far as they may be predicted at this time, it would appear that no addition to the appropriations and personnel which Congress has provided for the Commission for the next fiscal year will be required in the premises. Therefore, answering specifically, the Commission states on present conditions that, in its opinion, no additional personnel or additional costs over what are now required in this field will be needed for the administration or enforcement of the provisions of the bill.

By way of partial explanation I may point out that matters covered by the measure are the source of many complaints coming to the Commission from the public and from businessmen; and a substantial part of our regular personnel and funds is necessarily required for handling these matters in the work of effecting as much relief as is possible under existing law. It appears that the bill, if enacted, would so clarify the situation in respect to destructive or harmful practices in the marketing of wool products as to simplify and facilitate the administration of the laws relating to transactions in interstate commerce. A larger proportion of voluntary compliance may also be expected, and a consequent diminution of the types of complaints now required to be handled by the Commission would probably result. A more effective utilization of the Commission's present facilities for protecting the public interest could no doubt be accomplished.

The savings in administrative and enforcement cost thus effected would be an offset to whatever additional administrative costs the measure might entail in other respects. These savings in certain directions, which it appears may be made possible, would be a material factor in reducing the proportion of administrative costs in relation to the protection afforded the public.

We appreciate the opportunity to be of service to the committee, and I trust this fully supplies the information desired.

Yours very sincerely,

R. E. FREER, *Chairman.*

It was and is also complained that it will be impossible to secure protection from imports from foreign countries. By tying in labeling with the custom laws and with cooperation from the Treasury Department the difficulties surmised will be overcome under the terms of Senate bill 162 and House bill 944. The Secretary of the Treasury, in his letter to the House committee, specifies the number and official character of employees needed at our ports and abroad to perform the duties required. The total added cost to the Treasury Department he places at $53,000 per year. In view of the large and increasing volume of foreign imports and fiber substitution and adulteration, plus the fact that protection will be afforded not only to the consumer but to American competitors and labor, this added cost is nominal indeed.

The Secretary's letter reads:

TREASURY DEPARTMENT,
Washington, March 29, 1939.

Hon. CLARENCE F. LEA,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives.

DEAR MR. CHAIRMAN: I refer to your letter dated March 10, 1939, in which you request further information with regard to the additional customs personnel necessary and an estimate of the additional cost if the bill (H. R. 944) "to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, is enacted into law.

It is the Department's estimate that four examiners of merchandise and four clerks at a total cost of $23,200 will be required in the offices of the respective appraisers of merchandise. It is also estimated that three junior analysts and five assistant analysts will be required in the respective laboratories at a total cost of $19,000, and that two additional investigative officers will be required to make investigations abroad. The salaries, housing allowances, and travel and subsistence expenses for such latter officers will total, it is estimated, $13,000.

The total estimated additional cost to the customs service if the bill in question is enacted into law will, therefore, amount to $53,200.

Very truly yours,

JOHN W. HANES,
Acting Secretary of the Treasury.

There is yet another substantial aid to enforcement. Reputable manufacturers of wool products, whether all virgin or mixed virgin and better grade reworked wool, will speedily spot the "chiselers" and cheaters, conscious that

there is a Federal law and an effective enforcing agency to put out of business those who resort to false labeling, or at least compel them to use correct labels and fair competition.

Mr. President, that is as far as I had planned to go with the preliminary statement this evening. I notice that it is now about 5 o'clock.

AMENDMENT OF SECTION 322 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

During the delivery of Mr. SCHWARTZ's speech,

Mr. LUCAS. Mr. President, will the Senator yield, in order that I may make a brief request in connection with two bills?

Mr. SCHWARTZ. I yield.

Mr. LUCAS. Mr. President, yesterday the Senate passed Senate bill 2694, amending section 322 of the Agricultural Adjustment Act of 1938. Immediately following the passage of the bill the Senate received from the House House Joint Resolution 342, which is a companion measure to Senate bill 2694. The two measures, while slightly different in phraseology, meet the same objective. In view of the fact that the Senate bill has not been transmitted to the House and the fact that House Joint Resolution 342 has been read twice and referred to the Committee on Agriculture and Forestry, I first ask unanimous consent that the Committee on Agriculture and Forestry be discharged from further consideration of House Joint Resolution 342, in order that the Senate may immediately consider it.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. LUCAS. I now ask unanimous consent, Mr. President, that the Senate immediately consider House Joint Resolution 342.

The PRESIDENT pro tempore. Is there objection?

Mr. BRIDGES. Mr. President, what is the measure?

Mr. LUCAS. I will say to the Senator from New Hampshire that House Joint Resolution 342, which was passed by the House, is a companion measure to Senate bill 2694, which we passed yesterday. The phraseology is a little different, and all I am asking is that we accept the House joint resolution as a substitute.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. AUSTIN. What is the measure?

The PRESIDENT pro tempore. Will the Senator from Illinois kindly reexplain?

Mr. AUSTIN. Mr. President, it makes little difference. Perhaps I had better act in the abstract. I am constrained to object, during the consideration of another bill, and without a quorum call, to taking up any bill of any kind, of great or little importance, in this manner.

Mr. LUCAS. Will the Senator from Vermont withhold his objection for just a moment?

Mr. AUSTIN. Yes.

Mr. LUCAS. I will say to the Senator that the measure which came over from the House, affecting section 322 of the Agricultural Adjustment Act, is identical with the bill which we passed yesterday, with the exception of a little phraseology. All I was hoping to do was to get the bill to the Department of Agriculture as quickly as possible, because, if we are going to pass this kind of a bill, in order to give them an opportunity to perfect the mechanics of its administration, they need it as soon as possible. That is the only reason I am asking for its consideration at the present time. I assure the Senator from Vermont there is absolutely nothing in the bill that is contrary to what the Senate did yesterday, with the exception of a slight change in phraseology involving two or three words.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. LUCAS. I am glad to yield.

Mr. AUSTIN. I should like to ask the Senator if he would not feel just as well pleased with the expedition of this proposed legislation if it should go over until tomorrow morning immediately after the meeting of the Senate?

Mr. LUCAS. If the Senator from Vermont has any objection to this method of procedure, of course, I will have to comply with his request and let the joint resolution go over, but the change is so simple that I did not think there would be any objection.

Mr. AUSTIN. I am moved to believe what the Senator from Illinois says, but I think the rule ought to be observed in the closing days of the session not to pass measures without opportunity for all who may be interested to know of the action proposed to be taken. There are very few Senators now present.

Mr. LUCAS. I wish to assure the Senator from Vermont that I am not attempting to do anything in connection with this proposed legislation which has not already been done by the Senate. I was merely attempting to expedite the passage of this measure in order that the Department of Agriculture may receive it as soon as possible and may have as much time as possible to perfect the mechanics and details incident to working out the program that is contemplated under the bill which the Senate passed yesterday, at which time there was considerable debate in which several Members of the Senate participated.

Mr. AUSTIN. Will the Senator yield for a comment?

Mr. LUCAS. I am delighted to yield.

Mr. AUSTIN. I want the Senator to understand that there is not any special occasion that causes me to make this objection. It is a rule that I have come to find necessary under the circumstances. It applies generally and does not apply only to this bill.

Mr. LUCAS. I understand that, and, under those circumstances, I withdraw my request.

The PRESIDENT pro tempore. The Chair will suggest that this colloquy appear in the RECORD at the conclusion of the speech of the Senator from Wyoming [Mr. SCHWARTZ].

Mr. AUSTIN. In view of the statement of the Presiding Officer, I should like to have the RECORD show that the request was made during the address of the Senator from Wyoming, and to have the request recorded as preceding the colloquy.

GAMBLING IN COMMODITY FUTURES MARKETS

After the conclusion of the speech of Mr. SCHWARTZ,

Mr. CAPPER. Mr. President, the Nation has been shocked, and I hope somewhat edified, by the recent revelations concerning the president of Louisiana State University.

The Associated Press reports that according to a preliminary survey by a grand jury at Baton Rouge, Dr. Smith possessed some $1,209,000 of university bonds, of which he used about half in wheat speculations.

It is not my intention to go into affairs in the sovereign State of Louisiana or to go into the history of Dr. Smith's handling of public funds.

What I wish to call attention to is the statement in all the newspapers that half of the $1,209,000 of university bonds went into wheat speculation, or into "trading in grain futures," that being the more dignified term. Gambling in the grain market was the main cause of his downfall.

In this connection I offer to the Senate an editorial published a few days ago by W. D. Jamieson, former Representative from Iowa, in his weekly newspaper, the Window Seat, a column nearly always worth reading. I ask that Mr. Jamieson's remarks in the Window Seat be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MR. PRESIDENT, BE CONSISTENT

You know, Mr. Franklin D., I speak to you as a devoted friend. I want to help.

I'm with you 100 percent in wanting to keep the Wall Street fat boys from juggling the foreign exchange to the hurt of our people and of our foreign trade. Yes; I'm with you a 1,000 percent.

But look here. Don't you know the Chicago Board of Trade and cotton exchanges are juggling the farm producers' markets all the time, bringing ruin to millions of our best people and keeping the depression right here, constantly, eating our vitals?

With only a quarter of an eye you can see plainly that this grain futures gambling is a thousand times worse than foreign exchange juggling ever was, in its effect on farm prices and business.

Please be consistent. Go after the grain futures gamblers as well as the Wall Street foreign exchange gamblers.

KNOCK OUT OUR BIGGEST GAMBLERS

Do you know, Mr. President, that this grain futures gambling amounted to thirteen and one-half billions—billions—in 1938—that it has been running twenty-five billions annually before last year—and probably less than one-tenth of 1 percent of trades carried actual deliveries of the grain? It was almost entirely gambling.

Now, your enemies in Congress may prevent your keeping the Wall Street gamblers from being able to juggle foreign exchange, but I believe there are enough votes in both Houses of Congress to pass a cost-of-production bill for the farmers on their home consumed big crops if you will help.

Come on, Mr. President, let's all shove together to put this farm plan over. Then we'll knock out these really big grain gamblers, we'll have the farmers making good money when they have good crops, and you'll be consistent.

TERRIBLE GRAIN FUTURES TRAGEDY

Dr. Smith built the Louisiana State University up splendidly—a man of great ability—he gambled on wheat futures—lost—is short some $500,000—a disgrace to a wonder learning place for youngsters—overnight a fugitive from justice—can't be found—suffering torments.

Of course, he must be punished—but we also pity.

President Roosevelt, aren't you and the balance of us to blame in part? Haven't we permitted this futures gambling to keep on?

Mr. CAPPER. Publicity, a weekly newspaper published at Wichita, Kans., by E. J. Garner, contained a pertinent editorial in its last issue. I ask unanimous consent that the editorial be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

Here is another sample of the damnable speculative board-of-trade gambling that Publicity has frequently and persistently condemned. The president of the Louisiana State University resigned and dropped out of sight. A check-up shows he was in the red $100,000, and it is chargeable to playing the wheat market. The operators of these "designated markets" allegedly knew this ignorant educator was squandering public funds, and they should be compelled to refund every dollar thus stolen, and the doors of these dens of iniquity should be securely padlocked against a repetition of such a crime by dupable stool pigeons.

Mr. CAPPER. Mr. President, as I see it, and as I have seen and labeled it for years, the commodity futures market is undeniably a gambling racket. Yet, strange as this may seem, it appears to wear the garments of respectability. Ultra-respectable people, men and women who move in the highest circles of business society and who frequent the most exclusive clubs and churches, play the futures market without compunction, without a qualm of conscience.

And why not, Mr. President? In the schools and colleges it is regularly taught, thanks to the effective propaganda of the commodity gamblers, that futures trading is perfectly legal—as I am sorry to say it is—and legitimate, and that it serves a fine economic purpose. Professors of agricultural economics regularly teach their pupils as facts things which, if said in a court by a witness, might well be called perjury.

Many wheat growers in Kansas and other States have written me that the futures market is not a fair market at all. It is a gambling game, in which the cards are stacked against the consumer and against the producer. So far as the wheat grower and the cotton grower are concerned, and so far as the consumers are concerned, it is "Heads you win; tails I lose."

The 1938 report of the Commodity Exchange Administration shows that only thirteen one-hundredths of 1 percent of the volume of wheat futures trading for the fiscal year resulted in delivery of actual wheat. The other 99.87 percent of trading was in "paper wheat"—wheat that never was sown; wheat that never was harvested; wheat that never went to market; wheat that never was ground into flour; wheat that never became bread; wheat that never was at all.

Mr. President, it is time the Congress recognized futures trading in the necessities of life for just what it is—gambling with the welfare, with the very life of producers and consumers—and it is high time that we put a stop to this gambling. I say that Editor Jamieson and Editor Garner are correct in their contention that the Government should put an end to this kind of gambling and should not longer delay in the doing, but do it now.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects to protect the investment of the United States in such projects, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITE of Idaho, Mr. HILL, and Mr. HAWKS were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 28) authorizing certain changes in the enrollment of the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes.

LOANS FOR SELF-LIQUIDATING PROJECTS

Mr. BRIDGES. Mr. President, I have in my hand an article from the Boston Evening Transcript of July 18 entitled "Morgenthau Hails Lending Plan as Way to Balance United States Budget."

That is something new in finance so far as I am concerned and so far as New England is concerned, the territory from which I come, and so far as this country is concerned, judging from my knowledge of history. It is proposed to spend $3,800,000,000, and that is said to be the way to balance the Budget!

I ask that the article be inserted in the RECORD at this point as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Evening Transcript of July 18, 1939]

MORGENTHAU HAILS LENDING PLAN AS WAY TO BALANCE UNITED STATES BUDGET—SELF-LIQUIDATING PROJECTS PRAISED BY TREASURY HEAD—"TRANSITION POINT IN PUBLIC FINANCES" SEEN RESULT OF BOOT-STRAP LOANS TO BUSINESS

WASHINGTON, July 18.—Secretary Morgenthau praised the President's $2,800,000,000 lending bill today as a "real advance toward the goal of bringing our governmental expenditures within our receipts."

Testifying before the Senate Banking Committee, the Treasury head said he liked the idea of lending billions of dollars for self-liquidating projects.

"It may well turn out to mark a transition point in the public finances," he declared, adding:

"If we can substitute self-liquidating investments in place of cutright Government expenditures, we shall have made a great step toward bridging the gap between revenue and expenditures.

"This distinction between self-liquidating investments and nonrecoverable expenditures is not merely a bookkeeping one but is very soundly based.

INTEREST OUT OF EARNINGS

"In the case of nonrecoverable expenditures, the servicing of the debts created to finance them must be met out of general tax revenues. However, in the case of self-liquidating loans such as are proposed in this bill, the interest and amortization payments are met out of the earnings on the investment."

The Secretary's formal statement made no mention of the administration's desire to pass the bill at this session, instead of waiting until next year, as some legislators have proposed, but yesterday he told reporters he favored immediate action.

Morgenthau reviewed major provisions of the bill. These included items which over the period of a few years would provide $750,000,000 for highway projects; $350,000,000 for loans to municipalities; $500,000,000 for leasing railroad equipment; $460,000,000 additional for rural electrification projects; $500,000,000 additional loans to farm tenants, to enable them to buy their own land; and an additional $100,000,000 for export-import-bank credits, to finance foreign purchases of American merchandise.

REPAYMENT PROBABLE

Another feature of the program, doubling the present $800,000,000 borrowing power of the United States Housing Authority, is in separate legislation.

Morgenthau told the committee he did not "wish to predict that the Government will suffer no loss on any of the various features" of the program, but said the projects had been selected because of "a high probability of repayments."

Mentioning huge sums of idle money in the banks and low interest rates, Morgenthau said:

"In times like the present it therefore becomes the Government's function to act as a catalytic agent to bring together investors who are willing to lend their savings at rates of interest low enough and

borrowers who are able and willing to employ funds for productive purposes.

"A low rate of interest, if effectively utilized, constitutes one of the most potent weapons our economic system has developed for stimulating business activity * * *.

FUNDS MEET BORROWERS

"It is this principle of low interest rates which is utilized in the bill before you. The Government is bringing together idle funds and borrowers who are unable to borrow under existing circumstances. It does more than that. It creates the additional incentive for lenders to lend and for the borrowers to borrow by giving the stamp of approval and administrative assistance to useful and paying enterprises which otherwise would not be undertaken at this time. Thus men and capital now unemployed are put to work.

"It is an economic loss to permit investment funds to lie unused when they could be used in productive effort. But that loss is trivial in comparison with the permanent and irreparable economic loss of allowing men of many skills to be idle when there is useful work that they could be doing."

Mr. BRIDGES. Today I addressed a letter to the Senator from New York [Mr. WAGNER], chairman of the Committee on Banking and Currency, asking him whether it was his intention to call Mr. Hopkins and Mr. Ickes as witnesses on the bill. I may say, for the information of the Senate, that the reason why I asked the question is because Mr. Hopkins and Mr. Ickes are the greatest spenders of all time. Each of them has spent billions and billions and billions of dollars of the taxpayers' money. They are the greatest experts on spending we have in this country. They know, better than anybody else, how to get rid of money and get rid of it fast. I understand that the committee has called Mr. Wallace, Mr. Eccles, and a number of other witnesses, but has not called Ickes and has not called Hopkins. I should like to ask the Senator from New York if it is the intention of the committee to call Ickes and Hopkins; and if not, why not, if the Senator cares to answer?

Mr. WAGNER. Mr. President, the committee has invited as witnesses those who are to have charge of the administration of the different provisions of the bill introduced by the senior Senator from Kentucky [Mr. BARKLEY]. I am guided entirely by the author of the bill and the committee itself. No suggestion has been made by members of the committee that Mr. Ickes or Mr. Hopkins be called to testify, because they are not concerned in the administration of the bill.

The hearings on the bill were concluded today. I received the Senator's letter about 10 minutes ago. I did not hear from the Senator until after the hearings had been concluded.

So far as I am concerned, I should be delighted to have the advice and guidance of the gentlemen the Senator has named, because I think they have been unusually efficient administrators in their various activities during this administration. They have done well, and I think the country believes they have done well. But there was no particular reason for calling them as witnesses at this hearing.

Mr. BRIDGES. I thank the Senator. I may point out that it is my understanding that perhaps a little bird has whispered in somebody's ear that Mr. Hopkins and Mr. Ickes should not be called, for the reason that I understand that in spite of being the big spending experts of the country they are opposed to this spending program.

Mr. WAGNER. I may say to the Senator that he has information which has not come to me. I have not heard that. I doubt whether the Senator has been well informed on that question. I have not communicated with either of the gentlemen and, therefore, am not in a position to deny what the Senator says. I do, however, want to express my doubt as to the accuracy of the Senator's information.

Mr. BRIDGES. Will the Senator perhaps qualify his remarks when he says the country has come to have confidence in Mr. Ickes and Mr. Hopkins as effective and efficient administrators, in view of the fact that the country has come to know them as the most prolific and effective spenders? That is the reputation I have understood from the country as the one by which they would be best known today.

At this time I merely want to bring out the fact that we have before the country at present this program for spending $3,800,000,000 under the guise of a self-liquidating project, and Mr. Morgenthau says that is a great way to balance the Budget. I do not know what Mr. Ickes or Mr. Hopkins would have said, but I recognize them as authorities on spending. They certainly have spent enough billions of the money of the taxpayers of the country.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. WAGNER. I may say to the Senator that many of his colleagues voted for the legislation which entrusted the spending of these funds to the distinguished public officials the Senator has named. I have heard no proof presented on this floor that the funds were not properly expended, or that they did not greatly benefit the country.

Mr. BRIDGES. The Senator has never heard, then, about any impropriety in connection with the spending of the funds, or any questions raised in that connection?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. BARKLEY. I do not know who wrote the headlines of the article to which the Senator has referred, and which he has inserted in the RECORD; but if the Senator will read the statement of Secretary Morgenthau before the committee on yesterday I think he will find that it is a very constructive, level-headed, conservative statement of his reasons for believing that the program contained in the bill is a wise one. Certainly there is nothing in it which would justify the flaming headlines to which the Senator has referred.

Mr. BRIDGES. The Senator from Kentucky has said that the program is a conservative one. Does the Senator consider a program for spending $3,800,000,000 a conservative spending program?

Mr. BARKLEY. That depends on what it is spent for. I think the program outlined in the bill is a conservative program. I will say to the Senator that it will not carry $3,800,000,000. It carries approximately $2,700,000,000, of which $140,000,000 is already appropriated; so the net authorization in addition to the present authorization will be about $2,560,000,000.

Mr. BRIDGES. The Senator, then, considers a program for spending between two and three billion dollars a conservative spending program?

Mr. BARKLEY. Yes; for the type of projects and activities intended to be carried on through the program, I think it is a constructive, sound, and conservative program.

Mr. BRIDGES. I should hate to hear the Senator make a statement in regard to what he would consider to be a liberal spending program.

Mr. BARKLEY. Probably the Senator would hate to hear me make a statement of that sort, and he no doubt hates to hear me describe even this one as a conservative program. I cannot imagine that the Senator would be very much enamored of any statement I might make on the subject, so I am not enthusiastic about enlisting his enthusiasm over my bill.

Mr. BRIDGES. I always like to listen to the Senator from Kentucky. Particularly it is rather appealing to me when the leader of the Democratic Party in the United States Senate stands up and calls a program for spending between two and three billion dollars a conservative spending program.

Mr. BARKLEY. The Senator and I will not quibble over definitions. I hope he is going to support the bill when it comes on the floor of the Senate.

Mr. BRIDGES. I will say to the Senator, so that there will be no worry on his part—he probably cares very little whether I support the bill or not—that there will be no danger of my supporting it.

Mr. BARKLEY. I hope there will be no danger even without the Senator's support.

Mr. WAGNER. Mr. President, may I ask the Senator from New Hampshire one question?

Mr. BRIDGES. Surely.

Mr. WAGNER. Has the Senator studied the bill?

Mr. BRIDGES. I do not know that I am a student of the bill. I have read the bill.

Mr. WAGNER. If the Senator is expressing the idea that this is simply a spending program without any restrictions

or qualifications, I desire to state that as a matter of fact the money can only be disbursed—as I am sure the Senator will agree—for self-liquidating projects, so that all the money which is to be disbursed will return to the Treasury of the United States.

Mr. BRIDGES. The Senator down in his heart does not for a moment think all this money is going to be returned to the Treasury, does he?

Mr. WAGNER. Yes; I do, absolutely; and I rely on the experience the Federal Government thus far has had in lending money for self-liquidating projects. Mr. Jones, of the R. F. C., came before our committee and testified that in the case of the loans made for self-liquidating projects under his administration, he is confident that every dollar of the money will be returned, and his experience so far confirms that prediction. As a matter of fact, if I may inform the Senator of some matters which undoubtedly he has not had an opportunity to look up, the experience has been so favorable that the R. F. C. was able to sell to the public the bonds which it took as collateral for certain of these self-liquidating loans, at a profit to the R. F. C. In other words, the bonds were sold at a premium. That has been the experience with self-liquidating projects. If the Senator will permit, I should like to refer to the origin of this authorization to lend money for self-liquidating projects. It so happened that I was one of the sponsors of a bill during the administration of President Hoover——

Mr. BRIDGES. I am glad the Senator brought that out. It was in a Republican administration that this lending for self-liquidating projects began. It was not under Roosevelt.

Mr. WAGNER. The Senator is mistaken about that.

Mr. BRIDGES. The Senator just said it was under Hoover.

Mr. WAGNER. If the Senator can get any gratification out of that, very well; in fact, the Hoover administration sabotaged the program. But no matter under what administration the money was loaned to these different agencies, the actual loan experience has been extraordinarily favorable. I am confident that every dollar which is authorized under the bill now being discussed will be returned to the Treasury, and in the meantime will be of great benefit to the country.

Mr. BARKLEY. Mr. President, if the Senator will yield, the Reconstruction Finance Corporation was created in 1932, under Mr. Hoover. Its authority to lend money at that time, however, was very largely limited and restricted to great corporations—railroads, for instance. Its authority has been very greatly liberalized since that, so as to make it possible for it to lend money to business generally, large and small. If the Senator gets any particular glee out of the fact that it was under the Hoover administration that the Reconstruction Finance Corporation was created, he is welcome to it. It was created under Mr. Hoover; but its facilities for lending money were not broadened so as to apply to ordinary business and industry, except in a limited way, until the law was liberalized by the present administration.

Mr. BRIDGES. I thank the Senator.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the following nominations:

Charles W. Eliot, of Massachusetts, to be Director of the National Resources Planning Board;

Frederic A. Delano, of New York, to be a member of the National Resources Planning Board; and

Charles E. Merriam, of Illinois, to be a member of the National Resources Planning Board.

Mr. McKELLAR also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. MINTON in the chair). The reports will be placed on the Executive Calendar. If there be no further reports of committees, the clerk will state the nominations on the calendar.

FEDERAL TRADE COMMISSION

The Legislative Clerk read the nomination of Ewin Lamar Davis, of Tennessee, to be Federal Trade Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST GUARD

The Legislative Clerk proceeded to read sundry nominations in the Coast Guard.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Coast Guard be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed. That concludes the Executive Calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 13 minutes p. m.) the Senate took a recess until tomorrow, Thursday, July 20, 1939, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 19 (legislative day of July 18), 1939

FEDERAL TRADE COMMISSIONER

Ewin Lamar Davis, of Tennessee, to be a Federal Trade Commissioner for a term of 7 years from September 26, 1939.

PROMOTIONS IN THE COAST GUARD

TO BE CAPTAINS

Wales A. Benham
Raymond L. Jack
Philip F. Roach

TO BE CAPTAIN (ENGINEERING)

Philip B. Eaton

TO BE COMMANDERS

Charles W. Dean
Walfred G. Bloom
Louis B. Olson
Roger C. Heimer
Lester E. Wells

TO BE LIEUTENANTS

James D. Craik
Theodore J. Harris
Anthony J. DeJoy
Loren H. Seeger
George D. Synon
Irvin J. Stephens
Edward T. Hodges
Donald T. Adams
Theodore J. Fabik

TO BE LIEUTENANTS (JUNIOR GRADE)

Guy L. Ottinger
Clifford S. Gerde
Edward C. Thompson, Jr.
James P. Stow, 3d
Gerald T. Applegate
George R. Reynolds
Fred J. Scheiber
William B. Ellis
Harold L. Wood
Arthur W. Johnsen
Douglas B. Henderson
Robert Wilcox
Chester R. Bender
Samuel G. Guill
Paul E. Trimble
Russell R. Waesche, Jr.
George R. Boyce, Jr.
Joseph P. Martin
George W. Playdon
Thomas F. Epley
Julius E. Richey
Benjamin B. Schereschewsky
Frederick J. Statts
James S. Muzzy
Raymond W. Blouin
Fred F. Nichols
Theodore F. Knoll
Nelson C. McCormick
Frank M. McCabe

POSTMASTERS

ALABAMA

Robert T. Sheppard, Decatur.

ARIZONA

Velasco C. Murphy, Globe.
Wilcie G. Hoel, Peoria.
Zola W. Buffington, Pima.

FLORIDA

Cullen H. Talton, Daytona Beach.

KENTUCKY

Thaddeus W. Wilson, Brandenburg.
Claud Brown, Henderson.
Lawrence W. Hager, Owensboro.

MARYLAND

Lily M. Kuhl, Bowie.
Harry R. Price, Rock Hall.

MASSACHUSETTS

Arthur Henry Boutiette, Farnumsville.
Richard J. Specht, West Springfield.
Henry J. Porter, Wilmington.

NEW JERSEY

Myrtle Apgar Smock, Bedminster.
Charles Orth, Hackensack.
Francis S. Doyle, New Lisbon.
James Henry Archung, Packanack Lake.
S. Dana Ely, Rutherford.
Floyd J. Kays, Sparta.
Anna C. Kelleher, Wayne.

NEW MEXICO

Clotilde C. Montes, Bernalillo.

NORTH DAKOTA

George J. Mahowald, Garrison.

TENNESSEE

Roy D. Murphey, Adams.
Mattie B. Goodner, Alexandria.
Joe C. Hamlett, Ardmore.
Lily D. Seay, Bethpage.
Mary E. Birdwell, Chuckey.
James R. King, Clarksville.
Warren B. Miller, Clifton.
Franklin P. Moore, Cookeville.
Albert D. Ward, Decatur.
Alexander L. Allison, Dover.
Mary E. Watkins, Goodlettsville.
Ethelbert J. Shannon, Halls.
Samuel H. Chase, Johnson City.
Chester P. Webb, Lawrenceburg.
Ella W. Blackburn, Lynnville.
James H. Smith, Martin.
Bedford T. Transou, Mason.
John W. Fuqua, McEwen.
James E. Burke, Morristown.
Hugh V. Somerville, Paris.
Carey E. Reed, Prospect Station.
E. French Fugate, Rutledge.
Nell E. Coleman, Smyrna.
Coy M. Seal, Sneedville.
William A. Rhea, Somerville.
William E. Jones, Sunbright.
Flossie Gardner, Tellico Plains.
Evelyn A. Guill, Union City.

TEXAS

Clark A. Fortner, Crosby.
William P. Slaton, Electra.
Gladys J. Ballard, Estelline
Gus M. Hodges, Greenville.
John M. Diggs, Haskell.
James R. Lipscomb, Hereford.
Joel H. Bugg, High Island.
William A. Ham, Jacksboro.
Jennie R. Goodman, Laredo.
Mary S. Donald, Lewisville.
Charley J. McCollum, Lockney.
Paul Gene Stevens, Lone Oak.
A. J. Gardner, Muleshoe.
Benjamin B. Ward, Newcastle.
George A. McElroy, Nocona.
John C. Terry, Plainview.
Alvin E. Crawley, Ranger.
Melrose H. Russell, Robert Lee.
William A. Smith, San Saba.
Jewell F. Cobb, Seminole.
Plummer M. Barfield, Sourlake.
William A. Robinson, Texline.
Walter W. Merriman, Throckmorton.
Fred W. Hines, Wiergate.
Annie H. Hughes, Woodville.

VIRGINIA

Irven M. Keller, Abingdon.
Fletcher L. Elmore, Alberta.
Rosalie H. Mahone, Amherst.
Howard C. O'Bryan, Austinville.
Joseph S. Hutcheson, Chase City.
Nannie A. Chisholm, Clover.
Bernard E. Young, Dayton.
Bernard M. Anderson, Dublin.
John Alexander Garland, Farmville.
Paul Scarborough, Franklin.
Horace F. Crismond, Fredericksburg.
George K. Fielder, Fries.
Allan A. Lanford, Palmyra.
Grace H. Jenkins, Powhatan.
John E. Pace, Ridgeway.
William B. Cocke, Jr., Stony Creek.
Jesse F. Reynolds, Jr., Stuart.
Haller M. Bowman, Timberville.
Ernest E. Sine, Woodstock.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 19, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, we pray that Thy countless mercies may soften our hearts and lead us to repentance; forgive us in the plentitude of Thy love, and may we henceforth walk in the way of Thy commandments in accordance with the voice of our Saviour. Give us the passion that loses itself in knowing that mercy is greater than sacrifice; that truth is more enduring than fiction; and that goodness is far above greatness. O God, may our complainings and our discontent be silent, and let the peace of God that passeth all understanding fall alike upon those who lose and those who win in the struggle of life. Give to all the final victory of faith, and bless the hushed voices of all hearts. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 161. An act to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended;

H. R. 542. An act for the relief of Anna Elizabeth Watrous;

H. R. 985. An act to authorize the Secretary of War to furnish certain markers for certain graves;

H. R. 1883. An act for the relief of Marguerite Kuenzi;

H. R. 1982. An act to amend the act entitled "An act to classify officers and members of the Fire Department of the District of Columbia, and for other purposes";

H. R. 2168. An act to authorize the Secretary of War to make contracts, agreements, or other arrangements for the supplying of water to the Golden Gate Bridge and Highway District;

H. R. 2234. An act for the relief of W. E. R. Covell;

H. R. 2413. An act for the protection of the water supply of the city of Ketchikan, Alaska;

H. R. 2480. An act for the relief of the estate of John B. Brack;

H. R. 2687. An act for the relief of Elbert R. Miller;

H. R. 2903. An act for the relief of Virginia Guthrie, Jake C. Aaron, and Thomas W. Carter, Jr.;

H. R. 2967. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation;

H. R. 3081. An act for the relief of Margaret B. Nonnenberg;

H. R. 3248. An act authorizing a per capita payment of $15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation;

H. R. 3305. An act for the relief of Charles G. Clement;

H. R. 3314. An act to provide shorter hours of duty for members of the fire department of the District of Columbia, and for other purposes;

H. R. 3321. An act to provide allowances for uniforms and equipment to certain officers of the Officers' Reserve Corps;

H. R. 3364. An act to transfer the control and jurisdiction of the Park Field Military Reservation, Shelby County, Tenn., from the War Department to the Department of Agriculture;

H. R. 3614. An act for the relief of Frank M. Croman;

H. R. 3623. An act for the relief of Capt. Clyde E. Steele, United States Army;

H. R. 3673. An act for the relief of the Allegheny Forging Co.;

H. R. 3730. An act for the relief of John G. Wynn;

H. R. 3796. An act to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes;

H. R. 3834. An act to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended;

H. R. 4155. An act for the relief of Mary A. Brummal;

H. R. 4391. An act for the relief of H. W. Hamlin;

H. R. 4440. An act for the relief of Mr. and Mrs. John Shebestok, parents of Constance and Lois Shebestok;

H. R. 4617. An act for the relief of Capt. Robert E. Coughlin;

H. R. 4762. An act for the relief of William S. Huntley;

H. R. 5036. An act authorizing the State Highway Departments of North Dakota and Minnesota and the counties of Grand Forks of North Dakota and Polk of Minnesota, to construct, maintain, and operate a free highway bridge across the Red River near Thompson, N. Dak., and Crookston, Minn.;

H. R. 5064. An act to amend the act approved June 25, 1910, authorizing establishment of the Postal Savings System;

H. R. 5494. An act for the relief of John Marinis, Nicolaos Elias, Ihoanis, or Jean Demetre Votsitsanos, and Michael Votsitsanos;

H. R. 5523. An act authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn.;

H. R. 5525. An act to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes;

H. R. 5660. An act to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930;

H. R. 5781. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala.;

H. R. 5785. An act granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss.;

H. R. 5786. An act granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss.;

H. R. 5963. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 5964. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;

H. R. 5984. An act granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania;

H. R. 6045. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon;

H. R. 6070. An act to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.);

H. R. 6079. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near the town of Black Rock, Ark.;

H. R. 6111. An act to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation, from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17;

H. R. 6502. An act granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn.;

H. R. 6527. An act granting the consent of Congress to the Commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio.;

H. R. 6578. An act granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River;

H. R. 6672. An act to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747);

H. R. 6748. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.;

H. R. 6834. An act authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia;

H. R. 6870. An act to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the General Clarence R. Edwards Memorial Bridge, bridging Watershops Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass.;

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States;

H. R. 6928. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes;

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 153. An act to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights;

H. R. 1996. An act to amend the National Stolen Property Act;

H. R. 4646. An act to provide means by which certain Filipinos can emigrate from the United States;

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States;

H. R. 4998. An act to amend the Packers and Stockyards Act, 1921;

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia;

H. R. 5375. An act to promote nautical education, and for other purposes;

H. R. 5735. An act to authorize the acquisition of additional land for military purposes;

H. R. 6049. An act authorizing the village of Cassville, Wis., or its assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Cassville, Wis., and to a place at or near the village of Guttenberg, Iowa;

H. R. 6065. An act to authorize major overhauls for certain naval vessels, and for other purposes;

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes;

H. R. 6353. An act granting the consent of Congress to the State of Connecticut, acting by and through any agency or commission thereof, to construct, maintain, and operate a toll bridge across the Connecticut River at or near Hartford, Conn.; and

H. R. 6746. An act to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 839) entitled "An act to amend the Retirement Act of April 23, 1904," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. HILL, and Mr. HOLMAN to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6984. An act to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes."

The message also announced that the Senate insists upon its amendments to the foregoing bill disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ADAMS, Mr. O'MAHONEY, and Mr. GURNEY to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1558) entitled "An act to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATCH, Mr. MURRAY, and Mr. HOLMAN to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 2150) entitled "An act to amend section 8 of the act entitled 'An act to supplement laws against unlawful restraints and monopolies, and for other purposes,' particularly with reference to interlocking bank directorates, known as the Clayton Act," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WAGNER, Mr. GLASS, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 6. An act to return a portion of the Grand Canyon National Monument to the public domain;

S. 21. An act relating to the citizenship of Harry Ray Smith;

S. 101. An act to regulate the issuance of commemorative coins;

S. 432. An act to provide for the public auction of certain town lots within the city of Parker, Ariz.;

S. 506. An act relating to mileage tables for the United States Army and other Government agencies and to mileage allowances for persons employed in the offices of Members of House and Senate;

S. 521. An act for the incorporation of the Ladies of the Grand Army of the Republic;

S. 522. An act to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 75 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes;

S. 805. An act for the relief of George S. Geer;

S. 1008. An act to provide for the reincorporation of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic;

S. 1033. An act for the relief of Albert P. Dunbar;

S. 1108. An act to restrict the exportation of certain Douglas fir peeler logs and Port Orford cedar logs, and for other purposes;

S. 1128. An act to regulate the practice of professional engineering and creating a board for licensure of professional engineers in and for the District of Columbia;

S. 1211. An act for the relief of Jesse Claud Branson;

S. 1239. An act for the relief of Priscilla M. Noland;

S. 1282. An act to extend the privilege of retirement for disability to judges appointed to hold office during good behavior;

S. 1328. An act for the relief of Lena Hendel, nee Lena Goldberg;

S. 1376. An act for the relief of Cothran Motors, Inc.;

S. 1478. An act for the relief of Haim Genishier, alias Haim Satyr;

S. 1649. An act for the relief of Alan C. Winter, Jr., and Elizabeth Winter;

S. 1677. An act to make better provision for the government of the Army and the Navy of the United States by the suppression of attempts to incite the members thereof to disobedience;

S. 1708. An act to amend the Employers' Liability Act;

S. 1850. An act to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges;

S. 1906. An act for the relief of William H. Rouncevill;

S. 1919. An act to provide for the acquisition by the United States of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill;

S. 1949. An act for relief of Indian war veterans who were discharged from the Army because of minority or misrepresentation of age;

S. 1977. An act for the relief of John A. Farrell;

S. 1989. An act to provide for the alteration of certain bridges over navigable waters of the United States, for the apportionment of the cost of such alterations between the United States and the owners of such bridges, and for other purposes;

S. 1996. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.;

S. 1998. An act for the relief of Ernestine Huber Neuheller;

S. 2038. An act for the relief of George H. Taylor;

S. 2048. An act authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes;

S. 2139. An act to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes;

S. 2156. An act for the relief of Walter Petersen;

S. 2188. An act granting the consent of Congress to the Providence, Warren, and Bristol Railroad Co. to construct, maintain, and operate a railroad bridge across the Warren River at or near Barrington, R. I.;

S. 2234. An act for the relief of Walter R. Maguire;

S. 2242. An act creating the Memphis and Arkansas Bridge Commission, defining the authority, power, and duties of said commission, and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Memphis, Tenn., and for other purposes;

S. 2250. An act for the relief of Joseph F. Tondre;

S. 2252. An act for the relief of Louis Simons;

S. 2262. An act to provide for a change in the time for holding court at Rock Hill and Spartanburg, S. C.;

S. 2288. An act for the relief of John H. Balmat, Jr.;

S. 2306. An act relating to the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa;

S. 2348. An act relating to allowances to certain naval officers stationed in the Canal Zone for rental of quarters;

S. 2366. An act for the relief of Franklin C. Richardson;

S. 2392. An act to legalize a bridge across Bayou La Fourche at Cut Off, La.;

S. 2407. An act granting the consent of Congress to the counties of Valley and McCone, Mont., to construct, maintain, and operate a free highway bridge across the Missouri River at or near Frazer, Mont.;

S. 2408. An act for the relief of Russell B. Hendrix;

S. 2410. An act relating to the development of farm units on public lands under Federal reclamation projects with funds furnished by the Farm Security Administration;

S. 2465. An act to authorize the consideration of recommendation of an award of a decoration to George J. Frank for distinguished service;

S. 2469. An act relating to the exchange of certain lands in the State of Oregon;

S. 2478. An act to limit the operations of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases;

S. 2482. An act authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy;

S. 2484. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.;

S. 2500. An act authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce and John K. Quackenbush;

S. 2502. An act authorizing the county of Howard, State of Missouri, to construct, maintain, and operate a toll bridge across the Missouri River at or near Petersburg, Mo.;

S. 2511. An act to correct the military record of John W. Bough;

S. 2513. An act for the relief of certain persons whose property was damaged or destroyed as a result of the crashes of two airplanes of the United States Navy at East Braintree, Mass., on April 4, 1939;

S. 2526. An act to authorize Leonhard Stejneger, of the United States National Museum, to accept certain decoration from the Norwegian Government;

S. 2548. An act to amend an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes," approved June 29, 1938;

S. 2563. An act to legalize a free highway bridge now being constructed across the Des Moines River at Levy, Iowa;

S. 2564. An act granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Red Rock, Iowa;

S. 2574. An act authorizing the construction of a highway bridge across the Chesapeake and Delaware Canal at St. Georges, Del.;

S. 2577. An act authorizing an appropriation for completing the mural decorations in the Senate reception room;

S. 2589. An act to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind.;

S. 2599. An act to amend the Naval Reserve Act of 1938 (Public, No. 732, 52 Stat. 1175);

S. 2611. An act authorizing the purchase of a site and the erection of a building in the State of Massachusetts for use as a radio-monitoring station, and for other purposes;

S. 2619. An act to provide a measure of damages for trespass involving timber and other forest products upon lands of the United States;

S. 2666. An act providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway;

S. 2738. An act to ratify and confirm Act 58 of the Session Laws of Hawaii, 1939, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935;

S. 2739. An act to amend section 45 of the United States Criminal Code to make it applicable to the outlying possessions of the United States;

S. 2740. An act to amend section 9a, National Defense Act, as amended, so as to provide specific authority for the employment of warrant officers of the Regular Army as agents of officers of the Finance Department for the disbursement of public funds;

S. 2769. An act to amend section 55, National Defense Act, as amended, to provide for enlistment of men up to 45 years of age in technical units of the Enlisted Reserve Corps;

S. 2784. An act to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936;

S. 2788. An act to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended;

S. 2805. An act to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland day at such fair; and

S. J. Res. 130. Joint resolution referring the claims of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma to the Court of Claims for finding of fact and report to Congress.

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 504. An act to provide a right-of-way;

S. 770. An act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment and operation of a fish hatchery, and for other purposes;

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States;

S. 1155. An act to provide for probationary appointments of officers in the Regular Army;

S. 1878. An act to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes.

THE FIRST WOMAN'S RIGHTS CONVENTION

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. O'DAY. Mr. Speaker, just 91 years ago today the first woman's rights convention was held in Seneca Falls, N. Y., the State which I have the honor in part to represent. So I feel a certain pride in calling the attention of my colleagues to this anniversary.

Elizabeth Cady Stanton was the one who had the daring to call such an unheard-of convention. About 100 people attended, to the great horror and indignation of the press and the clergy of the country. The women who sponsored that convention were denounced as being immodest, unwomanly, and shameless, and one clergyman went so far as to say that they were subversive of all the laws of man, of nature, and of God. Well, you see what has happened. You see the lengths to which we have been led since that convention. Here are women sitting in the halls of Congress side by side with you men.

I feel that Elizabeth Cady Stanton is the spiritual godmother of all women who enter Congress, and I trust that each one of them will be inspired by memory of this truly great woman to give the best that is in her to the service of her country. [Applause.]

[Here the gavel fell.]

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a letter appearing in the New York Herald Tribune by the noted educator Katharine Devereux Blake.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include therein an editorial which points out the difference in the way in which Governor Murphy and Governor Dickinson handle a strike.

Mr. HOOK. I object, Mr. Speaker.

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a press release from the Department of Commerce relative to the French lace industry.

Mr. HOFFMAN. Mr. Speaker, I reserve the right to object to call the attention of the House leader over there to the fact that if we do not get a little discipline from that side on these objections I will have to defend myself.

Mr. HOOK. We do not have a bunch of rubber stamps over here like you have on that side of the House.

Mr. HOFFMAN. The gentleman is out of order.

Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 133]

Boren	Ferguson	Kelly	Schwert
Buckler, Minn.	Fernandez	McLaughlin	Secrest
Buckley, N. Y.	Fish	Maas	Shannon
Burch	Fitzpatrick	Maciejewski	Smith, Ill.
Connery	Flannery	Magnuson	Smith, Maine
Culkin	Fulmer	Marshall	Smith, Ohio
Curley	Gifford	Massingale	Somers, N. Y.
Dies	Green	May	Sumners, Tex.
Dingell	Harrington	Mouton	Taylor, Colo.
Douglas	Hartley	Nelson	Thomas, N. J.
Eaton, Calif.	Hawks	Norton	Weaver
Elliott	Healey	Patman	White, Idaho
Ellis	Jarrett	Reed, N. Y.	White, Ohio
Evans	Johnson, Lyndon	Robertson	Wigglesworth
Fay	Johnson, W. Va.	Schafer, Wis.	Wood

The SPEAKER. On this roll call 367 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

ACCEPTANCE OF EASEMENT IN CERTAIN LANDS IN NEW MEXICO

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1558) to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes, insist on the House amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DEROUEN, ROBINSON of Utah, HILL, ENGLEBRIGHT, and WADSWORTH.

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a brief statement from the Lawyers Guild.

The SPEAKER. Is there objection?

Mr. HOFFMAN. Mr. Speaker, I reserve the right to object to ask the gentleman from Washington whether he has been consulting with the gentleman from Michigan [Mr. HOOK] on the propriety of making objections to such requests?

Mr. COFFEE of Washington. I have not been consulting with anyone at all.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article by Raymond Clapper which appeared in the Washington Daily News of Monday, July 17.

The SPEAKER. Is there objection?

Mr. HOFFMAN. Mr. Speaker, I reserve the right to object, to ask the gentleman from New York [Mr. MARCANTONIO] whether he has been consulting with the gentleman from Michigan [Mr. HOOK] on the propriety of making objection to requests to insert speeches in the RECORD.

Mr. MARCANTONIO. Mr. Speaker, since the gentleman from Michigan [Mr. HOOK] comes from the same State as the gentleman from Michigan [Mr. HOFFMAN], I think the gentleman from Michigan [Mr. HOFFMAN] is in better position to consult him.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a brief editorial from a newspaper in my district on a very good subject.

The SPEAKER. Is there objection?

There was no objection.

Mr. POAGE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a speech delivered by Colonel Gorrell at the Air Transportation Association of America meeting held at Dallas yesterday.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object, to ask the majority leader whether he has noticed the size of the CONGRESSIONAL RECORD the last month or so. It is the largest CONGRESSIONAL RECORD that I have seen published in 10 years, and it is because of the fact that everything outside of the happenings in Congress is filling up the RECORD. If the majority leader wants the RECORD as large as it is now, then I say that everybody should put in these speeches from people not Members of Congress.

The SPEAKER. Does the gentleman from Pennsylvania object to the request?

Mr. RICH. I do not object.

The SPEAKER. Is there objection?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a copy of a letter by a constituent of mine addressed to the White House.

The SPEAKER. Is there objection?

There was no objection.

FOREIGN DEBTS MUST BE PAID

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, I want to show the Speaker and the Members of the House where they can get some money. I ask unanimous consent to insert in the RECORD a statement showing what various countries owe us money for post- and pre-war debts. It amounts to more than $12,500,000,000. If Secretary Hull will stop making reciprocal-trade agreements permitting all kinds of foodstuffs and manufactured articles to come into this country in competition with the products of our farmers, labor, and our manufacturers, we will be able to sell our goods to our own people, the best markets in the world; and if the State Department will take the time to send these countries who owe us a statement of the amount they owe us, we ought to get in $12,500,000,000. That is where we can get a little money of this great debt this administration is creating, Mr. Speaker, and I hope the Speaker will assist me in getting the Secretary of State to do that. It is your duty and the duty of every Member of Congress to insist that these bills be paid.

The SPEAKER. The time of the gentleman from Pennsylvania has expired. Is there objection to the request of the gentleman from Pennsylvania?

Mr. RANKIN. Mr. Speaker, I reserve the right to object to remind the gentleman from Pennsylvania, who is now complaining about these statements being inserted in the CONGRESSIONAL RECORD, that all in the world it costs to print these extra pages of the CONGRESSIONAL RECORD is the ink and the paper. We already have the machinery, we have the type, we have the men employed; they are on the pay roll and are going to stay there. These extra pages of the CONGRESSIONAL RECORD cost only the price of the ink and the paper it takes to print them. Therefore, I hope no one will object to the request of the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, that shows all the gentleman knows about business and the cost of printing the CONGRESSIONAL RECORD. The ink and paper is a very small item of the cost.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to is as follows:

The war and post-war debts as they stood on June 15 of this year were:

Belgium	$454,178,478
Estonia	20,766,730
Finland	8,173,505
France	4,237,649,725
Germany	193,364,575
Great Britain	5,427,315,134
Greece	34,111,553
Hungary	2,330,683
Italy	2,038,681,997
Latvia	8,558,591
Lithuania	7,710,878
Poland	259,877,333
Rumania	66,230,864
Yugoslavia	62,190,546

Of these nations, only Finland paid the $160,693 installment due on the 15th. The Finnish debt was not a war debt, but a post-war loan for grain and foodstuffs. Of the total loans, $7,000,000,000 were made to 7 allied countries before the armistice and $3,000,000,000 after the war to 20 countries, 13 of whom had not borrowed anything before the armistice.

COTTON IMPORTS

Mr. PACE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

[Mr. PACE addressed the House. His remarks appear in the Appendix.]

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MUNDT. Mr. Speaker, Members of the House, on May 15, immediately after President Roosevelt ordered the United States Navy to buy Argentine beef because it was "both cheaper and infinitely better," I introduced a bill into this House identified as H. R. 6329, the Buy American Farm Products in America Act. I have here some additional evidence as to the reasons why it is mighty important that this Congress pass this bill or some similar legislation to protect the American farmer, whose taxes after all go a long way toward supporting this Government.

I have in my hand a can of Argentine corned beef, and I am sure you will all be interested in the sales slip which is attached to it. My colleagues, I purchased this beef from the store in the basement of the United States Department of Agriculture and this slip reads, "Welfare Store, room 22, Administration Building, Department of Agriculture, July 19, 20 cents" and is my receipt for this purchase. With Secretary Wallace's department buying beef from Argentina while he is urging American farmers to raise and produce less to cut down an alleged surplus, it is no wonder our farmers are in the worst plight they have been in for over 20 years, while the New Deal trade pacts continue to provide real farm relief for the foreign farmer. [Applause.]

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker and Members of the House, supplementing what my colleague from South Dakota [Mr. MUNDT] has stated to you with reference to Argentine beef, I wish to call attention to the fact that during the first 5 months of this year this country imported more than $103,000,000 worth of animal and animal products that have been dumped upon the American market, depressing the price and taking the market away from the farmers of this country.

In addition to that, more than $198,000,000 worth of grain and vegetable products have been dumped upon our market, produced by cheap foreign labor, taking the market away from the people of this country, and causing further unemployment and distress in the United States. [Applause.]

[Here the gavel fell.]

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

[Mr. SANDAGER addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a report of the Department of Justice in regard to Communist activities in the United States.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a speech made by myself on last Saturday.

The SPEAKER. Is there objection?

There was no objection.

INFLATION AND REPUDIATION

Mr. JOHNS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNS. Mr. Speaker, when I find anything of interest I pass it on to you. I have been hearing rumors around the corridors that we might be asked to authorize and spend $3,500,000,000 more.

I picked from the Washington Post this morning an A. P. dispatch which read as follows:

UNITED STATES FACES DEBT REPUDIATION, CRUM DECLARES

STANFORD UNIVERSITY, CALIF., July 18.—Inflation and repudiation of the public debt lie ahead of the United States, W. L. Crum, professor of economics and consulting expert of the United States Treasury, told the Stanford Business Conference today.

If this man is a consultant of the United States Treasury and he has warned them of this, I suggest that they get rid of him and pay his salary and expenses. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I am not going to object; we have two very important rules to be considered today. I trust that no other gentleman will ask unanimous consent to proceed for a minute. I am not going to object at this time.

Mr. MARTIN of Massachusetts. There are just a few others.

Mr. RAYBURN. I am not going to object. I am just making a suggestion. I am going to be compelled to object some time between now and 2 o'clock, however.

The SPEAKER. Is there objection?

There was no objection.

[Mr. GRANT of Indiana addressed the House. His remarks appear in the Appendix.]

THE FARM SITUATION

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. GROSS. Mr. Speaker, in view of the fact that the Labor Committee has refused to listen to the pleas of agriculture, I am asking somebody in this House or in the administration to tell me what the farmers of this country have done to get themselves into such bad grace with the administration. With this Argentine beef coming in as it is, every one of us cattle feeders are losing money daily, when the prices of farm commodities are going down and down, and with it the morale of the country as a whole. I would like the administration to explain what we farmers have done that we are in such bad grace with the administration. [Applause.]

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to address the House for 20 seconds.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. Mr. Speaker, I see no reason to get so excited about beef. I happen to be a producer of beef cattle, and I buy some; I pay 8.75 cents a pound for little steers on the hoof. The price of beef cattle and steers in this country is satisfactory to most of the people who have to sell.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. No; I will not yield.

These gentlemen will find if they have to buy steers, as my good friend from New York [Mr. WADSWORTH] and I do once in a while, that the price is plenty high for poor steers.

[Here the gavel fell.]

TRUST INDENTURE BILL OF 1939

The SPEAKER. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I call up House Resolution 248.

The Clerk read as follows:

House Resolution 248

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2065, an act to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, may I inquire of the gentleman from Michigan [Mr. MAPES] whether he desires time on the rule?

Mr. MAPES. That depends upon the gentleman from Illinois. If he will agree to take no time, I will agree to take none.

Mr. SABATH. This being a pet measure of mine, and the bill made in order by the rule being important, I think the House is entitled to know something about it.

Mr. MAPES. Then I shall have to ask the gentleman for the privilege of using the usual half hour.

Mr. SABATH. That being the case, I yield with pleasure 30 minutes to the gentleman from Michigan.

The SPEAKER. The gentleman from Illinois is recognized for 30 minutes.

Mr. SABATH. Mr. Speaker, the rule before us makes in order the trust indenture bill of 1939, a very important piece of legislation. It was introduced after a careful and comprehenstve study and report made by the Securities and Exchange Commission. Their objective is to make provision for a more rigid control to serve as an aid to the thousands of small investors in notes, bonds, indentures, certificates of interest, and the like.

I take pleasure in calling up the rule to make in order consideration of this bill, as it relates to a subject with which I have had wide experience. Some years ago the House unanimously voted for a committee to investigate bondholders' reorganizations and the so-called protective committees, and I had the honor of being named chairman of that committee.

The result of our investigations all over the country may be found in 20 volumes of open hearings. They show how protective committees were formed by the employees or dummies of houses of issue, guaranty trust companies and title companies, which then solicited deposits of bonds under so-called deposit agreements whereby the bondholders virtually forfeited all claims to their bonds and thereafter saw the properties dissipated and run down, all income used up by the protective committees, and the properties eventually falling into their hands.

This select committee of the House worked for nearly 3 years, Mr. Speaker, and right here I want to extend my sincere appreciation to the members of that committee who worked with me. Two of the gentlemen who served on the committee are no longer Members of the House, but we still have with us two Republican members of the committee, the gentleman from New York [Mr. CULKIN] and the gentleman from Illinois [Mr. DIRKSEN] as well as a Democratic member from New York [Mr. KENNEDY]. I extend to them, particularly the Republican members, my thanks and acknowledgment of the real work they did and the fine service they rendered to the Nation.

Last session the Chandler bill was passed, and I want to also thank the author of that bill, the gentleman from Tennessee [Mr. CHANDLER], who was chairman of the subcommittee that considered it. After a year and a half of diligent study and strenuous work this committee reported out and succeeded in having passed the amendment to the Bankruptcy Act that to a great extent has eliminated many of the abuses theretofore existing. It did not, unfortunately, give the relief to the judges to which the committee thought they were entitled. My good friend Mr. CHANDLER did a splendid job, and his bill has really been a real benefit to bondholders; but I do believe that the bill made in order by this rule will accomplish even more.

The gentleman from Maryland [Mr. COLE] is to be congratulated upon the bill we shall shortly consider. I can appreciate the trials and tribulations that beset a committee such as his in the consideration of this type of legislation. However, I will say that there are in the bill certain

provisions that I do not think it should contain, and on these I am inclined to think that the gentleman from Maryland [Mr. COLE] was compelled to yield to other Members. I had the same situation in preparing the bill introduced by the select committee.

Mr. Speaker, the present bill is designed to cure many of the defects prevailing in the security market in this country. The bill is essential because it enables the hundreds of investors as security holders of a single issue who cannot singularly or individually successfully prosecute its claims on default because of the disproportionate expense involved in prosecuting such claims or rights as may accrue to such security holders. It helps to eliminate the geographical difficulties because of the wide dispersion here and abroad of many security holders on a single issue, and makes available names and addresses of their fellow investors of such issues which heretofore was not readily available. It indicates a forward step in the proper direction for relief to small investors, and I honestly believe it will release millions and millions of dollars now frozen.

The people of our country have grown fearful and timid of investing money, whatever little they may have accumulated since the Republican crash. They remember too well the high-powered salesmen who sold them watered stocks and bonds, and unless they are assured of proper protection, such as this bill gives, the security market of the country will vanish.

Conditions have improved since this administration came into power, and with proper protection money will flow into the channels of trade. Of course, I know that there are still eight or nine million men out of work, but almost that many have been placed back into employment in the past 5 years. I do not think this is the proper time to dwell upon that particular subject, but I will point out that if the Republican Party had cooperated with us additional millions of men could have been reemployed, and conditions would have been very much improved. Mr. Speaker, the Chase National Bank of New York and other national banks disclose that industries are making more money today than they ever made, even in 1928 and 1929. We find that the percentage of net profits is greater even considering the high taxes they complain of.

Businessmen and farmers of the country, and millions of workers as well, have accumulated and saved a great deal of money in the last 6 years. Reports show that our banks hold more money today than ever in history. Where did that money come from? Not from the Republican campaign committee. I am sure of that.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. SABATH. I cannot yield. This is important.

Mr. Speaker, this money is available for investment. It is not being invested because the people are afraid to take another chance and have the same thing happen to them that happened under President Hoover, when no one in his administration cared one way or another what happened to the investor. The pending bill will give them the security they are seeking, because it provides that before any securities may be placed on the market those who issue them must submit an honest report of the properties behind the securities. In years gone by false statements were not unusual, even on the big exchanges, by numerous of the crooked corporations who had their stocks listed and then unloaded them on the people of the country. Nine million American citizens held that type of worthless or depreciated security. Today, Mr. Speaker, there are close to $20,000,000,000 of securities that have been in default for a number of years. Reorganizations have taken place, but the courts have prevented the reorganizations from being handled by protective committees and they have been made voting trustees. The rights of these investors in reorganized properties are not protected. This bill will bring them that protection, and it will aid recovery generally. Within a short space of time hundreds of millions of dollars of idle money will be placed in the banks to be taken out and invested in new industries. Whether we are Democrats or Republicans, Mr. Speaker, this is legislation that should be endorsed and its early enactment assured.

As I understand it, there is no opposition on the part of the members of the Interstate and Foreign Commerce Committee to the bill. There should be no opposition. The ranking member of the Committee on Interstate and Foreign Commerce is a true gentleman. He is a legislator, he is honest and sincere, and I have found him supporting bills whenever they were in the interest of the people, although he is a Republican. [Applause.] I am sure that if inquiry is made of the chairman of the subcommittee as to whether cooperation has been had it will be found that there was cooperation; and I hope that we have that gentleman with us for many years to come to aid in enacting legislation such as this. I refer to the gentleman from Michigan, a member of the Rules Committee and the ranking member of the Committee on Interstate and Foreign Commerce. You see, I am not always so harsh with Republicans; and I am only too pleased to say a good word about my colleagues on the other side when they warrant it, and this is not the first time I have done so.

Mr. Speaker, when matters of this kind are considered, politics should be eliminated. I hope that in the future when important matters affecting the welfare of the Nation are being considered we may have this cooperation which I feel should be forthcoming if we as Members are honest, sincere, and well-meaning.

The gentleman from Michigan stated that if I would not use my time he would not use his. Had it not been that I desired to familiarize the House with the importance of this bill, I would not have taken the time. However, I will not use up any more time.

In conclusion, Mr. Speaker, let me announce that I have here the final report of the Select Committee to Investigate Bondholders' Reorganizations. It has taken me over two and a half years to prepare it. We have tried to be fair to everyone, to shield no one, and to be unjust to none. Those who deserved praise were given it, and criticism has not been withheld where it was merited. Typical of the flagrant abuses we uncovered, let me quote herewith from the report as regards the case of the Missouri State Life Insurance Co.:

EFFECTS OF THE SCHEME

By reason of acts and manipulations of officers of General American described, it is indicated:

1. That Messrs. Milton and Head were in collusion with Superintendent O'Malley—before and after he was appointed to office, and before Missouri State was adjudged insolvent—to bring about a private sale of its assets in favor of General American at false undervaluation. Had the court gone into the matter more fully and thoroughly, the court could not have been imposed upon. It was unfair; policyholders whose policies were unnecessarily encumbered with excessive liens by a rigged-up impairment created through carefully planned testimony. From all this the Milton group and Head made large profit.

2. Messrs. Souers and McHaney were accessories to this scheme to induce sale of Missouri State assets to advantage of Milton, Head, and others.

3. McHaney admitted he knew the sale was improper, and believed the contract of sale invalid. Nonetheless he assisted in effectuating it.

4. In reward for that duplicity McAney was appointed attorney for, a director of, and a voting trustee of General American almost instantaneously upon resigning his counselship to the superintendent of insurance.

5. Head made no objection to the sale by the Equity group of its stock in General American. On the contrary, he cooperated in it by contributing 1,225 of his own shares, the transaction earning him a profit and other rewards. The sale was in violation of the agreement that the stock of General American was to constitute a permanent investment. It was injurious to Missouri State policyholders because it gave control of the voting trust arising from that sale to the Southwestern Life Insurance Co. (the controlling stock of which was in the Missouri State assets, which were in keeping of General American as a trust fund for policyholders) which theretofore was controlled by Missouri State, instead. That shift of trusteeships was a violation of the fiduciary obligation of General American to policyholders of Missouri State. Furthermore, the sale depleted capital and surplus of both the Southwestern and the General American. And in each of those the Missouri State fund owned either a direct or indirect interest; in the net worth of Southwestern Life, by reason of ownership of stock in it, a 52½ percent direct interest; and an indirect interest in the capital and surplus of General American Life through covenants in the purchase agreement.

The sale of General American shares to the Southwestern companies constitutes an improper withdrawal of capital and surplus from two life insurance companies in furtherance of a plan to

liquidate holdings of the Equity group, and others, at large profit to themselves. By reason of the long-term option to sell 30,000 shares of Southwestern Life, given at an undervaluation, control of that company was lost to the Missouri State fund.

The financial maneuverings to raise money for the purchase of General American stock, by Head, Milton, and others, was in violation of the laws of the State of Texas. The source from which these moneys were to come was known to Head, but unhesitatingly he became party to the fraud on the State of Texas, and participated in wrongdoings of Southwestern Life Insurance Co. whose stock was under his partial control.

6. The real purpose of the voting trusts for General American and Southwestern Life stock was to put Head, Souers, and McHaney in control of the General American Life, and O'Donnell, Coburn, and their fellow voting trustee in control of Southwestern Life. These positions of trust and confidence put them in dual and conflicting positions with their obligations to Missouri State policyholders; and opened to them an avenue to perpetuate themselves in office through control of elections of directors who would sustain them in office of their respective companies.

Since control of Missouri State fund was obtained by these men harmful and indefensible acts have been committed against it, and large and unnecessary losses have been imposed on it by the executive management of General American Life in violation of its numerous fiduciary and trust obligations.

The last report was filed on May 16, but as I could not secure any help I was obliged to do this work at my own expense. I do not regret the time involved nor the expense, as it has to some extent resulted in the type of bill now before us. I am grateful for the privilege I had to investigate such conditions, and I submit the report in the knowledge that it will draw the attention of the Members to prevalent abuses and help in drafting legislation to prevent a repetition.

I hope the present rule will be adopted, and that some of the amendments which I feel should be accepted by the chairman of the subcommittee will meet with the approval of the majority of the Members.

Mr. Speaker, I reserve the balance of my time, and now yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, before yielding any of my 30 minutes, let me express my appreciation to the gentleman from Illinois for the generous references he made to me.

Mr. Speaker, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, it is often customary when one addresses himself to a matter in which he has an abiding interest to refer to it as the most important piece of legislation that will have received the attention of this Congress. I am not persuaded that this is especially the most important piece of legislation that is before the first session of the Seventy-sixth Congress, but I am persuaded that if we ever encounter another so-called dislocation or depression the bill now pending will probably go further than any other legislative enactment in my four terms in this body to stave off the cataclysmic effect of such an economic dislocation.

The bill seeks to refine, of course, the provisions that may go and that shall go into a trust indenture, and to denominate the duties and responsibilities of a trustee who bears a fiduciary relationship to the security holders, bondholders, and note holders, who cannot in hours of economic stress protect themselves.

It is futile, of course, to moralize upon the beginnings of the last depression, but on the basis of the experience that was mine in respect of the select committee to investigate real-estate reorganizations I would say that if I were asked for a single outstanding cause that contributed to the continuance of the depression I would answer that it was the destruction of purchasing and consuming power that resulted from the washing out of values in industries, in real-estate projects, and so forth, and thereby prolonged the hours of agony; and most of that came about as the result of this ingenious device known as the trust indenture. I think of it, and then I think of Nobel, the great Scandinavian inventor, who invented dynamite. It was hailed and acclaimed far and wide for a great scientific and constructive contribution to the well-being of the world. Then it developed that dynamite, that could be put to so many constructive uses, could also be put to uses that were not constructive, namely, the destruction of human life and property.

The trust indenture, which is not a very old legalism, is a great power for good and a great instrumentality for keeping this country moving and for the development of projects that mean jobs and the creation of national wealth; but a trust indenture when abused can also be a device that brings hardship, that brings agony, that brings hunger, and that brings distress not to thousands, not to hundreds of thousands, but to millions of our people. This has been a demonstrated fact ever since 1932.

The procedure under a trust indenture is very simple. You decide to build a $1,000,000 apartment building and the first thing you do is go and get a lot. Then you perfect plans through an architect to erect a building. Meanwhile you have gone to a security house and made arrangements to issue securities against that property, call them debentures, call them notes, call them real-estate bonds, call them what you will. The house of issue on a $1,000,000 property may give you $600,000 or it may give you $650,000, representing 65 percent of the value. In those rather lush and halcyon days back in 1926, 1927, 1928, and 1929 it was often customary to write up the values of lots and write up the values of buildings, so that finally the promoter or developer of the piece of property oftentimes had not 60 or 65 percent but had a note issue of 100 percent against the actual property. We found instances where they had issued bonds against the properties in excess of 100 percent, so that there was money enough to pay all fees and pay all commissions and have a little left over for those vagarious extras that often creep into promotion properties.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Mr. SABATH. Is that not also true of industrial bonds and stocks?

Mr. DIRKSEN. Quite true; it is not limited to real-estate organizations. It was at the bottom of the Kreuger & Toll matter and it was at the bottom of the Paramount-Publix trouble. It was not the entire cause of the depression, but the books are literally full of such instances, and the Securities and Exchange Commission has for years conducted investigations and filled whole volumes with the results of its investigations relative to industrial as well as real-estate reorganizations to show the abuses that crept in.

To get back to my illustration for a moment, here is a $1,000,000 property. The house of issue has issued $600,000 or $1,000,000 in securities against this property. It sells those securities on the market. Here are people living in all the States of the Union, having a little money in the bank. It is very tempting to invest money in one of these securities with a return rate of 5 percent, 6 percent, 7 percent—yes; it went to 8 percent in many instances that came within the purview of our committee. Those bondholders and security holders, who live all over the country, have to have some legal protection, so there was set up the trust indenture to go with the securities, and that trust indenture recited a trustee, gave to him certain duties and certain responsibilities, and imposed on him certain obligations. If, for instance, it was found that the rents or the emoluments of a property were insufficient to pay the interest or pay the serial installments on the principal when they became due, obviously the bond issue went into default.

There began at that point the responsibility and the duty of the trustee to conserve the property, to see that the taxes were paid, to rebut any liens that might be attached, and to be a fiduciary agent for the bondholders who could not protect themselves, first, because they were scattered among all the States of the Union and, secondly, they were innocent purchasers for value and often did not know how to proceed legally to protect themselves. Here then was this device known as a trust indenture or a mortgage with a denominated trustee who had certain solemn and, in my judgment, sacred responsibilities and obligations that he owed to the millions of people who were holding mortgage paper on industries, business enterprises, apartments, hotels, theaters, and projects of all kinds everywhere.

Those were the lush days, of course, but the trouble came when the properties went into default. We were living in a rather peculiar and unreal world back in those days. Prices were high, salaries and wages were high, and people thought nothing of paying $100 a month for an apartment, $200 a month or $500 a month, and, obviously, they put on all the traffic could bear; but in October 1929 there came the crash, and then something happened. The long queues of unemployment began to lengthen out and the sinister shadow of the depression began to sneak over the country, and so people everywhere living in apartments for which they were paying one hundred or two hundred dollars or more per month, moved from them summarily overnight. Some of them moved in with fathers, mothers, sisters, or brothers in order to get help and reduce expenses. Meanwhile, the income of these properties was going down. As purchasing power went down the returns from business and from theaters and from other enterprises went down and so it was only natural after a recession from these high economic levels that there should be a default on the bond issues that had been issued against thousands and thousands of properties that were capitalized anywhere from $100,000 to millions of dollars.

When there was default on the interest and they could not pay it at the end of the first year, or when there was default in meeting the first installment on the principal, that was when the law expected the trustee to step in under the powers conferred on him in the trust indenture to conserve the property and to look after the interests of the bondholders, but, unfortunately, that is not what always happened. What really happened was this. The same trustees were often under the influence and under the control and under the domination of the house of issue.

Let me read just briefly from the findings of the Security and Exchange Commission on this subject in a rather exhaustive volume which is a series of volumes it has published. This will be found on page 436 of page 1 of their report, dated May 10, 1937, under the caption of "Banker Management and Control Over Lists of Security Holders." They talk about the strategic value that went to the trustees or to the houses of issue, because they had control over so many of these listed securities, and here is what they say about the control of the indenture trustee:

> Under the reorganization system which has been in vogue, control over the indenture trustee has meant a large measure of control over the whole reorganization process. By and large, for purposes of reorganization, the indenture trustee has been controlled by the management and the bankers. This control has resulted from a variety of circumstances.
>
> In the case of real-estate issues the trustee has been commonly controlled by the house of issue, as a result of the common practice of designating an officer or affiliate of the house of issue as trustee.

That was the trouble. When thousands of issues of securities which were issued by hundreds of issuing houses in the country went into default, too often they selected somebody to represent them before this default ever eventuated, as a trustee, upon whom they could depend, and when the trustee sought to report on those matters and petitioned the court for a receivership, instead of doing it so as to help the bondholders' protective committee, the members of the committee were usually hand picked. There was no secret about it, and in the thousands and thousands of pages of testimony which we took in Baltimore, Philadelphia, Detroit, Chicago, Milwaukee, San Francisco, and New York, everywhere in the country, the practice was almost universally the same. There was a relationship between the trustee, the bondholders' protective committee, and the original house of issue. Then the abuses started in. They managed the properties, they took down the rents, the bondholders could not find out what was going on, they did not know what collections were made or how they were apportioned, they could not find out who their cocreditors were, and as a result there was set up one of the greatest abuses that this country has ever seen, and I measure my words when I say that those abuses contributed more to a continuation of the depression than any other single factor of which I am aware. That has to be corrected. Something has to be done to more clearly define the duties of trustees and impose penalties when necessary. Something has to be done about placing limitations on trustees. We must set up some kind of a trust indenture that should have certain provisions contained therein before the registration statement can be qualified.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. MAPES. Mr. Speaker, I yield the gentleman 10 minutes more.

Mr. DIRKSEN. And so there comes here a rather voluminous bill, which in large measure is devoted to defining the responsibilities and powers of the trustees and placing on them those limitations that, on the basis of experience since 1932, are absolutely essential if we are going to avert another crash in the future similar to the one we went through when the market crashed in October 1929.

Mr. HARNESS. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. HARNESS. I am very much interested in the discussion of this thing, in that the protective committees acquired control of these properties; and is it not a fact that many of these protective committees that were formed froze out the common-stock holders and acquired the property for a mere fraction of the preferred investment, and the houses of issue actually acquired the property?

Mr. DIRKSEN. That is quite correct. They developed a very ingenious kind of action. For instance, the house of issue, in the first place, had a list of the bondholders for a given property. They would hire their own salesmen and give them these lists and give them a dollar a hundred to go out and secure the deposit of bonds with the bondholders' protective committee. Once they had most of the bonds deposited, they were placed in a trust under a depository agreement, and then the bondholders' committee operated under that agreement, whereby they could take the bonds to a bank and pledge them for attorneys' fees or any kind of fees and expenses that came up, and virtually sell the bondholders down the river. They had nothing to say about it. If a few of them got together and retained counsel and went into court, they flashed on them a 40-page document known as a depositary agreement, and when they examined it, including the fine print and the large print, they found they had by their own signatures surrendered virtually every right, every interest, and every hope they ever had. It was just a part of this whole business that resulted from the crash of 1929, when the properties went into default and the trustees too often failed to exercise their proper responsibility.

Now, there are two sides to the story. I appreciate the fact that trustees could not always come in and foreclose, and then throw this property on the market, for if they did it would have shattered the real-estate-value structure in the country; and, secondly, they could not realize perhaps as much as they otherwise might if they held on a little while in the hope that there would be an appreciation in security values, and in the intrinsic value of the property; and so, while something may be said in behalf of a great many trustees, on the other hand, you must see there were laches, there was neglect on their part, and so billions in property values were summarily washed out. As we took testimony in the various cities, it was common in the Federal courtroom to have a thousand people crowd into the room and in the corridors, filled with hope, beating themselves on their breasts, and saying to this committee, "What are you going to do about getting our money back?"

We, as an instrumentality of the Congress of the United States, could not return their money. We were not set up for that purpose. We were seeking to get at the bottom of the abuses, in the hope that we could finally establish a kind of bottom value, run some of these sharp dealers to cover, and then set in motion a train of circumstances that would make values go up, whereby, if they held on long enough, their bonds might finally resume a normal value. In many instances that was done.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. How does this bill seek to remedy the situation which you describe?

Mr. DIRKSEN. In a word, I will say that it places legal restrictions, statutory restrictions upon the trustees. It tells what trustees must enter into the indenture picture. It defines certain limits of value. It gives power to the Securities and Exchange Commission. It requires a registration system. It provides the qualifications of indentures for registration. That is the substance of the bill, going on page after page setting out what these duties may be.

I call to the attention of the gentleman from Maryland [Mr. COLE] a provision that has disturbed me. I believe I shall offer an amendment. It will be found on page 102. It provides that when three bona fide holders of securities, for instance, go to a trustee in order to get the name of other security holders, in the hope that they can get together and develop a kind of constructive action for their own welfare, the trustee has one of two alternatives. He can either afford to such applicants access to all information so furnished to or received by such trustee or inform such applicants as to the approximate number of indenture security holders according to the most recent information so furnished to or received by such trustee, and as to the approximate cost of mailing to such indenture security holders the form of proxy or other communication, if any, specified in such application, which must first have been submitted.

I submit to the members of the committee that in my judgment that provision does not go far enough. I am not insensible to the fact that if you permit three bona fide holders of securities to get lists so that they can get together with the others to submit a plan of action, abuses may creep in. They may hire an unscrupulous attorney who may take the job for no other purpose than to get himself into court, in the hope of getting his hands on the property. I recognize there is that danger, but in all the experiences that we have had with respect to this identical provision, I will say to you that the abuses on the side of nondisclosure of the names of security holders is infinitely greater than it would be if they fell into the hands of an unscrupulous attorney.

Let me tell you what the Securities and Exchange Commission says about this list, reading again from their report:

> In the real-estate field, control over the lists has unquestionably been in the hands of the houses of issue. And the real-estate houses of issue have used to the fullest extent the strategic advantage which this control gave them.
>
> Particularly in the real-estate field, houses of issue possessed a special advantage in this respect. Not only were the holdings unusually small and the holders exceptionally depressed, but the lists were unusually complete. This resulted from the many roles which the real-estate bond houses occupied as originator, as paying agent, as sales organization, and as those making the market.

They did not want the security holders to get together. We have observed that fact so often, because if all of them were concentrated within the confines of a single State or two States, they might have gotten together and they might have met with the equity holder of the property, and they might have submitted a plan or reorganization to the court, and finally saved the value of their securities. But where they are scattered in four or five States, where the house of issue has the only lists and where those lists were put on the auction block for sale and sold for as high as $25,000 a list, my notion is that this bill will not be complete unless you say to a given number of bona fide holders of securities that they can come in and make a 5-day application to the trustees and demand as a matter of right that they know who the other security holders are in a piece of property, and if they want to get together to save their values and save their investments, under the dome of heaven and the law of this country they should not be deprived of what I regard to be that elemental and essential right.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield.

Mr. DIRKSEN. I yield.

Mr. MARTIN of Colorado. It seems to me that a committee of three is entirely too small in an enterprise of any magnitude. It seems to me it should require a larger committee. It seems to me there would be many committees of three running after the lists, and somebody could get the jump on the thing, and that would be just as bad as the original situation.

Mr. DIRKSEN. This does not refer to any constituted committee. This simply says that if three or more indenture security holders state that the applicants desire to communicate with other indenture security holders with reference to their rights in such indenture or such indenture security and accompanied by the forms of proxy, then on the basis of that application the trustee can do two things.

He can say to them when they come into his office: "I will give you a list under subsection 1," or he can say: "I can inform you as to the number and tell you what it will cost to send a proxy." This is not enough by any means, in my judgment, in order to preserve that interest and to safeguard against the abuses that we saw on every hand.

Mr. MARTIN of Colorado. It looks to me as though a committee of three was not large enough.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. DIRKSEN. Mr. Speaker, I apologize to the gentleman from Michigan for having taken so much of his time. I feel that I have had far more than my share of the time.

I think you will find that if a man invests $1,000 in the purchase of a security of a real-estate property and then finds two or three co-creditors who are not satisfied with the way the trustees administer the matter after it has gone into default, as a matter of right irrespective of maladministration or abuses that may creep in he ought to have access to the names of the rest of the people who are creditors in the hope that they will get together. Where a group of creditors get together they are not likely to let the property go on the bargain block or permit unusual fees to be allowed. A continuance of the abuses sought to be corrected by this bill will have a depressing effect upon the whole economy of this country.

Mr. MARTIN of Colorado. It looks to me as though the house of issue could have those three fellows framed up.

Mr. DIRKSEN. On the other hand there are abuses that are of even greater magnitude on the other side and the surest and most certain method of correcting that abuse is to permit bona fide holders for value to have a full and free opportunity to cooperate with other security holders in the interest of conserving and rehabilitating the property.

Mr. MAPES. Mr. Speaker, I have no further requests for time, and I know of no opposition to the rule.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. MCLAUGHLIN). The question is on ordering the previous question.

The previous question was ordered.

The resolution was adopted.

AMENDMENT OF THE CLAYTON ACT

The SPEAKER. Does the gentleman from New York [Mr. CELLER] desire recognition?

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill S. 2150, an act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, insist upon the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. CELLER, WEAVER, and GUYER of Kansas.

TRUST INDENTURE BILL OF 1939

Mr. COLE of Maryland. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2065) to provide for the regulation of the sale of certain

securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes; and pending that I ask unanimous consent that it shall be in order to consider the substitute amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, that such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill, and that any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2065, the trust indenture bill of 1939, with Mr. WALTER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Maryland [Mr. COLE] is recognized for 1 hour, and the gentleman from Michigan [Mr. MAPES] is recognized for 1 hour.

Mr. COLE of Maryland. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The gentleman from Maryland is recognized for 10 minutes.

Mr. COLE of Maryland. Mr. Chairman, it is not my purpose to consume very much time, although an hour is available to each side for debate. This is a very important bill; it is a lengthy bill; but to conserve time we shall not use the entire hour. When the bill is read for amendment under the 5-minute rule, I understand some amendments will be offered, and in this way the provisions of the bill will be possibly more intimately discussed than they could be in general debate.

Before proceeding to a discussion of the bill, I want to thank my friend the gentleman from Illinois [Mr. SABATH] for his very kind reference to my work in this matter. Alone I could not have presented this problem. As it is, working with a subcommittee composed of the gentleman from Oklahoma [Mr. BOREN], the gentleman from New York [Mr. O'TOOLE], the gentleman from Michigan [Mr. MAPES], and the gentleman from Tennessee [Mr. REECE], all of whom have given much of their valuable time, we have, I believe, brought to you as fair a translation of what has been recommended is needed in this important field as it is possible to do. Our main committee, presided over so efficiently by Chairman LEA, of California, gave full and adequate thought to the bill before reporting it to the House.

During the important and at times rather hectic days when we were considering the holding-company legislation and the securities and exchange legislation, especially in 1934 when we passed the Securities and Exchange Act, Congress provided in section 211 of that act that the Securities and Exchange Commission be authorized and directed to make a study and investigation of the work, activities, personnel, and functions of protective and reorganization committees in connection with the reorganization, readjustment, rehabilitation, liquidation, or consolidation of persons and properties, and to report the result of this study and investigation and its recommendations to the Congress on or before January 3, 1936. That study, a very intensive and complete one, was conducted by the Securities and Exchange Commission. At the same time the so-called Sabath committee of this House, the activities of which were referred to by the gentleman from Illinois [Mr. SABATH] and the gentleman from Illinois [Mr. DIRKSEN], covered to some extent the field covered by the Securities and Exchange Commission.

Volume 6 of the Commission report deals entirely with indentures. At the time Mr. Landis was Chairman of the Commission, following the regime of Mr. Kennedy, there came into the employment of the Securities and Exchange Commission Mr. William O. Douglas, now Mr. Justice Douglas, of the Supreme Court of the United States. He was assigned this task, and it was his particular job. In the hearings of 1938 held by the Committee on Interstate and Foreign Commerce, Mr. Douglas appeared as the main proponent of this legislation.

Since Mr. Douglas was appointed to the Supreme Court of the United States, and our former colleague, Congressman Eicher, of Iowa, became a member of the Securities and Exchange Commission, much of the detail associated with this problem has been handled very efficiently by Mr. Edmund Burke, Jr., Mr. Robert McKellar, and Mr. Paul Branin, of the staff of the Securities and Exchange Commission. They have been most fair in their contacts with the committee and indescribably helpful in working out this intricate problem. Along with this association the committee has had the benefit of the invaluable services of the legislative counsel, Mr. Allan H. Perley, whose work on the Interstate and Foreign Commerce Committee of the House is reflected in all of the important measures which have been reported by that committee in the past 10 years.

Mr. Chairman, I ask unanimous consent to revise and extend my own remarks and to include numerous extracts from the hearings and correspondence on this subject, as well as extracts from the report of the committee.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. COLE of Maryland. Mr. Chairman, I quote now from the testimony of Mr. William O. Douglas, now Mr. Justice Douglas, of the Supreme Court of the United States:

> The Commission made a study and investigation pursuant to section 211 of the Securities and Exchange Act of 1934, and the enumeration of the defects contained in section 1 of the bill is based upon the records of the public hearings conducted by the Commission in that investigation and upon an examination by the Commission of more than 400 trust indentures of issuers of all types, most of them made after 1920.
>
> The Commission submitted to the Congress a report on trustees under indentures in June of 1936. Following that time the Commission assisted in the preparation of legislation to recommend to the Congress, and the bill which was worked out was, as you know, introduced by Senator BARKLEY in the Senate.

With Mr. Justice Douglas' statement is found a letter from Mr. Blaine B. Coles, vice president of the First National Bank of Portland, Oreg., to which I will refer because of certain language. This letter was discussed in the hearings conducted by the subcommittee on this bill during the present session. That letter in part reads as follows:

> I should like to say to you that while I do not now speak as an official of the American Bankers' Association, yet I know that for the most part the bill has the approval of the great majority of trust institutions in the country, especially those located in cities west of the Mississippi River. Most trust men who have given serious consideration to the bill are in accord with the aims and objectives of the bill. Most of us also feel that the bill as now drafted is entirely workable and that regulations can easily be prepared that will provide for a simple, speedy, and direct administration.
>
> If it should prove in practice that amendments are necessary, you may count upon my assistance in helping to work out such changes as experience indicates will be desirable. Speaking personally and at the same time reflecting what I believe is the attitude of trust men in the West and Middle West, may I say that I hope the bill will pass in nearly as possible its present form.

I may state again that this letter was criticized in our hearings held this year. I refer to it, although I am not in sympathy with the criticism.

Mr. LEWIS of Colorado. On what page was that quotation?

Mr. COLE of Maryland. Mr. Douglas' statement is found on pages 16 and 17 of the hearings of last year, the hearings held on H. R. 10292, and, in connection with this year's hearings, I refer to the testimony of Mr. Amberg.

Mr. DARDEN. Will the gentleman yield?

Mr. COLE of Maryland. I yield to the gentleman from Virginia.

Mr. DARDEN. What does the gentleman estimate will be the cost of the administration of this bill on the part of the Securities and Exchange Commission?

Mr. COLE of Maryland. I think the additional cost will be very, very small, because the administration of this particular bill dovetails naturally into the work already being done by the Commission's staff. Under the Securities Act of 1933 copies of indentures must now be filed with and examined by the Commission in connection with registration statements filed under that act. I have no estimate myself. I think that is a matter for the Appropriations Committee.

Mr. DARDEN. Has the gentleman any estimate as to whether additional personnel or people will be required to administer this?

Mr. COLE of Maryland. No. I have no estimate, I am sorry to say, but I will be very much surprised if much additional personnel is required.

Mr. Chairman, this bill has been considered, as originally introduced, by the Federal Reserve Board and the Federal Deposit Insurance Corporation. The Federal Reserve Board felt that there might well be some delay in the consideration of such legislation, but nevertheless stated that they recognized that there have existed in the past abuses in connection with corporate trust indentures, which this bill is designed to remedy. The Board also felt that the interests of investors would be better served if the responsibilities of corporate trustees were more clearly defined, if they were required to exercise a greater degree of diligence than has been exercised at times in the past, and if they were not permitted to occupy positions conflicting with their fiduciary responsibilities.

The Federal Deposit Insurance Corporation endorsed the bill in the strongest possible language, and I read in part from their letter:

In harmony with the general policy evidenced by the Securities Act of 1933 and Securities and Exchange Act of 1934, the bill under consideration undertakes to extend protection to investors by requiring that trust indentures exact from the trustee the same high standard of conduct now observed by the leaders in the corporate trust field. We believe that the bill accomplishes its aims without unduly adding to the liability of the trustee.

[Here the gavel fell.]

Mr. COLE of Maryland. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, this letter concludes with the following statement:

In my opinion, the passage of this bill would have a beneficial effect in promoting the financing of business. The confidence of investors would be promoted, and consequently the flow of funds into investment channels would be encouraged.

Mr. Chairman, I read those statements in conclusion, with the privilege of extending my remarks in the RECORD for the benefit of the Members of the House, to show that the great bulk of the indenture financing takes place in our large cities, New York and Chicago, those cities having by far the larger percentage of the business. That is to be expected. The following table is taken from the hearings on the bill before the House subcommittee this year:

GEOGRAPHICAL DISTRIBUTION OF TRUSTEESHIPS UNDER SECURITIES ACT REGISTRATIONS FOR 2 YEARS AND 8 MONTHS ENDED DECEMBER 31, 1938

The appended table presents the results of an examination of the geographical distribution of trusteeships for bonds, debentures, and notes registered under the Securities Act during the period from May 1, 1936, to December 31, 1938. In view of the increase of the maximum exemption from $250,000 to $1,000,000, issues of $1,000,000 or less are excluded.

The significant fact demonstrated by these tables is the extent to which trusteeships for issues which would be affected by the bill are concentrated in institutions located in the larger financial centers, particularly New York and Chicago.

For example, New York and Chicago institutions were awarded trusteeships under 80.2 percent in dollar amount of all issues of more than $1,000,000. The addition of institutions located in Boston, Cleveland, Milwaukee, Philadelphia, Pittsburgh, St. Louis, and San Francisco brings the percentage up to 95.0 percent in dollar amount, leaving only 5 percent for all the rest of the country.

If we take as our basis of comparison the number of issues rather than the dollar amount, the figures are almost as impressive. New York and Chicago institutions get 65.8 percent of the issues, and the addition of institutions in the other seven cities mentioned brings the percentage up to 86.5 percent.

As might be expected, an even greater proportion of the larger issues goes to institutions in these nine cities: Of issues over $5,000,000, New York and Chicago institutions became trustees under 76.3 percent; and together with institutions in the other seven cities, became trustees under 91.4 percent.

Issues over $1,000,000

	Issues		Principal amount	
	Number	Percent of total	Dollars	Percent of total
New York	122	51.5	2,723,206,977	64.7
Chicago	34	14.3	660,496,045	15.5
Together	156	65.8	3,383,703,022	80.2
Boston, Cleveland, Milwaukee, Philadelphia, Pittsburgh, St. Louis, San Francisco	49	20.7	627,136,300	14.8
All others	32	13.5	231,042,170	5
Total	237	100	4,241,881,492	100

In this bill we provide for an exemption for issues not in excess of $1,000,000 because of the disproportionate expense. The bankers of the country criticized the original bill quite severely as being expensive and troublesome, and we found from our investigation there was no necessity for bringing the smaller issues under this legislation.

The committee report is a lengthy one and deals with the subject in detail. It presents a further step, following the debacle of 1929, in the determination on the part of Congress to legislate on the important subject of regulating our stock exchanges and the issuance of securities. It is a worth-while step in assuring to the investing public of this country that they are going to be treated fairly. In my experience from this investigation, I believe that the bankers of this country, in the main, sense the need for such a responsibility on their part.

In 1934, under the Rayburn bill, when we did not feel that sufficient information was then available to legislate on this important topic, we directed an investigation. After the hardest kind of work the Commission brings recommendations to us. This bill translates into legislation, in the fairest way I believe we can possibly accomplish it, the recommendations of the Securities and Exchange Commission and the common-sense criticisms of the committees of investment bankers and the American Bankers Association. I say to you, Mr. Chairman, that this bill, possibly for the first time, is an effort on the part of the Securities and Exchange Commission, sitting around the table in a common effort with the bankers of the United States, to deal with their problems and look ultimately to the protection of the investing public. There was not unanimity of opinion, but I say again that for the first time there was a happy association between Government and business, an association we want to encourage. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I have no desire to delay the consideration of this bill. I am in favor of its passage. It is a sort of supplement to two pieces of legislation which have been passed by Congress in the last few years, the Securities Act of 1933 and the Securities and Exchange Act of 1934. I supported both those measures, and I am supporting this one. In its present form I believe this is a reasonable bill both from the standpoint of protection to investors and from the standpoint of bankers and promoters of capital securities. It is not extreme in its provisions. When the legislation was first introduced in the last Congress, there was considerable opposition to it. This opposition has very largely faded away now. The bill which is presented to the Committee today is a very different bill from the one that was introduced originally in the last Congress and quite different from the one that was passed by the Senate in this Congress. I believe it is fair to say that the investment and commercial bankers of the country, while not affirmatively urging the passage of it, are not finding any particular

fault with the provisions of it as presented here today, if legislation on the subject in any form is to be passed.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. I note in the hearings, on pages 101 and thereafter, a statement made on April 5, 1939, by a gentleman I have known very well and very favorably for a long time, Mr. John J. Sullivan, of Denver, a man of the highest character, who I know deplores the evils this bill is supposed to rectify. I notice Mr. Sullivan very strongly criticizes the bill, which at that time was under consideration. I wish to ask the gentleman if there has been any change in the scope of the bill or the terms of it from what were then under consideration? I refer particularly to page 105 of the hearings and to Mr. Sullivan's entire statement at pages 101 to 106 of the printed hearings.

Mr. MAPES. I do not for the moment recall the criticism which Mr. Sullivan made. However, the hearings before the subcommittee of the Committee on Interstate and Foreign Commerce were had upon the bill as passed by the Senate. I may say to the gentleman from Colorado that the subcommittee has materially changed that bill. In fact, it has entirely rewritten it and reported the committee draft as a substitute to the Senate bill. If the gentleman has in mind Mr. Sullivan's particular criticism, perhaps I can answer his question more definitely.

Mr. LEWIS of Colorado. The cost of the registration of the securities is one point raised by Mr. SULLIVAN. As the gentleman well knows, there has been a tendency to do away with public offerings and to sell securities at private sale because of the tremendous expense in time and money which has been involved in connection with the registration of offerings of securities. This bill would seem to tend materially to increase that expense.

Mr. MAPES. There is a good deal of expense involved in complying with the provisions of the law, that is true. Personally, I hope that the expense may be reduced. However, I believe it is fair to say that a good deal of the expense incurred in the flotation of new issues would have to be incurred if there were no Securities and Exchange Commission, such as the expense of underwriters and the fees of lawyers, engineers, and accountants, and so on. The tendency now is to charge all this cost to the securities and exchange legislation, when, as a matter of fact, only a part of it is due to such legislation.

Mr. LEWIS of Colorado. That is not my information. My information is that very considerable additional expense in both time and money will be caused by this bill.

Mr. MAPES. Let me say to the gentleman from Colorado that the additional expense is material. Personally, I hope it may be reduced, but it is not the largest part of the expense.

Mr. LEWIS of Colorado. I may say to the gentleman that is not the information I have received from men of the highest character in the banking and investment-banking business and in business concerns seeking to raise money in the open market for legitimate enterprises.

Mr. MAPES. I believe if the gentleman will investigate that matter carefully himself he will reach the conclusion I have stated.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield myself 5 additional minutes.

Mr. LEWIS of Colorado. My informants' statements are further to the effect that this bill will greatly increase the cost of registration and will accelerate the present tendency either to abandon the idea of offering securities at all or to sell them at private sale. I wish to say for myself that I was in favor of and voted for the original securities bill and the securities and exchange bill when they were under consideration here, and I most heartily concurred in the necessity to correct those evils which were sought to be corrected. But sometimes I believe that in our anxiety to correct evils we bring upon ourselves, and upon business as well, other evils that are almost comparable with those which are sought to be corrected.

Mr. MAPES. I believe the gentleman from Colorado has rather concisely stated almost the entire argument against the passage of this legislation. I would not feel justified in saying that there is no ground for the criticism which the gentleman's question implies. There is bound to be some additional expense, of course, because of this legislation. Perhaps the tendency to seek capital without going through the requirements of complying with the law administered by the Securities and Exchange Commission will also be increased some by the passage of this measure; on the other hand, I believe there is very little in this bill to which legitimate objection can be made.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Maryland.

Mr. COLE of Maryland. I wish to say for the further benefit of the gentleman from Colorado that on pages 27 and 28 of the report of the committee he will find quite a detailed break-down and summary of the expense involved in the flotation of issues. This summary shows what a small percentage of the cost is actually attributable to what I believe the gentleman has in mind.

Mr. MAPES. I had those figures in mind in the colloquy with the gentleman from Colorado, although I did not recall the exact percentages.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield for one further observation?

Mr. MAPES. I shall be pleased to yield.

Mr. LEWIS of Colorado. I want to say in all courtesy to this splendid Committee on Interstate and Foreign Commerce and to the subcommittee that has brought in this bill, I think it is most unfortunate to bring in, during what is rumored at least to be the closing days of this session, a highly complicated and technical bill which, it is manifest, at least vitally affects the business of this country and within 2 hours to take it up, consider it, and pass it. As we look around the House here we see a very, very small membership present. I say that in all courtesy, but I think it is most unfortunate to bring up a most important bill of this sort at this time and in this manner.

Mr. MAPES. Mr. Chairman, let me say to the gentleman from Colorado that, as he knows, it has often been said that the greatest compliment that can be paid important legislation or the committee reporting it is to have a small attendance in the House when such legislation is brought up, because it shows confidence in the committee that reports it and that there is very little controversy over the legislation itself. Bring in a piece of legislation that is controversial and there will be a large attendance of the House, but bring in an important piece of legislation that has been very carefully prepared and worked out, which is not controversial, and you will have an attendance such as we have here this afternoon.

Mr. LEWIS of Colorado. Let me say to the gentleman further that sometimes that is due to the fact that in the rush of the closing days of the session the membership has not considered or cannot find the time to study and carefully to consider a complicated bill. However, I wish to emphasize that the confidence of the House in this great Committee on Interstate and Foreign Commerce, of which the gentleman is a distinguished and able member, is fully justified. But there is scarcely ample opportunity during these crowded days to go into the complicated provisions of a long bill of 62 pages within the time allotted and at this stage of the session.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield for just a brief observation?

Mr. MAPES. I yield, although I am taking more time than I had any idea of taking.

Mr. MURDOCK of Arizona. I have not had time to give this bill careful study, but I am willing to take it on faith in the wisdom of this Committee, and, of course, shall support it. I just want to call attention to the fact that the necessity which compels us to safeguard the interests of the investing public has brought on to the statute books quite a bit of legislation in recent years, and this, I take it,

is another step in that direction. I heartily approve of such protective laws, but regret the need of them. I want to point out just one thing, and that is that certain industries have been cramped a bit, especially if they be of a speculative nature, such as mining, by the rigid requirements of the Security and Exchange Commission and the legislation backing it. While this is not the place to find it, for this does not deal with stocks and that sort of investment, I do wish we might find some way to permit capital to go into this hazardous, speculative industry of mining with a little more freedom than is permitted in other lines of business. Of course, such investors must know they take a chance. I would not tear down our blue-sky laws or open up the way for swindling the public, you understand, but simply to make a little more suitable to the nature of the business the possibilities of investing in the mining business.

Mr. MAPES. I thank the gentleman for his statement.

Mr. Chairman, let me say very briefly that this is the kind of legislation I believe in. I supported the Securities Act of 1933 and the Securities Exchange Act of 1934, and, as I have said, I am supporting this legislation. There are two questions, however, which arise in my mind in regard to this legislation at the present time. One is whether this is an opportune time to pass it, and the other is whether we are loading the Securities and Exchange Commission with more work than it is possible for it to handle properly.

The capital market now is extremely sensitive, and we must be careful, even in the passage of desirable legislation, not to do anything to retard business recovery or the flotation of new capital issues that are legitimate and good. I am also impressed with the fact that the Securities and Exchange Commission has a tremendous job on its hands already, and the friends of the Commission should give attention to the question of how much more work it can handle to advantage. As far as the Commissioners themselves are concerned, I hear good reports of them. They have the reputation of being willing to sit down and discuss registration statements and other questions with those interested; but, of course, physical limitations make it impossible for them to see very many, and probably the big fellows for the most part are the only ones who are able to see the Commissioners personally. Others must do business with subordinates.

The criticism which I hear of the work of the Commission is that it has not enough people with experience in its organization to handle the work which it must necessarily pass upon, and this bill of course is going to add to its work. I think the Commission should give attention to these two matters and try, as far as it can, to perfect its organization and encourage legitimate business all it can.

Mr. HAWKS. Mr. Chairman, will the gentleman yield?

Mr. MAPES. Yes.

Mr. HAWKS. Will this legislation tend to cut down the interpretation and the making of new rules and regulations by the Commission?

Mr. MAPES. This bill as originally introduced left a great deal to the discretion of the Commission. The substitute as reported by the Committee on Interstate and Foreign Commerce eliminates very largely the discretionary features and incorporates into the legislation itself what shall be put into these trust indentures. Of course, it is left to the Commission to determine whether the law is complied with but I think it may be said that the bill eliminates as far as it is practical to do so the discretionary power of the Commission.

Mr. HAWKS. I spent many years in the investment business, and I know that one of the major criticisms of the Commission by legitimate houses has been the laxity in the law itself. It is always left to the interpretation of individuals of the Commission.

Mr. MAPES. On that point I think it is fair to say that the representative of the investment bankers who has been in consultation with the members of the subcommittee endorses that feature of the bill, and makes no criticism of it, but commends the subcommittee for having eliminated the discretionary power to which the gentleman from Wisconsin refers.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. COLE of Maryland. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I was indeed surprised to listen to the gentleman from Colorado [Mr. LEWIS], who criticizes the committee for bringing out this bill at this late hour without giving the membership ample opportunity to familiarize itself with the bill and consider it. This bill was originally introduced 3 years ago. I introduced the first bill on the subject 3 years ago, and this bill was taken up on May 3, and reported on June 30. Many days have passed since the reporting of the bill. The gentleman is fearful that it will cost a little to the investment bankers, or those who handle these securities. I assure the gentleman that the additional $2 it will cost to investigate will be an insurance to the investor, and in addition to that it will help these very institutions to market the securities, because if the people are satisfied that they are founded on facts, that there is value behind the securities, they will buy them. So the gentleman need not be alarmed and he should not criticize the committee or the House. The bill will be taken up under the 5-minute rule. The gentleman will have ample opportunity to offer any amendments he desires and to speak on those amendments and generally do as he pleases. The gentleman helped to bring in the rule, which is a very liberal one, and which permits each Member to offer amendments and speak on the bill.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. LEWIS of Colorado. I say to my friend from Illinois, the chairman of the Committee on Rules, on which committee I have the honor and pleasure of serving under him, that I was not criticizing either the committee or the House of Representatives. I was deploring the situation in which a complicated, far-reaching bill such as this is brought up in this manner at this time late in the session. Further, I am not seeking protection merely for the investment bankers, which is, however, a legitimate business. What gives me most concern is that it may perhaps retard what we have hoped is a growing recovery in business.

Mr. SABATH. Oh, this will help it. If the gentleman had listened to the explanation I made of this, he would see that it will help business. This will bring about confidence in these securities. When people know the securities have been properly examined and passed on, they will come forward and invest their money, which they have now in the banks, and, therefore, it will help business.

Mr. COLE of Maryland. Possibly the gentleman from Colorado does not appreciate that this bill is not reported from the Committee on Banking but from the Committee on Interstate and Foreign Commerce, and I am wondering if that accounts for the gentleman's confusion.

Mr. LEWIS of Colorado. Oh, if I miscalled the name of the gentleman's committee, that was a mere slip of the tongue, which I regret. I understand fully which great committee has brought the bill in.

Mr. SABATH. The gentleman, as a rule, is very well informed on what is transpiring in the House and I give him credit for knowing, but I think he is unduly alarmed and does not realize how much good this will do. I think he and everyone else who were instrumental in bringing about the consideration of this bill is entitled to the thanks of the country, because I know it will help business and conditions in general.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. COLE of Maryland. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. LEWIS of Colorado. I say to the gentleman from Illinois that I voted for the special investigating committee of which he was the head and appreciate the immense amount

of work it did in its investigation of these reorganizations. But I question whether this particular bill meets that situation. I am a little bit dubious about whether, in seeking to bring about the excellent results which we all know should be brought about, we are not going a little too far and thereby will defeat the very results which we are seeking.

Mr. SABATH. I am satisfied that the bill as it is is excellently drafted. There will be a few amendments I will offer that will make it even stronger.

Mr. LEWIS of Colorado. Herewith I insert part of the statement made by Mr. John J. Sullivan, of Denver, which appears on page 105 of the hearings, to which statement I referred a few minutes ago:

"It appears to us that H. R. 5220 is undesirable in many respects, even though some of the purposes attempted to be obtained thereby are meritorious. In general, the bill seems to us to be especially objectionable for the following reasons:

"1. Throughout, it confers upon an administrative body practically complete power to write the indenture or contract for the parties to the contract, and also the power to make its own rules on technical subjects and to interpret the rules so made by it.

"2. The enactment of the bill would unquestionably greatly increase the cost of borrowing and thus would curtail financing of this character. By reason of such increased cost, the enactment of the bill would tend to increase 'private placement' which, in our opinion, is undesirable from the standpoint of public policy in that it prevents small investors, both private and institutional, from participating in sound security issues and in that it further tends to concentrate wealth in a few metropolitan centers. Furthermore, the enactment of the bill would tend to concentrate corporate trusteeships in the hands of the banks in the large metropolitan areas, which is objectionable for many reasons, one of the most important of which is that a sound corporate institution situate in the locality of the property subject to the indenture can more effectively administer the trust than can a trustee situate many miles distant.

"3. The bill, both by general and specific language, imposes such burdensome duties, responsibilities, and restrictions on the trustee that responsible trustees would probably not act under such an indenture. Or, if they were willing to accept the responsibility, their charges would have to be commensurate with the responsibilities and duties and thus make the operation prohibitive from the standpoint of cost to the borrower.

"4. The bill attempts to define in detail what is a conflicting interest, and most of the relationships so defined are not conflicting interests and in most cases only represent a remote possibility of a conflicting interest ever arising. If the bill were to be enacted, it means in many instances, and more so in the small localities, that a bank would have to refuse or relinquish business, with no benefit conferred upon the bondholders by so doing. Also, under the definitions now contained in the act a relationship which is so-called conflicting may be only temporary in character but still the trustee would have to relinquish one of the relationships even though its acting in both capacities would not be prejudicial to the bondholders. For example, assume that the trustee under the corporate indenture were also named as executor of the will of a stockholder who holds stock in an amount of 25 percent or more of the voting securities then the trustee would have to relinquish either one of the two offices even though the stock might be specifically bequeathed by the will and the holding of the stock by the executor was simply a temporary situation during the period of administration. The way the bill is now drawn if 5 percent of the voting stock of the trustee is beneficially owned by a director of the obligor then the bill prevents the trustee from acting under the indenture and it is submitted that such an interest cannot be seriously considered as being a conflicting interest.

"5. The so-called rescue loan provision of the act is objectionable from many angles, but more particularly from the angle that it condemns loans of this character even though such loans are made in good faith, and that provision would prevent, in many instances, an obligor from obtaining needed short-term credit.

"It is our opinion that the bill will not accomplish the purposes for which it is aimed and that its enactment will increase the difficulty and expense of obtaining funds for the expansion and operation of business and will work to the special disadvantage of the smaller corporations, banks, and investors. If it is necessary to adopt some regulation in order to prevent certain abuses heretofore practiced in connection with this type of financing and to exert some control over the trustee, we submit that such regulation can better be accomplished through rules promulgated by the Federal bank-examining agencies."

In conclusion, let me say that at the present time the investment business is the quietest that I have seen it in my 20 years' experience. The last thing the business needs is more legislation, which will further complicate matters. What the business does need, and what the country needs, if we are to have any lasting prosperity, is for the capital markets to be reopened. The enactment into law of the Cole bill would, in our opinion, place a serious obstacle in the way of this much-to-be-desired event.

Mr. COLE of Maryland. Mr. Chairman, I understand the gentleman from Michigan [Mr. MAPES] has no further requests for time. We have no further requests on this side, and I ask that the Clerk read the bill.

Mr. CULKIN. Mr. Chairman, unfortunately I did not hear the statement of the gentleman from Maryland.

Mr. COLE of Maryland. I have just made the statement that there were no further requests for time and that the Clerk might read the bill.

Mr. CULKIN. I wonder if the gentleman will yield me a couple of minutes to ask him a question?

Mr. COLE of Maryland. I withdraw my request that the Clerk read the bill, Mr. Chairman, and I yield the gentleman from New York 2 minutes.

Mr. CULKIN. Of course, the Sabath Investigating Committee developed the fact that these trust indentures were so much waste paper. Does this legislation require a standardized form of indentures?

Mr. COLE of Maryland. Do you mean uniform form?

Mr. CULKIN. Yes.

Mr. COLE of Maryland. No. I think it standardizes what shall go into all of them. I imagine lawyers all over the country will construe it in different language. We are not drawing an indenture in this bill.

Mr. CULKIN. As a result of this bill the Securities and Exchange Commission may require an indenture that may be something more than mere waste paper?

Mr. COLE of Maryland. Oh, undoubtedly. I will say to the gentleman that while he was off the floor the gentleman from Illinois [Mr. SABATH] and the gentleman from Illinois [Mr. DIRKSEN] referred to the fine work of the committee of which the distinguished gentleman from New York was a member.

Mr. CULKIN. I do not wish to admit that, because I was a member of the committee.

Mr. COLE of Maryland. I will admit it for the gentleman.

Mr. CULKIN. I thank the gentleman.

Mr. COLE of Maryland. Mr. Chairman, I renew my request that the Clerk read the bill.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That the act entitled "An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes," approved May 27, 1933, as amended, is amended by adding at the end thereof the following:

"TITLE III

"SHORT TITLE

"SEC. 301. This title, divided into sections as follows, may be cited as the 'Trust Indenture Act of 1939':

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"TITLE III

"Sec. 301. Short title.
"Sec. 302. Necessity for regulation.
"Sec. 303. Definitions.
"Sec. 304. Exempted securities and transactions.
"Sec. 305. Securities required to be registered under Securities Act.
"Sec. 306. Securities not registered under Securities Act.
"Sec. 307. Qualification of indentures covering securities not required to be registered.
"Sec. 308. Integration of procedure with Securities Act and other acts.
"Sec. 309. When qualification becomes effective; effect of qualification.
"Sec. 310. Eligibility and disqualification of trustee.
"(a) Persons eligible for appointment as trustee.
"(b) Disqualification of trustee.
"(c) Applicability of section.
"Sec. 311. Preferential collection of claims against obligor.
"Sec. 312. Bondholders' lists.
"Sec. 313. Reports by indenture trustee.
"Sec. 314. Reports by obligor; evidence of compliance with indenture provisions.
"(a) Periodic reports.
"(b) Evidence of recording of indenture.
"(c) Evidence of compliance with conditions precedent.
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"(e) Recitals as to basis of certificate or opinion.
"(f) Parties may provide for additional evidence.

"Sec. 315. Duties and responsibility of trustee.
"(a) Duties prior to default.
"(b) Notice of defaults.
"(c) Duties of the trustee in case of default.
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"Sec. 316. Directions and waivers by bondholders; prohibition of impairment of holder's right to payment.
"Sec. 317. Special powers of trustee; duties of paying agents.
"Sec. 318. Effect of prescribed indenture provisions.
"Sec. 319. Rules, regulations, and orders.
"Sec. 320. Hearings by Commission.
"Sec. 321. Special powers of the Commission.
"Sec. 322. Court review of orders; jurisdiction of offenses and suits.
"Sec. 323. Liability for misleading statements.
"Sec. 324. Unlawful representations.
"Sec. 325. Penalties.
"Sec. 326. Effect on existing law.
"Sec. 327. Contrary stipulations void.
"Sec. 328. Separability of provisions.

"NECESSITY FOR REGULATION

"SEC. 302. (a) Upon the basis of facts disclosed by the reports of the Securities and Exchange Commission made to the Congress pursuant to section 211 of the Securities Exchange Act of 1934 and otherwise disclosed and ascertained, it is hereby declared that the national public interest and the interest of investors in notes, bonds, debentures, evidences of indebtedness, and certificates of interest or participation therein, which are offered to the public, are adversely affected—

"(1) when the obligor fails to provide a trustee to protect and enforce the rights and to represent the interests of such investors, notwithstanding the fact that (A) individual action by such investors for the purpose of protecting and enforcing their rights is rendered impracticable by reason of the disproportionate expense of taking such action, and (B) concerted action by such investors in their common interest through representatives of their own selection is impeded by reason of the widespread dispersion of such investors through many States, and by reason of the fact that information as to the names and addresses of such investors generally is not available to such investors;

"(2) when the trustee does not have adequate rights and powers, or adequate duties and responsibilities, in connection with matters relating to the protection and enforcement of the rights of such investors; when, notwithstanding the obstacles to concerted action by such investors, and the general and reasonable assumption by such investors that the trustee is under an affirmative duty to take action for the protection and enforcement of their rights, trust indentures (A) generally provide that the trustee shall be under no duty to take any such action, even in the event of default, unless it receives notice of default, demand for action, and indemnity, from the holders of substantial percentages of the securities outstanding thereunder, and (B) generally relieve the trustee from liability even for its own negligent action or failure to act;

"(3) when the trustee does not have resources commensurate with its responsibilities, or has any relationship to or connection with the obligor or any underwriter of any securities of the obligor, or holds, beneficially or otherwise, any interest in the obligor or any such underwriter, which relationship, connection, or interest involves a material conflict with the interests of such investors;

"(4) when the obligor is not obligated to furnish to the trustee under the indenture and to such investors adequate current information as to its financial condition, and as to the performance of its obligations with respect to the securities outstanding under such indenture; or when the communication of such information to such investors is impeded by the fact that information as to the names and addresses of such investors generally is not available to the trustee and to such investors;

"(5) when the indenture contains provisions which are misleading or deceptive, or when full and fair disclosure is not made to prospective investors of the effect of important indenture provisions; or

"(6) when, by reason of the fact that trust indentures are commonly prepared by the obligor or underwriter in advance of the public offering of the securities to be issued thereunder, such investors are unable to participate in the preparation thereof, and, by reason of their lack of understanding of the situation, such investors would in any event be unable to procure the correction of the defects enumerated in this subsection.

"(b) Practices of the character above enumerated have existed to such an extent that, unless regulated, the public offering of notes, bonds, debentures, evidences of indebtedness, and certificates of interest or participation therein, by the use of means and instruments of transportation and communication in interstate commerce and of the mails, is injurious to the capital markets, to investors, and to the general public; and it is hereby declared to be the policy of this title, in accordance with which policy all the provisions of this title shall be interpreted, to meet the problems and eliminate the practices, enumerated in this section, connected with such public offerings.

"DEFINITIONS

"SEC. 303. When used in this title, unless the context otherwise requires—

"(1) Any term defined in section 2 of the Securities Act of 1933, as heretofore amended, and not otherwise defined in this section, shall have the meaning assigned to such term in such section 2.

"(2) The term 'sale' or 'sell' shall include all transactions included in such term as provided in paragraph (3) of section 2 of the Securities Act of 1933, as heretofore amended, except that a sale of a certificate of interest or participation shall be deemed a sale of the security or securities in which such certificate evidences an interest or participation if and only if such certificate gives the holder thereof the right to convert the same into such security or securities.

"(3) The term 'prospectus' shall have the meaning assigned to such term in paragraph (10) of section 2 of the Securities Act of 1933, as heretofore amended, except that in the case of securities which are not registered under the Securities Act of 1933, such term shall not include any communication (A) if it is proved that prior to or at the same time with such communication a written statement meeting the requirements of subsection (c) of section 305 was sent or given to the persons to whom the communication was made, by the person making such communication or his principal, or (B) if such communication states from whom such statement may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed.

"(4) The term 'underwriter' means any person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

"(5) The term 'director' means any director of a corporation, or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

"(6) The term 'executive officer' means the president, every vice president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

"(7) The term 'indenture' means any mortgage, deed of trust, trust or other indenture, or similar instrument or agreement (including any supplement or amendment to any of the foregoing), under which securities are outstanding or are to be issued, whether or not any property, real or personal, is, or is to be, pledged, mortgaged, assigned, or conveyed thereunder.

"(8) The term 'application' or 'application for qualification' means the application provided for in section 307, and includes any amendment thereto and any report, document, or memorandum accompanying such application or incorporated therein by reference.

"(9) The term 'indenture to be qualified' means (A) the indenture under which there has been or is to be issued a security in respect of which a particular registration statement has been filed, or (B) the indenture in respect of which a particular application has been filed.

"(10) The term 'indenture trustee' means each trustee under the indenture to be qualified, and each successor trustee.

"(11) The term 'indenture security' means any security issued or issuable under the indenture to be qualified.

"(12) The term 'obligor,' when used with respect to any such indenture security, means every person who is liable thereon, and, if such security is a certificate of interest or participation, such term means also every person who is liable upon the security or securities in which such certificate evidences an interest or participation; but such term shall not include the trustee under an indenture under which certificates of interest or participation, equipment-trust certificates, or like securities are outstanding.

"(13) The term 'paying agent,' when used with respect to any such indenture security, means any person authorized by an obligor thereon (A) to pay the principal of or interest on such security on behalf of such obligor, or (B) if such security is a certificate of interest or participation, equipment-trust certificate, or like security, to make such payment on behalf of the trustee.

"(14) The term 'State' means any State of the United States.

"(15) The term 'Commission' means the Securities and Exchange Commission.

"(16) The term 'voting security' means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement, or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person; and a specified percentage of the voting securities of a person means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

"(17) The terms 'Securities Act of 1933,' 'Securities Exchange Act of 1934,' and 'Public Utility Holding Company Act of 1935' shall be deemed to refer, respectively, to such acts, as amended, whether amended prior to or after the enactment of this title.

"(18) The term 'Bankruptcy Act' means the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, as amended, whether amended prior to or after the enactment of this title."

Mr. COLE of Maryland (during the reading of the bill). Mr. Chairman, in view of the fact that the bill is of such length and the Clerk is reading the committee amendment, I am going to ask unanimous consent that the reading be dispensed with, with the understanding that amendments to the bill may be offered to any section thereof.

Mr. DIRKSEN. Reserving the right to object, may I suggest that the gentleman dispense with the reading by sections rather than the whole bill. I have no objection to dispensing with the reading if we will do it section by section.

Mr. COLE of Maryland. I ask unanimous consent that the reading of section 302 be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. MAPES. Mr. Chairman, would not the gentleman from Maryland ask unanimous consent that the Clerk be authorized to simply read the section number in each instance?

Mr. COLE of Maryland. Mr. Chairman, I ask unanimous consent that in lieu of reading the sections in full the Clerk may read simply the numerical section number.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. SABATH. Mr. Chairman, I desire to offer an amendment to section 302.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 63, line 9, after the comma, insert "inclusive of voting trust certificates, liquidation trust certificates, and certificates of beneficial interest."

Mr. SABATH. Mr. Chairman, I will address myself to the chairman of the subcommittee.

I have endeavored to explain hurriedly to him the purport of this amendment. I did not have time to fully explain the necessity for the amendment.

When reorganizations have taken place, and they have taken place by and through the so-called protective committees, self-appointed committees, they have been placed in a position as trustees of these very properties which they have mismanaged, as members of the protective committee. We have hundreds upon hundreds of pieces of property that have been reorganized, where the trustees have been appointed, and these trustees are the same men who were the protective committees and who were originally members of the house of issue or their law firms. Now, for years and years the bondholders or security owners do not receive a single dollar of interest on their investment, notwithstanding the fact that the properties are paying. The money is being consumed in fees and expenditures; not even the taxes have been paid. I know of hundreds of pieces of property—hotels and apartment buildings—where the taxes have not been paid for 8 or 9 years while they were in control of these committees, and they are not paid now. I am satisfied that unless we adopt this amendment, those gentlemen who have no money invested, who have no interest in these properties, but who are milking them day in and day out, will have the privilege to continue to rob the widows and orphans and thousands of American citizens who, in good faith, purchased these bonds and securities. In fact, none of those men should have been made trustees by any of the judges, but unfortunately they have been.

I think this amendment will give the Securities and Exchange Commission jurisdiction over the securities that have been reissued upon the very property on which they originally purchased these bonds. Therefore I ask the chairman of the subcommittee to agree to accept this amendment. I assure him it is necessary. It is needed. If he had the facts that I have, I feel he would not hesitate one second to accept the amendment.

[Here the gavel fell.]

Mr. COLE of Maryland. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Illinois has been very gracious in his attitude toward this bill, but the committee cannot accept the amendment for several reasons. In the first place, it is offered as part of the declared policy, or statement as to the necessity for the legislation, which declaration is founded upon the report of the Securities and Exchange Commission. I recall no place in that report where voting-trust certificates, liquidation-trust certificates, or certificates of beneficial interest were specifically named as reasons for the conclusions formed by the Commission. Very likely there is a field for legislation along the lines the gentleman from Illinois suggests, but should this amendment be adopted, it carries the administration of this bill into the realm of stock as distinguished from bonds, debentures, and the like; it calls for many substantial changes in other provisions of the bill. In other words, it deals with the same problems the bill deals with in other sections which are interwoven, and one leans upon the other in such a complicated way that the committee in discussing this amendment, knowing it was to be presented, feels very pointedly that the bill at this stage of the game should be passed as presented by the committee. It is unfortunate, as we see it, that the gentleman from Illinois did not appear before the committee and give us the benefit of the arguments he is presenting here today.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. COLE of Maryland. I yield.

Mr. SABATH. I notified the chairman of the committee last year and pleaded with him to notify me when hearings were to be had. I never received that courtesy, never was notified, and until the bill was reported I did not know that the committee was ready to report the bill. That is the reason I did not appear, and I regret that I did not. The gentleman knows I am interested, the gentleman knows that I have devoted a great deal of time and study to this thing and that I am sincere in my efforts to protect the investors in this class of securities.

Mr. COLE of Maryland. The gentleman will permit me to say this, the gentleman knows that if I had had any advance notice that he wanted to appear before the committee, he would have been notified.

Mr. SABATH. I mean the chairman of the full committee.

Mr. COLE of Maryland. The chairman of this subcommittee last year was the gentleman from Iowa, Mr. Eicher, who is now a member of the Securities and Exchange Commission. I am sure that in the absence of the chairman of the full committee, the gentleman from California [Mr. LEA], I can apologize for him in not bringing to the special attention of the gentleman from Illinois the fact that we were taking testimony.

Mr. Chairman, if legislation is presented along this line, which is foreign to the mechanics of this bill, I have little doubt that the gentleman will be given a hearing by the committee, but I know of no such legislation pending before the committee at this time.

Mr. Chairman, I hope the amendment will be defeated.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last word, in order to obtain some information.

Do I understand that unless we adopt the amendment offered by the distinguished New Deal leader, the gentleman from Illinois [Mr. SABATH], that we shall have no effective regulation of stocks which are peddled?

Mr. COLE of Maryland. The gentleman knows, I am sure, that the peddling of stocks was pretty well broken up under the Rayburn bill of 1934.

Mr. SCHAFER of Wisconsin. I understood that the gentleman from Illinois maintained that unless his amendment was incorporated in the bill there would be no real regulation of stock peddling. I am very interested in this matter, because many of my friends and constituents lost thousands and thousands of dollars as the result of the purchase of stock which turned out to be worthless, or almost worthless. Many bought Camco slot-machine watered stock which was peddled by President Roosevelt before he entered the White House. Those who purchased this stock were certainly taken for a ride in the Camco machine by our President and were stripped of many millions of dollars. After the President is retired from public life at the 1940 election he may return again to the stock-promotion and selling game, as well as the

business of speculating in inflation currencies of foreign nations. I do not want to have innocent American investors lose their savings, as many did lose them when they purchased watered wildcat Camco slot-machine stock.

Mr. COLE of Maryland. I believe the gentleman can rest assured that the existing laws are adequate to take care of a situation of that kind.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

The Clerk read as follows:

"EXEMPTED SECURITIES AND TRANSACTIONS

"SEC. 304. (a) The provisions of this title shall not apply to any of the following securities:

"(1) any security other than (A) a note, bond, debenture, or evidence of indebtedness, whether or not secured, or (B) a certificate of interest or participation in any such note, bond, debenture, or evidence of indebtedness, or (C) a temporary certificate for, or guaranty of, any such note, bond, debenture, evidence of indebtedness, or certificate;

"(2) any certificate of interest or participation in two or more securities having substantially different rights and privileges, or a temporary certificate for any such certificate;

"(3) any security which, prior to or within 6 months after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but this exemption shall not apply to any new offering of any such security by an issuer subsequent to such 6 months;

"(4) any security exempted from the provisions of the Securities Act of 1933, as heretofore amended, by paragraph (2), (3), (4), (5), (6), (7), (8), or (11) of subsection 3 (a) thereof;

"(5) any security issued under a mortgage indenture as to which a contract of insurance under the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3 (a) (2) of such act;

"(6) any note, bond, debenture, or evidence of indebtedness issued or guaranteed by a foreign government or by a subdivision, department, municipality, agency, or instrumentality thereof;

"(7) and guaranty of any security which is exempted by this subsection;

"(8) any security which has been or is to be issued otherwise than under an indenture, but this exemption shall not be applied within a period of 12 consecutive months to more than $250,000 aggregate principal amount of any securities of the same issuer; or

"(9) any security which has been or is to be issued under an indenture which limits the aggregate principal amount of securities at any time outstanding thereunder to $1,000,000 or less, but this exemption shall not be applied within a period of 36 consecutive months to more than $1,000,000 aggregate principal amount of securities of the same issuer."

In computing the aggregate principal amount of securities to which the exemptions provided by paragraphs (8) and (9) may be applied, securities to which the provisions of sections 305 and 306 would not have applied, irrespective of the provisions of those paragraphs, shall be disregarded.

"(b) The provisions of sections 305 and 306 shall not apply (1) to any of the transactions exempted from the provisions of section 5 of the Securities Act of 1933 by section 4 thereof, as heretofore amended, or (2) to any transaction which would be so exempted but for the last sentence of paragraph (11) of section 2 of such act.

"(c) The Commission shall, on application by the issuer and after opportunity for hearing thereon, by order exempt from any one or more provisions of this title any security issued or proposed to be issued under any indenture under which, at the time such application is filed, securities referred to in paragraph (3) of subsection (a) of this section are outstanding, if and to the extent that the Commission finds that compliance with such provision or provisions, through the execution of a supplemental indenture or otherwise—

"(1) would require, by reason of the provisions of such indenture, or the provisions of any other indenture or agreement made prior to the enactment of this title, or the provisions of any applicable law, the consent of the holders of securities outstanding under any such indenture or agreement; or

"(2) would impose an undue burden on the issuer, having due regard to the public interest and the interests of investors.

"(d) The Commission may, on application by the issuer and after opportunity for hearing thereon, by order exempt from any one or more of the provisions of this title any security issued or proposed to be issued by a person organized and existing under the laws of a foreign government or a political subdivision thereof, if and to the extent that the Commission finds that compliance with such provision or provisions is not necessary in the public interest and for the protection of investors.

"SECURITIES REQUIRED TO BE REGISTERED UNDER SECURITIES ACT

"SEC. 305. (a) Subject to the provisions of section 304, a registration statement relating to a security shall include the following information and documents, as though such inclusion were required by the provisions of section 7 of the Securities Act of 1933—

"(1) such information and documents as the Commission may by rules and regulations prescribe in order to enable the Commission to determine whether any person designated to act as trustee under the indenture under which such security has been or is to be issued is eligible to act as such under subsection (a) of section 310 or has a conflicting interest as defined in subsection (b) of section 310; and

"(2) an analysis of any provisions of such indenture with respect to (A) the definition of what shall constitute a default under such indenture, and the withholding of notice to the indenture security holders of any such default, (B) the authentication and delivery of the indenture securities and the application of the proceeds thereof, (C) the release or the release and substitution of any property subject to the lien of the indenture, (D) the satisfaction and discharge of the indenture, and (E) the evidence required to be furnished by the obligor upon the indenture securities to the trustee as to compliance with the conditions and covenants provided for in such indenture."

The information and documents required by paragraph (1) of this subsection with respect to the person designated to act as indenture trustee shall be contained in a separate part of such registration statement, which part shall be signed by such person. Such part of the registration statement shall be deemed to be a document filed pursuant to this title, and the provisions of sections 11, 12, 17, and 24 of the Securities Act of 1933 shall not apply to statements therein or omissions therefrom.

"(b) The Commission shall issue an order prior to the effective date of registration refusing to permit such a registration statement to become effective, if it finds that—

"(1) the security to which such registration statement relates has not been or is not to be issued under an indenture;

"(2) such indenture does not conform to the requirements of sections 310 to 318, inclusive; or

"(3) any person designated as trustee under such indenture is not eligible to act as such under subsection (a) of section 310 or has any conflicting interest as defined in subsection (b) of section 310;

but no such order shall be issued except after notice and opportunity for hearing within the periods and in the manner required with respect to refusal orders pursuant to section 8 (b) of the Securities Act of 1933. If and when the Commission deems that the objections on which such order was based have been met, the Commission shall enter an order rescinding such refusal order, and the registration shall become effective at the time provided in section 8 (a) of the Securities Act of 1933, or upon the date of such rescission, whichever shall be the later.

"(c) A prospectus relating to any such security shall include, as though such inclusion were required by section 10 of the Securities Act of 1933, a written statement containing the analysis, set forth in the registration statement, of any indenture provisions with respect to the matters specified in paragraph (2) of subsection (a) of this section, together with a supplementary analysis, prepared by the Commission, of such provisions and of the effect thereof, if, in the opinion of the Commission, the inclusion of such supplementary analysis is necessary or appropriate in the public interest or for the protection of investors, and the Commission so declares by order after notice and, if demanded by the issuer, opportunity for hearing thereon. Such order shall be entered prior to the effective date of registration, except that if opportunity for hearing thereon is demanded by the issuer such order shall be entered within a reasonable time after such opportunity for hearing.

"(d) The provisions of sections 11, 12, 17, and 24 of the Securities Act of 1933, and the provisions of sections 323 and 325 of this title, shall not apply to statements in or omissions from any analysis required under the provisions of this section or section 306 or 307.

"SECURITIES NOT REGISTERED UNDER SECURITIES ACT

"SEC. 306. (a) In the case of any security which is not registered under the Securities Act of 1933 and to which this subsection is applicable notwithstanding the provisions of section 304, unless such security has been or is to be issued under an indenture and an application for qualification is effective as to such indenture, it shall be unlawful for any person, directly or indirectly—

"(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or

"(2) to carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale.

"(b) In the case of any security which is not registered under the Securities Act of 1933, but which has been or is to be issued under an indenture as to which an application for qualification is effective, it shall be unlawful for any person, directly or indirectly—

"(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to carry or transmit any prospectus relating to any such security, unless such prospectus includes or is accompanied by a written statement that meets the requirements of subsection (c) of section 305; or

"(2) to carry or to cause to be carried through the mails or in interstate commerce any such security for the purpose of sale or

for delivery after sale, unless accompanied or preceded by a written statement that meets the requirements of subsection (c) of section 305.

"QUALIFICATION OF INDENTURES COVERING SECURITIES NOT REQUIRED TO BE REGISTERED

"SEC. 307. (a) In the case of any security which is not required to be registered under the Securities Act of 1933 and to which subsection (a) of section 306 is applicable notwithstanding the provisions of section 304, an application for qualification of the indenture under which such security has been or is to be issued shall be filed with the Commission by the issuer of such security. Each such application shall be in such form, and shall be signed in such manner, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. Each such application shall include the information and documents required by subsection (a) of section 305. The information and documents required by paragraph (1) of such subsection with respect to the person designated to act as indenture trustee shall be contained in a separate part of such application, which part shall be signed by such person. Each such application shall also include such of the other information and documents which would be required to be filed in order to register such indenture security under the Securities Act of 1933 as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. An application may be withdrawn by the applicant at any time prior to the effective date thereof. Subject to the provisions of section 321, the information and documents contained in or filed with any application shall be made available to the public under such regulations as the Commission may prescribe, and copies thereof, photostatic or otherwise, shall be furnished to every applicant therefor at such reasonable charge as the Commission may prescribe.

"(b) The filing with the Commission of an application, or of an amendment to an application, shall be deemed to have taken place upon the receipt thereof by the Commission, but, in the case of an application, only if it is accompanied or preceded by payment to the Commission of a filing fee in the amount of $100, such payment to be made in cash or by United States postal money order or certified or bank check, or in such other medium of payment as the Commission may authorize by rule and regulation.

"(c) The provisions of section 8 of the Securities Act of 1933 and the provisions of subsection (b) of section 305 of this title shall apply with respect to every such application, as though such application were a registration statement filed pursuant to the provisions of such act.

"INTEGRATION OF PROCEDURE WITH SECURITIES ACT AND OTHER ACTS

"SEC. 308. (a) The Commission, by such rules and regulations or orders as it deems necessary or appropriate in the public interest or for the protection of investors, shall authorize the filing of any information or documents required to be filed with the Commission under this title, or under the Securities Act of 1933, the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935, by incorporating by reference any information or documents on file with the Commission under this title or under any such act.

"(b) The Commission, by such rules and regulations or orders as it deems necessary or appropriate in the public interest or for the protection of investors, shall provide for the consolidation of applications, reports, and proceedings under this title with registration statements, applications, reports, and proceedings under the Securities Act of 1933, the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935.

"WHEN QUALIFICATION BECOMES EFFECTIVE; EFFECT OF QUALIFICATION

"SEC. 309. (a) The indenture under which a security has been or is to be issued shall be deemed to have been qualified under this title—

"(1) when registration becomes effective as to such security; or

"(2) when an application for the qualification of such indenture becomes effective, pursuant to section 307.

"(b) After qualification has become effective as to the indenture under which a security has been or is to be issued, no stop order shall be issued pursuant to section 8 (d) of the Securities Act of 1933, suspending the effectiveness of the registration statement relating to such security or of the application for qualification of such indenture, except on one or more of the grounds specified in section 8 of such act.

"(c) The making, amendment, or rescission of a rule, regulation, or order under the provisions of this title (except to the extent authorized by subsection (a) of section 314 with respect to rules and regulations prescribed pursuant to such subsection) shall not affect the qualification, form, or interpretation of any indenture as to which qualification became effective prior to the making, amendment, or rescission of such rule, regulation, or order.

"(d) No trustee under an indenture which has been qualified under this title shall be subject to any liability because of any failure of such indenture to comply with any of the provisions of this title, or any rule, regulation, or order thereunder.

"(e) Nothing in this title shall be construed as empowering the Commission to conduct an investigation or other proceeding for the purpose of determining whether the provisions of an indenture which has been qualified under this title are being complied with, or to enforce such provisions."

Mr. SABATH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH: Page 73, lines 4 and 6, strike out the figures "$1,000,000" and insert the figures "$99,000."

Mr. SABATH. Mr. Chairman, I am indeed gratified that the House has so much confidence in this committee; but I am satisfied that if I had a chance and opportunity to appear before the committee, notwithstanding that I am extremely busy as the gentleman from Maryland knows, I could have convinced the committee that this was a meritorious amendment. I am interested in the matter and have been for years; in fact, long before the Securities and Exchange Commission was created.

Mr. Chairman, the pending amendment reduces the $1,000,000 to $99,000. I believe that the small investor is entitled to the same protection as the large one. On big issues the wealthy man buys the bonds and the stocks, but on the small issues the less wealthy man buys. He has no firm of lawyers to protect him, inform him, or advise him; consequently I feel it is our duty to give him the same protection that we are giving to the large investors. All this does is give additional power to the Securities and Exchange Commission, not only on issues of $1,000,000 or over but on issues of $100,000 and above.

Mr. Chairman, I feel that this amendment should be agreed to; but if in the wisdom of the Members of the House they feel that the small investor is not entitled to the same protection that the large one is, that is up to the House. I have done my duty to the best of my ability. I ask that the amendment be agreed to.

Mr. COLE of Maryland. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. SABATH].

Mr. Chairman, I want to make one thing clear. There is no purpose on my part to criticize the distinguished gentleman from Illinois [Mr. SABATH] for not appearing before our committee. I appreciate that he is one of the busiest Members of this House. My remarks were made because in a bill of this importance necessarily one section must rely upon another and all tie together into one common approach to a very intricate subject. If the committee sees at the time these amendments are offered that unfortunate complications will follow their adoption, I hope the gentleman will not expect us to do other than oppose them.

I hope the amendment offered by the gentleman from Illinois will not be adopted, because this was one phase of the bill which the committee discussed at considerable length. There are small bankers all over the country. The bankers of the smaller cities of the Nation complained about the possibility of having to come to Washington every time there was a small indenture issue. They stated that the expense and the time consumed is such that they could not afford it, and that particular provision aroused more protest to the bill than anything else. The big cities do not mind it so much.

During the last 2 years and 8 months we had a total of four and one-fourth billion dollars in indentures which would have been regulated if this bill had been in effect. According to the testimony given before our committee, there was a total of 344 issues during that period of time, which made up the four and one-fourth billion dollars. When we split the sample at $1,000,000 we found that the total number of issues of $1,000,000 or less in 2 years was 103, but that was only 1.19 percent, not even 1.25 percent, of the total dollar amount of such issues during the last 2 years and 8 months. So that I say to the gentleman from Illinois that the facts and statistics show that a very, very nominal percentage of the total investment in this field comes under the $1,000,000 exemption. The following tables indicate clearly that while the expense of registration is only a small portion of the total expense of flotation, the impact is somewhat more severe in the case of smaller issues.

EXPENSES OF FLOTATION OF INDENTURE SECURITIES

The appended schedule presents the results of an analysis (the figures are taken from the registrants' own estimates) of the expenses of flotation of issues of indenture securities registered under

the Securities Act during the 2½-year period from January 1, 1936, to June 30, 1938.

The significant fact demonstrated by these figures is that the expense of registration represents a comparatively small proportion of the total expense of publicly distributing such securities. They provide a clear answer to the suggestion that expense of registration (and, inferentially, the expense of complying with the present bill) has, or will have, a materially retarding influence on financing through the public distribution of indenture securities, and a clear indication that we must look elsewhere for the cause of the alleged trend toward private rather than public sale of indenture securities. In fact, for issues of $1,000,000 or more, underwriters' commission and discount was from four to nine times as important a factor in total cost as was registration expense. It is to be noted that the item of registration expense did not prevent the registration of a total of $9,363,597,000 of securities of all types during the 2 years ended June 30, 1937.

To summarize, on indenture security issues from $1,000,000 to $5,000,000, total expense of flotation constituted 4.7 percent of the gross offering price. But almost three-fourths of this total (3.57 percent of offering price) represented expenses wholly unrelated to the necessity of registration, including 3.3 percent for underwriters' commission and discount. And of the remaining 1.16 percent for printing, legal, accounting, engineering, miscellaneous, and registration fees, it is only fair to assume that a substantial proportion (from one-third to one-half) would have been incurred even if no registration were necessary.

This trend is even more marked in the case of the larger issues. On issues from $10,000,000 to $25,000,000, of total flotation expenses of 3.1 percent, more than two-thirds was for underwriters' commission and discount, and only one-fifth for expenses even partially attributable to registration; and for issues of $25,000,000 or more, more than three-fourths of the total expenses were for underwriters' commission and discount, and only about one-seventh for expenses even partially attributable to registration. In either case, in considering expenses partially attributable to registration, allowance must, of course, be made for the one-third to one-half of such expenses which would have been incurred even if no registration were necessary.

As pointed out elsewhere, the provisions of section 307 for incorporation by reference and for consolidation of proceedings with those under the Securities Act insure against any substantial increase in registration costs, and by exercising the privilege of commencing its proceedings for qualification of the indenture before filing its formal registration statement for the bonds themselves the issuer can guard against delay.

Summary of expenses of flotation of indenture securities registered under Securities Act, Jan. 1, 1936, to June 30, 1938

	Under $1,000,000				$1,000,000 or more				
Size of issue (thousands)	Under $250	$250 to $499	$500 to $749	$750 to $999	$1,000 to $4,999	$5,000 to $9,999	$10,000 to $24,999	$25,000 or more	Total
Number of issues	16	11	8	8	55	14	39	41	192
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
(1) Underwriters' commission and discount	6.2	6.0	5.5	3.8	3.3	2.4	2.2	2.0	2.1
(2) Other expenses unrelated to registration [1]	1.086	.982	1.280	.762	.652	.537	.491	.318	.375
(3) Expenses due to registration	1.461	1.566	1.903	1.117	.776	.513	.400	.214	.289
Total	8.747	8.548	8.683	5.679	4.728	3.450	3.091	2.532	2.764

[1] This summary assumes that ½ of the following expenses (detailed in the attached break-down) are not attributable to the necessity of registration: Printing and engraving, legal fees and expenses, accounting fees and expenses, engineering fees and expenses, other and miscellaneous expenses.

The detailed analysis is as follows:

Expenses of flotation [1] of indenture securities registered under Securities Act, Jan. 1, 1936, to June 30, 1938

	Under $1,000,000				$1,000,000 or more				
Size of issue (thousands)	Under $250	$250 to $499	$500 to $749	$750 to $999	$1,000 to $4,999	$5,000 to $9,999	$10,000 to $24,999	$25,000 or more	Total
Number of issues	16	11	8	8	55	14	39	41	192
(1) Underwriters' commission and discount	*Percent* 6.2	*Percent* 6.0	*Percent* 5.5	*Percent* 3.8	*Percent* 3.3	*Percent* 2.4	*Percent* 2.2	*Percent* 2.0	*Percent* 2.1
Other expenses unrelated to registration:									
Listing fees	.000				.007	.005	.013	.012	.011
Revenue stamps	.066	.037	.163	.085	.092	.094	.131	.106	.110
State qualification fees	.047	.026	.026	.015	.061	.065	.047	.011	.022
Trustee fees	.251	.143	.145	.110	.110	.125	.105	.088	.093
(2) Total	.364	.206	.334	.210	.270	.289	.296	.217	.236
Expenses partially [2] due to registration:									
Registration fees	.016	.013	.010	.011	.011	.016	.010	.010	.011
Printing and engraving	.198	.152	.400	.260	.259	.182	.165	.088	.114
Legal fees and expenses	1.053	1.051	1.257	.854	.537	.293	.224	.095	.149
Accounting fees and expenses	.381	.282	.370	.350	.193	.126	.075	.048	.063
Engineering fees and expenses	.037	.128	.175		.026	.056	.019	.011	.015
Other and miscellaneous expenses	.498	.716	.637	.194	.132	.088	.102	.063	.076
(3) Total	2.183	2.342	2.849	1.669	1.158	.761	.595	.315	.428
(4) Total, lines (1), (2), and (3)	8.747	8.548	8.683	5.679	4.728	3.450	3.091	2.532	2.764

[1] Figures cover 192 issues for which comparable data were available, out of a total of 402 issues registered excluding 10 debenture issues registered by investment companies, percent figures represent percent of gross offering price.

[2] From ½ to ½ of these expenses are probably not attributable to the necessity of registration.

Answering the appeals of the representatives of the smaller cities, we felt without any hesitancy that this exemption of a million dollars under any indenture was fair. They cannot pyramid this. It is limited to $1,000,000 in a period of 3 years, and we feel that altogether it is a safe, sound provision of the bill.

Mr. Chairman, we hope that the amendment will be rejected.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The amendment was rejected.

The Clerk read as follows:

"ELIGIBILITY AND DISQUALIFICATION OF TRUSTEE

"Persons Eligible for Appointment as Trustee

"SEC. 310. (a) (1) The indenture to be qualified shall require that there shall at all times be one or more trustees thereunder, at least one of whom shall at all times be a corporation organized and doing business under the laws of the United States or of any State or Territory or of the District of Columbia (referred to in this title as the institutional trustee), which (A) is authorized under such laws to exercise corporate trust powers, and (B) is subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority.

"(2) The indenture to be qualified shall require that such institutional trustee shall have at all times a combined capital and surplus of a specified minimum amount, which shall not be less than

$150,000. If such institutional trustee publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, the indenture may provide that, for the purposes of this paragraph, the combined capital and surplus of such trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

"(3) If the indenture to be qualified requires or permits the appointment of one or more co-trustees in addition to such institutional trustee, such indenture shall provide that the rights, powers, duties, and obligations conferred or imposed upon the trustees or any of them shall be conferred or imposed upon and exercised or performed by such institutional trustee, or such institutional trustee and such co-trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, such institutional trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties, and obligations shall be exercised and performed by such co-trustees.

"(4) In the case of certificates of interest or participation, the indenture to be qualified shall require that the indenture trustee or trustees have the legal power to exercise all of the rights, powers, and privileges of a holder of the security or securities in which such certificates evidence an interest or participation.

"Disqualification of Trustee

"(b) The indenture to be qualified shall provide that if any indenture trustee has or shall acquire any conflicting interest as hereinafter defined, (i) such trustee shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign, such resignation to become effective upon the appointment of a successor trustee and such successor's acceptance of such appointment, and the obligor upon the indenture securities shall take prompt steps to have a successor appointed in the manner provided in the indenture; and (ii) in the event that such trustee shall fail to comply with the provisions of clause (i) of this subsection, such trustee shall, within 10 days after the expiration of such 90-day period, transmit notice of such failure to the indenture security holders in the manner and to the extent provided in subsection (c) of section 313; and (iii) subject to the provisions of subsection (e) of section 315, any security holder who has been a bona fide holder of indenture securities for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such trustee, and the appointment of a successor, if such trustee fails, after written request therefor by such holder, to comply with the provisions of clause (i) of this subsection. For the purposes of this subsection, an indenture trustee shall be deemed to have a conflicting interest if—

"(1) such trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of an obligor upon the indenture securities are outstanding unless (A) the indenture securities are collateral trust notes under which the only collateral consists of securities issued under such other indenture, or (B) such other indenture is a collateral trust indenture under which the only collateral consists of indenture securities, or (C) such obligor has no substantial unmortgaged assets and is engaged primarily in the business of owning, or of owning and developing and/or operating, real estate, and the indenture to be qualified and such other indenture are secured by wholly separate and distinct parcels of real estate: *Provided*, That the indenture to be qualified may contain a provision excluding from the operation of this paragraph another indenture or indentures under which other securities, or certificates of interest or participation in other securities, of such an obligor are outstanding, if (i) the indenture to be qualified and such other indenture or indentures are wholly unsecured, and such other indenture or indentures are specifically described in the indenture to be qualified or are thereafter qualified under this title, unless the Commission shall have found and declared by order pursuant to subsection (b) of section 305 or subsection (c) of section 307 that differences exist between the provisions of the indenture to be qualified and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as such under one of such indentures, or (ii) the issuer shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under the indenture to be qualified and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as such under one of such indentures;

"(2) such trustee or any of its directors or executive officers is an obligor upon the indenture securities or an underwriter for such an obligor;

"(3) such trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with an obligor upon the indenture securities or an underwriter for such an obligor;

"(4) such trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of an obligor upon the indenture securities, or of an underwriter (other than the trustee itself) for such an obligor who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the trustee and a director and/or an executive officer of such obligor, but may not be at the same time an executive officer of both the trustee and of such obligor, and (B) if and so long as the number of directors of the trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the trustee and a director of such obligor, and (C) such trustee may be designated by any such obligor or by any underwriter for any such obligor, to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subsection, to act as trustee, whether under an indenture or otherwise;

"(5) 10 percent or more of the voting securities of such trustee is beneficially owned either by an obligor upon the indenture securities or by any director, partner, or executive officer thereof, or 20 percent or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10 percent or more of the voting securities of such trustee is beneficially owned either by an underwriter for any such obligor or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

"(6) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, (A) 5 percent or more of the voting securities, or 10 percent or more of any other class of security, of an obligor upon the indenture securities, not including indenture securities and securities issued under any other indenture under which such trustee is also trustee, or (B) 10 percent or more of any class of security of an underwriter for any such obligor;

"(7) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, 5 percent or more of the voting securities of any person who, to the knowledge of the trustee, owns 10 percent or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, an obligor upon the indenture securities;

"(8) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, 10 percent or more of any class of security of any person who, to the knowledge of the trustee, owns 50 percent or more of the voting securities of an obligor upon the indenture securities; or

"(9) such trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25 percent or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7), or (8), of this subsection. The indenture to be qualified may provide, as to any such securities of which the indenture trustee acquired ownership through becoming executor, administrator, or testamentary trustee of an estate which included them, that the provisions of the preceding sentence shall not apply, for a period of not more than 2 years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25 percent of such voting securities or 25 percent of any such class of security. The indenture to be qualified shall provide that promptly after May 15 in each calendar year, the trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. Such indenture shall also provide that if the obligor upon the indenture securities fails to make payment in full of principal or interest under such indenture when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the trustee, with sole or joint control over such securities vested in it, shall be considered as though beneficially owned by such trustee, for the purposes of paragraphs (6), (7), and (8) of this subsection.

"The indenture to be qualified shall provide that the specification of percentages in paragraphs (5) to (9), inclusive, of this subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection.

"For the purposes of paragraphs (6), (7), (8), and (9) of this subsection, (A) the terms 'security' and 'securities' shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies, or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more, and shall not have been cured; and (C) the indenture trustee shall not be deemed the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, or (ii) any security which it holds as collateral security under the indenture to be qualified, irrespective of any default thereunder, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

"For the purposes of this subsection, the term 'underwriter' when used with reference to an obligor upon the indenture securities

means every person who, within 3 years prior to the time as of which the determination is made, was an underwriter of any security of such obligor outstanding at such time.

"Applicability of Section

"(c) The Public Utility Holding Company Act of 1935 shall not be held to establish or authorize the establishment of any standards regarding the eligibility and qualifications of any trustee or prospective trustee under an indenture to be qualified under this title, or regarding the provisions to be included in any such indenture with respect to the eligibility and qualifications of the trustee thereunder, other than those established by the provisions of this section.

"PREFERENTIAL COLLECTION OF CLAIMS AGAINST OBLIGOR

"SEC. 311. (a) Subject to the provisions of subsection (b) of this section, the indenture to be qualified shall provide that if the indenture trustee shall be, or shall become, a creditor, directly or indirectly, secured or unsecured, of an obligor upon the indenture securities, within 4 months prior to a default as defined in the last paragraph of this subsection, or subsequent to such a default, then, unless and until such default shall be cured, such trustee shall set apart and hold in a special account for the benefit of the trustee individually and the indenture security holders—

"(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such 4 months' period and valid as against such obligor, and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which the trustee could have exercised if a petition in bankruptcy had been filed by or against such obligor upon the date of such default; and

"(2) all property received in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such 4 months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of such obligor and its other creditors in such property or such proceeds.

"Nothing herein contained shall affect the right of the indenture trustee—

"(A) to retain for its own account (i) payments made on account of any such claim by any person (other than such obligor) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law;

"(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such 4 months' period;

"(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such 4 months' period and such property was received as security therefor simultaneously with the creation thereof, and if the trustee shall sustain the burden of proving that at the time such property was so received the trustee had no reasonable cause to believe that a default as defined in the last paragraph of this subsection would occur within 4 months; or

"(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning of such 4 months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any preexisting claim of the indenture trustee as such creditor, such claim shall have the same status as such preexisting claim.

"The indenture to be qualified shall provide that, if the trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the trustee and the indenture security holders in such manner that the trustee and the indenture security holders realize, as a result of payments from such special account and payments of dividends on claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the trustee anything on account of the receipt by it from such obligor of the funds and property in such special account and before crediting to the respective claims of the trustee and the indenture security holders dividends on claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term 'dividends' shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between the indenture trustee and the indenture security holders, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the indenture trustee and the indenture security holders with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

"Any indenture trustee who has resigned or been removed after the beginning of such 4 months' period shall be subject to the provisions of this subsection as though such resignation or removal had not occurred. Any indenture trustee who has resigned or been removed prior to the beginning of such 4 months' period shall be subject to the provisions of this subsection if and only if the following conditions exist—

"(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such indenture trustee had continued as trustee, occurred after the beginning of such 4 months' period; and

"(ii) such receipt of property or reduction of claim occurred within 4 months after such resignation or removal.

"As used in this subsection, the term 'default' means any failure to make payment in full of principal or interest, when and as the same becomes due and payable, under any indenture which has been qualified under this title, and under which the indenture trustee is trustee and the person of whom the indenture trustee is directly or indirectly a creditor is an obligor; and the term 'indenture security holder' means all holders of securities outstanding under any such indenture under which any such default exists.

"(b) The indenture to be qualified may contain provisions excluding from the operation of subsection (a) of this section a creditor relationship arising from—

"(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of 1 year or more at the time of acquisition by the indenture trustee;

"(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by the indenture, for the purpose of preserving the property subject to the lien of the indenture or of discharging tax liens or other prior liens or encumbranches on the trust estate, if notice of such advance and of the circumstances surrounding the making thereof is given to the indenture security holders, at the time and in the manner provided in the indenture;

"(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

"(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in the indenture;

"(5) the ownership of stock or of other securities of a corporation organized under the provisions of section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of an obligor upon the indenture securities; or

"(6) the acquisition, ownership, acceptance, or negotiation of any drafts, bills of exchange, acceptances, or obligations which fall within the classification of self-liquidating paper as defined in the indenture.

"(c) In the exercise by the Commission of any jurisdiction under the Public Utility Holding Company Act of 1935 regarding the issue or sale, by any registered holding company or a subsidiary company thereof, of any security of such issuer or seller or of any other company to a person which is trustee under an indenture or indentures of such issuer or seller or other company, or of a subsidiary or associate company or affiliate of such issuer or seller or other company (whether or not such indenture or indentures are qualified or to be qualified under this title), the fact that such trustee will thereby become a creditor, directly or indirectly, of any of the foregoing shall not constitute a ground for the Commission taking adverse action with respect to any application or declaration, or limiting the scope of any rule or regulation which would otherwise permit such transaction to take effect; but in any case in which such trustee is trustee under an indenture of the company of which it will thereby become a creditor, or of any subsidiary company thereof, this subsection shall not prevent the Commission from requiring (if such requirement would be authorized under the provisions of the Public Utility Holding Company Act of 1935) that such trustee, as such, shall effectively and irrevocably agree in writing, for the benefit of the holders from time to time of the securities from time to time outstanding under such indenture, to be bound by the provisions of this section, subsection (c) of section 315, and, in case of default (as such term is defined in such indenture), subsection (d) of section 315, as fully as though such

provisions were included in such indenture. For the purposes of this subsection the terms 'registered holding company,' 'subsidiary company,' 'associate company,' and 'affiliate' shall have the respective meanings assigned to such terms in section 2 (a) of the Public Utility Holding Company Act of 1935.

"BONDHOLDERS' LISTS

"SEC. 312. (a) The indenture to be qualified shall contain provisions requiring each obligor upon the indenture securities to furnish or cause to be furnished to the institutional trustee thereunder at stated intervals of not more than 6 months, and at such other times as such trustee may request in writing, all information in the possession or control of such obligor, or of any of its paying agents, as to the names and addresses of the indenture security holders, and requiring such trustee to preserve, in as current a form as is reasonably practicable, all such information so furnished to it or received by it in the capacity of paying agent.

"(b) The indenture to be qualified shall also contain provisions requiring that, within 5 business days after the receipt by the institutional trustee of a written application by any three or more indenture security holders stating that the applicants desire to communicate with other indenture security holders with respect to their rights under such indenture or under the indenture securities, and accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, and by reasonable proof that each such applicant has owned an indenture security for a period of at least 6 months preceding the date of such application, such institutional trustee shall, at its election, either—

"(1) afford to such applicants access to all information so furnished to or received by such trustee; or

"(2) inform such applicants as to the approximate number of indenture security holders according to the most recent information so furnished to or received by such trustee, and as to the approximate cost of mailing to such indenture security holders the form of proxy or other communication, if any, specified in such application.

If such trustee shall elect not to afford to such applicants access to such information, such trustee shall, upon the written request of such applicants, mail to all such indenture security holders copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to such trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of such mailing, unless within 5 days after such tender, such trustee shall mail to such applicants, and file with the Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of such trustee, such mailing would be contrary to the best interests of the indenture security holders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. After opportunity for hearing upon the objections specified in the written statement so filed, the Commission may, and if demanded by such trustee or by such applicants shall, enter an order either sustaining one or more of such objections or refusing to sustain any of them. If the Commission shall enter an order refusing to sustain any of such objections, or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all objections so sustained have been met, and shall enter an order so declaring, such trustee shall mail copies of such material to all such indenture security holders with reasonable promptness after the entry of such order and the renewal of such tender.

"(c) The disclosure of any such information as to the names and addresses of the indenture security holders in accordance with the provisions of this section, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or of any law hereafter enacted which does not specifically refer to this section, nor shall such trustee be held accountable by reason of mailing any material pursuant to a request made under subsection (b) of this section."

Mr. DIRKSEN. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they may be read and considered together because they relate to the same subject matter and to the same portion of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. DIRKSEN: Page 102, line 24, strike out the word "its" and the remainder of line 25 and insert "the election of such indenture security holders."

Page 103, line 2, after the word "trustee", strike out the semicolon and insert "including the names, addresses, and holdings of all indenture security holders under such indenture."

Mr. DIRKSEN. Mr. Chairman, I may say to the gentleman from Maryland that this is a matter we discussed earlier in the day. I have a deep conviction this language ought to go into the bill.

As the bill now stands, here is what will happen in practice: Let us assume that a theater has been built and $250,000 in securities have been issued against the theater. Let us assume also that that issue goes in default through nonpayment of interest and principal. The trustee comes into effect and exercises his responsibility. He may or he may not do so. The holders of $250,000 in securities are scattered around the same State perhaps, but more often in four or five States. If they could get together they could probably perfect a plan of reorganization more often than not, but there can be no concerted action until they know where the security holders are, who they are, what their listings are, in order to perfect some kind of organization. Under the bill as it stands now three holders of securities can go to the trustee and say to him, at the election, of course, of the trustee, not the security holders, that they would like to have a list; in other words, they would like to have the trustee send out copies of a proxy to the holders that are of record on the trustee's list.

My notion is that this is the great weakness in the bill. It is the great weakness in bond indentures today. Unless we make it possible for bona fide holders for value to get together and pool their interests and determine what they should do with the property and with the equity we will not have gotten at the very root of the problem. The Securities and Exchange Commission realize that fact, as evidenced by the report they made. Some of their statements I indicated before to the Committee, but let me direct attention again to their report. In another place they refer to these lists of bondholders.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. MAPES. Under the provisions of this bill cannot the three do that now unless in the judgment of the Commission it is bad for the bondholders to allow it to be done?

Mr. DIRKSEN. No; because in the language of the bill, at the election of the institutional trustee two things can happen, but it gives the trustee power to elect which of the two shall happen. The first one might be to supply the list. The second one might be in the language of the bill, to—

Inform such applicants as to the approximate number of indenture security holders according to the most recent information so furnished to or received by such trustee, and as to the approximate cost of mailing to such indenture security holders the form of proxy or other communication, if any, specified in such application.

But the material that will go out will be that which the trustee will permit to go to the bondholders. He will not supply a list to those who are parties in interest. The Securities and Exchange Commission has fully recognized that fact.

Mr. MAPES. The original provision gave that authority to one bondholder. The committee endeavored to protect everyone from the fellow who was just trying to stir up trouble, and put in the bill the requirement that three bondholders must cooperate. I wonder if the gentleman's amendment would not still make it possible for fellows who are just troublemakers to step in.

Mr. DIRKSEN. Let us see what the Securities and Exchange Commission had to say about this matter of the lists:

These lists in the possession of the bond houses were the only ones in existence. No one else could possibly compile them.

That is No. 1. Secondly:

The houses of issue took every precaution to keep them secret.

The Straus indentures contained this provision, and I quote again:

It is expressly agreed and understood, however, by the said mortgagor that it shall not be entitled at any time to the names or addresses of any holder or holders of the bonds at any time outstanding secured by this indenture.

Mr. MAPES. The gentleman is reading from a report of the Commission about the situation as it existed before this legislation was before the House?

Mr. DIRKSEN. Precisely.

Mr. MAPES. This legislation tries to remedy that situation in a reasonable way but not go to an unreasonable extreme.

Mr. DIRKSEN. I will say to my friend from Michigan that in my humble judgment it does not remedy that difficulty because in the language of the bill you still give the institutional trustee the power to elect which of two things he shall do. If three bona fide bondholders come and say, "Give us a list," he will say, "Well, I would rather not give you a list, but I will tell you what I will do. I will comply with paragraph 2 of the bill and I will accept any proxy that you hand me and I will send it out to the security holders." This is exactly as good as nothing as far as getting at the root of the trouble is concerned and, in my judgment, is a very vital weakness in the bill that is now before us. There is, in my judgment, only one way in which that situation can be met so that the trustee can never stalemate the real parties in interest, namely, the holders of the bond, and that is to permit three or more of the bondholders, under the language of the bill, first having proved that they were bondholders for a period of 6 months or more, to go to the trustee and say, "We will take a list. We want to find out who the other cocreditors are. We are going to get together with them." But they can never do it unless the list is made available. Under this bill you do not make the list available. You permit the trustee to say whether he is going to give them a list or whether he will simply take a proxy that they have filed within 5 days before and send it out without disclosing the names of the bondholders under that indenture.

I say to you very frankly, Mr. Chairman, this is a weakness and it ought to be cured by amendment today. The amendment on the desk will cure this weakness and I sincerely hope it will be adopted by this Committee. [Applause.]

[Here the gavel fell.]

Mr. COLE of Maryland. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in support of the position taken by the gentleman from Michigan, I believe that the purpose of this amendment is clear to the Committee. As I read the amendment, if the amendment to page 102 is adopted it will virtually counteract the effect of the language on page 103 and undo what the committee feels is essential in this line. While the request of three bondholders will ordinarily, we believe, be met by the trustee with the delivery of a list, there has been a lot of shyster practice in this field. I believe the gentleman from Illinois well knows of some of those practices. It is the desire of the committee to protect the trustees, as an illustration, against publicity such as was given to income-tax returns. You know how that was abused by certain shysters, as we call them. The same practice has been prevalent in this field. If the trustee feels that that type of request is presented, we provide that the trustee shall pass on to the Commission briefly the set-up as it is, and the Commission will then say whether the trustee should grant the application.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. COLE of Maryland. Very gladly.

Mr. DIRKSEN. May I say to the Committee there can be no analogy between a morbid and curious interest in the amount of income tax a man pays and the fact that here you have to have three holders and they must have been holders of record for at least 6 months. If anybody has an interest in the property, certainly it ought to be a bona fide holder for value when you take three of them together. There should not be any denial of their right to look at the list of creditors in the hope that some sort of remedial plan or remedial legislation or remedial action can be perfected in order to pull the property out of default.

Mr. COLE of Maryland. Of course, the gentleman from Illinois knows that I cited the income-tax list merely as an illustration of how the availability of such lists can be abused, and the gentleman knows very well what I had in mind when I referred to the list getting into the hands of certain persons.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield further?

Mr. COLE of Maryland. I will be pleased to yield to the gentleman.

Mr. DIRKSEN. I realize the fact that there may be shyster practices in that regard, but over a period of 3 years we found that the real shystering was on the other side and this is certainly the lesser of two evils in that respect.

Mr. COLE of Maryland. When the gentleman refers to the fact that the shystering was on the other side, he realizes the fact that there were no rights of the bondholders affected by that action and under this bill, if the trustee denies the application, he has a very easy remedy with the Securities and Exchange Commission, and, Mr. Chairman, I ask that the amendment be rejected.

Mr. SABATH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of the amendment offered by the gentleman from Illinois and believe it should be adopted notwithstanding the opposition of the chairman of the subcommittee.

I believe if the chairman of the subcommittee were as well informed of the abuses as the gentleman from Illinois or as I am, he would not oppose this amendment. We learned that in nearly every instance where these protective committees came into power, they had not a dollar invested in the property. They were appointed by the houses of issue or their lawyers and they had control over the list of bondholders and security holders. They refused the bondholders or the people who had invested their money in the purchase of the bonds a list so they could find out from the other bondholders what steps were being taken to protect their interests and investments.

I concede that there were shyster lawyers representing the little investors, but for every shyster lawyer who appeared to defend the little bondholder, we had the big law firms representing the houses of issue that had charged such excessive fees against the bondholders that it was criminal.

In one instance, the fees that were charged amounted to $960,000 and in other instances as much as $500,000. In many cases the lawyers' fees, trustees' fees, and committees' fees absorbed nearly the entire income, and in some instances equaled the value of the property.

I hope the gentleman will not continue to oppose these amendments giving an honest investor an opportunity to join with others in the same position to familiarize themselves with respect to the question of whether or not their money is being properly handled.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. COLE of Maryland. I want to say to the gentleman with respect to the phase of this problem that the gentleman is complaining about, exorbitant fees of committees, attorneys, and so forth, upon the adoption of this measure as a law those practices are a thing of the past, and the gentleman must know that.

Mr. SABATH. I hope so. We thought when we passed section 77 (b) that the investors would be protected, but that section gave to the lawyers and many of these professional bondholders' committees a loophole to continue to rob and impose upon the investors, and the gentleman knows that the section did not help in that respect. I am afraid that this restriction, which denies these people the right to obtain the list, will have the same effect. Why should they be denied that right? Why should anyone who invested five or ten or fifteen thousand dollars be deprived of the right of knowing the identity of the persons who invested with them in a bond issue?

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 24, noes 28.

Mr. DIRKSEN. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

The Clerk read as follows:

"REPORTS BY INDENTURE TRUSTEE

"SEC. 313. (a) The indenture to be qualified shall contain provisions requiring the indenture trustee to transmit to the indenture security holders as hereinafter provided, at stated intervals of not more than 12 months, a brief report with respect to—

"(1) its eligibility and its qualifications under section 310, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such section, a written statement to such effect;

"(2) the character and amount of any advances made by it, as indenture trustee, which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the indenture securities, on the trust estate or on property or funds held or collected by it as such trustee, if such advances so remaining unpaid aggregate more than one-half of 1 percent of the principal amount of the indenture securities outstanding on such date;

"(3) the amount, interest rate, and maturity date of all other indebtedness owing to it in its individual capacity, on the date of such report, by the obligor upon the indenture securities, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4), or (6) of subsection (b) of section 311;

"(4) the property and funds physically in its possession as indenture trustee on the date of such report;

"(5) any release, or release and substitution, of property subject to the lien of the indenture (and the consideration therefor, if any) which it has not previously reported;

"(6) any additional issue of indenture securities which it has not previously reported; and

"(7) any action taken by it in the performance of its duties under the indenture which it has not previously reported and which in its opinion materially affects the indenture securities or the trust estate, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with an indenture provision authorized by subsection (b) of section 315.

"(b) The indenture to be qualified shall also contain provisions requiring the indenture trustee to transmit to the indenture security holders as hereinafter provided, within the times hereinafter specified, a brief report with respect to—

"(1) the release, or release and substitution, of property subject to the lien of the indenture (and the consideration therefor, if any) unless the fair value of such property, as set forth in the certificate or opinion required by paragraph (1) of subsection (d) of section 314, is less than 10 percent of the principal amount of indenture securities outstanding at the time of such release, or such release and substitution, such report to be so transmitted within 90 days after such time; and

"(2) the character and amount of any advances made by it as such since the date of the last report transmitted pursuant to the provisions of subsection (a) (or if no such report has yet been so transmitted, since the date of execution of the indenture), for the reimbursement of which it claims or may claim a lien or charge, prior to that of the indenture securities, on the trust estate or on property or funds held or collected by it as such trustee, and which it has not previously reported pursuant to this paragraph, if such advances remaining unpaid at any time aggregate more than 10 percent of the principal amount of indenture securities outstanding at such time, such report to be so transmitted within 90 days after such time.

"(c) The indenture to be qualified shall also provide that reports pursuant to this section shall be transmitted by mail—

"(1) to all registered holders of indenture securities, as the names and addresses of such holders appear upon the registration books of the obligor upon the indenture securities;

"(2) to such holders of indenture securities as have, within the 2 years preceding such transmission, filed their names and addresses with the indenture trustee for that purpose; and

"(3) except in the case of reports pursuant to subsection (b) of this section, to all holders of indenture securities whose names and addresses have been furnished to or received by the indenture trustee pursuant to section 312.

"(d) The indenture to be qualified shall also provide that a copy of each such report shall, at the time of such transmission to indenture security holders, be filed with each stock exchange upon which the indenture securities are listed, and also with the Commission.

"REPORTS BY OBLIGOR; EVIDENCE OF COMPLIANCE WITH INDENTURE PROVISIONS

"Periodic reports

"SEC. 314. (a) The indenture to be qualified shall contain provisions requiring each person who, as set forth in the registration statement or application, is or is to be an obligor upon the indenture securities covered thereby—

"(1) to file with the indenture trustee copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which such obligor is required to file with the Commission pursuant to section 13 or section 15 (d) of the Securities Exchange Act of 1934; or, if the obligor is not required to file information, documents, or reports pursuant to either of such sections, then to file with the indenture trustee and the Commission, in accordance with rules and regulations prescribed by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations;

"(2) to file with the indenture trustee and the Commission, in accordance with rules and regulations prescribed by the Commission, such additional information, documents, and reports with respect to compliance by such obligor with the conditions and covenants provided for in the indenture, as may be required by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of subsection (e) of this section, as to compliance with conditions or covenants, compliance with which is subject to verification by accountants, but no such certificate or opinion shall be required as to any matter specified in clauses (A), (B), or (C) of paragraph (3) of subsection (c); and

"(3) to transmit to the holders of the indenture securities upon which such person is an obligor, in the manner and to the extent provided in subsection (c) of section 313, such summaries of any information documents, and reports required to be filed by such obligor pursuant to the provisions of paragraph (1) or (2) of this subsection as may be required by rules and regulations prescribed by the Commission."

The rules and regulations prescribed under this subsection shall be such as are necessary or appropriate in the public interest or for the protection of investors, having due regard to the types of indentures, and the nature of the business of the class of obligors affected thereby, and the amount of indenture securities outstanding under such indentures, and, in the case of any such rules and regulations prescribed after the indentures to which they apply have been qualified under this title, the additional expense, if any, of complying with such rules and regulations. Such rules and regulations may be prescribed either before or after qualification becomes effective as to any such indenture.

"Evidence of Recording of Indenture

"(b) If the indenture to be qualified is or is to be secured by the mortgage or pledge of property, such indenture shall contain provisions requiring the obligor upon the indenture securities to furnish to the indenture trustee—

"(1) promptly after the execution and delivery of the indenture, an opinion of counsel (who may be of counsel for such obligor) either stating that in the opinion of such counsel the indenture has been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such lien effective; and

"(2) at least annually after the execution and delivery of the indenture, an opinion of counsel (who may be of counsel for such obligor) either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording, and refiling of the indenture as is necessary to maintain the lien of such indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

"Evidence of Compliance With Conditions Precedent

"(c) The indenture to be qualified shall contain provisions requiring the obligor upon the indenture securities to furnish to the indenture trustee evidence of compliance with the conditions precedent, if any, provided for in the indenture (including any covenants compliance with which constitutes a condition precedent) which relate to the authentication and delivery of the indenture securities, to the release or the release and substitution of property subject to the lien of the indenture, to the satisfaction and discharge of the indenture, or to any other action to be taken by the indenture trustee at the request or upon the application of such obligor. Such evidence shall consist of the following:

"(1) certificates or opinions made by officers of such obligor who are specified in the indenture, stating that such conditions precedent have been complied with;

"(2) an opinion of counsel (who may be of counsel for such obligor) stating that in his opinion such conditions precedent have been complied with; and

"(3) in the case of conditions precedent compliance with which is subject to verification by accountants (such as conditions with respect to the preservation of specified ratios, the amount of net quick assets, negative-pledge clauses, and other similar specific conditions), a certificate or opinion of an accountant, who, in the case of any such conditions precedent to the authentication and delivery of indenture securities, and not otherwise, shall be an independent public accountant selected or approved by the indenture trustee in the exercise of reasonable care, if the aggregate principal amount of such indenture securities and of other indenture securities authenticated and delivered since the commencement of the then current calendar year (other than those with respect to which a certificate or opinion of an accountant is not required, or with respect to which a certificate or opinion of an independent public accountant has previously been furnished) is 10 percent or more of the aggregate amount of the indenture securities at the time outstanding; but no certificate or opinion need be made by any person other than an officer or employee of such obligor who is specified in the indenture, as to (A) dates or periods not covered by annual reports required to be filed by the obligor, in the case of conditions precedent which depend upon a state of facts as of a date

or dates or for a period or periods different from that required to be covered by such annual reports, or (B) the amount and value of property additions, except as provided in paragraph (3) of subsection (d), or (C) the adequacy of depreciation, maintenance, or repairs.

"Certificates of Fair Value

"(d) If the indenture to be qualified is or is to be secured by the mortgage or pledge of property or securities, such indenture shall contain provisions—

"(1) requiring the obligor upon the indenture securities to furnish to the indenture trustee a certificate or opinion of an engineer, appraiser, or other expert as to the fair value of any property or securities to be released from the lien of the indenture, which certificate or opinion shall state that in the opinion of the person making the same the proposed release will not impair the security under such indenture in contravention of the provisions thereof, and requiring further that such certificate or opinion shall be made by an independent engineer, appraiser, or other expert, if the fair value of such property or securities and of all other property or securities released since the commencement of the then current calendar year, as set forth in the certificates or opinions required by this paragraph, is 10 percent or more of the aggregate principal amount of the indenture securities at the time outstanding; but such a certificate or opinion of an independent engineer, appraiser, or other expert shall not be required in the case of any release of property or securities, if the fair value thereof as set forth in the certificate or opinion required by this paragraph is less than $25,000 or less than 1 percent of the aggregate principal amount of the indenture securities at the time outstanding;

"(2) requiring the obligor upon the indenture securities to furnish to the indenture trustee a certificate or opinion of an engineer, appraiser, or other expert as to the fair value to such obligor of any securities (other than indenture securities and securities secured by a lien prior to the lien of the indenture upon property subject to the lien of the indenture), the deposit of which with the trustee is to be made the basis for the authentication and delivery of indenture securities, the withdrawal of cash constituting a part of the trust estate or the release of property or securities subject to the lien of the indenture, and requiring further that if the fair value to such obligor of such securities and of all other such securities made the basis of any such authentication and delivery, withdrawal, or release since the commencement of the then current calendar year, as set forth in the certificates or opinions required by this paragraph, is 10 percent or more of the aggregate principal amount of the indenture securities at the time outstanding, such certificate or opinion shall be made by an independent engineer, appraiser, or other expert and, in the case of the authentication and delivery of indenture securities, shall cover the fair value to such obligor of all other such securities so deposited since the commencement of the current calendar year as to which a certificate or opinion of an independent engineer, appraiser, or other expert has not previously been furnished; but such a certificate of an independent engineer, appraiser, or other expert shall not be required with respect to any securities so deposited, if the fair value thereof to such obligor as set forth in the certificate or opinion required by this paragraph is less than $25,000 or less than 1 percent of the aggregate principal amount of the indenture securities at the time outstanding; and

"(3) requiring the obligor upon the indenture securities to furnish to the indenture trustee a certificate or opinion of an engineer, appraiser, or other expert as to the fair value to such obligor of any property the subjection of which to the lien of the indenture is to be made the basis for the authentication and delivery of indenture securities, the withdrawal of cash constituting a part of the trust estate, or the release of property or securities subject to the lien of the indenture, and requiring further that if

"(A) within 6 months prior to the date of acquisition thereof by such obligor, such property has been used or operated, by a person or persons other than such obligor, in a business similar to that in which it has been or is to be used or operated by such obligor, and

"(B) the fair value to such obligor of such property as set forth in such certificate or opinion is not less than $25,000 and not less than 1 percent of the aggregate principal amount of the indenture securities at the time outstanding,

"such certificate or opinion shall be made by an independent engineer, appraiser, or other expert and, in the case of the authentication and delivery of indenture securities, shall cover the fair value to the obligor of any property so used or operated which has been so subjected to the lien of the indenture since the commencement of the then current calendar year, and as to which a certificate or opinion of an independent engineer, appraiser, or other expert has not previously been furnished."

If the indenture to be qualified so provides, any such certificate or opinion may be made by an officer or employee of the obligor upon the indenture securities who is specified in the indenture, except in cases in which this subsection requires that such certificate or opinion be made by an independent person. In such cases, such certificate or opinion shall be made by an independent engineer, appraiser, or other expert selected or approved by the indenture trustee in the exercise of reasonable care.

"Recitals as to Basis of Certificate or Opinion

"(e) Each certificate or opinion with respect to compliance with a condition or covenant provided for in the indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

"Parties May Provide for Additional Evidence

"(f) Nothing in this section shall be construed either as requiring the inclusion in the indenture to be qualified of provisions that the obligor upon the indenture securities shall furnish to the indenture trustee any other evidence of compliance with the conditions and covenants provided for in the indenture than the evidence specified in this section, or as preventing the inclusion of such provisions in such indenture, if the parties so agree.

"DUTIES AND RESPONSIBILITY OF THE TRUSTEE

"Duties Prior to Default

"SEC. 315. (a) The indenture to be qualified may provide that, prior to default (as such term is defined in such indenture)—

"(1) the indenture trustee shall not be liable except for the performance of such duties as are specifically set out in such indenture; and

"(2) the indenture trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of such trustee, upon certificates or opinions conforming to the requirements of the indenture;

"but such indenture shall contain provisions requiring the indenture trustee to examine the evidence furnished to it pursuant to section 314 to determine whether or not such evidence conforms to the requirements of the indenture.

"Notice of Defaults

"(b) The indenture to be qualified shall contain provisions requiring the indenture trustee to give to the indenture security holders, in the manner and to the extent provided in subsection (c) of section 313, notice of all defaults known to the trustee, within 90 days after the occurrence thereof: *Provided*, That such indenture may provide that, except in the case of default in the payment of the principal of or interest on any indenture security, or in the payment of any sinking or purchase fund installment, the trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or responsible officers, of the trustee in good faith determine that the withholding of such notice is in the interests of the indenture security holders.

"Duties of the Trustee in Case of Default

"(c) The indenture to be qualified shall contain provisions requiring the indenture trustee to exercise in case of default (as such term is defined in such indenture) such of the rights and powers vested in it by such indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

"Responsibility of the Trustee

"(d) The indenture to be qualified shall not contain any provisions relieving the indenture trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that—

"(1) such indenture may contain the provisions authorized by paragraphs (1) and (2) of subsection (a) of this section;

"(2) such indenture may contain provisions protecting the indenture trustee from liability for any error of judgment made in good faith by a responsible officer or officers of such trustee, unless it shall be proved that such trustee was negligent in ascertaining the pertinent facts; and

"(3) such indenture may contain provisions protecting the indenture trustee with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the indenture securities at the time outstanding (determined as provided in subsection (a) of section 316) relating to the time, method, and place of conducting any proceeding for any remedy available to such trustee, or exercising any trust or power conferred upon such trustee, under such indenture.

"Undertaking for Costs

"(e) The indenture to be qualified may contain provisions to the effect that all parties thereto, including the indenture security holders, agree that the court may in its discretion require, in any suit for the enforcement of any right or remedy under such indenture, or in any suit against the trustee for any action taken or omitted by it as trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant: *Provided*, That the provisions of this subsection shall not apply to any suit instituted by such trustee, to any suit instituted by any indenture security holder, or group of indenture security holders, holding in the

aggregate more than 10 percent in principal amount of the indenture securities outstanding, or to any suit instituted by any indenture security holder for the enforcement of the payment of the principal of or interest on any indenture security, on or after the respective due dates expressed in such indenture security.

"DIRECTIONS AND WAIVERS BY BONDHOLDERS; PROHIBITION OF IMPAIRMENT OF HOLDERS' RIGHT TO PAYMENT

"SEC. 316. (a) The indenture to be qualified may contain provisions—

"(1) authorizing the holders of not less than a majority in principal amount of the indenture securities at the time outstanding (A) to direct the time, method, and place of conducting any proceeding for any remedy available to such trustee, or exercising any trust or power conferred upon such trustee, under such indenture, or (B) on behalf of the holders of all such indenture securities, to consent to the waiver of any past default and its consequences; or

"(2) authorizing the holders of not less than 75 percent in principal amount of the indenture securities at the time outstanding to consent on behalf of the holders of all such indenture securities to the postponement of any interest payment for a period not exceeding 3 years from its due date."

For the purposes of this subsection and paragraph (3) of subsection (d) of section 315, in determining whether the holders of the required principal amount of indenture securities have concurred in any such direction or consent, indenture securities owned by any obligor upon the indenture securities, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with any such obligor, shall be disregarded, except that for the purposes of determining whether the indenture trustee shall be protected in relying on any such direction or consent, only indenture securities which such trustee knows are so owned shall be so disregarded.

"(b) The indenture to be qualified shall provide that, notwithstanding any other provision thereof, the right of any holder of any indenture security to receive payment of the principal of and interest on such indenture security, on or after the respective due dates expressed in such indenture security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder except as to a postponement of an interest payment consented to as provided in paragraph (2) of subsection (a)."

Mr. HINSHAW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HINSHAW: On page 124, after line 5, strike out the period and insert "and except that such indenture may contain provisions limiting or denying the right of any such holder to institute any such suit if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver, or loss of the lien of such indenture upon any property subject to such lien."

Mr. COLE of Maryland. Mr. Chairman, for the benefit of the Committee I might say that the gentleman from California is offering this amendment as a committee amendment. The amendment was approved yesterday by the full committee and I am glad to have the gentleman from California explain the reason for the amendment.

Mr. HINSHAW. Mr. Chairman, first I express my very sincere appreciation to the chairman of the subcommittee, the very able and highly esteemed gentleman from Maryland [Mr. COLE], and also to the able chairman of our Committee on Interstate and Foreign Commerce, the gentleman from California [Mr. LEA] for giving me the privilege of offering this committee amendment. No doubt if this amendment had been prepared in time, it would have been part of the regular bill. As you have heard, it carries the endorsement of the entire committee. The necessity for it arises from a peculiar circumstance in the laws of my State of California and perhaps several others of the Western States. The law of California differs from the law prevailing generally in providing that there can be but one action to foreclose a mortgage. Since 1898 it has been the settled law of California, *Commercial Bank* v. *Kershner* (120 Cal. 495), and numerous other cases following it, that if the holder of a mortgage note recovers a judgment on such note, without foreclosing the mortgage, he thereby waives entirely the mortgage security. For this reason California attorneys have been careful in drafting indentures secured by property in California to provide that individual bondholders have no right of action upon the bonds, as distinguished from such right as they may be given—generally based on the refusal of the trustee to act, after appropriate request—to foreclose the indenture. Where the trustee is given the power to sue upon the bonds, as distinguished from the power to foreclose the indenture, the added provision is inserted that such power of the trustee is subject to the limitation that if the exercise of such power would result in the security being surrendered, waived, or lost, the trustee shall not have such power prior to foreclosure of the indenture. Mr. Chairman, I ask the favorable consideration of the Committee for my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

"SPECIAL POWERS OF TRUSTEES; DUTIES OF PAYING AGENTS

"SEC. 317. (a) The indenture to be qualified shall contain provisions—

"(1) Authorizing the indenture trustee, in the case of a default in payment of the principal of any indenture security, when and as the same shall become due and payable, or in the case of a default in payment of the interest on any such security, when and as the same shall become due and payable and the continuance of such default for such period as may be prescribed in such indenture, to recover judgment, in its own name and as trustee of an express trust, against the obligor upon the indenture securities for the whole amount of such principal and interest remaining unpaid; and

"(2) Authorizing such trustee to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of such trustee and of the indenture security holders allowed in any judicial proceedings relative to the obligor upon the indenture securities, its creditors, or its property.

"(b) The indenture to be qualified shall provide that each paying agent shall hold in trust for the benefit of the indenture security holders or the indenture trustee all sums held by such paying agent for the payment of the principal of or interest on the indenture securities, and shall give to such trustee notice of any default by any obligor upon the indenture securities in the making of any such payment.

"EFFECT OF PRESCRIBED INDENTURE PROVISIONS

"SEC. 318. The indenture to be qualified shall provide that if any provision thereof limits, qualifies, or conflicts with another provision which is required to be included in such indenture by any of sections 310 to 317, inclusive, such required provision shall control."

Mr. COLE of Maryland. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 125, line 11, after the figures "318", insert "(a)", and after line 15, insert the following subsection:

"(b) The indenture to be qualified may contain in addition to provisions specifically authorized under this title, to be included therein, any other provision, the inclusion of which is not in contravention with any provision of this title."

Mr. COLE of Maryland. Mr. Chairman, that was considered in committee yesterday as a necessary amendment to clear up the conflict as to whether the language of the bill is all-inclusive, as is intended. This language makes it certain, and I ask for the adoption of the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Maryland.

The amendment was agreed to.

The Clerk read as follows:

"RULES, REGULATIONS, AND ORDERS

"SEC. 319. (a) The Commission shall have authority from time to time to make, issue, amend, and rescind such rules and regulations and such orders as it may deem necessary or appropriate in the public interest or for the protection of investors to carry out the provisions of this title, including rules and regulations defining accounting, technical, and trade terms used in this title. Among other things, the Commission shall have authority, (1) by rules and regulations, to prescribe for the purposes of section 310 (b) the method (to be fixed in indentures to be qualified under this title) of calculating percentages of voting securities and other securities; (2) by rules and regulations, to prescribe the definitions of the terms 'cash transaction' and 'self-liquidating paper' which shall be included in indentures to be qualified under this title, which definitions shall include such of the creditor relationships referred to in paragraphs (4) and (6) of subsection (b) of section 311 as to which the Commission determines that the application of subsection (a) of such section is not necessary in the public interest or for the protection of investors, having due regard for the purposes of such subsection; and (3) for the purposes of this title, to prescribe the form or forms in which information required in any statement, application, report, or other document filed with the Commission shall be set forth. For the purpose of its rules or regulations the Commission may classify persons, securities, indentures, and other matters within its jurisdiction and prescribe different requirements for different classes of persons, securities, indentures, or matters.

"(b) Subject to the provisions of the Federal Register Act and regulations prescribed under the authority thereof, the rules

and regulations of the Commission under this title shall be effective upon publication in the manner which the Commission shall prescribe, or upon such later date as may be provided in such rules and regulations.

"(c) No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or order of the Commission, notwithstanding that such rule, regulation, or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

"HEARINGS BY COMMISSION

"SEC. 320. Hearings may be public and may be held before the Commission, any member or members thereof, or any officer or officers of the Commission designated by it, and appropriate records thereof shall be kept.

"SPECIAL POWERS OF THE COMMISSION

"SEC. 321. (a) For the purpose of any investigation or any other proceeding which, in the opinion of the Commission, is necessary and proper for the enforcement of this title, any member of the Commission, or any officer thereof designated by it, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, contracts, agreements, or other records which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of any such books, papers, correspondence, memoranda, contracts, agreements, or other records may be required from any place in the United States or in any Territory at any designated place of investigation or hearing. In addition, the Commission shall have the powers with respect to investigations and hearings, and with respect to the enforcement of, and offenses and violations under, this title and rules and regulations and orders prescribed under the authority thereof, provided in sections 20, 22 (b), and 22 (c) of the Securities Act of 1933.

"(b) The Treasury Department, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and the Federal Deposit Insurance Corporation are hereby authorized, under such conditions as they may prescribe, to make available to the Commission such reports, records, or other information as they may have available with respect to trustees or prospective trustees under indentures qualified or to be qualified under this title, and to make through their examiners or other employees for the use of the Commission, examinations of such trustees or prospective trustees. Every such trustee or prospective trustee shall, as a condition precedent to qualification of such indenture, consent that reports of examinations by Federal, State, Territorial, or District authorities may be furnished by such authorities to the Commission upon request therefor.

"Notwithstanding any provision of this title, no report, record, or other information made available to the Commission under this subsection, no report of an examination made under this subsection for the use of the Commission, no report of an examination made of any trustee or prospective trustee by any Federal, State, Territorial, or District authority having jurisdiction to examine or supervise such trustee, no report made by any such trustee or prospective trustee to any such authority, and no correspondence between any such authority and any such trustee or prospective trustee, shall be divulged or made known or available by the Commission or any member, officer, agent, or employee thereof, to any person other than a member, officer, agent, or employee of the Commission: *Provided*, That the Commission may make available to the Attorney General of the United States, in confidence, any information obtained from such records, reports of examination, other reports, or correspondence, and deemed necessary by the Commission, or requested by him, for the purpose of enabling him to perform his duties under this title.

"(c) Any investigation of a prospective trustee, or any proceeding or requirement for the purpose of obtaining information regarding a prospective trustee, under any provision of this title, shall be limited—

"(1) to determining whether such prospective trustee is qualified to act as trustee under the provisions of subsection (b) of section 310;

"(2) to requiring the inclusion in the registration statement or application of information with respect to the eligibility of such prospective trustee under paragraph (1) of subsection (a) of such section 310; and

"(3) to requiring the inclusion in the registration statement or application of the most recent published report of condition of such prospective trustee, as described in paragraph (2) of such subsection (a), or, if the indenture does not contain the provision with respect to combined capital and surplus authorized by the last sentence of paragraph (2) of subsection (a) of such section 310, to determining whether such prospective trustee is eligible to act as such under such paragraph (2)."

Mr. COLE of Maryland. Mr. Chairman, I offer the following amendment as a committee amendment which I send to the desk.

The Clerk read as follows:

Page 130, after line 19, insert a new paragraph, as follows:

"(b) The provisions of section 4 (b) of the Security and Exchange Act of 1934 shall be applicable with respect to the power of the Commission to appoint and fix the compensation of such officers, attorneys, examiners, and other experts, and such other officers and employees as may be necessary for carrying out its functions under this title."

Mr. COLE of Maryland. Mr. Chairman, that adopts the provisions that exist in the Security and Exchange Act.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. MAPES. Mr. Chairman, I am not in favor of that amendment. We have pending on the House Calendar a bill reported by the Civil Service Committee having for its purpose to blanket employees into the civil service, and still Congress continues to go ahead and provide by legislation for their appointment without reference to the civil-service laws and regulations. The two positions are inconsistent.

Mr. REECE of Tennessee. Mr. Chairman, I move to strike out the last word. I sympathize with the attitude of the gentleman from Michigan [Mr. MAPES] in its general applicability, but the purpose of this amendment is to make the general provisions of the Security and Exchange Act apply to this amendment, which we have under consideration today. There is some question that if this amendment is not adopted, the general provisions of the act dealing with this particular subject might not apply to the amendment now under consideration. For that reason, although I hesitate to disagree with my esteemed friend from Michigan, I feel that the amendment should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland.

The amendment was agreed to.

The Clerk read as follows:

"COURT REVIEW OF ORDERS; JURISDICTION OF OFFENSES AND SUITS

"SEC. 322. (a) Orders of the Commission under this title (including orders pursuant to the provisions of sections 305 (b) and 307 (c)) shall be subject to review in the same manner, upon the same conditions, and to the same extent, as provided in section 9 of the Securities Act of 1933, with respect to orders of the Commission under such act.

"(b) Jurisdiction of offenses and violations under, and jurisdiction and venue of suits and actions brought to enforce any liability created by, this title, or any rules or regulations or orders prescribed under the authority thereof, shall be as provided in section 22 (a) of the Securities Act of 1933.

"LIABILITY FOR MISLEADING STATEMENTS

"SEC. 323. (a) Any person who shall make or cause to be made any statement in any application, report, or document filed with the Commission pursuant to any provisions of this title, or any rule, regulation, or order thereunder, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or who shall omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall be liable to any person (not knowing that such statement was false or misleading or of such omission), who, in reliance upon such statement or omission, shall have purchased or sold a security issued under the indenture to which such application, report, or document relates, for damages caused by such reliance, unless the person sued shall prove that he acted in good faith and had no knowledge that such statement was false or misleading or of such omission. A person seeking to enforce such liability may sue at law or in equity in any court of competent jurisdiction. In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit and assess reasonable costs, including reasonable attorneys' fees, against either party litigant, having due regard to the merits and good faith of the suit or defense. No action shall be maintained to enforce any liability created under this section unless brought within 1 year after the discovery of the facts constituting the cause of action and within 3 years after such cause of action accrued.

"(b) The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist under the Securities Act of 1933, or the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935, or otherwise at law or in equity; but no person permitted to maintain a suit for damages under the provisions of this title shall recover, through satisfaction of judgment in one or more actions, a total amount in excess of his actual damages on account of the act complained of.

"UNLAWFUL REPRESENTATIONS

"SEC. 324. It shall be unlawful for any person in issuing or selling any security to represent or imply in any manner whatsoever that any action or failure to act by the Commission in the administration of this title means that the Commission has in any way passed upon the merits of, or given approval to, any trustee, indenture or security, or any transaction or transactions therein, or that any such action or failure to act with regard to any statement or report

filed with or examined by the Commission pursuant to this title or any rule, regulation, or order thereunder, has the effect of a finding by the Commission that such statement or report is true and accurate on its face or that it is not false or misleading.

"PENALTIES

"SEC. 325. Any person who willfully violates any provision of this title or any rule, regulation, or order thereunder, or any person who willfully, in any application, report, or document filed or required to be filed under the provisions of this title, or any rule, regulation, or order thereunder, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both.

"EFFECT OF EXISTING LAW

"SEC. 326. Except as otherwise expressly provided, nothing in this title shall affect (1) the jurisdiction of the Commission under the Securities Act of 1933, or the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935, over any person, security, or contract, or (2) the rights, obligations, duties, or liabilities of any person under such acts; nor shall anything in this title affect the jurisdiction of any other commission, board, agency, or officer of the United States or of any State or political subdivision of any State, over any person or security, insofar as such jurisdiction does not conflict with any provision of this title or any rule, regulation, or order thereunder.

"CONTRARY STIPULATIONS VOID

"SEC. 327. Any condition, stipulation, or provision binding any person to waive compliance with any provision of this title or with any rule, regulation, or order thereunder shall be void.

"SEPARABILITY OF PROVISIONS

"SEC. 328. If any provision of this title or the application of such provision to any person or circumstance shall be held invalid, the remainder of the title and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby."

Mr. REECE of Tennessee. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it has been my privilege to serve on the subcommittee in the previous Congress which considered a similar bill and to serve on the subcommittee during the present Congress which has held hearings on and given consideration to the pending bill.

Since I did not take an opportunity to say so during the course of the general debate, I wish to say I am in favor of the bill, but I rose particularly to commend the work of the chairman of the subcommittee, my friend Mr. COLE of Maryland, who has done a very splendid piece of work in the manner in which he has helped evolve this legislation and bring it to its present highly satisfactory form. In that effort he has had the cooperation of my friend and colleague from Michigan [Mr. MAPES], who, as a member of the Committee on Interstate and Foreign Commerce, and at present the ranking member, during past years has taken a great deal of interest in the development of the Federal Securities and the Stock Exchange Acts, and has made a valuable contribution to the present legislation. I think both of those gentlemen deserve the praise and commendation of the House. That praise and commendation has, I think, been bestowed in the confidence which the Committee this afternoon has shown during the consideration of this bill. [Applause.]

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I take this moment just to say a word or two about the Committee on Interstate and Foreign Commerce. I was connected with it for so many, many years and I came to love it and its work to such an extent that I always feel good when I see the big fellows on that committee in charge of a bill on the floor of this House.

In the position in which I find myself now, I cannot even follow the hearings before the various committees of the House. Therefore I cannot read with the understanding which I would like to read the bills that are reported from the various committees. If there is a committee in the House of Representatives whose judgment on a legislative matter I would take on faith, it would be this great Committee on Interstate and Foreign Commerce.

I am proud to say that of all measures that have been passed in the so-called New Deal period, that are far reaching, and that are permanent, the Securities Act of 1933, the Stock Exchange Act of 1934, the Utility Holding Company Act of 1935—it matters not how the Congress may change, how the Executive may change, those monuments to the work and wisdom and patriotism of that great committee will not perish from the statute books.

I have enjoyed this afternoon hearing the splendid defense of this bill made by the gentleman from Maryland [Mr. COLE], the gentleman from Michigan, [Mr. MAPES], and others of that committee. I just wanted to say to them and to the House that I do enjoy this little visit with them on the floor of the House this afternoon. [Applause.]

Mr. COLE of Maryland. Mr. Chairman, this is an important bill. It is tremendously intricate. I appreciate, as chairman of the subcommittee, the very fine references to members of the committee, especially the words from the majority leader. More especially do I thank my good friend, Mr. REECE of Tennessee, for his remarks. He is a great fellow. It was legislation bearing the name of our distinguished majority leader which made such a bill as this the actual law to follow. Our association with him when he was chairman of the Interstate and Foreign Commerce Committee recalls very definitely to us that wisdom which the House must respect. Along with the members of this committee, I thank them for the way the House has received this very complicated measure. [Applause.]

The CHAIRMAN. The question is on the committee substitute for the Senate bill.

The committee substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee will now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 2065, and pursuant to House Resolution 248, he reported the same back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

By unanimous consent, a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 28. Concurrent resolution authorizing certain changes in the enrollment of H. R. 6577, the District of Columbia Revenue Act.

COMMERCIAL PRINTS AND LABELS

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 153) to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 3, strike out "1939" and insert "1940."

Page 2, line 4, strike out "1939" and insert "1940."

Page 2, line 8, strike out "manufacture" and insert "merchandise."

Page 2, line 10, strike out "1939" and insert "1940."

Page 2, line 13, strike out "1939" and insert "1940."

Page 2, line 16, after "applicants.", insert "There shall be paid for registering a claim of copyright in any such print or label not a trade-mark $6, which sum shall cover the expense of furnishing a certificate of such registration, under the seal of the Copyright Office, to the claimant of copyright."

Page 2, line 18, strike out "1939" and insert "1940."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. LEWIS of Colorado. I ask unanimous consent to extend and revise the remarks I made today on the securities bill and to include therein a short statement from the hearings on the bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I make a like request.

The SPEAKER. Without objection, a similar request by the gentleman from Illinois will be granted.

There was no objection.

SELECT COMMITTEE TO INVESTIGATE BONDHOLDERS REORGANIZATIONS

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to file certain reports.

Mr. CHURCH. Mr. Speaker, reserving the right to object, the gentleman from Illinois asks unanimous consent to revise his remarks and to file certain reports. I ask, what reports?

Mr. SABATH. Question has arisen as to whether the report of the Select Committee to Investigate Bondholders' Reorganizations authorized by House Resolution 412 of the Seventy-third Congress has been properly filed. It was filed on May 16, 1938, but to eliminate any possible question I have submitted this request.

Mr. CHURCH. Mr. Speaker, certainly until I know the nature of the report, I shall have to object.

Mr. SABATH. It is the report of the committee.

Mr. CHURCH. I do not know what the report is. It is unusual that the request should be made in this way. The Select Committee to Investigate Bondholders' Reorganizations is long since dead. This appears to be some kind of a report not even signed by some of the members of that expired committee.

Mr. SABATH. Then I file it without unanimous consent, as a Member of the House.

The SPEAKER. Does the gentleman object to the request?

Mr. CHURCH. I do not know what the report is.

The SPEAKER. The gentleman either objects or does not object.

Mr. CHURCH. I object, Mr. Speaker.

The SPEAKER. The gentleman objects to the unanimous-consent request.

Mr. CHURCH. I will not object to the gentleman's request to extend his own remarks of today. I do object to the inclusion of a report.

Mr. SABATH. At this time, then, Mr. Speaker, I file the report as a member of that committee.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute with respect to the report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DIRKSEN. Mr. Speaker, the life of the select committee expired on the 3d day of January, and I am somewhat in a quandary as to the authority of this committee, which is nonexistent now, to file a report. I say it for the simple reason that there were some portions of the report that ought to be edited, that were not acceptable to me. It does raise a very singular question, I would say, for the Speaker, as to whether or not the report can be filed by a committee which ceased to exist on the 3d day of January.

The SPEAKER. The Chair asks the gentleman from Illinois [Mr. SABATH] how long, under the resolution setting it up, was the select committee given in which to present its final report?

Mr. SABATH. No time was specified within which to make the final report.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MICHENER. What was the life of the committee?

The SPEAKER. The Chair does not have before him the original resolution authorizing the setting up of this committee.

The Chair does not wish to make any improvident decision on the merits of the matter, and would suggest to the gentleman from Illinois, if it meets with his approval, that he withhold this matter for the present.

Mr. SABATH. Mr. Speaker, if the Chair will permit, I may say that today I finally received the reprinted, revised, and reedited report which was filed by me May 16, I think, 1938. Due to the fact, however, that I have been deprived of funds I had no people to cooperate with me in this matter and it has required a great deal of time to reedit the report. I have been obliged to withhold it, to send it to the Printer again and again, and that is the reason for the delay. It is the report which has been filed, it has been printed, and it is merely revised or reedited so that no injustive would be done to anyone.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MICHENER. Did the committee act upon the reedited edition?

Mr. SABATH. Copies were sent to the committee originally, they have gone over it; and then again they were sent copies some time ago merely as a courtesy.

Mr. MICHENER. My question is simply, Has the report the gentleman is attempting to file been considered in its present form, since it has been prepared, by the committee?

Mr. SABATH. I never heard any objection from members of the committee, and I have submitted it to members of the committee.

If there is any question, Mr. Speaker, I still stand on my statement that it has been filed. I rose only because some newspapermen said they did not know, but had been told there is a question as to some libel in it. I do not see where there is any libel in it, but I know that the facts are contained in the report, and the report was filed at that time.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. COCHRAN. I had the request for information as to whether the report had been filed, and I say to the gentleman, that I read the Journal of May 16, 1939, but I could not find in the Journal any reference at all to the filing of the report on that date.

Mr. SABATH. I am very sorry, but it has been filed, it has been sent to the printer, it has been printed, it is here. It has been reprinted twice.

The SPEAKER. The Chair thinks it proper to state that perhaps the gentleman from Illinois should temporarily withhold his attempt to file the report. A rather serious question has been raised as to whether or not this report was filed under authority granted in the resolution and in the time granted by the original resolution. The Chair would like to have an opportunity to look into the RECORD with reference to the facts in the matter.

Mr. SABATH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. We will say it has not been filed and that I had it printed somewhere else and not in the Printing Office. We will say that no one has ever seen it and it is the first report and I as chairman of the committee filed it now. This is a committee appointed by the House.

The SPEAKER. The Chair is of the opinion that the gentleman would not have the legal authority to file this as a report of the committee because, as the Chair understands, the functions of the committee expired on January 1, 1939.

Mr. SABATH. But the committee was instructed to file its report, and there was no time fixed. I am not going to press the Speaker for a ruling.

The SPEAKER. The Chair would rather the gentleman withdraw the tender of the report for the present.

Mr. SABATH. Mr. Speaker, I withhold for the present my request to file the report.

PAYMENT OF CONSTRUCTION CHARGES ON UNITED STATES RECLAMATION PROJECTS

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Idaho [Mr. WHITE]?

There was no objection, and the Chair appointed the following conferees: Mr. WHITE of Idaho, Mr. HILL, and Mr. HAWKS.

SUPPRESSION OF CERTAIN SUBVERSIVE ACTIVITIES

Mr. CLARK. Mr. Speaker, I ask for the immediate consideration of a resolution which I send to the Clerk's desk.

The Clerk read as follows:

HOUSE RESOLUTION 257

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 5138, a bill to make unlawful attempts to overthrow the Government of the United States; to require licensing of civilian military organizations; to make unlawful attempts to interfere with the discipline of the Army and Navy; to require registration and fingerprinting of aliens; to enlarge the jurisdiction of the United States Circuit Court of Appeals in certain cases; and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. DICKSTEIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from North Carolina [Mr. CLARK] yield for the purpose of a parliamentary inquiry?

Mr. CLARK. Mr. Speaker, I yield.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. DICKSTEIN. Mr. Speaker, about 6 weeks ago, before the bill in question and under consideration was reported from the Committee on the Judiciary, under the rules of the House, as chairman of a committee and at the request of my committee, I asked that that bill be referred back to the Committee on Immigration where it properly belonged, because the whole bill involved the principle of immigration in its present status.

The Speaker ruled that I did not make the request in time, because in the case of the Hobbs bill, that bill had already been reported out of the committee, whereas the Smith bill was in the committee. I believe that the Chair ruled if I had made a motion in time, and before the report of the Committee on the Judiciary, it would have been in order to move that the bill be referred back to the Committee on Immigration, where it properly belonged.

I want to ask the Speaker, Is it in order for me now, or may I at this time on behalf of my committee, move to refer back this bill now about to be considered to the committee, where we claim it properly belongs?

The SPEAKER. In answer to the inquiry of the gentleman from New York, the Chair may say that the same parliamentary principle obtains with reference to this bill as pertained to the Hobbs bill. A motion to rerefer could only be made while the bill was in the hands of the committee and before being reported to the House.

This bill having been reported by the committee, and being on the Calendar of the House, it is too late for the gentleman to make such a motion.

Mr. DICKSTEIN. Will the gentleman permit another parliamentary inquiry supplementary to my statement? In the case of the Smith bill, I did make a request for reference to the Committee on Immigration before the Committee on the Judiciary reported the Smith bill. The RECORD will bear me out.

The SPEAKER. The Chair, of course, has no independent recollection of that request. What happened to the request of the gentleman?

Mr. DICKSTEIN. That is what I am trying to find out from the Speaker, whether it is in order now to raise the point of order.

The SPEAKER. The Chair certainly did not object to the unanimous-consent request of the gentleman. The RECORD will show what was done. It must have been objected to. The RECORD will show the disposition of the gentleman's request. The Chair has no independent recollection of it.

Mr. DICKSTEIN. Then, Mr. Speaker, it is not in order now, in spite of the fact that we have preserved our constitutional right on the question of committees, to make that motion for rereference of the bill?

The SPEAKER. The Chair cannot agree with the statement that the gentleman has preserved his constitutional right under the rules of the House.

Mr. DICKSTEIN. If I made it prior to the reporting of the Smith bill?

The SPEAKER. The gentleman did not raise his question prior to the reporting of the bill.

Mr. DICKSTEIN. I shall be glad to find it if I can and submit it to the Chair.

The SPEAKER. The Chair may say to the gentleman that whether the request was made or not, manifestly there was no agreement on the request of the gentleman. The Chair assumes that the Committee on the Judiciary continued its jurisdiction over the bill and reported it to the House.

CALL OF THE HOUSE

Mr. MARCANTONIO. Mr. Speaker, I make the point of order that a quorum is not present. This is very important legislation and I believe we should have a quorum present.

The SPEAKER. Evidently a quorum is not present.

Mr. CLARK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 134]

Bell	Ferguson	McGranery	Sacks
Bloom	Fernandez	Maas	Schwert
Boren	Fish	Maciejewski	Secrest
Brewster	Fitzpatrick	Magnuson	Shannon
Buckler, Minn.	Flannery	Martin, Ill.	Smith, Ill.
Buckley, N. Y.	Folger	Massingale	Smith, Ohio
Burdick	Thomas F. Ford	May	Smith, W. Va.
Cluett	Gifford	Merritt	Snyder
Connery	Green	Mitchell	Somers, N. Y.
Cooley	Hart	Mouton	Steagall
Crawford	Hartley	Nelson	Sullivan
Creal	Healey	Nichols	Sumners, Tex.
Cummings	Hendricks	Norton	Taylor, Colo.
Curley	Hennings	O'Brien	Thomas, N. J.
DeRouen	Jarrett	O'Neal	Tinkham
Dies	Kelly	Osmers	Wallgren
Disney	Keogh	Patman	Walter
Eaton, Calif.	Kerr	Pfeifer	Wolfenden, Pa.
Evans	Lambertson	Reed, N. Y.	Woodrum, Va.
Fay	Lea	Ryan	Zimmerman

The SPEAKER. Three hundred and forty-eight Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

Mr. CLARK. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee [Mr. TAYLOR] and yield myself 1 minute.

Mr. Speaker, the resolution before the House will make in order the consideration of what is known as the Smith alien bill, a subject which I believe the House will at least be interested in considering. As far as I have been able to learn, there has been no objection to the adoption of the rule making the consideration of this measure in order. I do not intend to take the time of the House to discuss the

merits of the legislation itself, as it will be explained by those more familiar with it than I.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I recognize and concede that the bill, consideration of which is made in order by the rule we are now considering, possesses many meritorious provisions as far as it goes but, in my judgment, many of the incisors and bicuspids of the Smith bill were extracted by the Committee on the Judiciary before it reported the bill. This bill does make it a crime for anyone to influence the loyalty or the morale of our armed forces, and that provision of the bill is, of course, to be highly commended. The bill also makes it a crime for anyone to utter literature advocating the overthrow of the Government by force or violence, and, of course, that is a very meritorious provision. The bill also makes it a crime for an alien to practice or engage in the business of moral prostitution and makes an alien who engages in that activity subject to deportation. Of course, we all recognize that as a very worth-while and very meritorious provision.

One of the chief objections I have to the bill as reported by the Committee on the Judiciary is that that committee struck out the first provision of the original Smith bill. While it is highly treasonable for any person to advocate the overthrow of the Government by force and violence, I consider it even more despicable and heinous for an American citizen, native-born or naturalized, to engage in such advocacy than for an alien to do so. The first section of the bill, as introduced by the gentleman from Virginia [Mr. SMITH], made it a crime for either an alien or a native-born citizen to advocate the overthrow of the Government by force and violence.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Pennsylvania.

Mr. WALTER. We have already enacted a law to meet just that situation.

Mr. TAYLOR of Tennessee. I understand that the gentleman has reference to the McCormack bill?

Mr. WALTER. The gentleman is correct.

Mr. TAYLOR of Tennessee. Another provision of the Smith bill, which I would like to see incorporated in this bill, provided for the registration of aliens.

Mr. Speaker, it is not known how many aliens we have in this country who have entered unlawfully, and the only way to determine this fact is by rigid registration of all of the aliens in the United States. I have been advocating legislation to register all aliens for a number of years, and it seems to me that the time is here when this should be done without further delay. Under existing law we cannot deport aliens who entered unlawfully prior to 1924 unless it can be shown that they have been guilty of crime involving moral turpitude. A rigid enforcement of such a registration law as I have mentioned would enable us to ferret out those aliens who have entered unlawfully since 1924 and immediately deport them. It has been estimated that there are over 2,000,000 aliens in this country who have entered unlawfully, thousands of whom have been, and many of whom are still, on Government relief. Within 30 days after Congress passed the last relief bill, more than 30,000 aliens were dropped from our relief rolls, and there are reasons to believe that many thousands more are still on the rolls at the expense of the overburdened American taxpayers.

It seems to me, Mr. Speaker, that the only way to rid ourselves of these aliens who have unlawfully entered our country is by the enactment of a rigid registration law. Bills providing for the registration and fingerprinting of aliens are now pending in both branches of the Congress, and should be enacted into law before this session adjourns. I know of no subject before the Congress of more vital importance. At first, I confess, Mr. Speaker, I was somewhat skeptical about fingerprinting, because in the past this operation smacked somewhat of criminal implications, but after a careful consideration of the matter I have come to a different conclusion. Why should not these aliens be fingerprinted? We fingerprinted our soldiers during the World War, and again fingerprinted them when they applied for their adjusted-service compensation. Fingerprinting is becoming very popular among all classes of our citizenship as a matter of protection. Every alien should be fingerprinted and given an identification card, and, if it is found that he is here unlawfully, he should be promptly deported.

Mr. Speaker, there are from six to nine million aliens in this country today who have shown no tendency or disposition to become American citizens. This is an unhealthy situation which should be immediately corrected. I favor legislation that will give these aliens a reasonable time, say 1 year, in which to make up their minds as to whether they want to become American citizens, and at the expiration of that time, if they have made no move to become naturalized, I favor deporting them to the country whence they came. They are receiving all of the benefits which our citizens enjoy without assuming any of the hardships. This is manifestly unfair. There is no room in this country for such double allegiance as we saw demonstrated in Madison Square Garden, New York, recently when 18,000 members of the so-called German Bund assembled there and boldly acclaimed a European dictator, only to be followed a few nights later by 22,000 Communists who met in the same hall and praised the Soviet Government and the Third International. Mr. Speaker, these subversive influences are becoming more active and audacious every day—boring from within, insidiously feeding to the American people a soothing narcotic which has had a strong tendency to lull many of us into a feeling of false security. If we are worthy of the heritages handed down to us by those immortals who set up this Government by the free sacrifice of blood and treasure, we will awake from our lethargy and stamp out this menace to American democracy. [Applause.]

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I notice that title IV, the last title of the amended bill, simply provides for fingerprinting aliens who make application to enter this country.

Mr. TAYLOR of Tennessee. That is correct.

Mr. JENKINS of Ohio. In other words, they are fingerprinted in the country from which they seek to emigrate. This provision has nothing to do with the fingerprinting of the millions of aliens who are here now and are unnaturalized.

Mr. TAYLOR of Tennessee. That is the very thing of which I am complaining. I thought before I read this bill that our immigration authorities abroad were certainly taking the precaution of fingerprinting the aliens before they came to this country.

Mr. JENKINS of Ohio. That is a very small matter.

Mr. TAYLOR of Tennessee. Certainly it is.

Mr. JENKINS of Ohio. The original Smith bill provided for what we call and have been speaking of for years as a regular registration measure.

Mr. TAYLOR of Tennessee. Yes.

Mr. JENKINS of Ohio. Does the gentleman think it would be wise and proper for him, as one of the strong and influential members of the Committee on Immigration and Naturalization, to move to amend this bill and reinsert in it the provision that would call for the general registration of all aliens?

Mr. TAYLOR of Tennessee. I would be glad to do that, but it seems to me that the author of the bill should do it.

Mr. JENKINS of Ohio. I can say to the gentleman that if he does offer such an amendment he will have the support of at least one individual Member.

Mr. TAYLOR of Tennessee. I am sure of that.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. O'TOOLE. Does not the bill, by implication, try to dictate what the members of the Army and Navy shall read, in that it takes away their liberty in that respect.

Mr. TAYLOR of Tennessee. I do not think so.

Mr. O'TOOLE. Read it, and you will find out that it does.

Mr. TAYLOR of Tennessee. It certainly prevents advocates of communism from spreading propaganda among the members of the armed forces of the Government and prevents any effort to provoke insurrection or spread mutiny and sedition.

Mr. O'TOOLE. It denies them the right of receiving the literature that this bill forbids.

Mr. TAYLOR of Tennessee. And very properly so.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 2 additional minutes.

Mr. GEYER of California. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. GEYER of California. I am sure the gentleman wants to state the facts, and I understood the gentleman to say that there were something like 12,000,000 aliens in this country. The Secretary of Labor tells us there are about three and a half million, and I am wondering if the gentleman would like to correct that statement.

Mr. TAYLOR of Tennessee. The Secretary of Labor stated they had a record of only that many. I am talking about the tremendous number of which we have no record.

Mr. GEYER of California. I beg to differ with the gentleman.

Mr. TAYLOR of Tennessee. And if we will proceed to register all aliens in this country, then we can determine just how many we have here.

Mr. GEYER of California. The number I gave is according to the estimates of the Labor Department.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. MARCANTONIO. Is not the National Guard considered a part of the armed forces of the United States?

Mr. TAYLOR of Tennessee. I think so.

Mr. MARCANTONIO. And the gentleman knows that the National Guard is very often employed in labor disputes. Is not that correct?

Mr. TAYLOR of Tennessee. In some instances, I think so.

Mr. MARCANTONIO. And this section of the bill could very easily be used against strikers if they issued any leaflets during a strike, because it might be held to influence them.

Mr. TAYLOR of Tennessee. Not unless they advocated overthrow of the Government by force and violence.

Mr. MARCANTONIO. What is advocacy of overthrow of government is a matter of opinion. Innocent people, labor people in particular, have been persecuted under similar ambiguous laws.

Mr. HANCOCK. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. HANCOCK. The National Guard is not included unless the National Guard is called into Federal service; and does not that cover the gentleman's proposition?

Mr. TAYLOR of Tennessee. The gentleman is correct.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. CELLER. As the gentleman knows, one of the provisions of the bill provides for the registration of all future aliens upon filing their application to come to this country.

Mr. TAYLOR of Tennessee. Yes; but that is a very insignificant matter.

[Here the gavel fell.]

Mr. CLARK rose.

DISTRICT OF COLUMBIA REVENUE BILL

The SPEAKER. Will the gentleman from North Carolina yield to the gentleman from West Virginia [Mr. RANDOLPH] to submit a unanimous consent request?

Mr. CLARK. I yield, Mr. Speaker.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 28.

The Clerk read as follows:

Senate Concurrent Resolution 28

Resolved by the Senate (the House of Representatives concurring), That the Clerk of the House, in the enrollment of the bill (H. R. 6577) to provide revenue for the District of Columbia, and for other purposes, is authorized and directed to make the following changes:

(1) On page 2 of the conference report agreed to by the House on July 18, 1939, under the heading, Table of Contents, in section 4 (a) strike out "resident", and in sections 4 (b) and 5 (c), strike out "and nonresident individuals";

(2) On page 7 of such conference report, in the heading of subsection (c) of section 5, strike out "and nonresident individuals"; and

(3) On page 18 of such conference report, in section 31, strike out "title VI" and insert in lieu thereof "title IX."

The SPEAKER. Is there objection to the present consideration of the Senate concurrent resolution?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, I understand that this is simply a correction of some typographical errors in the bill.

Mr. RANDOLPH. The distinguished minority leader is correct, it is just to take care of some clerical errors.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Senate concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

SUPPRESSION OF CERTAIN SUBVERSIVE ACTIVITIES

Mr. CLARK. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. COFFEE].

Mr. COFFEE of Washington. Mr. Speaker, this piece of legislation is a matter on which honest men and women will differ. For the distinguished author of the bill, the able gentleman from Virginia [Mr. SMITH], I have profound respect and affection, but I differ with him as to the means by which we should attempt to enforce patriotism in the United States. In 1798 the United States made the mistake of enacting alien and sedition laws. Such distinguished statesmen as Thomas Jefferson and James Madison inveighed bitterly against the enactment of these laws and as a result of their powerful arguments, such reprehensible acts were wiped off the statute books.

Now we find in the year of our Lord 1939 that we are attempting to imitate Nazi Germany. In the Weimar Republic of Germany, which preceded the Hitler regime from 1929 down to 1933, we find almost identical parallels, with attempts made in the Congress of the United States to enact alien-baiting legislation. And that is what this is, gentlemen—alien-baiting legislation. [Applause.] You can dress up this bill in any disguise you please, but a rose by any other name would smell as sweet, and a skunk cabbage by any other name would be equally odoriferous.

This bill is a measure to deny civil liberties to foreign residents of our country. In my own State of Washington the Federal judges have arrogated unto themselves the right of denying to an alien resident of that State the privilege to become a citizen, if he has been so unfortunate as to have had to solicit relief at the hands of any political subdivision of the State or Federal Government.

In other words, to epitomize, an alien resident of my State who has been unfortunate enough to appeal for relief at the hands of my county and has been unable to repay that money to the county, when he seeks to become a citizen is interrogated by the Federal judge to this effect: "Have you been on relief?" "Yes." "Have you repaid the money you have received?" "Judge, I have not been able to do so; I cannot get a job." "That is too bad. This Federal court will deny you the right to become a citizen of the United States until you have repaid the money to the governmental agency from which you have received relief." And now we want to proceed against the alien because he has not become a citizen of the United States. [Applause.] I have heard people who sponsor this bill denounce the alien on the ground that we have so many hundreds of thousands in this country who have failed to become citizens, and yet in the next breath they

deny them the means to become citizens. If one will read this bill impartially he cannot help but come to the conclusion that the author and the sponsors of the bill act on the theory that all foreigners must ipso facto be aliens who are engaged in an effort to overthrow the Government of the United States by force.

Mr. Speaker, this is not the first of the alien bills before this Congress. The first was by the distinguished gentleman from New Mexico [Mr. DEMPSEY]. That bill provided that we may deport any alien who has been found guilty of advocating a change in the form of government—the very thing which Thomas Jefferson said should be done in every generation, and which Abraham Lincoln advocated as a means of keeping the Government abreast of the times. The next bill was by the distinguished gentleman from Alabama [Mr. HOBBS].

That bill provided that any alien who had been convicted of a crime and had served his sentence, if that crime were tainted with moral turpitude, should be held subject to deportation—as in the present law—but provided that until such time as the country from which he emigrated would accept him back he should be picked up by the Secretary of Labor and held in a detention camp, which means imprisonment without limit, and in effect sets up concentration camps. The next alien bill was that offered in the form of an amendment to a bill, an espionage bill, sponsored by the gentleman from Pennsylvania [Mr. WALTER]. No objection was made to the original bill, which was a bill fixing increased penalties for those guilty of espionage; but the gentleman from Massachusetts [Mr. MCCORMACK] introduced an amendment on the floor which provided for the revival or resurrection of the criminal syndicalism laws.

[Applause on the floor and in the galleries.]

Criminal syndicalism laws cursed the statute books of many States and of the Federal Government for some years during and following the World War. A cursory or casual reading of a typical such law would incline the unwary to the conclusion that such a bill is innocuous and not inimical to the civil liberties of the residents of our country. Actually, the phrase "overthrow the Government by force and violence" was construed by innumerable judges as an interdictment of labor leaders who were prosecuting a strike against an employer for the elimination of asserted grievances. Thus, labor leaders and unions were persecuted and prosecuted, by reason of their strike and picketing activities, under the provision of criminal syndicalism laws by means of a distorted interpretation of the above-quoted phrase.

Last week the immigration committee of another body reported out favorably an amended bill sponsored by the Senator from North Carolina [Mr. REYNOLDS], by the terms of which all immigration into the United States is prohibited for a period of 5 years. Pending now in committees of both Houses of Congress are bills providing for fingerprinting of aliens, the carrying of passports within this country, decreeing deportation for aliens who have not filed application for citizenship within 30 days of their arrival, the bills differing as to the time limit for such citizenship.

Mr. Speaker, one might well ask, Why this flood of alien-baiting legislation? The answer might include a declaration that these aliens cannot vote and therefore that no dangerous political repercussions will ensue. It is likewise the fashion to pick upon some scapegoat and visit upon him the blame for the ills from which we suffer. In Germany the Jew was the victim of such legislative pogroms. In this country of late it has been the fashion to direct our javelins of attack at the helpless alien noncitizen. The facts are that there are less criminals who are aliens than there are American citizens in the criminal category. Prison statistics prove this point irrefutably.

Let no one be deluded, there is tremendous sentiment in this country against the passage of these alien-baiting laws. On Thursday evening, July 13, I addressed a meeting in Philadelphia on the subject of antialien legislation. Present were 200 delegates representing scores of thousands of members of leading fraternal, social, business, political, civic, women's, and labor groups. The meeting unanimously condemned the instant bill and similar measures. The National Farmers' Union opposes this bill, and like acts, in a statement in which that great organization of farmers declares:

> The farmers are not in favor of studding our country with concentration camps; they do not want to be fingerprinted and asked for their passports whenever they go into town. Though allegedly aimed at aliens such measures * * * threaten to undermine our democratic institutions and destroy our liberty.

The International Labor Defense has vigorously denounced this and related measures, stating:

> The antialien mosquito is the carrier of the deadly Fascist germ. Its sting is directed at the citizen. Because aliens are considered convenient "goats" by a large proportion of Members of Congress (they have no votes), the bills are aimed ostensibly at them. The agitation for passage of these measures stresses that they are against noncitizens only. Actually, as any analysis will show, this is far from being the case.

The American Civil Liberties Union has, in a carefully prepared statement, vigorously urged the defeat of the Smith bill, the rule for which is now before us.

The Congress for Industrial Organizations has made a statement which I quote:

> If any alien has violated the laws of this country, there are ample police measures, both Federal and State, by which he can be convicted and truly punished.
>
> We feel that the civil liberties of all citizens of our country are menaced when such unconstitutional measures are directed against aliens, and we know that frequently alien bills are used to intimidate and threaten workers who are exercising their ordinary rights to join with their fellow workers in the improvement of their living conditions.

I attach hereto a summary of pending bills in relation to this subject matter prepared by the National Emergency Conference:

SUMMARY OF PENDING BILLS WHICH ENDANGER AMERICAN CIVIL LIBERTIES

(Prepared by National Emergency Conference, 156 Fifth Avenue, New York City, Chelsea 2–2062)

H. R. 130 (ARENDS, Illinois). Register all aliens and fix heavy business and professional fees; deport aliens on relief for 1 year; arrest without warrant; register all children of aliens.

H. R. 163 (LUDLOW, Indiana). Deport aliens attempting to induce the United States to favor one or more belligerents in a foreign war, other than through "legitimate exercise of free speech."

H. R. 273 (SMITH, Virginia). Deportation for crimes involving moral turpitude; arrest without warrant.

H. R. 278 (SMITH, Virginia). Ban aliens from practice of optometry.

H. R. 279 (TAYLOR, Tennessee). Deport aliens not taking out first papers within 1 year.

H. R. 280 (TAYLOR, Tennessee). Deport aliens considered "inimical to the public interest."

H. R. 999 (PACE, Georgia). Exclude all aliens; deport all noncitizens.

H. R. 1650 (DICKSTEIN, New York). Deny naturalization to aliens who "believe in" any other form of government, or who belong to organizations advocating other forms.

H. R. 3029, 3030, 3031, 3032, 3033, 3051 (STARNES, Alabama). Cut all quotas to 10 percent; extend quota system to Western Hemisphere. Prohibit all immigration for 10 years or until Congress certifies there are less than 3,000,000 unemployed. Deport aliens on relief. Deport aliens "inimical to public interest."

H. R. 3241 (WHELCHEL, Georgia). Prohibit all immigration for 5 years.

H. R. 3245 (WHELCHEL, Georgia). Prohibit all immigration; deport all aliens.

H. R. 3392 (STARNES, Alabama). Compulsory registration and fingerprinting of aliens.

H. R. 4006 (BOLAND, Pennsylvania). Appropriate $100,000 for deportation drive against "anarchists," etc.

H. R. 4905 (DIES, Texas). To deport "Fascists and Communists," under definitions which would include any noncitizen disagreeing with DIES' well-known views on Americanism, economic change, and class enmity. "Fascist" definition narrowed down.

H. R. 4907 (DIES, Texas). Same definitions as H. R. 4905; would apply Government control to internal affairs of organizations.

H. R. 4909 (DIES, Texas). Prohibits direct or indirect Government employment of persons defined in H. R. 4905.

H. R. 4172 (RANDOLPH, West Virginia). Deport aliens not taking out first papers within 1 year.

H. R. 4496 (LESINSKI, Michigan). Prohibit commuting into the United States to work.

H. R. 4860 (DEMPSEY, New Mexico). Deportation of aliens advocating "any change" in Government—passed by House of Representatives; would apply even though constitutional method advocated. Bill really amounts to deportation for mere opinion.

H. R. 6138 (SMITH, Virginia). Federal sedition statute; registration of civilian military organizations; punishment for disaffection in armed forces; exclusion, deportation, nonnaturalization of

aliens under a variety of shotgun provisions; provisions of the Hobbs bill; provisions of the Dempsey bill, with added touches, etc.

H. R. 5196 (McLEOD, Michigan). Compulsory registration and fingerprinting of aliens.

H. R. 5481 (BROOKS, Louisiana). Deportation of all aliens failing to file first papers within 30 days.

H. R. 5483 (EVANS, New York) and H. R. 5484 (SHAFER, Michigan). Registration of noncitizens employed by Government.

H. R. 5643 (HOBBS, of Alabama). "Internment" (concentration camps) for alien criminals and anarchists "and similar classes" whose native countries won't issue passports to them. (Passed by House of Representatives.)

H. R. 1651 (DICKSTEIN, New York). Bars singers, actors, dancers, who are noncitizens from practice of their professions.

S. 407 (REYNOLDS, North Carolina). Cuts quotas to 10 percent; puts Latin America and Western Hemisphere on quota basis.

S. 408 (REYNOLDS, North Carolina). Compulsory registration and fingerprinting of aliens.

S. 409, S. 410 (REYNOLDS, North Carolina). Identical with H. R. 3052, H. R. 3030.

S. 411 (REYNOLDS, North Carolina). Deport aliens "inimical to public interest."

S. 668 (MCKELLAR, Tennessee). Ban aliens from civil service.

S. 1383 (BROWN, Michigan). Prohibit commuting into United States to work.

S. 1470 (MCKELLAR, Tennessee). Registration and fingerprinting of aliens.

S. 1979 (REYNOLDS, North Carolina). Deport aliens found by any Cabinet member to be "inimical, unfriendly, hostile, or opposed or antagonistic to Government of United States."

S. 1980 (REYNOLDS, North Carolina). Deport aliens with "political philosophy contrary to or opposed to the theory of Government of the United States"; aliens who have in their possession firearms or explosives. (Would include farmers with shotguns, workers with industrial explosives, or any person into whose pocket or car a pistol is planted.)

I warn the Congress that there are dangerous sections in this bill to which your attention should be called. On page 18, section 2, line 13, may be found certain words which provide that prohibited books and articles "may be taken from any house or other place in which it may be found." On page 19, section 4, line 3, will be found this tricky little phrase: "it shall be unlawful for any person to attempt to commit (sic), or to conspire to commit (sic), any of the acts prohibited by any provisions of this title." Under the broad provisions of these words there would not be much chance for an alien to prove his innocence because the phrases "attempt to commit" or "conspire to commit" give such broad latitude that no limits can be conjured. Also in this bill will be found statements referring to "international political agency seeking to change the character of the Government of the United States or influence its policies." In this language can be included any liberal organization or political party which professes to extend public ownership or advocate progressive reforms or collective security in international relations as the phrase "international political agency" is so indefinite and hazy that any conservative judge might construe it so broadly as to crack down on liberal groups generally. On page 21 of the act, title II, lines 8 to 11, will be found provisions whereby any alien who is employed in any place of amusement or resort "habitually frequented by prostitutes or where prostitutes gather" may be deported. Under the broad phraseology of this section almost anything can happen.

In this bill, Mr. Speaker, in title III, we find on page 27 a section which I quote—

> It being the intent and purpose of this section that membership in any one of the classes of aliens enumerated in section 1 of this act, at any time, of no matter how short duration or how far in the past (sic), irrespective of its termination or of how it may have ceased, shall require deportation.

Words fail me in attempting properly to describe this section. It has no parallel in the law. It is sui generis. It stands by itself. Under its provisions I am aghast at the possibilities.

Mr. Speaker, I wish to ask this House to pause before enacting this bill into law. Are we not guilty of deliberately insulting nations with whom we maintain friendly diplomatic relations? Are we not humiliating their nationals? Are we not violating the traditions and experiences of a century and a half? I regret that the paucity of time vouchsafed me by the gentleman in charge of this bill prevents me from dilating at greater length upon what I consider are the weaknesses and evils of such legislation. [Applause.]

The SPEAKER. The time of the gentleman from Washington has expired.

Mr. COFFEE of Washington. Will the gentleman grant me some more time?

Mr. CLARK. I regret I have no more time that I can give the gentleman.

Mr. DINGELL. Mr. Speaker, I do not see why a gentleman making such a full exposition of the bill ought not to have more time. [Applause in the galleries.]

The SPEAKER. The Chair admonishes our guests in the galleries that under the rules of the House they are forbidden to give expression of approval or disapproval to anything said on the floor. That is the rule of the House and the Chair requests that our guests observe it. Does the gentleman from North Carolina yield the gentleman from Washington any more time?

Mr. CLARK. I am sorry, Mr. Speaker, but the time has been allotted among those to whom I have promised time.

Mr. Speaker, I yield now to the gentleman from Virginia [Mr. SMITH] 10 minutes.

Mr. SMITH of Virginia. Mr. Speaker, this bill has been very much misunderstood, I am afraid, by some Members of the House who are opposing it. If you will read the bill I do not think that you will find that it does any red baiting. It does not do anything to aliens that ought not to be done to them, according to any fair-minded person. The bill has been very much modified and changed by the Committee on the Judiciary, and I say to the House that after the bill was drafted and referred to the Committee on the Judiciary, that committee made it a continuing order of business for something like a month. That committee went over it day after day and considered it and held hearings and gave everybody an opportunity to be heard and completely redrafted the measure. I believe that it is a splendid measure, one that no one can seriously object to. It is not as strong a measure as I think it ought to be, and I hope perhaps the House may make some changes.

Certainly I can see no ground for the statements such as were made by my good friend from Washington [Mr. COFFEE] that this was a bill that was doing a lot of things to aliens.

I am going to use the brief time that I have in trying, in my feeble way, to tell you what is in this bill. By that I mean to say I will tell you what is in it, and what I do not tell you will not be in this bill, notwithstanding what some Members of the House may undertake to say, who perhaps have not even read the bill.

I want to take it up title by title. The first title of this bill is one which provides that it shall be unlawful to spread sedition through the Army and Navy of the United States. That bill was drafted and sent down here by the Navy Department, and I included it in this bill. It was their earnest request that it be adopted. At the hearings on this bill representatives of both the Army and Navy appeared and urged the adoption of this measure.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am sorry I will not have time to yield. I only have 10 minutes.

Representatives from both the Army and Navy urged the adoption of this bill. If you will look at the hearings you will find it on page 35. The representative of the United States Navy who appeared before the Judiciary Committee made this statement:

> The Navy Department so far has not seen fit to do that—that is, court martial them—has not wished to proceed in that way. We simply discharge them as undesirable. But I cite this situation as evidence of the fact that, whereas the last time we came before Congress with this request we were forced to say there had been no apparent damage done, I am afraid now, gentlemen, that we have to report that damage is being done, and that is the reason this measure was renewed after it was allowed to lie dormant during the Seventy-fifth Congress.

That is the request of the Army and Navy, and that is all I have to say upon title I of the bill.

The next title of the bill amends the law for the deportation of criminal aliens. It is rather astonishing to me that the Members of this House of Representatives would make serious arguments on the floor of this House against the deportation of flagrantly criminal aliens. This bill amends the present law in that respect and adds several classes to the deportable criminal alien class. For instance, it adds to that class those who are found guilty of carrying machine guns and sawed-off shotguns in violation of the law. It is a little difficult for me to understand why Members of Congress should object to the deportation of those folk who come here from foreign countries and indulge in the use of machine guns and sawed-off shotguns upon our population. It adds to those classes of people who violate State narcotic laws. It seems that we have one State which has a narcotic law. This makes it a deportable crime to violate a State narcotic law.

There are several similar classes of people who are made deportable for criminal offenses, who are not deportable under the present law. That is all that title does.

You will find in this title II a great many classes, but most of those classes are already deportable under the law, and if you will look at the report, you will see which part is new matter and which part is simply a repetition of existing law.

Mr. CASEY of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am sorry, but my time is so limited and I do want to explain to the House just what is in this bill.

Title III amends existing law and takes care of the unfortunate situation in the Strecher case. Those of you who are familiar with that case know that the court held that a man could be a member of a party who advocated the overthrow of the Government of the United States, but could not be deported unless he was a member of that party at the time he was arrested for deportation. This amendment changes that so as to avoid the situation where a person who, upon being suspected, could resign from that organization and say, "I was a member of that organization last week but I have resigned and you cannot deport me." That is exactly the situation under the law in the Strecher case. This makes it plain that a person who advocates the overthrow of this Government by force, and belongs to a party that recommends that to its people, shall be deported whether he belongs to it now or whether he belonged to it yesterday or last year, if he is an alien.

Now, that is the fair and square issue, and those who want to keep aliens in this country who favor the overthrow of this Government by force ought to vote against this bill, and those who want to throw them out on their necks when they advocate the overthrow of this Government by force, ought to vote for this bill. That is the issue fair and square on title III of this bill, and that issue cannot be changed by anything anybody may say on this floor. You will see it if you will read the bill and compare it with the present law.

The last title of the bill is that title which provides for the fingerprinting in the future of those aliens who come to this country. It seems to me if I were going to a foreign country I would like to be fingerprinted for purposes of identification. I can see no reason why anyone should object to that. Personally I would like to see all of those who are here fingerprinted.

I would like to see them registered. The Committee on the Judiciary, however, did not see fit to go that far, and all this bill provides along that line is that when a person applies for a visa he shall be fingerprinted, one copy sent to the Department of Justice, one attached to his visa, and one kept in the office of the consul where he makes his application. [Applause.]

Mr. Speaker, I yield back the remainder of my time.

The SPEAKER pro tempore (Mr. GAVAGAN). The time of the gentleman has expired.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. CLARK. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. CHURCH. Mr. Speaker, will the gentleman yield for a unanimous-consent request?

Mr. DICKSTEIN. Yes; if it is not taken out of my time.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the House a while ago.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New York is recognized for 7 minutes.

Mr. DICKSTEIN. Mr. Speaker, the whole bill here, to me, is very distasteful. I am not quarreling with the author of the bill or with the Rules Committee that voted it out; I am quarreling because of a custom that has been inaugurated in this House to refer bills to so-called supercommittees of the House when they rightfully belong to the standing committee designated by the House for that very purpose. This bill properly belongs to the committee set up to consider bills dealing with immigration and naturalization, the Committee on Immigration and Naturalization. I submit to the intelligence of the membership that this bill is purely and 100 percent a matter of immigration. The Committee on Immigration and Naturalization has among its membership, I believe, just as many capable men as there are in the Committee on the Judiciary. We are willing to go into this question. This question, Mr. Speaker, is a rather broad and comprehensive one that should be studied by men who are experts in this particular field, and we count among the members of the Committee on Immigration, Mr. Speaker, a number of distinguished men who have served on the committee for many years with great distinction, men who understand the situation.

In view of the fact that matters dealing with immigration, naturalization, and deportation are highly technical, I shall now proceed to analyze the Smith bill, as I see it, for the benefit of the House.

Sections 1, 2, 3, and 4 of title 1 make it unlawful for any person, including an alien, to advocate, orally or in writing, to any member of the Army or the Navy or the Coast Guard, that he should disobey the orders of a superior or the regulations governing military forces.

Section 5 of the bill provides that any person who is convicted of violating any of the preceding sections shall be punished by the imposition of a fine or a term of imprisonment, or both, and in the case of an alien requires that he be deported from the United States upon his release from custody by the court in which he is tried.

Section 6 of the bill adds a number of classes of deportable aliens:

(1) Any alien who for gain smuggles or attempts to smuggle an alien into the United States.

(2) An alien who engages in espionage after entry into the United States.

(3) Any alien who after entry into the United States is convicted of violating a State narcotic law.

(4) Any alien who at any time after entry possesses without a license a machine gun or a firearm with a muffler or silencer.

Inasmuch as the classes described in the paragraphs designated as (2) and (3) above have to a large extent been included in the Starnes bill, which passed the House on July 6, it is believed that those classes of deportable aliens should be deleted from the bill.

This section also amends the existing provisions of law with respect to aliens who have committed crimes involving moral turpitude in this country and have been convicted thereof and have been sentenced to a term of imprisonment for 1 year or more therefor. Under existing law an alien who twice has committed offenses involving moral turpitude and has been convicted and sentenced for each for a term of more than 1 year may be deported, irrespective of the period the alien has resided in the United States.

Under existing law, the alien who has committed but one offense involving moral turpitude and has been convicted and sentenced therefor for a term of 1 year's imprisonment may be deported only if the crime was committed within 5 years after entry. The proposal in this section is to make any alien subject to deportation no matter how long he may be a resident of the United States if he commits one crime involving moral turpitude and is convicted and sentenced to imprisonment for a term of 1 year or more. In other words, the purpose of the amendment is to remove from the statute books the so-called statute of limitations applicable to aliens when deportation is sought because of the criminality of the alien. Sight must not be lost of the fact that the enforcement of the proposed provision will result in considerable hardship to the members of the family of the alien.

Section 6 also provides that when an alien is deportable because of crime, his deportation shall take place immediately upon his release from confinement. The purpose of this amendment is to clarify a provision of existing law which was intended to have the effect of permitting the immediate deportation of alien criminals when released from confinement.

By another provision of this section, an alien may not be deported who is within the new deportable classes unless the act making him subject to deportation occurs after the enactment of the bill into law. That provision also directs that the amendments shall have no effect upon aliens subject to deportation under the law prior to amendment.

Section 7, which comprises title 3 of the bill, amends the anarchist act of October 16, 1918, as amended, so as to make subject to exclusion and deportation any alien who has at any time, whether before or after entry into the United States, been a member of the classes excluded by the anarchist act of 1918. The amendment is an attempt to meet the objection made by the Supreme Court in the Strecker case as to past membership in a proscribed organization.

Section 8, which is title 4 of the bill, provides that aliens of the immigrant class seeking an immigration visa for entry into the United States shall be fingerprinted. Presumably the thought which led to the proposal that aliens be fingerprinted prior to obtaining an immigration visa was that it would enable the consular officials to identify criminals. Considering the fact, however, that complete fingerprint records are not kept by all of the countries of the world from which immigrants come, it is questionable whether fingerprinting will be of any value.

The Committee on the Judiciary has overlooked the fact that this bill conflicts with present law. The Committee on the Judiciary did not even take the trouble to find out that only 2 weeks ago this House passed the Starnes bill, which would take care of sections 2 and 3 of the Smith bill, as I have pointed out. The Starnes bill is now in the Senate. This committee forgot that with the Starnes bill enacted, should this bill become a law, no one would know what law should actually be enforced.

What does this bill try to accomplish? Mr. Speaker, I am not supporting communism, I do not want racketeers or smugglers to be permitted to exist in this country; I want to stop smuggling. If the Committee on Rules which now sits here bringing up this rule would grant to the Committee on Immigration a rule for the consideration of a resolution that has been before it for 6 months, something the Committee on Immigration has been begging the Committee on Rules to grant them, smuggling would be stopped. Why do they not report that resolution and give us an opportunity to present definite laws to the Congress that would do something for America besides the alien-baiting propositions we get here day in and day out?

What does this bill do? Oh, yes! If a little boy who happens to be an alien should steal an apple worth about a cent and a half, he is guilty of moral turpitude and must be deported. Even the President of the United States could not pardon him. He could be pardoned only by a special act of Congress. They are going to pick up a lot of other innocent victims, aliens who do not know their rights in this country, because of a charge of alleged moral turpitude.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield for a brief question.

Mr. KEEFE. Will the gentleman be so kind as to point out where in this bill is found any provision that would cover the situation of a boy stealing an apple and his being ordered deported because of that? This bill provides that it must be a case where the sentence is for a term of 1 year or more, or for a certain type of crime involving moral turpitude.

Mr. DICKSTEIN. If my good friend will just bear with me—I regret I have so little time—I think I can show the gentleman where he is mistaken, for I think he is not acquainted with the present law.

Mr. KEEFE. Point out where such provision can be found or such case covered by this legislation; that is what I am talking about.

Mr. DICKSTEIN. Wait a minute, my good friend, I am trying to answer the gentleman's question.

Under present law he must be convicted of two felonies involving moral turpitude. Those convictions could take place at any time during his stay in this country. If he is convicted of one crime involving moral turpitude during the first 5 years of his residence after his entry he must be deported. Under the proposed plan an alien would have to be deported upon conviction of one crime involving moral turpitude, even a minor offense involving moral turpitude, whether he is here 2 years, 3 years, 10 years, or 20 years.

Mr. CELLER. Mr. Speaker, will the gentleman yield for a question?

Mr. DICKSTEIN. I yield for a brief question.

Mr. CELLER. I may say to the gentleman from New York that in numerous States petty larceny is by State statute a crime involving moral turpitude.

Mr. DICKSTEIN. The gentleman is correct.

Mr. BARNES. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Illinois.

Mr. BARNES. Does petty larceny ever carry a penalty of one or more years?

Mr. DICKSTEIN. That has nothing to do with it in this bill.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from New York.

Mr. MARCANTONIO. Petty larceny in New York City carries an indeterminate penitentiary sentence of from 1 day to 3 years.

Mr. DICKSTEIN. Mr. Speaker, we are going into a very serious question that deals with very important statutes involving aliens, and I submit that the committee responsible for this legislation ought to have the opportunity to study and recommend to the Congress of the United States legislation which is sound in principle, sound in thought, and for the best interests of America.

[Here the gavel fell.]

(Mr. DICKSTEIN asked and was given permission to revise and extend his own remarks in the RECORD.)

Mr. CLARK. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

CALL OF THE HOUSE

Mr. EBERHARTER. Mr. Speaker, I make a point of order a quorum is not present.

The SPEAKER pro tempore (Mr. GAVAGAN). The Chair will count. [After counting.] One hundred and eighty-one Members are present, not a quorum.

Mr. CLARK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 135]

Bland	Buckler, Minn.	Cluett	Crosser
Bolles	Buckley, N. Y.	Connery	Crowther
Bolton	Burdick	Cooley	Cummings
Boren	Chiperfield	Creal	Curley

Dies	Green	McLaughlin	Schwert
Disney	Harrington	Maas	Scrugham
Ditter	Hartley	Maciejewski	Secrest
Eaton, Calif.	Healey	Magnuson	Shafer, Mich.
Evans	Hendricks	Mahon	Shannon
Faddis	Hennings	Marshall	Smith, Ill.
Fay	Hunter	Massingale	Smith, Ohio
Ferguson	Jarrett	May	Somers, N. Y.
Fernandez	Jenks, N. H.	Mitchell	Sumners, Tex.
Fish	Kean	Norton	Thomas, N. J.
Fitzpatrick	Kelly	Patman	Tinkham
Folger	Kerr	Reed, N. Y.	White, Idaho
Ford, Leland M.	Lea	Rich	White, Ohio
Gifford	McDowell	Robertson	Woodruff, Mich.

The SPEAKER pro tempore. Three hundred and fifty-six Members have answered to their names. A quorum is present.

On motion of Mr. CLARK, further proceedings under the call were dispensed with.

The SPEAKER pro tempore. The gentleman from New York [Mr. CELLER] is recognized for 5 minutes.

Mr. CELLER. Mr. Speaker, I am not opposed to this rule. I believe the matter should be fairly dealt with and frankly and fearlessly debated by both sides of the House. Personally, I am opposed to the bill itself because, although in its original form it was far worse than it now appears, there are many provisions contained in the so-called Smith bill which will bring untold hardship to the aliens of our land. In the short time allotted to me I cannot point all of them out. I heard with interest what the gentleman from Virginia [Mr. SMITH] said with reference to guns, for example. He said he did not see how anyone could oppose the deportation of an alien who had an automatic shotgun or a sawed-off gun in his possession; but he failed to mention the fact that in many States it is not unlawful to have an automatic gun, it is not unlawful for a citizen to have such a gun, but the minute an alien has a gun, although he may not be persecuted or prosecuted under the State statutes, just because he happens to be an alien he may be sent, God only knows where, ofttimes to a strange land, because he may have been here for many years. He can be sent off without a trial, without a conviction, upon the mere order of an administrative official. I say that is wrong. I am perfectly agreeable to having him sent hence, but at least give him a chance for his white alley. Let him be convicted first.

Mr. HOBBS. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Alabama.

Mr. HOBBS. May I ask the gentleman if the bill does not provide that the carrying of any one of the arms defined in the bill must be without authority of law?

Mr. CELLER. That makes no difference. He may have failed to procure a permit. He can be sent hence, nevertheless, and deported without a trial. That is what I am objecting to. He at least should have the opportunity to present his side of the proposition before a judicial tribunal. Even before his hearing on carrying the weapon without a permit he could be deported.

Mr. HOBBS. But before he may be deported on that ground, he would have to be carrying or in possession of the arms in violation of the law.

Mr. CELLER. I do not agree with the gentleman's viewpoint. He may be violating the law. The citizen who does the same thing goes off without any kind of a penalty being vented upon him in some States. I am speaking, of course, of certain States.

Furthermore, I loathe communism. I hate communism with all the energy in me. Nevertheless, this bill, as far as communism is concerned, is retroactive. You could reach back for years and take a man out of the bosom of his family and send him where he came from originally. All right. It is well to say, "Send him back," but suppose that a man should become addicted to radicalism in a fit of despondency, or over a strike, or on account of a lockout, or as a result of penury, want, and desolation, he had no other choice—so he thought at the time—except to become a radical, and there are situations exactly like that; then he repents, he is no longer a Communist; he is a Republican, a Democrat, or a Socialist, but he is not a Communist. He actually has repudiated communism. Yet under the terms of this act, having been a Communist for only 5 minutes or 5 years, for ever so short or long a period of time, he can be deported. I say it is unjust. It is just such measures that add to the fuel of communism. They make for dissatisfaction. It is the fuel and tyranny upon which communism feeds.

Mr. HOFFMAN. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Michigan.

Mr. HOFFMAN. How could an alien be a Republican or a Democrat?

Mr. CELLER. He may be addicted to the principles of republicanism or the principles of democracy, although he may not as yet have his final papers granted to him.

For these reasons, among others, I am opposed to the bill.

Furthermore, deportation may be had of an alien who has been imprisoned for a term of 1 year or more because of his having been convicted in this country for a crime involving moral turpitude, such conviction having taken place any time after his entry into the United States. This is a very serious situation. Let me call your attention to the statutes in New York. Section 97 of our penal law provides that any person convicted of a crime declared to be a misdemeanor, and for which no other punishment is specifically prescribed, is punishable by imprisonment in the penitentiary or the county jail for not more than 1 year, or by a fine of $500, or both. This is a common provision in most of our States and covers hundreds of cases. Now, please note page 20, lines 24 and 25, of the bill under discussion. There it is provided that any alien may be deported if he had been sentenced to imprisonment for a term of 1 year, or if he had been sentenced for a term of more than 1 year. This is in the alternative. Now, a crime involving moral turpitude may be a simple matter of theft, the stealing of a handkerchief from a counter in a department store. Putting a slug into a gas meter may be a crime involving moral turpitude. And since for these minor crimes imprisonment for a year or more may be provided as punishment, an alien under these circumstances could be deported.

Furthermore, the selling of liquor to minors is, in some States, not only a misdemeanor, but a felony. Under the old prohibition law, particularly the Jones Act, conviction for such an offense would result in a prison term of from 5 to 10 years—a felony. If we had a recurrence of prohibition and similar enforcement statutes, a violation thereof would mean deportation, ipso facto.

In many other respects the bill is violative of our liberties and of the Bill of Rights. See, for example, its application as it affects the Army and the Navy; severe penalties are meted out to anyone who would advise, counsel, or solicit any member of the Army or Navy of the United States to disobey the law or regulations governing the Army or the Navy, or to disobey the orders of a lawful superior. That is very laudable. I, too, want to scotch naval or military sedition. But we must carefully examine those words and see how far they go. The bill is so broad and indefinite that it threatens freedom of speech and freedom of the press on all matters affecting the Army and the Navy. I am quite convinced that the recent manifesto of the Methodist Church concerning pacifism would come within that ban, and if distributed would bring down on its authors severe punishment.

A pronouncement against the use of troops in a strike might likewise get one into serious difficulties. A plea for fewer airplanes could be construed, under the bill we are discussing, as advice to disobey some Army regulation. A soldier, at the close of his furlough, might be with a girl, and she advises him to stay on the junket "a little longer." This could be construed as advice to disobey the orders of a superior officer.

Aside from all this, the testimony before the House Judiciary Committee indicated that there is no danger of military disaffection. Such provision in the Smith bill is founded upon a fear which is not real. There is no danger of disaffection in our Army or Navy for which our present laws are not adequate. Thus Commander Albert M. Bledsoe,

of the Bureau of Navigation, stated in his testimony before the committee:

> In all fairness I must state that I do not believe these [radical] organizations have been very successful, but I think that this lack of success is due more to the type of men that we are recruiting nowadays than to lack of effort on the part of these organizations (p. 28 of the hearings before the House Judiciary Committee).

And Lt. Ira H. Nunn, in his testimony before the committee, said, in part:

> We are having some trouble, a little trouble, and, as Commander Bledsoe said, I believe that our comparative freedom from things of this kind can be laid directly to the high character and the intelligence of the men that make up our armed forces (p. 35 of the hearings aforementioned).

Why all these antialien bills? I presume they are the result of a desire on the part of some to palm off on the alien all the ills from which we are now suffering. It is so easy to make the alien the scapegoat and to blame him for everything and anything.

Furthermore, let us not be so fretful and worried about the alien, for pretty soon the alien will have become a citizen, or will have died or left the country. For the 6-year period ending June 30, 1938, there was greater emigration from than immigration to the United States. Thus, during that period, 241,962 immigrants were admitted into the United States for permanent residence. During the same 6-year period, 246,449 immigrants previously admitted to this country for permanent residence departed from these shores for other countries. Hence, during this 6-year period, 4,487 more aliens departed than were admitted to the United States.

In the further discussion of this bill in general debate, I shall have more to state in opposition to the same. [Applause.]

[Here the gavel fell.]

Mr. CLARK. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. GEYER].

Mr. BRADLEY of Pennsylvania. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] Two hundred and twenty-three Members are present, a quorum.

Mr. GEYER of California. Mr. Speaker, if I could forget that my grandparents were aliens, if I could forget that there are Members of this House who have been aliens, if I could forget that this Nation had been built largely by the work and the help of aliens and that Hitler went into office by the persecution of minority groups, and if I could forget my oath of office, then I could remain seated here and let things carry along.

We might go back into history just a little bit. Let us go back to 1793, when the alien and sedition laws were passed. What was the situation at that time? We had a group of people who were taking literally and seriously our fundamental document that all men are created equal. They were demanding that property qualifications be removed from the right to vote. They were demanding that education be universal. They were demanding that labor have something to say about government. At that time it became convenient to tie up the alien situation with the social-justice demands of those days. Thus we had our first alien and sedition laws, of which this flood of bills are the followers. Let me say that the Federalist Party, the party that put those alien and sedition laws on the statute books, went on the rocks because of those laws and because the so-called radical, Thomas Jefferson, demanded that the great body of the plain people of the Nation have something to say about its affairs.

A little later we had another rise of democracy. Those dispossessed persons of the West under Andrew Jackson began clamoring for a part in their Government. At that time there was serious agitation for other such laws, but due to the quick action of Jackson no such laws were passed at that time. Let us recall that at that time Jackson was fighting that sacred cow, the national bank.

In 1919, just after the World War, we had another flood of these so-called alien bills. These bills were commonly termed the criminal syndicalism laws. At that time also labor was awakening and demanding a limitation on hours, and the I. W. W. was at that time prevailing. So, again we had the appearance of un-American anti-alien laws. Now, again, when social justice is in the limelight, when the wage and hour bill is with us, when the National Labor Relations Board is doing something for the workingman, when the people are thinking in terms of old-age pensions, and when we are adding better housing and are thinking about our youth, we have this flood of anti-alien legislation.

Let us recognize this bill for what it is, an attempt to put to an end this trend toward real democracy. It is an attempt to break the labor movement that is just now gaining so fast in membership. It is an attack on a minority group, the alien. It is the striking of the man below the belt. The man who has no vote and cannot defend himself. Hitler rose to power on just this type of laws.

There are those who appeal for the passage of this law on the grounds of patriotism. This bill denies civil rights to one class. Gentlemen, you cannot safeguard democracy by denying its fundamental principles to a particular class of people.

I suggest that you who defend this on the grounds that it is in accordance with fundamental American principles, go to the great harbor of New York where the Statue of Liberty stands as a guaranty to all who see the shore of their adopted country for the first time. I suggest that you read the inscription on that statue, and then come back if you are in the same mind still and talk about Americanism in the same breath as you speak of this bill. This is what you will see inscribed thereon:

> Give me your tired, your poor,
> Your huddled masses, yearning to breathe free,
> The wretched refuse of your teeming shore:
> Send these, the homeless, tempest tossed, to me:
> I lift my lamp beside the golden door.

[Applause.]

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Speaker, I am for this bill and I am going to vote for it. Let me say to the gentleman from California that my grandparents were aliens, but that is not the reason I am voting for the bill, and the fact that his grandparents were aliens ought not to be the reason he intends to vote against it. I am voting for it because I believe the people of this Nation are entitled to the protection that is provided in this bill against the un-American activities of aliens. [Applause.]

I am unable to see why a certain group in this House rises in mortal terror every time a piece of legislation is introduced that has for its purpose the protection of the citizens of America, and why great solicitude is shown for aliens who come here and violate our laws with the purpose of ultimately destroying our form of government. [Applause.]

I have no objection to listening to some of the arguments of some of these gentlemen provided they base their argument on facts that ought to be known to men of understanding and intelligence wherever they may come from in the United States. Because of some of the statements that have been made by certain gentlemen upon the floor of the House this afternoon I have taken it upon myself to try to answer in just a few moments the two gentlemen from New York in regard to statements they made in referring to line 25 on page 20.

The gentleman from New York [Mr. DICKSTEIN] shed a great many tears over the fact that a little child who might steal an apple and be sentenced to a year in the penitentiary might be jerked from the bosom of his family and be deported, and he made such an argument as that on the floor of this House. I direct the attention of the Members of this House to the fact that we should consider this measure sensibly, sanely, and dispassionately; and if we do, we cannot come to any such absurd conclusion as that.

I direct your attention particularly to that line because it was referred to by the eminent chairman of the Committee on Immigration and Naturalization. The line reads:

Any alien who is sentenced to imprisonment for a term of 1 year or more because of conviction in this country of a crime involving moral turpitude.

What is a crime involving moral turpitude? The gentleman from New York tells us it is a crime which may involve the stealing of an apple; that mere petty larceny is a crime involving moral turpitude. Let me read you the law:

"Moral turpitude," as ground of exclusion of an alien, means an act of baseness, vileness, or depravity in the private and social duties which one owes to society, and as applied to offenses includes only such crimes as manifest personal depravity or baseness.

This is the definition of moral turpitude that every man who has studied law has known from his earliest academic days. It is the law of New York just the same as it is the law of Wisconsin and the law of Pennsylvania.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I do not care to yield at this time. If you have any law, you can get time and bring it up here, and I will now cite the decision to which I have referred (203 Fed. 153). I am not reading anything except what the Court has so held, and in that decision, contrary to what the gentleman from New York says, the courts refused to deport an individual who had been convicted of a crime and sentenced to a year in the penitentiary. The courts held that the crime of which he was convicted did not involve moral turpitude.

[Here the gavel fell.]

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. KEEFE. I might say that a lot of the other arguments that have been advanced are just as baseless as some of the arguments that we have heard here, and I might call the attention of the House to the fact that if you have not read it, I think that every Member of this House ought to read the speech which was put into the RECORD by the gentleman from New York [Mr. CELLER], which is found in the Appendix of the RECORD, page 3292, which to me is the most brazen slap in the face of every Member of Congress who has dared to vote for the Hobbs bill or the Dempsey bill or who proposes to vote for this bill. I want the gentleman from New York to know that I read that speech and I have voted for those two bills and I expect to vote for this bill and I consider his statement to be an insult to me and to every Member of this House. [Applause.]

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. Yes.

Mr. WALTER. I would like to call the gentleman's attention to the fact that in a great many cases warrants of deportation have been refused where the alien has served sentences of upward of 1 or 2 or even 5 years.

Mr. KEEFE. The gentleman is absolutely correct, and I am only calling the attention of the House to this fact. While I do not pretend to be an expert, as the learned gentleman from New York, who is the chairman of the Immigration Committee, yet I have some common sense and as a lawyer of 30 years' experience, I can go and find the law in the books, and in 2 minutes, by going to the Library, I find a statement of the law that completely disputes the statements made on the floor of this House by these distinguished gentlemen.

We ought to have truth and facts in the statements made here upon the floor and not emotional appeals. [Applause.]

[Here the gavel fell.]

Mr. CLARK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to speak for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I may state to the House that it has been decided we will not proceed further with the bill under consideration than the adoption of the rule this afternoon.

Mr. KELLER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KELLER. Mr. Speaker, what will be the parliamentary situation tomorrow?

The SPEAKER. The Chair is not in position to answer the parliamentary inquiry of the gentleman from Illinois. The Chair cannot anticipate what measure may be called up tomorrow.

Mr. PARSONS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PARSONS. Mr. Speaker, the House having adopted the rule, is not this bill the unfinished business of the House on tomorrow?

The SPEAKER. Not necessarily. The rule adopted by the House makes the bill in order for consideration, but it is not necessarily the unfinished business. It can only come up, after the adoption of the rule, by being called up by the gentleman in charge of the bill.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, a completely new theory of government debt and government expenditures was propounded by the Secretary of the Treasury, Henry Morgenthau, before the Senate Banking Committee considering the President's proposal for a $2,800,000,000 lending-spending program this week.

It will be recalled that President Roosevelt himself enunciated the theory that inasmuch as the national debt was money the people owed themselves, it made no difference if the debt was passed on to posterity because posterity would be paying the interest to itself.

The principal of the President's new spending bill is for the Government to set up corporations which will sell their certificates or bonds to the public and then lend this money to so-called self-liquidating projects sponsored by the States and municipalities, and also to make loans to small businesses and foreign governments.

Then came Secretary Morgenthau with this novel statement:

The principle embodied in the bill constitutes a real advance toward the goal of bringing our governmental expenditures within our receipts.

If this startling and novel theory of government debt and spending is correct, then the administration should go all the way and propose that we organize corporations to borrow from the taxpayers ten or twelve billions a year, then relend it and in that way balance the Budget immediately. If the Government going into debt to the people by guaranteeing the bond issues of governmental corporations is an advance toward the goal of getting the Government out of debt, then rain water is as dry as dust and black is as white as snow.

Under questioning by the gentleman from Michigan [Mr. WOLCOTT] before the House Banking and Currency Committee today the Secretary of the Treasury admitted that under this act, as proposed by the administration, the President could put through his two pet projects, the Florida ship canal and the Passamaquoddy Bay development, and similar projects, which have been refused by the Congress.

The truth of the whole matter is that this $2,800,000,000 borrow-lend-spend scheme is designed to give President Roosevelt $2,800,000,000 to play with outside the regular debt of the Government and outside of the statutory debt limits.

The fact that these projects will not all be self-liquidating is evidenced in the bill itself by the provisions that if the assets held by the governmental lending corporations do not equal the amounts loaned, the Congress shall appropriate the difference to be paid to the corporations out of the general funds from the Treasury. It is obvious, of course, that if these projects were to be in fact self-liquidating, there would be no necessity for provisions in the act for the Congress to vote funds in the future to take care of anticipated deficits.

Of course, the possibilities of making a political pork barrel out of this $2,800,000,000 are almost limitless. Any conclusion as to whether or not any of this money would be used to play politics must be based upon the administration's attitude toward the Hatch bill, which seeks to take politics out of relief. Instead of lending the great prestige of his office in support of the Hatch bill, the President apparently has done no such thing, while his advisers and supporters have moved heaven and earth to kill the measure, and failing in that, to render it entirely innocuous.

Nobody in Washington is so naive as to believe the administration wants politics taken out of relief or relief out of politics, and the same situation undoubtedly would obtain if Congress gives Mr. Roosevelt $2,800,000,000 more to play with.

EXTENSION OF REMARKS

Mr. MILLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a radio address delivered by myself last Sunday.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. BENDER asked and was given permission to extend his own remarks in the RECORD.

Mr. JOHNSON of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a brief letter on the subject of Federal old-age pensions from one of my constituents.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIBBS. Mr. Speaker, I ask unanimous consent to extend my remarks and to include an article in the Postmasters Advocate of July 1939.

The SPEAKER. Is there objection?

There was no objection.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that at the conclusion of business tomorrow and all other special orders I be permitted to proceed for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent that after the conclusion of all business on Tuesday next I be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, in view of the lateness of the hour, I ask unanimous consent that instead of speaking today I may be permitted to address the House for the same time next Wednesday.

The SPEAKER. Is there objection?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. I understand that the two rules that we have scheduled for tomorrow will be the only legislation considered.

Mr. RAYBURN. That is all.

The SPEAKER. Is there objection?

There was no objection.

SENATE ENROLLED BILLS SIGNED

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 504. An act to provide a right-of-way;

S. 770. An act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment of a fish hatchery, and for other purposes;

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States;

S. 1155. An act to provide for probationary appointments of officers in the Regular Army;

S. 1725. An act relating to the acquisition of the site for the post-office building to be constructed in Poplarville, Miss.; and

S. 1878. An act to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p. m.) the House, under the order heretofore adopted, adjourned until tomorrow, Thursday, July 20, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, July 20, 1939. Business to be considered: Hearing on H. R. 5472.

COMMITTEE ON NAVAL AFFAIRS

There will be a meeting of the Committee on Naval Affairs at 10:30 a. m., Thursday, July 20, 1939, for the consideration of H. R. 6799, concerning naval personnel and other matters.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs, in the committee rooms, the Capitol, at 10 a. m., Thursday, July 20, 1939, on proposed legislation dealing with treaty violations with special reference to the Orient. H. R. 3419 (Mr. FISH), H. R. 4232 (Mr. VOORHIS of California), H. R. 5432 (Mr. COFFEE of Washington), H. R. 6837 (Mr. EATON of New Jersey), H. R. 7159 (Mr. IZAC), H. J. Res. 42 (Mr. CRAWFORD), H. J. Res. 113 (Mr. FISH), H. J. Res. 318 (Mr. WALLGREN), H. J. Res. 363 (Mr. ALLEN of Pennsylvania).

COMMITTEE ON INVALID PENSIONS

The Committee on Invalid Pensions will hold hearings on Friday, July 21, 1939, at 10:30 a. m., room 247, House Office Building, on S. 522, Senate Report 414; H. R. 75, H. R. 1828, H. R. 2765, H. R. 3953, and H. R. 5977, proposed legislation with reference to veterans who rendered service during peacetime.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1021. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to authorize the acquisition of Indian lands required for dam site and reservoir purposes; to the Committee on Indian Affairs.

1022. A letter from the Acting Secretary of the Treasury, transmitting the draft of a proposed bill to perfect the consolidation of the Lighthouse Service with the Coast Guard; to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WALTER: Committee on the Judiciary. S. 1335. An act relating to the filing of affidavits of prejudice in the district court for the District of Alaska; without amendment (Rept. No. 1221). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 4988. A bill to amend an act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases," approved April 22, 1908 (U. S. C., title 45, sec. 51); with amendment (Rept. No. 1222). Referred to the House Calendar.

Mr. REED of Illinois: Committee on the Judiciary. H. R. 5880. A bill to incorporate the Navy Club of the United States of America; without amendment (Rept. No. 1223). Referred to the House Calendar.

Mr. O'CONNOR: Committee on the Public Lands. H. R. 6372. A bill relating to the development of farm units on public lands under Federal reclamation projects with funds furnished by the Farm Security Administration; without amendment (Rept. No. 1224). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. J. Res. 340. Joint resolution providing that the farmers' market in blocks 354 and 355 in the District of Columbia shall not be used for other purposes; without amendment (Rept. No. 1225). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6938. A bill providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway; without amendment (Rept. No. 1228). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POAGE: Committee on Immigration and Naturalization. H. R. 6083. A bill for the relief of Morris Burstein, Jennie Burstein, and Adolph Burstein; with amendment (Rept. No. 1218). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. S. 1533. An act for the relief of Kurt G. Stern; without amendment (Rept. No. 1219). Referred to the Committee of the Whole House.

Mr. HARTER of Ohio: Committee on Military Affairs. H. R. 7104. A bill for the relief of Brig. Gen. Harley B. Ferguson; without amendment (Rept. No. 1220). Referred to the Committee of the Whole House.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 4732. A bill to provide for the issuance of a license to practice chiropractic in the District of Columbia to Dr. George M. Corriveau; with amendment (Rept. No. 1226). Referred to the Committee of the Whole House.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 4733. A bill to provide for the issuance of a license to practice chiropractic in the District of Columbia to Dr. Laura T. Corriveau; with amendment (Rept. No. 1227). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 7072) for the relief of Esther Ross, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. O'CONNOR:

H. R. 7285. A bill for the restitution of Peak's Park fairgrounds at Roundup, Musselshell County, Mont.; to the Committee on the Public Lands.

By Mr. DIRKSEN:

H. R. 7286. A bill to amend the Fair Labor Standards Act of 1938 to provide for an exemption of certain small weekly and semiweekly newspapers; to the Committee on Labor.

By Mr. THOMAS F. FORD:

H. R. 7287. A bill amending section 25 of Public Resolution No. 24, Seventy-sixth Congress, making appropriations for work relief and relief for the fiscal year ending June 30, 1940; to the Committee on Appropriations.

By Mr. BLAND:

H. R. 7288. A bill to perfect the consolidation of the Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard of certain officers and employees of the Lighthouse Service, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DISNEY:

H. R. 7289. A bill to authorize a preliminary examination and survey of Dogy and Clear Creeks, tributaries of the Arkansas River in the State of Oklahoma, for flood control, for run-off and water-flow retardation, for soil-erosion prevention and for the generation of power; to the Committee on Flood Control.

By Mr. HILL:

H. R. 7290. A bill to restore to Congress the sole power to issue money and to regulate its value as provided in article I, section 8, of the Constitution of the United States; to restore full employment and production; to prevent inflation and depression; and to provide a stable currency; to the Committee on Banking and Currency.

By Mr. VOORHIS of California:

H. R. 7291 (by request). A bill to authorize the underwriting by the United States of loans for the pay rolls of farming, mining, productive industry, and trade in tangible goods, and for other purposes; to the Committee on Ways and Means.

By Mr. WHELCHEL:

H. R. 7292. A bill to extend to July 1, 1940, the time for filing claims for refunds of amounts paid as taxes under the Bankhead Cotton Act of 1934, the Kerr Tobacco Act, and the Potato Act of 1935; to the Committee on Appropriations.

By Mr. BURCH:

H. R. 7293. A bill to amend section 355 of the Revised Statutes, as amended, to make permissive the acquisition of legislative jurisdiction over land or interests in land acquired by the United States; to the Committee on Public Buildings and Grounds.

By Mr. CELLER:

H. R. 7294. A bill to provide for the establishment of terms of the District Court of the United States for the Southern District of New York at Poughkeepsie, N. Y.; to the Committee on the Judiciary.

By Mr. HOOK:

H. R. 7295. A bill to reimburse vendees and buyers who directly or indirectly paid or stood the processing tax under the Agricultural Act approved May 12, 1933, where the United States Government received the same and has not

refunded the same and where, by virtue of the technicalities and wording of the Revenue Act of 1936 (Public Law No. 740, 74th Cong., approved June 22, 1933) and the rules and regulations of the Treasury Department, the said vendees or buyers have been prevented from filing their claims, or their claims have been rejected by the Treasury Department, by reason thereof; to the Committee on Claims.

By Mr. GEYER of California:

H. R. 7296. A bill amending section 25 of Public Resolution No. 24, Seventy-sixth Congress, making appropriations for work relief and relief for the fiscal year ending June 30, 1940; to the Committee on Appropriations.

By Mr. HILL:

H. R. 7297. A bill authorizing the Secretary of the Interior to make a survey of the possible means and feasibility of supplementing the water supply for irrigation of the Ahtanum Creek Valley in the State of Washington; to the Committee on Indian Affairs.

By Mr. IZAC:

H. R. 7298. A bill to amend the act of June 6, 1924, entitled "An act to amend in certain particulars the National Defense Act of June 3, 1916"; to the Committee on Military Affairs.

By Mr. SASSCER:

H. R. 7299. A bill to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair; to the Committee on Naval Affairs.

By Mr. GOSSETT:

H. J. Res. 368. Joint resolution to procure legislation for the destruction and prevention of monopoly in the agricultural implement and machinery business; to the Committee on the Judiciary.

By Mr. HARE:

H. J. Res. 369. Joint resolution to provide for the erection of a shrine or monument to the memory of Gen. Andrew Pickens; to the Committee on the Library.

By Mr. SASSCER:

H. J. Res. 370. Joint resolution providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner; to the Committee on the Library.

By Mr. KELLER:

H. J. Res. 371. Joint resolution authorizing the Federal Power Commission to conduct an investigation; to the Committee on Interstate and Foreign Commerce.

By Mr. VOORHIS of California:

H. J. Res. 372. Joint resolution amending section 25 of Public Resolution No. 24, Seventy-sixth Congress, making appropriations for work relief and relief for the fiscal year ending June 30, 1940; to the Committee on Appropriations.

By Mr. JOHN L. McMILLAN:

H. Res. 263. Resolution providing for placing certain messengers on the soldiers' roll; to the Committee on Accounts.

By Mr. STEARNS of New Hampshire:

H. Res. 264. Resolution favoring the notification of Japan of the intention of the United States to abrogate the treaty of 1911; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H. R. 7300. A bill for the relief of Thomas J. McKim and to confer jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claim of Thomas J. McKim; to the Committee on Claims.

By Mr. CALDWELL:

H. R. 7301. A bill for the relief of J. R. Sealy; to the Committee on Claims.

By Mr. DISNEY:

H. R. 7302. A bill for the relief of Silas Young, Lillian Brown, and Nathaniel Brown; to the Committee on Claims.

By Mr. EATON of California:

H. R. 7303. A bill granting a pension to Emma C. Relf; to the Committee on Invalid Pensions.

By Mr. GATHINGS:

H. R. 7304. A bill for the relief of Bernice James; to the Committee on Claims.

By Mr. IZAC:

H. R. 7305. A bill for the relief of Burlton Wake; to the Committee on Military Affairs.

By Mr. KENNEDY of Maryland:

H. R. 7306. A bill for the relief of John R. Elliott; to the Committee on Claims.

By Mr. McLEOD:

H. R. 7307. A bill for the relief of Clarence Eisenberg; to the Committee on Military Affairs.

By Mr. MILLER:

H. R. 7308. A bill for the relief of Frederick Bumbard; to the Committee on Military Affairs.

By Mr. O'CONNOR:

H. R. 7309. A bill for the relief of Emmett Shaw; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4784. By Mr. LUTHER A. JOHNSON: Petition of Oliver E. Clift, C. L. Penn, and H. A. Maggard, of Waxahachie, Tex., opposing that feature of Senate bill 2697 requiring concentration of cotton at ports until shipment be made and urging that it be sampled and classed before shipment from interior warehouses; to the Committee on Banking and Currency.

4785. Also, petition of W. L. Maroney, G. P. Todd, Joe Jolesh, and Ennis State Bank of Ennis, Tex., and Hearne Chamber of Commerce, National Compress Co., and Planters and Merchants State Bank of Hearne, Tex., opposing that feature of Senate bill 2697 requiring concentration of cotton at ports until shipment be made and urging that it be sampled and classed before shipment from interior warehouses; to the Committee on Banking and Currency.

4786. Also, petition of Tom Fields, general manager, Brazos Valley Cotton Cooperative Association, and J. N. Dulaney, vice president, First State Bank & Trust Co., of Bryan, Tex., and C. P. Briggs, Eugene Gibson, Sr., and Joe F. Gibson, of Calvert, Tex., opposing that feature of Senate bill 2697 requiring concentration of cotton at ports until shipment be made and urging that it be sampled and classed before shipment from interior warehouses; to the Committee on Banking and Currency.

4787. Also, petition of Brazos Varisco, J. Webb Howell, N. A. Stewart, and M. W. Sims, of Bryan, and Mexia Compress Co., Mexia, Tex., opposing that feature of Senate bill 2697 requiring concentration of cotton at ports, until shipment be made, and urging that it be sampled and classed before shipment from interior warehouses; to the Committee on Banking and Currency.

4788. By Mr. MICHAEL J. KENNEDY: Petition of the Pennsylvania Bar Association, of Harrisburg, Pa., endorsing the administrative law bill of the American Bar Association; to the Committee on the Judiciary.

4789. Also, petition of the Order of Railway Conductors of America, of Iowa, urging enactment of the omnibus transportation bill; to the Committee on Interstate and Foreign Commerce.

4790. Also, petition of the American Trucking Association, Inc., opposing the transportation bill; to the Committee on Interstate and Foreign Commerce.

4791. Also, petition of John L. Lewis, president, United Mine Workers of America, urging immediate enactment of Senate bill 2420 and House bill 6352; to the Committee on Mines and Mining.

4792. Also, petition of the Whitlock Cordage Co., of New York, favoring enactment of House bills 344 and 347 designed to aid the American whaling industry; to the Committee on Merchant Marine and Fisheries.

4793. Also, petition of the State, County, and Municipal Workers of America, urging a revision of the Works Progress Administration relief appropriation bill and restoration of the prevailing wage scale; to the Committee on Appropriations.

4794. Also, petition of the Brotherhood of Locomotive Firemen and Enginemen, Cleveland, Ohio, urging enactment of the omnibus transportation bill; to the Committee on Interstate and Foreign Commerce.

4795. Also, petition of the Brotherhood of Maintenance of Way Employees, Detroit, Mich., representing 180,000 railway employees, urging support of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4796. By Mr. KEOGH: Petition of James C. Quinn, secretary, Central Trades Labor Council, New York City, concerning the Wheeler bill (S. 2009) and Lea bill (H. R. 4862); to the Committee on Interstate and Foreign Commerce.

4797. Also, petition of the Brotherhood of Maintenance of Way Employees, Detroit, Mich., concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4798. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N. Y., favoring the passage of House bill 6479, amending section 2857 of the Federal Distilled Spirits Act; to the Committee on Ways and Means.

4799. Also, petition of the State, County, and Municipal Workers of America, New York district, concerning a revision of the Work Relief Act; to the Committee on Appropriations.

4800. Also, petition of the International Longshoremen's Association, New York, N. Y., concerning the Lea bill (H. R. 4862); to the Committee on Interstate and Foreign Commerce.

4801. Also, petition of the American Trucking Associations, Inc., Washington, D. C., concerning the House transportation bill; to the Committee on Interstate and Foreign Commerce.

4802. Also, petition of the Order of Railway Conductors of America, Cedar Rapids, Iowa, concerning the transportation bill now before the House for consideration; to the Committee on Interstate and Foreign Commerce.

4803. By Mr. PFEIFER: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N. Y., recommending the passage of House bill 6479, amending section 2857 of the Federal Distilled Spirits Act; to the Committee on Ways and Means.

4804. Also, petition of the State, County, and Municipal Workers of America, New York district, urging revision of the present Works Progress Administration Act; to the Committee on Appropriations.

4805. Also, petition of the Central Trades Labor Council, New York City, opposing enactment of the Wheeler bill (S. 2009) and the Lea bill (H. R. 4862); to the Committee on Interstate and Foreign Commerce.

4806. Also, petition of the Order of Railway Conductors of America, Cedar Rapids, Iowa, urging support of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4807. Also, petition of the American Trucking Association, Inc., Washington, D. C., opposing the House transportation bill; to the Committee on Interstate and Foreign Commerce.

4808. Also, petition of the Brotherhood of Maintenance of Way Employees, Detroit, Mich., urging support of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4809. Also, petition of the Mallory Transport Lines, New York City, opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4810. Also, petition of the International Longshoremen's Association, New York City, opposing the Lea transportation bill (H. R. 4862); to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, JULY 20, 1939

(Legislative day of Tuesday, July 18, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

Blessed be Thou, O Lord God of our fathers, for that Thou hast called us out of every people and tongue to become a new nation, dedicated to Thy service and the welfare of Thy children. Make us and all those in authority mindful of the privilege we share. Give us help to rule ourselves in all justice and equity, that we may escape the condemnation which ever awaits those who oppress and despoil. Strengthen us with the sense of Thy ever-present guidance, and revive our Nation with a firm resolve to be a light to lighten the nations into a state of international law and comity. Through Jesus Christ, our Lord and Saviour. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, July 19, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Reed
Andrews	Ellender	La Follette	Russell
Ashurst	Frazier	Lee	Schwartz
Austin	George	Lodge	Schwellenbach
Bailey	Gerry	Logan	Sheppard
Bankhead	Gibson	Lucas	Shipstead
Barbour	Gillette	Lundeen	Slattery
Barkley	Glass	McCarran	Stewart
Bone	Green	McKellar	Taft
Borah	Guffey	McNary	Thomas, Okla.
Bridges	Gurney	Maloney	Thomas, Utah
Bulow	Hale	Mead	Tobey
Burke	Harrison	Miller	Townsend
Byrd	Hatch	Minton	Truman
Byrnes	Hayden	Murray	Tydings
Capper	Herring	Neely	Vandenberg
Chavez	Hill	Norris	Van Nuys
Clark, Idaho	Holman	O'Mahoney	Wagner
Clark, Mo.	Holt	Overton	Walsh
Connally	Hughes	Pepper	Wheeler
Danaher	Johnson, Calif.	Pittman	White
Davis	Johnson, Colo.	Radcliffe	Wiley

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], and the Senator from Arkansas [Mrs. CARAWAY] are absent on important public business.

The Senator from Ohio [Mr. DONAHEY] is unavoidably detained.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of Typographical Union, No. 6, of New York, N. Y., protesting against certain provisions of the Works Progress Administration resolution relative to hours of work and wages, which was referred to the Committee on Appropriations.

He also laid before the Senate the petition of members of the Workers Alliance of America, of Pampa, Tex., praying for the enactment of legislation to restore the art and other so-called white-collar projects under the W. P. A., and to eliminate wage cuts and the payless furlough in the W. P. A. program, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from United Federal Workers of America, Local No. 2, Washington, D. C., embodying the results of a poll of employees of the Department of Agriculture on certain provisions of the so-called Neely retirement bill, which was referred to the Committee on Civil Service.

Mr. TYDINGS presented a resolution of the Commercial Credit Co., of Baltimore, Md., favoring the prompt enactment of legislation to amend certain provisions of the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of Baltimore, Md., praying for the enactment of neutrality legislation to keep the Nation out of foreign war, which was referred to the Committee on Foreign Relations.

He also presented a resolution of the Department of Maryland, Veterans of Foreign Wars, favoring further restrictions in regard to criminal aliens and aliens illegally in the United States, and requesting that the immigration laws be fully enforced, which was referred to the Committee on Immigration.

He also presented a resolution of the Baltimore (Md.) branch, National League of American Pen Women, favoring the return of the U. S. frigate *Constellation* to the port of Baltimore, and requesting that the frigate be assigned a permanent berth at Fort McHenry, Md., which was referred to the Committee on Naval Affairs.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Indian Affairs, to which was referred the bill (H. R. 4540) authorizing the restoration to tribal ownership of certain lands upon the Umatilla Indian Reservation, Oreg., and for other purposes, reported it with an amendment and submitted a report (No. 885) thereon.

Mr. VAN NUYS, from the Committee on Expenditures in the Executive Departments, to which was referred the bill (H. R. 6614) to amend the Government Losses in Shipment Act, reported it with an amendment and submitted a report (No. 886) thereon.

Mr. LOGAN, from the Committee on Mines and Mining, to which was referred the bill (S. 2420) relating to certain inspections and investigations in coal mines for the purpose of obtaining information relating to health and safety conditions, accidents, and occupational diseases therein, and for other purposes, reported it with amendments and submitted a report (No. 887) thereon.

Mr. HUGHES, from the Committee on the Judiciary, to which was referred the bill (H. R. 6505) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, reported it with amendments and submitted a report (No. 888) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HOLMAN:

S. 2840. A bill to prohibit the immigration of aliens into the United States during the present period of abnormal unemployment and the expenditure of public funds for the relief of the unemployed; to the Committee on Immigration.

By Mr. JOHNSON of California:

S. 2841. A bill to authorize the construction of buildings and other facilities for the use of the Government on lands conveyed to the United States by the city of Alameda, Calif., on what is known as Government Island, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. SHEPPARD:

S. 2842. A bill to provide for an appeal to the Supreme Court of the United States from the decision of the Court of Claims in a suit instituted by George A. Carden and Anderson T. Herd; to the Committee on the Judiciary.

By Mr. O'MAHONEY:

S. 2843. A bill granting easements on Indian lands of the Wind River or Shoshone Indian Reservation, Wyo., for dam site and reservoir purposes in connection with the Riverton reclamation project; to the Committee on Indian Affairs.

By Mr. BYRD:

S. 2844. A bill granting an increase of pension to Mary W. Osterhaus; to the Committee on Pensions.

S. 2845. A bill to amend section 355 of the Revised Statutes, as amended, to make permissive the acquisition of legislative jurisdiction over land or interests in land acquired by the United States; to the Committee on Public Buildings and Grounds.

By Mr. WHEELER:

S. 2846. A bill to amend the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, as amended; to the Committee on Patents.

By Mr. JOHNSON of Colorado:

S. 2847. A bill for the relief of Tony Cirone; to the Committee on Claims.

LOANS FOR SELF-LIQUIDATING PROJECTS—AMENDMENT

Mr. MEAD submitted an amendment intended to be proposed by him to the bill (S. 2759) to provide for the construction and financing of self-liquidating projects, and for other purposes, which was referred to the Committee on Banking and Currency, and ordered to be printed.

THE PRINTING INDUSTRY AND PROPOSED COPYRIGHT CONVENTION (S. DOC. NO. 99)

On motion by Mr. HAYDEN, memoranda regarding the probable effects on the printing industry of adoption of the Copyright Convention, with a foreword by Mr. HAYDEN, were ordered to be printed.

TRADE AGREEMENT WITH THE PHILIPPINE ISLANDS

[Mr. GIBSON asked and obtained leave to have printed in the RECORD letters from Vice President Osmeña, Jacob Gould Schurman, and Francis B. Sayre on the subject of a trade agreement with the Philippine Islands, which appear in the Appendix.]

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 2065) to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 5735) to authorize the acquisition of additional land for military purposes.

The message further announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 153. An act to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights; and

H. R. 6065. An act to authorize major overhauls for certain naval vessels, and for other purposes.

MARKETING QUOTAS FOR CORN

Mr. LUCAS. Mr. President, some time ago I introduced Senate bill 2694, amending section 322 of the Agricultural Adjustment Act, dealing directly with the marketing quotas for corn; and also Senate bill 2695, amending section 335 (c) of the Agricultural Adjustment Act, dealing primarily with the marketing quotas for wheat.

On Tuesday last both those bills passed the Senate after explanation and debate. On the same day the House of Representatives passed two companion measures, both arriving in the Senate immediately after we had passed Senate bills 2694 and 2695.

Yesterday by unanimous-consent agreement the Committee on Agriculture and Forestry was discharged from further consideration of House Joint Resolution 342.

I now ask unanimous consent for the immediate consideration of House Joint Resolution 342, which is on all fours with Senate bill 2694, and squares with it insofar as the objective is concerned.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Illinois? The Chair hears none, and the joint resolution will be stated by title.

The LEGISLATIVE CLERK. A joint resolution (H. J. Res. 342) relating to section 322 of the Agriculture Adjustment Act of 1938, as amended.

The joint resolution was considered, ordered to a third reading, read the third time, and passed.

Mr. LUCAS. I now move that the vote by which Senate bill 2694 was passed be reconsidered, and that the bill be indefinitely postponed.

The motion was agreed to.

MARKETING QUOTAS FOR WHEAT

Mr. LUCAS. Mr. President, with respect to House Joint Resolution 343, which I have heretofore explained, I ask unanimous consent that the Committee on Agriculture and Forestry, to which that joint resolution has been referred, be discharged from its further consideration.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LUCAS. I now ask unanimous consent for the immediate consideration of House Joint Resolution 343.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution? The Chair hears none, and the joint resolution will be read by its title.

The LEGISLATIVE CLERK. A joint resolution (H. J. Res. 343) to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

The joint resolution was considered, ordered to a third reading, read the third time, and passed.

Mr. LUCAS. I now move that the vote by which Senate bill 2695 was passed be reconsidered and that the bill be indefinitely postponed.

The motion was agreed to.

TRUTH IN FABRIC

The Senate resumed the consideration of the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. SCHWARTZ. Mr. President, yesterday I canvassed some features of Senate bill 162. I see present now a number of Senators who were not in the Chamber at that time. I desire to refer briefly to the features of the bill which I canvassed yesterday. I stated at that time, and I wish now to repeat, that the principal matters of controversy in this bill are two. First, there is objection to a differentiation between new wool and reworked wool; and, secondly, there are certain manufacturers who are opposed to labeling of any kind at any time and in any way.

Yesterday I read from the American Wool Handbook, the standard publication in wool technology, the method of manufacturing shoddy and the effect of such manufacture upon the fiber of the wool and upon its length and its value. That matter is in yesterday's RECORD, of course.

Yesterday I also referred to the fact that early in 1938 it was the general consensus of opinion of technologists in the wool business that reworked wool cannot be distinguished from virgin wool in the manufactured cloth.

Then I proceeded to show that since early in 1938 the Department of Agriculture has been working upon that problem, and some of the leading technologists in private industry have been working upon the problem; and I set forth in the RECORD letters from the Department of Agriculture and tests made by private technologists showing that today not only may the presence of reworked wool and virgin wool in manufactured cloth be determined, but the respective amounts of each of those classifications may be determined with a reasonable and fair degree of accuracy.

I also stated yesterday and read from a report of the Federal Trade Commission on the matter of the expense involved in enforcing this bill if it becomes a law. I stated that last year it was asserted that the expense would be enormous. The communication from the Federal Trade Commission says that not only will the expense not be heavy, but, in their judgment, the enactment of the bill may reduce their present expenses, due to their efforts at this time to take care of the many complaints which come to them about unfair practices in reference to the textile trade.

When we had a similar bill before the Senate last year, and when it was passed by the Senate, a suggestion was made that we would be unable to control foreign imports; that foreign imports would come in here free from the requirements of our labeling law. We have a provision in the bill of this year which takes care of that matter.

I also read into the RECORD yesterday a letter from the Secretary of the Treasury in which he sets forth the particular classes of additional employees, both in foreign shipping centers and in our ports, that will be necessary in order to see that there is no violation of the Labeling Act, or, if there is a violation, at least that it will be reported. The Secretary of the Treasury says that the additional expense, both here and abroad, including house rent abroad, will amount to a total of only about $55,000. That is a very nominal sum indeed when we consider the enormous amount of imports, not only of rags from abroad, but particularly of shoddy and of manufactured garments which come over here on the strength of the old theory that in order to get a nice cloth it is necessary to get it from England. It comes over here and passes for virgin wool, when as a matter of fact it has in it a large percentage of reclaimed wool.

I also mentioned yesterday that the use of rags and shoddy in this country is increasing rapidly; that whereas a few years ago, of the amount of wool taken by the mills about 25 percent was shoddy, at this time 40 percent is shoddy. In other words, of the wool taken by the mills, 60 percent is virgin wool, and 40 percent, or possibly a little more at this time, is shoddy or reworked wool.

I also stated that within the past year the importation of rags from Great Britain has increased about 1,550 percent, so that we probably are getting to a point where very soon, as a result of the process of reworking rags abroad, the rags of Europe will be clothing the American public, and especially American men.

It has been frequently asserted that if this bill is passed, sharpers—who evidently are not sharp now, or they would be doing the same thing—will buy a cheap grade of virgin wool and make it into a virgin-wool fabric and label it virgin wool, and thereby destroy the value of virgin wool labeled by the good manufacturers who now make virgin-wool products in the United States. If that were possible to be done, of course, the same supposititious set of sharks or cheaters would be at that practice now.

I demonstrated yesterday, I believe, that the values and uses of various grades of virgin wool and reworked wool are comparable. In other words, a cheap grade of virgin wool is used in such manufactures and for such purposes that if a reworked wool is used in substitution the same grade of reworked wool is used for that purpose; and when a high grade of virgin wool is used, if reworked wool is used in substitution it is necessary to have a high grade of reworked wool. So the only method by which to compare values is to compare like with like and kind with kind.

Mr. President, while I was talking yesterday the junior Senator from Massachusetts [Mr. LODGE] asked me to what extent and what sort of labor organizations were supporting Senate bill 162. I told him I would endeavor to obtain that information, and I have gotten it from the hearings.

Francis J. Gorman, president of the United Textile Workers of America, appeared in support of the bill, and his testimony appears on pages 38 to 43 of the hearings. I understand that last year when he testified his organization was associated or affiliated with the C. I. O. At this time, I believe, it is again in the fold of the American Federation of Labor.

I desire to read a very brief paragraph from Mr. Gorman's testimony. In the first place, I should say that he is specifically in favor of this particular bill.

He says:

The old caveat emptor basis of doing business has been discarded by a decision of the United States Supreme Court. Our business slogan need no longer be, "Let the buyer beware." With better identification of the portion of virgin wool, reclaimed wool, and other materials used in wool manufacture, the wool worker can take greater pride in his craft, the manufacturer can afford to build a reputation on quality merchandise, the clerks in the stores need not qualify as bunco artists, either purposely or through their own lack of information, and the consumer will get what he asks for.

Because the label will disclose it.

He goes on, and says:

We are not opposed to the use of reclaimed or shoddy wool or of cotton or rayon for mixture purposes. Many materials, which are neither originals nor pure in quality, have their uses, and these uses may be valid and admirable. What we contend is that there should be accurate identification so that the purchaser may know what is being purchased.

There also appeared before the committee Mrs. Maie Fox Lowe, president of the Women's Auxiliary to the National Federation of Post Office Clerks. Her testimony begins in the hearings at page 80. I wish to read just a short paragraph of her testimony at page 83. Mrs. Lowe is testifying:

There was one other thing which I should like to say: The opponents of this bill say that other fibers are necessary in wool goods besides virgin wool. If those things are necessary and if the addition of those other fibers makes a better garment, why be afraid to put it on the label and let the consumer be the judge? That is what we want to know. We think we are entitled to know what we buy. If we have to buy or choose to buy a garment that has other things in it than wool, that is perhaps our business or our misfortune. But if we want to buy all virgin wool we should be entitled to know it.

Then I asked Mrs. Lowe this question:

I suppose it would be true that if you bought a garment with 50 percent virgin wool and 50 percent reclaimed wool and it proved to be satisfactory, then you would have no objection to buying another one?

She said:

I certainly would not, and I would be glad to know just what it was, so I could ask for another one next time.

In the record also appears the statement of May Peake, international president of the Ladies' Auxiliary of the International Association of Machinists. That is an American Federation of Labor organization, I understand. Her statement appears at page 82.

There is also in the hearings, at page 124, a letter from I. M. Ornburn, secretary-treasurer of the Union Labor Trades Department of the American Federation of Labor, and also the testimony of John M. Baer, who testified last year, and who is connected with that department. I wish to read, for the benefit of the RECORD, just a few paragraphs from the letter of Mr. Ornburn, secretary-treasurer of the Union Label Trades Department of the American Federation of Labor, addressed to me:

DEAR SIR: My absence from Washington prevents a personal appearance before your committee. I am, therefore, requesting that the following statement be included in the record of the hearing on S. 162, the wool-products-labeling bill of 1939.

The Union Label Trades Department of the American Federation of Labor urges the passage of this measure, as it has supported previous bills aimed at protection of the consumer, especially the provisions that would force disclosure of the reclaimed wool or shoddy content of wool products.

Our department represents 51 directly affiliated international unions of the A. F. of L. with a membership of over 1,000,000, including the Sheepshearers' Union which is directly interested in this legislation. In addition, our department's activities have the loyal support of the 4,500,000 members of the American Federation of Labor. Furthermore, the American Federation of Women's Auxiliaries of Labor, representing 2,000,000 women, is organized under our department.

I will not read the remainder of the statement; it is rather long.

Mr. President, at the hearings it was contended by some of the garment manufacturers from New York City, and possibly one or two from some other points, as I recall, though I am not sure, that in the application of the provisions of the bill it would be a physical impossibility, or at least it would present a great and onerous burden, to keep the labels on the goods from the time the manufacturer makes the goods until the goods are sold at the retail store. Some effort was made to show that in the process of manufacture the identity of the particular piece of cloth would be lost, and, because of the loss of its identity, it would be impossible to attach the proper labels which the manufacturer had given for a particular piece of cloth.

Mr. President, if this were a good objection, to my mind, it would be a very serious one, because certainly we do not want to enact a bill which cannot be enforced. So, because that presented a serious question to my mind, I sought and secured from one of the leading garment manufacturers of New York City a technical statement as to just what the procedure is from the time cloth is made until it leaves the hands of the manufacturer, where the loss is supposed to occur. Because that is an important question, and because it is one which would appeal to Senators, I shall take a few minutes this morning to read the statement I received, because I am not a manufacturer of wool, and I am not familiar with the wool business, except as I have studied it for the past few years. Therefore, in order to keep the record straight, I shall take the time to read this statement. It is as follows:

GARMENT MANUFACTURING

The production of garments is operated on two basically different principles: (1) Inside manufacturing, and (2) the contracting system. Wages are also based on two systems—(1) weekly basis and (2) piece-work basis. Of the two wage systems, by far the largest volume of garments are made on the piece-work system. Inside manufacturers represent a restricted group of higher-priced garment manufacturers, whose output is limited and whose product is made on their own premises. These manufacturers make garments against order only and cut from one to four or five at one time. All goods moving through their factory from the time the piece goods are received until the goods are shipped are specifically identified as to source and quality of materials, color, style, and price.

By far the greatest volume of garments sold by so-called garment manufacturers is made for them by contractors, comprising independent firms who work for a number of garment manufacturers making garments according to specified prices which are agreed upon between the garment manufacturer and the contractor. This system is followed by both manufacturers of better and medium grade garments and by volume manufacturers making the lowest priced garments. The sole difference between the better and medium grade garment manufacturers and the cheaper volume manufacturers is that the former, as a general rule, cut garments against actual orders, while the latter accumulate a stock of garments and then sell them from their racks. In other words, the volume manufacturer speculates on the probable market for particular styles of garments, and as a selling inducement offers customers a lower price and "immediate delivery" as against the normal period of time required by the better and medium grade manufacturers to produce against orders received.

As a general rule, manufacturers of the better and medium grade garments accumulate a number of orders which are taken in their showrooms or by traveling salesmen from individual retail customers. When a sufficient number of orders have been accumulated for what is termed a "cutting" the total quantity represented by this order are assembled according to the style and quality and color of fabric and are listed on what is known as the "cutting ticket." (See exhibit A.) This cutting ticket lists explicitly the order number, the quality and color of fabric, and the quantity of each size garment which is to be made. This is the order which goes to the contractor and is, in effect, his specifications. The contractor obtains from the garment manufacturer the necessary quantity of fabrics and linings which are to be used to fill his order. The woolen fabrics and lining specified on the cutting ticket are charged at a fixed price to the contractor, and he includes the cost of these materials in the price which he quotes the garment manufacturer for making the garment. This is the identical system followed by the volume manufacturer of lower-priced garments, except that instead of making garments sold he makes garments he expects to sell.

Because different sizes of garments in the same style made of the same fabric require different amounts of yardage, garment manufacturers specify on the cutting ticket the exact yardage to be used in each garment according to both the style and size. This very careful record is made of the materials when they are sent by the garment manufacturer to the contractor, for the following reasons:

(1) To make certain the contractor receives the correct yardage.

(2) To enable the garment manufacturer to make an accurate check of the finished garments when they are returned, to be certain that the order has been correctly filled in all details.

(3) To prevent contractors from substituting cheaper imitations of the fabrics sent them by the garment manufacturer.

(4) To prevent contractors from making and delivering sizes smaller than those which have been ordered. This latter check has been necessary because it has not been an uncommon practice in the past on the part of contractors to deliver sizes 12 and 14 against orders for sizes 16 and 18, thereby using a smaller amount of yardage than would otherwise be necessary.

I may say parenthetically that that is stated in the testimony of some of the garment manufacturers who are op-

posed to labeling. That is one of the principal troubles they have had, one of the reasons for the conciliation agreement, in which 266 members and corporations are associated, and under which they spend the sum of $280,000 a year in endeavoring to patch up their differences.

The testimony also shows that sometimes there will be a faulty place in cloth, or a faulty color, or some other defect, and it will come back, perhaps from a retail store in Wyoming or California, and will finally get to New York, where demand will be made of the manufacturer of the cloth to make good. Evidently, therefore, there is no trouble in telling who manufactures cloth, no matter how far the cloth goes.

I continue the statement:

Where this has been done—

That is, where sizes 12 and 14 have been delivered against orders for sizes 16 and 18—

the contractor has either sold the surplus goods or has made it up into garments in his customer's styles which he has sold on his own account to retail stores.

Contractors manufacturing garments operate almost entirely on the piece-work system, on a basis rigidly established and maintained by the very powerful and effective men's and women's garment manufacturing union. The prevailing system in both the men's and women's wear garment industry is for an operator to make the garment, a finisher to add the final details and inspection, and a presser to steam and press the garment prior to its delivery back to the garment manufacturer. (In certain parts of the country the garments are manufactured in what is known as sections—that is, certain specialists make sleeves, others make the body, and a final operator sews the parts together. This, however, is not the prevailing system, and the details of its operation will be explained later.)

When the cutting ticket (exhibit A) for a given number of garments to be made either of the same fabric in the same color, or of different fabrics and different colors in different styles, reaches the contractor, together with the necessary materials, the following is the sequence of operation:

(1) The goods are checked to make certain that necessary materials are all there.

(2) A work ticket (exhibit B) for each garment which is to be cut is made out according to the information indicated on the cutting ticket. This work ticket thereafter accompanies the garment from the time the different parts are cut and assorted until it is returned to the garment manufacturer.

(3) This work ticket, it will be observed, comes in four sections, which not only maintains the identity of the garment so far as the quality, kind, color, and style of garment are concerned, but it is also the basis on which the operators concerned in making the garment collect their piece-work pay. Each of the four sections of the ticket is numbered identically. Three of them read, "operator," "finisher," and "presser." These are the three workmen who make the garment. The fourth section is the master section for the records of both the contractor and the garment manufacturer. Its final disposition is when this stub is sewn into the lining of the garment for the information of the garment manufacturer when he receives the finished garment from the contractor. The garment manufacturer's receiving clerk checks this work ticket stub containing the order number, the style, the size, the color, the quality and kind of fabric used, the fur (if any), and all the other details needed to be recorded. Having assured himself that the details of the order have been fulfilled, the receiving clerk of the garment manufacturer rips out this work ticket stub and replaces it with the garment manufacturer's own hanging ticket, containing information identical or similar to that on the work ticket stub itself.

(4) After the work tickets are made out against the specifications of the cutting ticket they are placed in the hands of an assorter, and the materials to be cut into garments go to the cutter, who lays them out on the cutting table in various thicknesses of cloth numbering from 10 to a maximum of 50 thicknesses, according to the weight and thickness of the fabric, and the size of the order. As the end of each piece is laid on the cutting table it is marked across with heavy chalk marks which signify (a) that this is the end of a single piece of goods; and (b) that according to the number or other symbol marked in chalk it is the end of a particular piece of goods from a particular mill. After the "lay" is completed a pattern is chalked on the top layer and the thicknesses of goods are cut through in one continuing operation with an electric cutter.

The assorter with the work tickets picks up from each layer the different parts of one complete garment, tying them in a bundle and affixing to each bundle the work ticket with its serial number and other specifications as to the quality and color of fabric and style and size of garment to be made. The assorter watches carefully for the chalk marks in the different layers, signifying the beginning or end of a new piece, because, even in handling goods of the same quality, pattern, and color from the same mill, there is danger that one part of a garment may be taken from one piece and a second part from another piece. This must always be avoided, because, even in the same goods from the same mill, there is always sufficient variation between pieces of the same quality and color to make it impossible to sew them into one garment without this fact being at once apparent when the garment is finished. Errors of this character are occasionally made, and they are always discovered either by the inspection of the contractor himself or during the later inspection in the receiving room of the garment manufacturer.

The assorter further guards himself against errors by making up a detailed chart (see exhibit C), which in a measure is a replica of the cutting ticket, except that on the right-hand side opposite the listing of the specific quality of fabric to be used in the styles to be made up there is pinned or pasted a sample of the fabric. As each bundle of garment parts is made up and the work ticket affixed the assorter refers to this illustrated guide to be sure that there has been no error.

(5) The bundle parts of the garment next go to the operator, who makes the garment and cuts off that section of his ticket on which his piece-work wage is paid. This ticket goes to the foreman, who credits the operator with one finished garment and sends his stub to the accounting or bookkeeping department.

(6) This same procedure is followed by the finisher and presser, each one of whom detaches his section of the work ticket after he has completed his task.

(7) When completed, the garment, with the stub of the work ticket sewed into the garment, is returned to the garment manufacturer.

SECTION WORK

There is a slightly different process in what is called section work, although it is basically the same.

In some garment manufacturing centers there is a certain amount of so-called section work on garments, made both for men and women; that is, certain operators make sleeves, others make bodies, and still others may sew the different parts together into a complete garment.

The procedure in the section work factories is practically identical with that in the other factories where the entire garment is made by one operator and is finished and pressed by specialists. The work ticket merely includes more parts designating the operations used in completing a garment. In section work the same care must be observed to avoid making one garment out of different pieces of goods. To prevent this, as the section worker makes his particular part of the garment he refrains from breaking the thread as each part is finished so that when they go to be assembled the different parts are all attached to one another by threads. Each part bears an identical serial number showing what piece of goods it came from, and they are matched when the parts are put together. At no time is the specific identity of the particular fabric or the particular piece of goods from any mill lost. Should this occur the garment would be worthless because the difference in the texture or the color in various parts of the garment would be immediately discernible. This is true even though the fabrics are of an identical quality, type, and color, and come from the same mills. It is much more true when the same types of fabrics in identical colors come from different mills.

MILL IDENTIFICATION

Every piece of goods delivered by any mill or jobber to any garment manufacturer or contractor bears a piece-goods ticket which is firmly attached to it by a strong cord, giving the piece number, the quality number or kind, the color number, and the exact yardage. In addition, most mills stamp their names and trade-marks on the back of the goods every yard or so or on the selvage.

There was testimony that the selvage is always cut off and lost; and that the identification ticket would be attached to the selvage and then it would be lost.

The selvage is rarely, if ever, cut away, in manufacturing. It is used wherever possible at the seams. The mill identification stamp on the back or on the selvage, however, is merely a collateral and not the chief means of identifying the goods. This identification, which begins with the cutting ticket, is continued on the work ticket and ends with the stub on that work ticket sewed into the lining of every garment of the manufacturer for whom the contractor has made the garment.

IDENTIFICATION OF DIFFERENT FABRICS BEING MADE IN THE SAME STYLE BY THE SAME CONTRACTOR IN ONE CUTTING

Volume garment manufacturers who order one particular style of garment to be made in four or five different fabrics have a very simple and effective method of maintaining the identity of these fabrics. In making out the cutting ticket (see exhibit A) a specific style is always identified by number. For example, a particular style will be numbered, let us say, No. 485. This is a style to be made in the fabrics of woolen manufacturer No. 1. Where a second, third, fourth, or even a fifth fabric of different mills is to be made in the same style, at the same cutting, the basic style number is maintained and the different fabrics are identified by prefixing to this basic style number the numerals from 1 up; i. e., style No. 485 is made in the fabrics of mill No. 1. The same style cut at the same time from the fabric of another woolen manufacturer will be listed as style No. 1485; style No. 485 made in the fabric from a third mill will be identified as style No. 2485, and so on. These fabric and style identification numbers are transferred from the cutting ticket to the work ticket, and these numbers are on the stub of that work ticket when it is sewn into the completed garment. They are further checked by the garment manufacturer when the garments are delivered to him by the

contractor and the fabrics are compared against actual samples to verify the fact that there have been no errors or substitutes in delivery.

Mr. President, I ask to have included at this point as part of my remarks in further explanation of the statement I have read, two sheets, which are marked "Exhibit A" and "Exhibit B," which show in detail how the mill identification is carried right along. Exhibit A contains a cutting ticket, and exhibit B contains work tickets. I also ask to have printed an order sheet marked "Exhibit C." It contains a line of swatches or samples, which, of course, will be excluded from the RECORD because they are samples of cloth, and the Government Printing Office is not able to reproduce them. I also offer two other exhibits, 1 and 2, and ask that they be printed at this point as part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matters referred to are as follows:

EXHIBIT A—CUTTING TICKET

As explained on the preceding page, this cutting ticket is for style No. 485 in eight different fabrics, which are identified as to their mill source by numerals placed in front of the basic style number.

This number must appear on your invoice: No. 246 A
Mr. JOHN SMITH.
Terms _____ Delivery _____

NEW YORK _____ 19____
ADDRESS _____
Phone No. _____

Our No.	Your No.	Color	Quantity	12	14	16	18	20	34	36	38	40	42	44	46	Price
485	Mill No. 1	Blue	60	6	12	12	12	12				6				$16.50
1485	Mill No. 2	do	100	10	20	20	20	20				10				15.75
2485	Mill No. 3	do	60	6	12	12	12	12								16.50
3485	Mill No. 4	do	100	20	10	20	20	20								21.50
4485	Mill No. 5	do	30	6	6	6	6	6								10.50
5485	Mill No. 6	do	25	5	5	5	5	5								9.25
6485	Mill No. 7	do	30	6	6	6	6	6								12.75
7485	Mill No. 8	do	25	5	5	5	5	5								9.50

YARDAGE

Our No.:
485. 180 yards _____ $2.50
1485. 300 yards _____ 2.25
2485. 180 yards _____ 2.50

This order is given on the conditions on the reverse side hereof as well as hereon

SUBMIT ONE SAMPLE FOR APPROVAL BEFORE CUTTING LOT

Material _____ Price _____ Yards _____ Price _____
Price agreed on for this order includes cloth, lining, fur trimmings, and the minimum cost of production agreed by _____
How many yards of material shall we send you for each garment? _____
How many yards of lining shall we send you for each garment? _____

Merchandise sent you to be made up for us, while it is ours, and only sent to you on memorandum as per our invoice, will be deducted from your account against us.

It is a condition precedent to the execution of this order that a sample must be submitted for approval before cutting lot, and sample approved in writing. All merchandise must be manufactured exactly in accordance with the instructions herein contained, and if, upon delivery, found to be unsatisfactory, for any reason whatsoever, in whole or in part, such garments as are unsatisfactory shall be rejected; if any garments on this order are sold by us and rejected by our customers, for any reason, such garments shall be returned to the contractor, who agrees to make payment therefor.

Any advances that shall be made by us to the contractor shall not be construed to be approval and acceptance of any merchandise delivered.

EXHIBIT B—WORK TICKET

These work tickets are attached to the assembled parts of individual garments. The style numerals indicate (a) the basic style and (b) the fabric in which the style is made. The stub is sewed into the garment on completion so that the garment manufacturer may check deliveries and be certain that the order has been filled correctly in all details, including the quality and kind of fabric ordered.

Order No. 6730
Style, 485
Size, one 16
Remarks, mill 1 blue
6730
Presser
Style, 485
Size, 16
6730
Finisher
Style, 485
Size, 16
6730
Operator
Style, 485
Size, 16

Order No. 6731
Style, 1485
Size, one 16
Remarks, mill 2 blue
6731
Presser
Style, 1485
Size, 16
6731
Finisher
Style, 1485
Size, 16
6731
Operator
Style, 1485
Size, 16

Order No. 6732
Style, 2485
Size, one 16
Remarks, mill 3 blue
6732
Presser
Style, 2485
Size, 16
6732
Finisher
Style, 2485
Size, 16
6732
Operator
Style, 2485
Size, 16

Order No. 6733
Style, 3485
Size, one 16
Remarks, mill 4 blue
6733
Presser
Style, 3485
Size, 16
6733
Finisher
Style, 3485
Size, 16
6733
Operator
Style, 3485
Size, 16

Order No. 6734
Style, 4485
Size, one 16
Remarks, mill 5 blue
6734
Presser
Style, 4485
Size, 16
6734
Finisher
Style, 4485
Size, 16
6734
Operator
Style, 4485
Size, 16

Order No. 6735
Style, 5485
Size, one 16
Remarks, mill 6 blue
6735
Presser
Style, 5485
Size, 16
6735
Finisher
Style, 5485
Size, 16
6735
Operator
Style, 5485
Size, 16

Order No. 6736
Style, 6485
Size, one 16
Remarks, mill 7 blue
6736
Presser
Style, 6485
Size, 16
6736
Finisher
Style, 6485
Size, 16
6736
Operator
Style, 6485
Size, 16

Order No. 6737
Style, 7485
Size, one 16
Remarks, mill 8 blue
6737
Presser
Style, 7485
Size, 16
6737
Finisher
Style, 7485
Size, 16
6737
Operator
Style, 7485
Size, 16

EXHIBIT C

Order No. 246, Smith Garment Co.

Style	Fabric	Quantity	Swatch
485	Mill No. 1	60—6/12-12/14-12/16-12/18-12/20-6/40.	
1485	Mill No. 2	100—10/12-20/14-20/16-20/18-20/20-10/40.	
2485	Mill No. 3	60—12/12-12/14-12/16-12/18-12/20	
3485	Mill No. 4	100—20/12-10/14-20/16-20/18-20/20	
4485	Mill No. 5		
5485	Mill No. 6		
6485	Mill No. 7		

VARIATIONS IN CUTTING TICKETS AND WORK TICKETS

Exhibits A and B, illustrated in the preceding memorandum, represent the cutting tickets and the work tickets used generally by contractors working for volume lower-priced garment manufacturers. Contractors working for the better and medium-grade garment manufacturers use basically the same system, but the cutting tickets and the work tickets provide a trifle more information.

Style ____
Factory lot No. 12790

EXHIBIT I

Date ____

Cloth	Color	10	12	14	16	18	20	40	Piece number	Cloth yardage	Lining yardage	Furs	
Lengths													

Amount ____
Cloth $____ Lining $____ Fur $____ Emb. $____ Price ____

The cutting ticket of a better-grade garment manufacturer, it will be noted, specifies in succeeding columns the exact cloth to be used, the sizes, the number of the piece from which the fabric is to be cut, the yardage and lining required, and the furs, if any. The final column is reserved for the price which will be paid to the contractor and includes the price charged the contractor by the garment manufacturer for the materials furnished him.

EXHIBIT II

This particular work ticket is for a suit. It is the same as the work ticket shown in exhibit B, except that the stub which is sewn into the garment when it is completed contains explicit information regarding the exact fabric and color used.

Coat

Order No. 1141
Style____
Size____
Color ____
Cloth ____
Fur____
Remarks ____

Presser

Order No. 1141
Style____
Size____

Jacket

Order No. 1141
Style____
Size____

Skirt

Order No. 1141
Style____
Size____

The last possibility of any confusion regarding fabrics used in garments made by contractors would be eliminated by a universal adoption by contractors of this work ticket (exhibit No. II), the stub of which specifies the exact fabric and color used in making the garment.

Mr. SCHWARTZ. I have a memorandum which I shall ask to have printed in the RECORD as part of my remarks. I recall that when the question of canned beef was being discussed in the Senate the distinguished senior Senator from Massachusetts [Mr. WALSH] called attention to the fact that the Navy had been making its own cloth for a great number of years, and he suggested tentatively that possibly it might be necessary at some time to make a similar provision in order that the Army might get proper beef. I have here the Navy specifications as to officers' uniforms, uniforms and overcoats for enlisted men, miscellaneous garments, shirts, jumpers, socks, and so forth. They are all made of virgin wool with the exception of socks, which contain a 50-percent cotton mixture.

I also have the specifications of the War Department for the Army, and with the exception of two heavy types of overcoats the garments are all made of virgin wool. The lighter overcoats are made of virgin wool, and the suits are made of virgin wool, as well as the sweaters and the shirts. The drawers are made of a combination of virgin wool and cotton. The gloves are made of virgin wool. Under the item "Gloves" there is added this notation:

The use of reworked wool, card strippings, card fly, or similar waste is prohibited.

And so on down the line. For the two heavy overcoatings, in which alone there may be the use of any reworked wool, the specifications are as follows for the 32-ounce olive drab—and this comes down from the time when there was an insufficient supply of wool to furnish garments to the American soldiers in the World War:

4. Overcoats (32-inch olive drab): Woolen yarn, composed of 55-percent wool, grade 44s or finer; 10-percent wool, grade 58s or finer; 35-percent reworked wool or noils.

They have the option to use the reworked wool or noils.

5. Overcoats (slate blue, 30-ounce): The wool shall be fleece and/or pulled wool not lower in grade than 56s, United States standard. Not more than 35 percent of the blend may be reworked wool and/or noils of the same grade.

I ask that the memorandum be printed in the RECORD at this point as part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The memorandum is as follows:

MEMORANDUM—WOOL CONTENT SPECIFICATIONS FOR CLOTHING PURCHASED FOR THE UNITED STATES ARMY AND NAVY

I. ARMY

(a) *Flying cadets*

1. Uniform (serge, slate blue, 11/12-ounce): "The wool for warp and filling shall be shorn from live sheep and be not lower in grade than 64s, free from kemp; shall be sound in staple and of superior character."

2. Overcoats (melton, slate blue, 18-ounce): "The wool shall be fleece and/or pulled wool not lower in grade than 64s, United States standard. The use of noils and/or reworked wools is prohibited."

(b) *Enlisted men*

1. Uniform coats (serge, olive drab, 18-ounce): "The wool for warp and filling shall be fleece and/or pulled wool not lower in grade than 64s, United States standard."

2. Uniform trousers (elastique, olive drab, 18-ounce): "The wool for warp and filling shall be sound staple fleece and/or pulled wool not lower in grade than 64s, United States standard."

3. Uniform coat and trousers (serge, slate blue, 18-ounce): "The wool for warp and filling shall be fleece and/or pulled wool not lower in grade than 64s, United States standard."

4. Overcoats (32-ounce olive drab): "Woolen yarn, composed of 55-percent wool, grade 44s or finer, 10-percent wool, grade 58s or finer, 35-percent reworked wool or noils."

5. Overcoats (slate blue, 30-ounce): "The wool shall be fleece and/or pulled wool not lower in grade than 56s, United States standard. Not more than 35 percent of the blend may be reworked wool and/or noils of the same grade."

(c) *Miscellaneous*

1. Sweaters (worsted, olive drab): "Shall be sound staple fleece, or pulled wool, of not lower grade than 56s, Department of Agriculture standards."

2. Shirts (worsted, olive drab): "The wool for warp and filling shall be sound, staple fleece and/or pulled wool not lower in grade than 60s, United States standard."

3. Drawers (cotton-wool, mixed): "The finished fabric shall contain not less than 50-percent wool by weight. The fabric for subtypes 5 and 12 shall be knitted in such a manner that neither the cotton nor the worsted yarns will be thrown wholly to the face or back. The finished fabric for subtype 15 shall contain not less than 36-percent wool by weight."

(NOTE.—"Attention is invited to the fact that requirements for texture and wool content for these garments specify the minimum, and manufacturers should take note of the fact that it may be necessary for them to knit the garments to a higher texture than specified, in order that they may finish the garments to these requirements; similarly, as to wool content, it may be found necessary to use more than 50-percent wool in order that the finished garments may be at least 50-percent wool.")

4. Gloves (woolen, olive drab): "The wool used in the manufacture of the gloves shall be found, strong staple fleece, or pulled wool not lower in grade than 56s, current United States Department of Agriculture standards. The use of reworked wool, card strippings, card fly, or similar waste is prohibited."

5. Gloves, nurses (woolen, olive drab): "Sound, staple wool not lower in grade than 56s (three-eighths blood)."

II. NAVY

(a) *Officers*

1. Officers' uniforms (blue, dark): "Shall be fleece wool, of a grade not lower than 70s (United States standard); staple shall be of sufficient length to meet the hereinafter-described requirements, and shall be free from the admixture of vegetable matter, reworked wools, waste, or any other adulterants."

(b) *Enlisted men*

1. Uniforms (Melton, dark blue, 16-ounce): "Shall be fleece wool, of a grade not lower than 64s (United States standard); staple shall be of sufficient length to meet the hereinafter-described requirements, and shall be free from the admixture of vegetable matter, reworked wools, waste, or any other adulterants."

2. Overcoats (kersey, dark blue, 30-ounce): "Shall be fleece wool, of a grade not lower than 60s (United States standard); staple shall be of sufficient length to meet the hereinafter-described requirements, and shall be free from the admixture of vegetable matter, reworked wools, waste, or any other adulterants."

(c) *Miscellaneous*

1. Shirts and jumpers (dark-blue flannel): "Shall be wool, fleece, pulled or scoured, of a grade not lower than 58s (United States standard); staple shall be of sufficient length to meet the hereinafter-described requirements and shall be free from the admixture of vegetable matter, reworked wools, waste, or any other adulterants."

2. Jerseys: "Shall be not lower than 56s (United States standard); combing wool, free from the admixture of vegetable matter, reworked wools, waste, or any other adulterants. The yarn shall be two-ply worsted. No pulled wool shall be used."

3. Socks (wool and wool-cotton mixture): "The blend shall be composed of wool, not lower in grade than 64s (United States standard) of sound, strong fiber and cotton. The blend shall be so proportioned that the finished socks, exclusive of the heel and toe, shall analyze not less than 50-percent wool."

(NOTE.—"Attention is invited to the fact that the requirements for texture and wool content for the finished socks are minimum. Therefore, manufacturers should take note of the fact that it may be necessary for them to knit the socks to a higher texture, and to use more than the specified wool content in order that the finished socks will meet the minimum requirements.")

4. Undershirts (cotton-wool, mixed): "The finished fabric shall contain not less than 50-percent wool by weight. The fabric for subtypes 5 and 12 shall be knitted in such a manner that neither the cotton nor the worsted yarns will be thrown wholly to the face or back. The finished fabric for subtype 15 shall contain not less than 36-percent wool by weight."

(NOTE.—"Attention is invited to the fact that requirements for texture and wool content for these garments specify the minimum, and manufacturers should take note of the fact that it may be necessary for them to knit the garments to a higher texture than specified, in order that they may finish the garments to these requirements; similarly, as to wool content, it may be found necessary to use more than 50-percent wool in order that the finished garments may be at least 50-percent wool.")

Mr. BARBOUR. Mr. President, the Schwartz bill requiring woolen manufacturers to disclose to consumers, by means of labels, the fiber content of their products, already has the active support of consumer, farm, trade, and labor organizations with a combined membership of more than 12,000,000 persons. In contrast to this, the opponents are comparatively limited in number.

The supporting organizations include, among others:

General Federation of Women's Clubs.

New York City Federation of Women's Clubs.

Chicago and Cook County Federation of Women's Organizations.

American Farm Bureau Federation.

National Grange.

National Farmers' Union.

National Cooperative Council.

National Wool Growers Association.

Texas Sheep and Goat Raisers Association.

United States Live Stock Association.

American Federation of Labor.

Women's Auxiliary, National Federation of Postoffice Clerks.

United Textile Workers of America.

The vital importance of informative labeling legislation for consumers is emphasized in a bulletin entitled "Informative Labeling," issued in June 1938, by the Consumer-Retailer Relations Council organized under the auspices of the National Retail Dry Goods Association. This council includes in its membership the American Association of University Women, the General Federation of Women's Clubs, the National Retail Dry Goods Association, the National Association of Better Business Bureaus, Inc., and the National Better Business Bureau, Inc.

Among the representatives of national and regional groups of women's clubs who appeared in support of the Schwartz bill, was Miss Julia K. Jaffray, representing the New York City Federation of Women's Clubs. Miss Jaffray declared that a substantial number of the members of the National Association of Wool Manufacturers recognized the desirability of the proper labeling of wool products with a differentiation between virgin wool and reclaimed wool.

Representatives of labor, including the American Federation of Labor, through the union label trade department, and of the United Textile Workers, also urged the passage of the Schwartz bill. In a statement to the House committee considering the Martin bill, I. M. Ornburn, secretary-treasurer of the union label trades department of the American Federation of Labor, declared that:

> The union label trades department represents 51 directly affiliated international unions which have a membership of over 1,000,000, including the Sheep Shearers' Union, which is directly interested. Our department has the loyal support of the 4,500,000 members of the American Federation of Labor. In addition, I represent 2,000,000 members of women's auxiliaries in the American Federation of Labor. Consequently, I speak for both men and women in the American Federation of Labor, and I speak for them as consumers.
>
> We are particularly concerned that wool garments be so labeled that the consumer may know within reasonable limitations how much actual virgin wool was used in the manufacture of the cloth of the garment. If substitutes for virgin wool are used—reclaimed wool or rayon or cotton or other fibers—the consumer is entitled to know of their use. * * * We see no justice in * * * delaying passage by Congress of any legislation necessary to strengthen the hand of the Federal Trade Commission in protecting the public from unfair trade practices.

Woolen manufacturers also strongly urged the passage of the Schwartz bill for the protection of the consuming public and for their own protection against manufacturers of adulterated products. They stated that reclaimed wool is an inferior substitute for virgin wool, and results in an inferior product. Some 75 of the most important and representative manufacturers of women's garments, in letters filed with both the Senate and the House committees, declared that this legislation is not only necessary for the proper information of the public, but is essential for their own protection against widespread unfair competition.

The Forstmann Woolen Co., which is located in New Jersey, through its representatives also urged the passage of the Schwartz bill, stating in briefs filed with the Senate and House committees, as follows:

> It is a matter of common knowledge in the wool industry that for years the undisclosed use of reclaimed wool in wool products has been increasing steadily, and that this increase has been greatly accelerated whenever prices for virgin wool have shown an upward tendency. During this same time the undisclosed use of fibers other than wool has also increased tremendously. The net result has been that the wool-manufacturing industry, the only customer of the great American wool-growing industry, today uses more than 50 percent of fibers other than virgin wool in products which it sells to the public as "wool" or "pure wool."
>
> A law which will assure the public necessary information regarding the fiber content of wool and part-wool products must establish as a fundamental a clear differentiation between virgin wool fibers and reclaimed wool fibers. Consumer organizations argue quite correctly that from the standpoint of family economy it is particularly important that wool products be reliable in character, providing adequate protection against climatic conditions, and giving long and satisfactory wear and service. * * *
>
> The wool manufacturer—and not the intermediate jobber, wholesaler, or retail merchant—is responsible for the wear, service, and protection which his products give to millions of consumers, to whom their purchase represents an important part of the family budget. It is the manufacturer, and the manufacturer only, who knows from his records the kind and quality of wool fibers or other fibers which he has utilized in his products. Therefore, he, and he alone, should provide this information in a complete form through all channels of trade up to and including the consumer, and he should be held strictly accountable for any false or deceptive claims which he makes, either by inference or direct statement in the sale of his products.

I want to point out here, Mr. President, that this comes from a very large wool manufacturer, who makes absolutely clear that the manufacturer should have this responsibility. He, as a manufacturer, wants to have it. I stress this point because it has been urged, and probably will continue to be urged, that a manufacturer can only with great difficulty protect the public after the product has left his woolen mill. This very responsible manufacturer says that it can be done and should be done. The Senator who is in charge of this bill has described how it may be done, how it may be done positively and actually. This is simply another instance, obviously, of a reputable manufacturer who is seeking to protect the public saying he can do it, and that other manufacturers can do it and should do it.

Following the unanimously favorable report of the House committee on the Martin bill, on June 16, 1938, Mr. LEA, chairman of the committee, issued a statement to the press declaring that the testimony revealed a situation demanding remedial action by Congress to protect the consumer, the American wool grower's market and legitimate woolen manufacturers.

Mr. AUSTIN. Mr. President, will the Senator from New Jersey yield for a question?

Mr. BARBOUR. I am very glad to yield to my dear friend, the Senator from Vermont.

Mr. AUSTIN. Has the Senator based his argument principally upon the Martin bill?

Mr. BARBOUR. My answer is "No." But I would have to qualify the answer by saying that I want to know just what the Senator means by "principally." I know there is a difference between the Martin bill and the Schwartz bill; but in fairness to the Senator, I must say that in a certain measure or degree what I say is based on the Martin bill.

Mr. AUSTIN. I thank the Senator.

Mr. BARBOUR. The principles embodied in the pending Schwartz bill have been upheld repeatedly in the United States Supreme Court. The Supreme Court has declared that a manufacturer or vendor "has no constitutional right to sell goods without giving the purchaser fair information as to what is being sold," and has stated further that "the rule of caveat emptor should not be relied upon to reward fraud and deception." The standards of business conduct to be observed by manufacturers and vendors in the marketing of products are set forth in the following excerpts of recent decisions:

> * * * And it is too plain for argument that a manufacturer or vendor has no constitutional right to sell goods without giving to the purchaser fair information of what it is that is being sold. The right of a manufacturer to maintain secrecy as to his compounds and processes must be held subject to the right of the State, in the exercise of its police power and in promotion of fair dealing, to require that the nature of the product be fairly set forth.

The chief objections to informative labeling legislation for the wool industry have always come from the National Association of Wool Manufacturers. For more than a quarter of a century the association opposed all legislation which would give the consumer any information at all regarding the fibers used by its members in the manufacture of their products. The failure of these measures was noted by the association in its annual reports as an accomplishment on behalf of the industry. Under the pressure of public demand the association has modified its attitude within the past 2 years. It has now agreed to disclose the use of substitute fibers other than wool but opposes disclosure of the use of reclaimed wool as a substitute for virgin wool.

At the present time, and for the past several years, the spokesman for the association has been Arthur Besse, its president. In the short time elapsing since June 1937, Mr. Besse has made various appearances before congressional committees and the Federal Trade Commission and has issued numerous statements defining the attitude of the association toward informative fiber identification legislation for the wool industry.

In the light of the position taken by the organizations to which I have referred, the great labor groups and many other groups who favor this proposed legislation, in the light of the able and detailed speech in behalf of the bill by the Senator from Wyoming [Mr. SCHWARTZ], whose name the bill bears, I will not delay the Senate longer, unless anyone wants to ask me any questions. So I conclude, Mr. President, by simply saying that I believe that all the foregoing requires no further comment than the assertion that obviously it provides conclusive proof of the necessity of the passage of the Schwartz bill in the protection of the public.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. BARBOUR. I am glad to yield to the Senator from Pennsylvania.

Mr. DAVIS. I have received a letter from Mr. Millard Brown, president of the Continental Mills, Inc., manufacturers of textiles, Armat and Lena Streets, Philadelphia, Pa. I wrote to him sometime ago about the bill and asked him to give me some suggestions so that we might be able to perfect the bill. I quote from his letter as follows:

> Let me say to you that this bill cannot be perfected. It is an attempt to benefit one class of the people of the United States at the expense of another section of the people in the United States by men who are absolutely ignorant of what they are attempting to do. The result of this bill will be loss and chaos to the wool grower, on the one hand, and loss and chaos for the employers and employees of the wool textile industry on the other hand, nobody benefiting by it.

Is the Senator sufficiently familiar with the industry to give me his opinion as to the value of that statement?

Mr. BARBOUR. I will say to the Senator from Pennsylvania that I cannot believe all the organizations which I enumerated in the beginning of my remarks can be wrong in any such great degree as that, or could so misstate the fact. I admit to the Senator that there are manufacturers who are very much against this proposed legislation—manufacturers who use shoddy or other substitutes for wool. On the other hand, there are many other manufacturers, of my own knowledge, who use only pure wool, who feel that the passage of the bill would be a great benefit to the trade, not only to their business but to the trade as a whole.

The same argument I think might possibly be used in connection, say, for an example, with milk. In other words, if there is required a standard of purity for milk, which I mention just by way of illustration, it does have a tendency to monopolize that product or commodity in the sense that others who may be adulterating milk cannot longer sell it as pure milk. Some of the largest wool manufacturers, one of them, anyway, in my State, advocate this bill. They say as manufacturers that they can label their goods and see that the wool is traced straight through by a system of ticketing, so that in the final disposition of the article by retail in the sale of a suit of clothes it will carry a label which will guarantee what the cloth really is. The suit in that instance will be made of real, pure wool and so marked.

I, myself, never was in the woolen business, but I was in the manufacturing business for 25 years, and my father and grandfather and great-grandfather before me were in the same business. I mention this only because it indicates that I, myself, and my forebears, have had, may I say, some manufacturing experience. We knew that in the production of our product there could be, if we would stoop to such a practice, the addition of other inferior fibers. Ours is a long-length product, such as yarn, thread, and twine, and we were always glad to show—and we did and do show—on the label that it was pure flax if it was pure flax. The label in that case has always been a guaranty of quality. I, myself, cannot believe that the mere labeling, I would say to the Senator from Pennsylvania, would ruin the trade, unless that trade were improperly labeling their product.

I do not impugn the sincerity of the statement that has been made to the Senator by the manufacturers in his State, but I can show the Senator letters equally strong from other manufacturers, saying that this bill, when it passes, will greatly help increase the production of wool in the United States, will help the wool grower in the United States, and will help the laborer in the factories. I cannot answer technically the Senator's question, but I think I have answered it truthfully.

Mr. DAVIS. Mr. Brown is a very prominent manufacturer of textiles in Pennsylvania; he is president of the Continental Mills; and he informs me that, probably, if we would

introduce a bill similar to the British merchandise marks act and substitute it for Senate bill 162, it would be far better for all concerned.

Mr. BARBOUR. I cannot say as to that, but I should like to have the Senator, if he would be so good, inquire and ascertain whether or not Mr. Brown's concern is not a user of shoddy which it is selling today as wool, or even pure wool. Certainly, the passage of the bill would embarrass any such situation as that, because the producer would have to label his product properly hereafter. I do not say Mr. Brown's factory is doing that, or is doing anything wrong. I do not suggest any such thing; but this proposed legislation does not mean that anyone cannot produce cloth out of anything he wants to. It would not stop a man using reclaimed wool or reworked wool, rayon, cotton, or anything else. It simply says when he does that the cloth so manufactured has to carry that information on its label. It cannot be called something else.

Of course, if a man has been—and I do not charge, as I have said, that this gentleman has been—as I said in my speech, perhaps before the Senator came into the Chamber—if he has been purporting to produce a wool product, and even in some cases has designated it as even pure wool, and it has not been wool or pure wool, this bill, if enacted, would create some chaos in his business until he changed his method of labeling.

Mr. DAVIS. Can the Senator tell me what effect the passage of the bill would have in our own market upon importations that may have shoddy in them? Probably British importations of cloth would have to be labeled, would they not?

Mr. BARBOUR. I do not know just exactly, in all its details, what the situation is in relation to labeling imported articles. Certainly, they should be labeled; and I think—though I am not sure of all the details, as I have said—that they do have to be labeled properly.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. BARBOUR. I am very glad to yield to the Senator.

Mr. SCHWARTZ. I think I can explain that matter. The bill provides that articles imported from abroad, when they come in, must be labeled according to the provisions of this bill; and that information must appear upon the manifests which are required under other sections of the general law, the tariff laws. Under the bill those provisions will be enforced by the Treasury Department, and not by the Federal Trade Commission, until after the products get into this country.

Mr. DAVIS. Mr. President, in a letter which I received from this very prominent manufacturer in our State he says:

> To comply with this act would be extremely uneconomic and would severely handicap the wool textile industry in the fight which is facing it against the importation of British fabrics.

Mr. SCHWARTZ. As a matter of fact, it would protect us against the importation of British fabrics, because there is a delusion abroad in the United States that if one wishes to get a nice piece of cloth he has to get it from Great Britain. As a matter of fact, most and nearly all of the product that comes in is not a high grade of virgin wool but is largely a reworked wool. It is foreign rags worked up into reworked wool. Under the provisions of the bill, there will have to be a labeling to show the contents of the goods, and the importer will have to stand behind the goods, and the investigations and administration of the law will be carried on by the Secretary of the Treasury and the customs officers. So, as a matter of fact, on that particular point the enactment of the bill will be a great service to American manufacturers.

Mr. DAVIS. The Senator is familiar with all the testimony that was presented. I wonder if there was presented to him a chart such as I have here. If the Senator will examine the chart, he will find that at the top of the chart is 100-percent virgin-wool fabric, which is the best fabric of wool, having a fabric merit of 90 percent; and going down on the chart the Senator will find that there are four other fabrics of 100-percent virgin wool which have fabric merit ratings of 76 percent, 61 percent, 58 percent, and 57 percent, respectively.

Mr. SCHWARTZ. Yes; the chart was based on some kind of theoretical merit ratio. We do not know where the cloth comes from. We do not know who selected it. We do not know what its relative weight of wool is. We do not know whether one was a closely woven piece of cloth and whether another was loosely woven. From my study of it, I do not think the chart amounts to anything except as an additional boost to those who are opposed to any kind of labeling.

Mr. BARBOUR. Let me interject here that the subject of so-called merit—the broad, elusive subject of the embracing term of merit—is not the point we are discussing. It is not the point of this legislation. We are discussing wool content—virgin wool content as against reworked wool and substitutes for wool, and the necessity hereafter of truthfully labeling materials so as to show the actual product or substance of which they are made.

Mr. DAVIS. Mr. President, can the able Senator from Wyoming tell me the difference between the British bill and the bill of which the Senator is the author?

Mr. SCHWARTZ. The British bill, as I understand, provides that if a manufacturer labels, he must tell the truth; but he does not have to label if he does not want to. Is not that correct?

Mr. AUSTIN. That is what I understand the situation to be.

Will the Senator answer this question: Does the Senator understand that the British law has been eminently successful?

Mr. SCHWARTZ. I do not know whether or not it has been eminently successful.

Mr. AUSTIN. Does the Senator know that the record shows that that kind of a law can be and is enforced?

Mr. SCHWARTZ. Oh, yes; surely; and this kind of a law can be enforced.

Mr. AUSTIN. Yes; too much.

Mr. SCHWARTZ. It will not be enforced too much to suit some people.

Mr. AUSTIN obtained the floor.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Connecticut.

WAGES OF RELIEF WORKERS

Mr. MALONEY. Mr. President, I am grateful to the Senator from Vermont for yielding to me.

I desire to again respectfully warn Senators concerning a situation which will arise on September 1 in the Work Projects Administration unless Members of Congress are able to prevail upon the Administrator to set aside what seems to be a decision to cut the wages of relief workers on W. P. A. projects in the North and in the West.

I called this matter to the attention of the Senate on one occasion during the past week, and now I note in the Hartford Times of July 18, in an article by Bruce Catton, in which he is referring to the Works Progress Administration, the following:

> Nor will it have any discretion on September 1, when two far more drastic provisions go into effect—the 30-day payless "holiday" for all reliefers who have been on the W. P. A. rolls for 18 months or more—

I should like to say, parenthetically, that I opposed that provision when the bill was under consideration, and I am opposed to it now—

> and the proviso that wage differentials between northern and southern sections be abolished, which will mean wage cuts for somewhat more than a million W. P. A. workers.

Mr. President, I should not be much excited about this matter if the threatened wage cut were not going to affect the man who is a certified relief worker, and who, in my section of the country and in all of the North, and I understand in most of the West, is receiving in the neighborhood of $60 or less per month—$60 per month to support a family!

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. O'MAHONEY. It may be interesting to remark at this point that in many instances the compensation received by relief workers is substantially less than $60 per month.

In region No. 1, from which the Senator comes, the range is from $40 per month to $94.

In region No. 2 the range is from $32 to $79.

In region No. 3 the range is from $26 to $79.

So a false impression is given if one speaks of an average of $60 per month. It is my understanding that there is no such widespread average. The fact of the matter is that hundreds of thousands of relief workers are receiving the minimum, which varies from $26 in the South to $40 in the North and in the West.

I am very glad indeed that the Senator is expressing his opposition to the attitude which apparently is being adopted by the W. P. A. in supporting the amendment which originated in the House, which fixes the 130-hour-per-month schedule.

Mr. MALONEY. I am grateful to the Senator. When I spoke of $60 per month, I was referring to what seemed to be the maximum wage of the relief worker.

I offer no criticism of Colonel Harrington. I think Colonel Harrington shares the view I hold, and that he himself is distressed because he seems to feel it necessary to put into effect this wage cut. I have pointed out to Colonel Harrington, as I reminded the Senate a few days ago, that I think the law provides a sufficient leeway to allow him to maintain the existing wages in the North and in the West. The word "substantially" is used in the law, and I think he might properly keep wages at their present level in the North by a liberal interpretation of the word "substantially."

Further in the law—and I specifically quoted the law in the Senate a few days ago—provision is made concerning the cost of living in the various parts of the country. I know it is difficult to determine accurately what the cost of living is; but I know that in all the United States there is no place where the cost of living is higher than it is in the section of the country from which I come.

To show that Colonel Harrington is sympathetic, I should like to read briefly from his testimony in the House hearings, in which Representative CANNON of Missouri asked him this question:

> You think you are operating this program as economically as it can possibly be operated to meet the actual needs?
>
> Colonel HARRINGTON. The only big economy I can see in operating the program is to cut the wages.
>
> Mr. CANNON. What effect would that have on the standard of living of those being paid out of these funds?
>
> Colonel HARRINGTON. The reports I get state that the standard of living under W. P. A. is low. We know that in many areas the people whose income is from W. P. A. employment are not getting enough to eat. I do not mean to say that they are starving. I do not want to exaggerate it, but they are on a subnormal diet at the present time.
>
> Mr. CANNON. The wages they get are below what is necessary to provide actual food needs?
>
> Colonel HARRINGTON. I believe that is true; yes, sir.

Mr. President, if that is true, and if that is the opinion of the head of the Work Projects Administration—and it is—I say it is the responsibility of Members of Congress, and particularly Members of the Senate, to express their opinion during the next few days. In my opinion it is possible that we shall be gone from here in 10 days; and, in my opinion, unless the Members of Congress emphasize to Colonel Harrington how they feel about the language of the law, and point out to him what they feel was the intent of the law, there is a continuing danger, as the daily press constantly points out, that these wage cuts will become effective.

I shall delay the Senate only a moment more, to point out something which has come to me from the press of my State. I was very sorry to read in the Hartford Times of July 18 that "At least 5,000 W. P. A. workers will be permanently dropped from Connecticut projects under terms of the Federal Emergency Relief Act, it was learned today," and from the New Haven Register of the same date I learn that the Work Projects Administrator for my State has just returned from a conference at Chicago, a conference called by Administrator Colonel Harrington—at which W. P. A. administrators of the various States were in attendance. Immediately upon the return of the administrator to my State he called a meeting of the sponsors in Connecticut, and the New Haven Register has this to say about it:

> Mr. Sullivan listed five major points upon which special emphasis must be placed immediately. They are: Immediate separation of all project workers who have had continuous employment on such projects for 18 months or more, excepting war veterans.

I should like to say again that I am very hopeful that Congress will make an effort to correct the very serious mistake it made. I pointed out at the time the bill was under consideration that it was a mistake, that it was wasteful and extravagant, and that it was going to have a cruel effect upon men who had been denied a chance to save money because of their meager wages.

I should like to continue this brief article—and this is one of the five major points to which I wish to call special attention:

> A continuous review of certification of all project employees of W. P. A.; readjustment of the security wage, which will lower wage rates in this area.

It seems to me, Mr. President, that, as a result of the conference in Chicago, there is a possibility that the administrators were instructed to cut the wages at this time; so I make a special and final plea to the Senate, and more particularly to those Members of the Senate who represent northern and western States, that unless they do something about this matter, unless they make their opinions known—and in this instance I call as a witness Colonel Harrington—there will be serious suffering after September 1.

Mr. President, I have concluded, and I wish to express my special thanks to the Senator from Vermont in permitting me these few moments of his time.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Does the Senator from Vermont yield to the Senator from Wyoming?

Mr. AUSTIN. I yield.

MONTHLY WAGE SCHEDULE IN DANGER

Mr. O'MAHONEY. I merely want to add a word to what has been so well said by the Senator from Connecticut.

I think the attention of the Members of the Senate and of the House, and that of the public, should be drawn to the fact that there are two questions involved in this matter of W. P. A. wages. The first of these has to do with the so-called prevailing rate of wages. The second has to do with the rearrangement of the monthly security wage schedule which apparently is now in progress. The two are absolutely independent of each other and should not be confused with one another. If there has been any dissatisfaction in the land as a result of the abandonment of the prevailing-wage provision which has been in all the relief bills up to date, it will not be a patch upon the dissatisfaction which will become apparent when on the 1st of September relief workers in the West and in the North come to a realization that the present miserable monthly schedule of security wages now being paid has been reduced and that a provision of law which was intended to abolish differentials is being used to cut monthly wages.

Mr. President, I desire to call attention to the fact that these questions arise by reason of the provisions of section 15 (a) of the act which was approved by the President on the 30th of June last. The first sentence of that section reads as follows:

> The Commissioner shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1—

Then come these words:

> which shall not substantially affect the current national average labor cost per person of the Work Projects Administration.

The phrase "which shall not substantially affect the current national average labor cost per person" was understood by members of the Committee on Appropriations and by Members of the Senate to mean that the average monthly payments should not be substantially reduced. Instead of

being interpreted in that manner, it apparently is now being interpreted as a direction to the Work Projects Administration to reduce the security wage paid in the West and in the North in order to raise the security wage which is paid in the South.

LAW IS BEING MISINTERPRETED

If this language should be interpreted to mean that the monthly wage schedule shall be dependent upon the number of relief workers, then obviously it will be necessary to change the schedule of payments almost every month in accordance with the number of persons on relief, because otherwise there will be no possibility of fixing the average, under the interpretation which is being placed upon the law by the Work Projects Administration. This, however, is not the necessary meaning of the language. It could not be the meaning. The language was inserted in the House, when the prevailing-wage formula was abandoned and was clearly intended to prevent a lowering of the monthly payments as a result of the reduction of the hourly rate. The purpose of the provision was to prevent exactly what is now threatened. Congress wanted to be sure that the present monthly schedule should not be substantially reduced. It is my firm opinion that the Administrator of W. P. A. can, without any question, interpret the law as the Senator from Connecticut has so well stated it should be interpreted.

Following the sentence of section 17, which I just read, is this sentence:

> After August 31, 1939, such monthly earning schedule shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by differences in the cost of living.

Obviously the intention of that was to provide that all differentials except those based upon the cost of living should be abandoned. It is admittedly understood that the cost of living in the South is less than the cost of living in the North and in the West, and for the Work Projects Administration to say that, in order to evade this injunction with respect to a differential based solely on the cost of living, wages should be reduced in the high-cost living areas in order to bring up the wages in the low-cost living areas is, to my mind, perfectly absurd.

ORIGINATED IN HOUSE OF REPRESENTATIVES

Mr. President, I wish to make it perfectly clear that, with the exception of the second sentence, section 15 of the relief bill originated in the House of Representatives. The last sentence of this section, which was also written in the House, reads as follows:

> The Commissioner shall require that the hours of work for all persons engaged upon work projects financed in whole or in part by funds appropriated by section 1 shall (1) be 130 hours per month except that the Commissioner, in his discretion, may require a lesser number of hours of work per month in the case of relief workers with no dependents and the earnings of such workers shall be correspondingly reduced, and (2) not exceed 8 hours in any day and shall not exceed 40 hours in any week.

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Because this provision was unsatisfactory, when the bill came to the Senate, this body adopted an amendment presented by the Senator from Nevada [Mr. McCARRAN], the purpose of which was to retain the prevailing-wage provision, abolish the 130-hour schedule written into the bill in the House, and make certain that differentials based on population were abandoned. This amendment was substituted for the House language by a viva voce vote. The House conferees refused to yield, and because the bill had to be signed before midnight on June 30 the Senate gave way.

Mr. President, in order that the interpretation which I have placed on the language may be perfectly clear, I ask unanimous consent that there be printed in the RECORD at this point the colloquy which took place upon the floor of the Senate on June 27, 1939, when an amendment offered by the junior Senator from Georgia [Mr. RUSSELL] was under consideration. This was the amendment which provided for the cost-of-living rule. In the colloquy will be found the statement of the Senator from Georgia that the amendment, if adopted, would not result and need not result in any reduction of the monthly schedule of wages paid in the West and North where the cost of living is high.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming?

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. O'MAHONEY. In the preparation of the amendment, did the Senator have in mind the fact that, under the present method of administering W. P A. wages, the country is divided into three so-called wage regions, and that the basic schedule is different in each of the regions?

Mr. RUSSELL. I am not as much impressed by that difference as I am by the differences which obtain within the several States. Of course, I desire to eliminate that injustice. The argument has previously been made that there are great differences in the wages paid in the several sections of the country. The argument has heretofore been made that on a deficiency bill we should not disturb the situation during the course of the year. This time we are preparing to legislate for all of the year 1940, and this provision is designed to eliminate the glaring discrepancies which have heretofore appeared in the compensation of those doing the several types of work in the various geographical areas referred to by the Senator from Wyoming, as well as the differences in wages paid within the several States.

Mr. O'MAHONEY. My reason for alluding to the matter is to secure the benefit of the Senator's judgment as to what the eventual effect of his amendment would be if it were enacted. According to some information I have now received from the Works Progress Administration, the monthly range of earnings in region No. 1 is from $40 to $94, depending upon the type of work which is done. In region No. 2 the range is from $32 to $79, or $8 lower on the minimum wage. In region No. 3 the range is from $26 to $79. Region No. 3 comprises the States of Virginia, North Carolina, South Carolina, Tennessee, Georgia, Alabama, Mississippi, Florida, Louisiana, Arkansas, and a part of Texas. Is it the Senator's judgment that the effect of his amendment would be to require the reduction of the wage schedules in regions 1 and 2 to that of region 3?

Mr. RUSSELL. I hope that will not be the effect. It is my hope that the wages of the lower-salaried group will be raised. Of course, if the cost-of-living yardstick were applied, there might be some reduction in wages in region 3. As I recall, whenever wage-and-hour bills have been before us, there has been violent objection to any differentials being allowed in wages in private industries between the several sections of the country, and it has been urged that there are great differences in living costs. If that view should be sustained when the Works Progress Administration goes into the question, wages in region 3 might be reduced; but I believe my amendment would tend to equalize the compensation between the several sections of the country for American citizens doing the same type of work.

Mr. O'MAHONEY. Of course, the great discrepancy is that to which the Senator referred a moment ago, within the same State, and within the same region.

Mr. RUSSELL. Undoubtedly.

Mr. O'MAHONEY. Would the Senator seriously object to an amendment by which, after the word "areas," in line 17, page 19, the words "in the same wage region" would be inserted? That amendment would eliminate all possibility of pulling the wages down. I am informed that these three wage regions have been established upon the basis of the living costs. The Senator's amendment is based upon living costs. Therefore, it would seem to me to be an improvement if the words "in the same wage region" were inserted after the word "areas" in line 17. It would eliminate all danger.

Mr. RUSSELL. I could not agree to that amendment. The effect of the suggested amendment would be to have the Administrator empowered to fix a wage scale in one region without regard to the cost of living, so long as he equalized it within the several States in the region. I think the wage scale should be equalized on a national basis, on the basis of the cost of living, because that is one of the standards said to have been used in fixing these scales.

Mr. HUGHES. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. HUGHES. What is a wage region?

Mr. O'MAHONEY. It is not my definition. I am accepting the fact which has been established by the W. P. A. in dividing the United States into three different wage regions. This division is based upon the experience and studies of the W. P. A. with respect to the cost of living and the rate of wages in these areas.

A moment ago I recited the names of the States which are in region No. 3. In region No. 2 are the States of Delaware, Maryland, West Virginia, Kentucky, Missouri, Kansas, and a part of Texas. All the other States which I have not mentioned are in region No. 1, which is the region having the highest scale.

Mr. HUGHES. We are in very good company.

Mr. GEORGE. Mr. President, will the Senator be good enough to state again the rates established by the W. P. A. in regions Nos. 1, 2, and 3?

Mr. O'MAHONEY. I shall certainly be very glad to do so.

In region No. 1 the range of monthly earnings is from $40 to $94.

In region No. 2 it is from $32 to $79.

In region No. 3 it is from $26 to $79.

Mr. RUSSELL. No; the Senator has the last figure wrong in region No. 2. The last figures are not the same for region No. 2 and region No. 3.

Mr. O'MAHONEY. Let me repeat the figures:

Region No. 1, $40 to $94.

Region No. 2, $32 to $79.

Region No. 3, $26 to $79.

The maximum is the same in regions 2 and 3, but the minimum varies.

Mr. BONE. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. BONE. In view of the fact that section 15 of the joint resolution apparently is the only provision in the joint resolution which attempts to fix the amount of compensation or earnings a person on relief may receive, and this is left wholly to the discretion of the Commissioner, so that at this time we have no means of knowing what he would pay under this very wide grant of discretion, can the Senator from Georgia give me any indication of how many persons can be employed under the proposed appropriation of $1,477,000,000; or is it possible to approximate it, in view of the wide discretion we are giving the Commissioner in fixing compensation for those on relief?

Mr. RUSSELL. Mr. President, I cannot answer that question without knowing something of the wage schedules which will be fixed by the Commissioner. The chairman of the subcommittee, in charge of the bill, may be able to answer the Senator's question, but I doubt whether any member of the committee can answer it.

Mr. BONE. I will ask the Senator from Colorado if he can give us any information at all concerning the number of persons who may earn money under this joint resolution. Section 15 is so broad a grant of discretionary power in the Commissioner to fix compensation that it seems to me there is not any possibility of determining the number of persons who may secure employment. It may be a million, or three-quarters of a million, or a million and a quarter. He may fix wages anywhere from zero to $150 a month. There is no rule set up in this language indicating a limit.

Mr. ADAMS. Oh, yes, Mr. President. Let me suggest to the Senator that his right to fix compensation is limited by the provision that it "shall not substantially affect the current national average labor cost per person of the Works Progress Administration."

Mr. BONE. Well, what does that mean—"the national average labor cost per person"? That is not a yardstick for wages.

Mr. ADAMS. It means that the amount paid shall not affect the average that the W. P. A. is now paying.

Mr. BONE. There is nothing in this language to tie it to or identify it with any standard we have legislatively adopted. Congress has never set up a yardstick in the form of any legislative language. I am not criticizing this provision, the Senator will understand; I am merely pointing out the situation.

Mr. ADAMS. We did not put it in.

Mr. BONE. Well, we ought to know what this language means. We have nothing to guide us.

Mr. ADAMS. I will say to the Senator that this language is here. It embodies the recommendations of the President and of Colonel Harrington and of the House. It is the administrative desire as to compensation.

Mr. BONE. The language is, "shall not substantially affect the current national average labor cost per person." The man does not live who can tell what that language means. There is nothing in the rest of this section, or in the joint resolution, which sets up a standard.

I am not saying this in a critical spirit. I am simply saying that there is nothing in this language which the average human being, let alone lawyers here, would understand. What does "average labor cost" mean? It has no meaning. It has no significance whatever.

Mr. ADAMS. I think it is perfectly obvious, because the labor cost is $61 per month per man.

Mr. BONE. Where does the Senator find that in this joint resolution?

Mr. ADAMS. It is in the testimony.

Mr. BONE. Yes; but the testimony is not law.

Mr. ADAMS. The Senator said nobody could find it. I am telling the Senator where he can find it.

Mr. BONE. But where can it be found after the joint resolution is enacted? The only place anyone will look for a yardstick or a rule is in the law that we pass.

Mr. ADAMS. This provision lays down the standard of the average labor cost per person of the Works Progress Administration, which over and over and over again has been testified to as $61 per month per man. That is the national average referred to in this section as it came from the House.

Mr. HUGHES. Mr. President, will the Senator yield for a question?

Mr. ADAMS. I am glad to yield.

Mr. HUGHES. What is the meaning of "geographical areas"?

Mr. ADAMS. I refer the Senator from Delaware to the Senator from Georgia [Mr. RUSSELL], who drew the amendment.

Mr. RUSSELL. Mr. President, in simple language it means that in the Senator's State of Delaware, under the present wage scale, a common laborer in the county of New Castle is paid 41 cents an hour. In the county of Kent a man doing the same type of labor is paid 25 cents an hour for unskilled labor. That is, in one geographical area one man is paid 41 cents an hour, and in another geographical area, in the town of Dover, he is paid 25 cents an hour. This amendment says that if that difference in wage scale can be justified on the difference in the cost of living, it cannot be touched, but that if there is no difference in the cost of living in the county of New Castle and the county of Kent that will justify 100-percent differential under some of these wage schedules, then the authorities shall either raise the pay of the man in Kent County up to the amount that is being paid in the county of New Castle or else they shall reduce the pay of the man in the county of New Castle to the amount that is being paid in the county of Kent.

I may go further, and say that so far as bricklayers are concerned, if one of the Senator's constituents living in the county of New Castle is fortunate enough to get on the W. P. A. rolls, he is paid $1.50 an hour. A man living in the county of Kent, doing exactly the same work, is paid 75 cents an hour, or one-half the amount. I am endeavoring to eliminate some of those discrepancies.

Mr. HUGHES. I may say to the Senator that there is not the difference in wages of which he speaks in the two geographical areas. There is in the city of Wilmington; but in the rest of New Castle County, which is more than nine-tenths of the county, the same wage scale prevails as in Kent and Sussex Counties.

Mr. O'MAHONEY. Mr. President, if I may interpose at this point, I think I can explain how this differentiation is brought about. I think it will bear out what the Senator from Delaware has said, and I think it will raise a question for the Senator from Georgia to answer.

The difference in the rate of wage now being paid to workers even within the same region is based upon population statistics. In each wage region there are five different schedules according to population. There is one rate for communities the population of which is under 5,000, another for communities having a population of between 5,000 and 25,000——

Mr. RUSSELL. Is that for communities, or is it for counties having cities of that population?

Mr. O'MAHONEY. For counties having cities of that population.

Mr. RUSSELL. I so understood it. Of course, the figures given me by the Works Progress Administration may be entirely erroneous, and the Senator from Delaware may be correct; but those are the figures that were furnished me.

Mr. HUGHES. Mr. President, I want the Senator to have in mind the fact that in my State, in the county of Kent, in the northern part, where the two counties come together, right on the border line, a school library is being built by the W. P. A. The wage scale in the county of Kent is 25 cents, and right across the line, in the county of New Castle, the wage scale is 41 cents, as the Senator says. That has created a great deal of difficulty in working out the problem, because one man would be working on the project and getting 45 cents, and another would be working on the project and getting 25 cents. That arbitrary fixing of the scale of wages causes a great deal of trouble when it comes to working out the problem, owing to the fact that New Castle County is one region and Kent County is another region, and Sussex County is still another region.

Mr. O'MAHONEY. That experience is duplicated all over the country, in practically every State. The Senator from Georgia is referring to a table which shows, apparently, grave injustices in the wage rate. In order that the statement may be clear in the RECORD, however, at this point I should like to continue to identify the different schedules.

The third division is counties in which the largest municipality has a population of between 25,000 and 50,000; the next, population between 5,000 and 100,000; and the next, all over 100,000.

The question I want to direct to the Senator from Georgia is whether the words "geographical areas" will have the effect of doing away with this population schedule.

Mr. RUSSELL. It will, absolutely, unless the discrimination can be justified by differences in the cost of living. If the difference referred to by the Senator from Wyoming can be justified by differences in the cost of living, it will not affect the wage scale; but if it cannot be justified by differences in the cost of living, then it will be the duty of the Administrator of the Works Progress Administration to eliminate the differential.

Mr. O'MAHONEY. Then, is it the conclusion of the Senator that the result of the adoption of this amendment would be that if the cost of living in the three wage regions which have been set up by the W. P. A. justifies different rates of pay, the W. P. A. would be entitled to arrange for different rates of pay?

Mr. RUSSELL. They not only would be entitled to do so, but it would be their duty to do so.

Mr. O'MAHONEY. But that there could be no justification whatever for any difference in rates if the cost of living did not appear of record in the studies of the W. P. A.?

SENATE DEBATE JUNE 28

Mr. O'MAHONEY. Mr. President, in order to make it clear that the Senate substituted for the House provision an amendment which was designed to maintain the old prevailing-wage formula, and also to prevent discrimination in the security wage, I ask unanimous consent to include in the RECORD also the debate on June 28, which followed the presentation by the Senator from Nevada [Mr. MCCARRAN] of

the amendment to which I have referred. It will be observed that this amendment proposed to strike out all of section 15 as it came from the House and to insert in lieu the language offered by the Senator from Nevada.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Mr. MCCARRAN. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 19, line 11, it is proposed to strike out all of section 15 and insert in lieu thereof the following:

"The rates of pay for persons engaged upon projects under the appropriations made in this joint resolution shall not be less than the prevailing rates of pay for work of a similar nature in the same locality as determined by the Commissioner of Works Projects: *Provided*, That not less than the minimum rate of pay established by the Fair Labor Standards Act (Public Law No. 718, 75th Cong.) for private industry shall be paid to any person engaged upon projects under this joint resolution: *Provided further*, That in fixing the monthly earning schedule of persons employed upon Works Projects projects, the Commissioner of Works Projects shall consider differentials in such earnings according to the various classes of work only and shall not give consideration to differentials between cities, counties, or other areas upon the basis of degree of urbanization, or any other factor that will tend to discriminate against the less urbanized areas."

Mr. MCCARRAN. Mr. President, we commenced discussing this question in 1933. We have been carrying on the work ever since. It is proposed to maintain in America the wage standard for American living as established by American labor. If the Senate of the United States does not want those who are especially interested in wage standards to advise, then I would say that the Senate should disregard the views of the President of the United States, because following nearly 7 weeks of debate in 1933, at the conclusion of which we were defeated in the prevailing-wage amendment, the President of the United States caused an investigation to be made out of which three great zones in America were established looking to the carrying out of the prevailing wage in each of those zones.

The amendment offered takes into consideration first of all the President's executive proclamations following the battle that he conducted in 1933 for the continuation of the prevailing wage.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. MCCARRAN. I yield.

Mr. WALSH. Is the second paragraph or section of the Senator's amendment, relating to the eliminating any differential, a new principle?

Mr. MCCARRAN. It is not a new principle, if the Senator has in mind a principle that has been worked out and is now in the law.

Mr. WALSH. I understand fully what the Senator said in reference to the first paragraph and the application of the prevailing rate of wage during the years that have passed; but I have wondered whether the second paragraph was likewise in the law.

Mr. MCCARRAN. The second paragraph or the second proviso?

Mr. WALSH. The latter is a better expression.

Mr. MCCARRAN. That is not in the law, but is in the Executive order.

Mr. WALSH. So that the Senator contends that both the first proviso and the second proviso are now, by reason of the Executive order, the law and the manner in which the wages are adjusted and determined under W. P. A. appropriations.

Mr. MCCARRAN. The Senator is entirely correct. In the President's executive order is involved the security wage. So the security wage has been established, after a study resulting in an Executive order by the President. And then involved in this matter is something more, namely, the wage and hour provision. In other words, we established a floor below which wages could not go, namely, 25 cents per hour.

Mr. WALSH. Does that floor increase with the years, as the wage and hour law provides?

Mr. MCCARRAN. It does not increase.

Mr. WALSH. It remains for the present year at the minimum wage fixed in the wage and hour law, namely, 25 cents?

Mr. MCCARRAN. That is correct. But may I bring to the mind of the Senator the three zones established by the Executive order in which the particular minimum-wage scales prevail? There are four wage scales.

Mr. WALSH. Is the minimum wage the same in all those regions?

Mr. MCCARRAN. They are not the same. They cannot be the same, because the wage and hour measure does not contemplate that they would be the same.

Mr. WALSH. The wage and hour measure makes the minimum wage uniform throughout the whole country?

Mr. MCCARRAN. Yes, sir; uniform over the entire country. That is true. But remember that the Executive order provides for three zones, and those zones with their particular classification of hours and the particular classification as to monthly earnings, must be contemplated.

I may say, Mr. President, that while we started the battle for this amendment in 1933 with the idea of establishing a wage in conformity with what the labor class of the country had evolved by experience, we have now worked into the amendment not only that experience but also the law as it has been evolved by the Congress.

I submit it to the Senate with the hope that it may be adopted as a substitute in place of the present section 15.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. MCCARRAN. I yield.

Mr. LODGE. As the Senator knows, I am strongly in favor of the prevailing wage principle. I should like to ask the Senator whether the words in the amendment "or other areas" mean that there shall be no difference in pay or in rates of pay between the various sections of the country?

Mr. MCCARRAN. In that regard, if the Senator will bear in mind in connection with my answer the three zones, each of which carries its particular rate of pay——

Mr. LODGE. That is what the W. P. A. calls a wage region.

Mr. MCCARRAN. A wage region. With that in mind, if I catch the Senator's question, I think my answer is that within the zone there is no differential.

Mr. LODGE. This would not act as a prohibition to a differential between different zones, would it? There would be a differential between different zones, but there would not be a differential within the zones; is that correct?

Mr. MCCARRAN. There would be no differential within the zone.

Mr. LODGE. But there would be one between the zones.

Mr. MCCARRAN. That is correct. In other words, let us assume we are in the first zone, and let us assume, if I may go home, that the principal city in my State, with a population of 30,000, has established a wage scale which is recognized by the various methods by which recognition is accomplished. Now let us assume that a project is outside that particular city. Then the wage scale of that city shall prevail in that project which is outside. But let us assume that over in Idaho, an adjoining State in the same zone, a different wage scale is attempted to be established. Then the amendment carries the idea that the same wage scale shall prevail within the zone in the same district.

Mr. LODGE. But it does not require that the same wage shall be paid in Nevada as is paid in Massachusetts, let us say.

Mr. MCCARRAN. I am not certain whether or not Massachusetts is in the same zone.

Mr. LODGE. Assume that they are in different zones.

Mr. MCCARRAN. I am assuming that. I would say "no." I rather think, if I hold in my mind the zones as they have been portrayed, that New England is in the same zone as Nevada.

Mr. LODGE. Then that is a poor illustration. The point I am trying to get at is that there is no attempt in this amendment to iron out all the rates on a uniform basis.

Mr. MCCARRAN. The Senator is correct in that regard.

Mr. President, I submit the amendment and ask for a record vote.

The PRESIDING OFFICER. The yeas and nays are demanded.

Mr. DAVIS. Mr. President, the first prevailing-wage scale was approved by the President of the United States on March 3, 1931. During the years I have been in the Senate I have consistently upheld the principle of the prevailing wage. In 1931 I was actively identified with the movement which finally resulted in the enactment of the Davis-Bacon bill. I have followed this principle through in its application to industrial firms doing business with the Government under the terms of the Walsh-Healey Act. I favored and voted for the essential principles of the Fair Labor Standards Act. The American Federation of Labor over a long period of time has held a consistent position in these matters.

Mr. President, I ask that a copy of the Davis-Bacon Act, approved March 3, 1931, be printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The act is as follows:

"[Public—No. 798—71st Congress]

"[S. 5904]

"An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors and subcontractors, and for other purposes

"*Be it enacted, etc.*, That every contract in excess of $5,000 in amount, to which the United States or the District of Columbia is a party, which requires or involves the employment of laborers or mechanics in the construction, alteration, and/or repair of any public buildings of the United States or the District of Columbia within the geographical limits of the States of the Union or the District of Columbia, shall contain a provision to the effect that the rate of wage for all laborers and mechanics employed by the contractor or any subcontractor on the public buildings covered by the contract shall be not less than the prevailing rate of wages for work of a similar nature in the city, town, village, or other civil division of the State in which the public buildings are located, or in the District of Columbia if the public buildings are located there, and a further provision that in case any dispute arises as to what are the prevailing rates of wages for work of a similar nature applicable to the contracts which cannot be adjusted by the contracting officer, the matter shall be referred to the Secretary of Labor for determination and his decision thereon shall be conclusive on all parties to the contract: *Provided*, That in case of national emergency the President is authorized to suspend the provisions of this act.

"SEC. 2. This act shall take effect 30 days after its passage but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this act."

Mr. DAVIS. Mr. President, I am for the pending amendment and hope it will be enacted into law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MCCARRAN].

Mr. O'MAHONEY. In order to perfect the amendment and to make clear the point which was raised by the question of the junior Senator from Massachusetts [Mr. LODGE], I move that the amendment be amended by inserting after the word "city" the word "or" and by striking out after the word "county" the words "or other areas." That modification makes clear the interpretation which the Senator from Nevada and the Senator from Massachusetts have agreed upon.

Mr. MCCARRAN. Mr. President, I accept the amendment.

The PRESIDING OFFICER. The Senator so modifies his amendment.

Mr. WAGNER. Mr. President, may we have the amendment as now modified reported?

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada [Mr. MCCARRAN], as modified, will be stated.

The LEGISLATIVE CLERK. The amendment, as modified, proposes to strike out, on page 19, line 11, all of section 15 and insert in lieu thereof the following:

"The rates of pay for persons engaged upon projects under the appropriations made in this joint resolution shall not be less than the prevailing rates of pay for work of a similar nature in the same locality as determined by the Commissioner of Work Projects: *Provided*, That not less than the minimum rate of pay established by the Fair Labor Standards Act (Public Law No. 718, 75th Cong.) for private industry shall be paid to any person engaged upon projects under this joint resolution: *Provided further*, That in fixing the monthly earning schedule of persons employed upon Work Projects projects the Commissioner of Work Projects shall consider differentials in such earnings according to the various classes of work only and shall not give consideration to differentials between cities or counties upon the basis of degree of urbanization or any other factor that will tend to discriminate against the less urbanized areas."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MCCARRAN] as modified. [Putting the question.] The Chair is in doubt.

Mr. RUSSELL. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

On a division the amendment, as modified, was agreed to.

ADMINISTRATION OF UNITED STATES COURTS

Mr. BURKE. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield.

Mr. BURKE. Mr. President, yesterday I gave notice that at the proper time I would make a motion to reconsider the vote by which the House amendment to Senate bill 188 was agreed to. I now enter the motion.

I ask unanimous consent that the Senate now reconsider the vote by which the House amendment was agreed to. I am proceeding by authority of the chairman of the Senate Committee on the Judiciary [Mr. ASHURST], who is unavoidably detained and who asked me to present the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and the vote is reconsidered.

Mr. SCHWARTZ. Mr. President, I do not believe I understand just exactly what it is the Senator desires to have done. Is this the question debated by the Senator from Indiana yesterday?

Mr. BURKE. No; this is another matter altogether. We will not go into that question.

Mr. AUSTIN. Mr. President, is this the matter to which there were objections yesterday?

Mr. BURKE. There were no objections made to this on yesterday. The Senator is referring to another matter, having to do with the administrative courts, about which the Senator from Indiana and the Senator from Kentucky and others were arguing. This is an altogether different bill, one referring to an administrative officer of the court.

Mr. AUSTIN. I understand.

Mr. BURKE. The Senate passed the bill and the House passed the Senate bill with an amendment, and when the amendment came to the Senate we had the feeling that it was not material, so the chairman of the Senate Committee on the Judiciary moved that the Senate concur in the House amendment.

Thereafter, upon a more careful study, some of us felt that the amendment should be examined more carefully, and therefore we asked to have the action of the Senate rescinded, and that has been done. I now move that the Senate disagree to the House amendment, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HATCH, Mr. LOGAN, Mr. BURKE, Mr. AUSTIN, and Mr. DANAHER conferees on the part of the Senate.

PASTOR MARTIN NIEMOELLER

Mr. DAVIS. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield to the Senator from Pennsylvania.

Mr. DAVIS. Mr. President, the free independent spirit in man is a source of pride in the heart of every true American. We admire the man of courage and heroic stature. Such a man is Pastor Martin Niemoeller, now held, so we are told, in a concentration camp at Sachsenhausen, Germany. Niemoeller is in a concentration camp because he dared to uphold his right of religious liberty as minister of a German Lutheran Church. He has braved suffering for his faith. His free spirit and loyalty to conscience have stirred with admiration the hearts of millions of free people who have no special identity of interest with him in race, class, or creed. Today as a champion of human liberty Niemoeller is an unquestioned power. In his concentration camp he is silently fighting for all free men the battles of intellectual and moral integrity.

Martin Niemoeller is under the laws of his country. I do not seek to interfere with those laws, for they are completely subject to the will of a foreign power. I would not by any slightest inference wish to be placed in the position of meddling with the internal policy of a country not my own. However, I believe I speak for millions of my fellow countrymen when I say that should Martin Niemoeller and his family come knocking at the doors of America they would find a hearty welcome here because of the admiration we hold for the Niemoeller spirit of liberty.

As I understand, Martin Niemoeller, his wife, and seven children are permitted, under the provisions of subsection (d) of section 4 of the Immigration Act of 1924, as amended, to enter this country as nonquota immigrants. This section reads:

> An immigrant who continuously for at least 2 years immediately preceding the time of his application for admission to the United States has been, and who seeks to enter the United States solely for the purpose of, carrying on the vocation of minister of any religious denomination, or professor of a college, seminary, or university; and his wife, and his unmarried children under 18 years of age, if accompanying or following to join him.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, the editorial of Paul Block, published in the Pittsburgh Post Gazette, July 8, 1939, entitled "A Godless Nation Cannot Long Endure."

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

A GODLESS NATION CANNOT LONG ENDURE

The second anniversary of the imprisonment of Pastor Martin Niemoeller, marked by his clerical colleagues from all parts of Germany and by 3,000 loyal German Protestants, recalls once more this brave clergyman's fight against the Nazi regime's efforts to dominate the church.

The Nazi war on religion has been waged on all fronts; no creed has been safe from the brutal attacks of Hitler's followers. All ranks of Catholics, from cardinals and bishops to village priests and Sisters of Mercy, have been subjected to indignity. Their homes have been stoned and invaded, they themselves have been injured and imprisoned—all because they have refused to worship Hitler before God.

The treatment of the Jews in Germany is known to the whole world, and there is no need to repeat it here.

Hilter and the atheists around him have not spared from their attacks the Protestant Church which has the largest membership in Germany. This should be proof, if any is needed, that the Nazis are determined to destroy religion and the church just as it has been destroyed in Russia.

In the course of the attempt to nazify the Lutheran Church, more than 700 Lutheran pastors were arrested. The best-known of these was Pastor Niemoeller, not only because of his patriotic record as a submarine commander in the last war, but because of his outspoken refusal to tolerate state interference with freedom of religion. But the Nazi fury has not stopped at Niemoeller himself. An attempt has now been made to oust from the

parsonage which they have long occupied Niemoeller's wife and seven children.

That the resistance to such dastardly acts has not abated while Niemoeller and a number of his fellow pastors languish in concentration camps is shown by the bold defiance issued by Pastor Friedrich Mueller, who has been substituting for Niemoeller in the latter's pulpit during his imprisonment. Mueller, who has himself seen the inside of a Nazi prison, has charged the Nazi leaders with "waging a battle against Our Lord Jesus Christ."

If there were nothing else against Hitler and his henchmen, this attempt to destroy the church would alone be enough to condemn them and will eventually lead to the defeat and destruction of the Nazi regime. For religion and the church have been attacked for nearly 2,000 years, yet are stronger today than ever before.

PAUL BLOCK, *Publisher.*

EXPORTATION OF SCRAP IRON

Mr. DAVIS. Mr. President, while I am on my feet I wish to say something about the exportation of scrap iron. I am informed on good authority that during the last 5 years 13,000,000 tons of scrap iron have been exported from the United States. This is enough scrap to produce 8,500,000 tons of finished steel. Instead of being processed in this country, this steel was made abroad. If this scrap were made into finished steel in this country it would provide 52 man-hours of work for every ton processed. This would be the equivalent of work for 250,000 American workers, working 40 hours a week for 52 weeks in the year.

By the exportation of this scrap for refinishing in other lands American workers of many kinds are being deprived of employment. This is true of furnace men, finishers, salesmen, and thousands of men in transportation industries.

Mr. LUNDEEN. Mr. President, I wish to address a question to the Senator from Pennsylvania. Will the Senator from Vermont yield to me for that purpose?

Mr. AUSTIN. I yield.

Mr. LUNDEEN. The Senator spoke about jobs which could be furnished to idle workmen in America. The Senator, as I understand, does not propose to send the finished armaments to Japan?

Mr. DAVIS. No. What I said does not apply to finished armaments.

Mr. LUNDEEN. The Senator merely wishes to have the scrap iron processed into pig iron, as I understand?

Mr. DAVIS. Yes. It affects also the iron-ore miners in the State of Minnesota.

Mr. LUNDEEN. I so take it, and I value the remarks of the able Senator in that respect, because if we are to export these products, let us do so in such a manner that we shall benefit our own workmen in the United States. I could join the Senator in that sentiment, because we have a rather serious unemployment situation in the United States, and if we could find 250,000 jobs for American workmen I should be in hearty accord with the suggestion of the Senator from Pennsylvania.

Mr. DAVIS. Mr. President, I cannot now occupy more of the time of the Senator from Vermont. I had expected to go into this matter more fully, but I shall not undertake to do so today. At a later time I may do so; but I do not now wish to take the time of the very able and distinguished Senator from Vermont who desires to speak on the pending legislation.

TRUTH IN FABRIC

The Senate resumed the consideration of the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. AUSTIN. Mr. President, I observe four Senators on the Democratic side of the aisle and five Senators on the Republican side of the aisle. I have been on my feet approximately 45 minutes. I have been interrupted by discussions of all kinds and varieties of subjects, including junk, I think some six times, and I call the attention of the world to the lack of interest of the United States Senate in the passage of Senate bill 162.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. O'MAHONEY. The Senator realizes, of course, that the lack of interest is due to a realization upon the part of the Members of the Senate that the bill is overwhelmingly approved in this body, and that it is not necessary to remain on the floor while the Senator leads the filibuster against its adoption.

Mr. AUSTIN. Mr. President, I am complimented by this attempt to blow up wind. I know that the colleague of the author of the bill needs to do something to keep up his courage, for this bill in principle has been defeated during the past 25 years many times.

Mr. O'MAHONEY. Mr. President, will the Senator again yield?

Mr. AUSTIN. Yes; I yield.

Mr. O'MAHONEY. I have observed that whenever any attempt was made to protect consumers in the United States, as, for example, when the Pure Food Act was under consideration, there were men who made the same argument that the very able Senator from Vermont is now making. Whenever it becomes necessary in order to protect the consumers from deleterious food or shoddy cloth, someone is sure to take the floor and make the arguments which the Senator from Vermont is now about to make, and, of course, Senators do not want to listen to that kind of argument, and therefore they do not come on the floor.

Mr. AUSTIN. Mr. President, again I am complimented by the colleague of the author of the bill. He is evidently a mind reader. He thinks I am possessed of an argument against the bill.

Mr. O'MAHONEY. Mr. President, I think I indicated that the Senator is not possessed of an argument. The Senator, to use his own phrase, is merely trying to "get up the wind."

Mr. AUSTIN. Mr. President, I have not commenced the argument, and if the distinguished Senator from Wyoming will remain patient a little while, he may listen to an argument.

Mr. O'MAHONEY. The Senator has just revealed the inaccuracy of his statement.

Mr. AUSTIN. Mr. President, I am not at all disturbed by interruptions; and I shall be glad to have the colleague of the author of the bill interrupt me at any time, even after I have commenced my argument.

I am about to mention to a nearly vacant Chamber some of the reasons why this type of legislation has not been passed during the past 25 years, and some of the reasons why it should not be passed now, not with a view of changing the mind of any United States Senator, many of whom have now come into the Chamber, and are complimenting me to the extent of listening to what I have to say, but with the view perhaps of affording those who sit in the gallery, who have propagated the evidence which has been cited here, some reasoning, some facts, which I believe they have never had under consideration, and so that the RECORD at least will contain an amplification of the minority views which were very briefly stated and contained on one page alone of the report of the committee.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. O'MAHONEY. I understood the Senator to refer to the minority view.

Mr. AUSTIN. I believe the Senator has correctly understood the statement.

Mr. O'MAHONEY. The Senator was in the minority in the committee; and he is in the minority on the floor of the Senate.

Mr. AUSTIN. The Senator from Vermont finds himself in the minority of the Senate. Unfortunately, he has been in that position ever since he came to the Senate. Often there has been cause for discouragement, Mr. President, because of the impossibility of holding back the attack upon fundamental principles which has been made throughout all the time the Senator from Vermont has been in the minority; but he has never been discouraged. He is not now discouraged; and if he stood alone on this question or on any other question in which he believed he would make the fight for principle, believing that ultimately sound principle will prevail in the United States of America, and that in the end we shall clarify our views by the kind of proceeding which

is going on at this instant; that is, by discussion. Of course, I take no offense at the charge which is expressed that I am filibustering against the bill. I believe those who listen to me will find that I shall talk about the proposed legislation all the time I shall occupy the floor.

I am opposed to Senate bill 162, not because its authors desire to have goods truthfully labeled. I am for that principle. I believe that principle can be written into law if necessary. However, I assert that it is not necessary to add anything to the present law. Already our statutes contain sufficient provisions to enforce a proper labeling of goods which go on the shelves of our markets; and if any complaint is to be made that the laws are not enforced, I say the failure cannot be charged to the Congress of the United States, but can be charged to the law-enforcement officers of the United States.

Moreover, Mr. President, I think all know that the Federal Trade Commission is now considering the amplification and strengthening of its rules, which under the law it has the right and the power to make, with respect to branding all fabrics, both in their manufacture and in their merchandising.

Even though I hold the view that our present law is adequate, I am willing to go still further. I am perfectly willing to make the gesture necessary to show how much Congress is interested in fair trade and in protecting the interests of the consumer in obtaining the right kind of goods, the goods he thinks he is buying. I am willing to enact laws which would accomplish that purpose; but I am opposed to this particular bill because it goes far, far beyond such a purpose. I am opposed to the pending bill because, at a most unfortunate time in our history, it undertakes to add to the control of a great Government at Washington over the small, intimate affairs of the people of the country. I am opposed to the bill because it imposes upon agriculture a control from which agriculture will feel injury in the future.

The pretense that this is the bill of the wool growers of America is absurd. The wool growers of America would profit nothing from the enforcement of Government control to the extent contained in Senate bill 162.

In the first place, I think the most outstanding element of that control is setting up a mark possessed by only a few manufacturers in the entire world. I refer to the mark "virgin wool." The significance of that mark is so defined in the bill that only Mr. Forstmann and men like him can have the benefit of the proposed act just so long as the small group of society which can afford to buy superior products is still able and willing to pay the price for goods marked with the trade-mark "virgin wool."

Mr. WILEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WILEY. Am I to understand that the gentleman just mentioned by the Senator has a trade-mark on the term "virgin wool"?

Mr. AUSTIN. No; he has not. However, he would have if the bill were enacted. He is the man who is especially interested in Senate bill 162.

We are providing, on page 2 of the bill:

(c) The term "virgin wool" means wool which has never been reclaimed from any spun, woven, knitted, felted, or otherwise manufactured product.

Virgin wool is wool from the back of the sheep. If anyone uses the label "virgin wool," and more than 5 percent of the total weight of wool in the garment is reclaimed wool, and that fact is not specifically noted, he is subject to imprisonment.

We have trade-mark laws in this country which up to this time we have supposed were ample to protect the special privilege granted to a person who has gained merit and who has devised a mark which is arbitrary in its character—that is, the product of art—and which, when attached to his product in commerce and used until it has acquired a goodwill in the United States, is entitled to protection as a trade-mark. But whoever heard of a man who owned a trade-mark being able to have a fellow citizen who infringed it put in jail as a criminal? Nobody.

Let me ask another question, Mr. President: Whoever before heard of a citizen of the United States being granted a trade-mark of a name which was not artificial, not the product of his genius, not attached to his goodwill, not a part of the business that he had built up? Nobody; until we find these words, which belong to all mankind because they are not artful, given a practically exclusive privilege by the fact that there are only a few in this country who can manufacture, or who are in the business of manufacturing, textiles of virgin wool.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. SCHWARTZ. The Senator has changed his original statement. He said that the designation "virgin wool" was a trade-mark to Mr. Forstmann. As a matter of fact, the designation "virgin wool" is available to any manufacturer in the United States.

Mr. AUSTIN. Yes.

Mr. SCHWARTZ. There is no reason why a wool manufacturer cannot make a garment of virgin wool if he wishes. There is nothing in the technique of his machinery which would prevent him from doing so.

Mr. AUSTIN. Not at all.

Mr. SCHWARTZ. I should also like to have the Senator tell me under what provision of the bill a man is liable to criminal prosecution if the tag required to be put on the goods is inaccurate.

Mr. AUSTIN. On page 16, line 13, we find section 10, which reads as follows:

CRIMINAL PENALTY

SEC. 10. Any person who willfully violates sections 3, 5, 8, or 9 (b) of this act shall be guilty of a misdemeanor and upon conviction shall be fined not more than $5,000, or be imprisoned not more than 1 year, or both, in the discretion of the court: *Provided*, That nothing herein shall limit other provisions of this act. Whenever the Commission has reason to believe any person is guilty of a misdemeanor under this section, it shall certify all pertinent facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of this section against such person.

Now, Mr. President, turn back to section 3 to which section 10 says to turn back, and what do we find?

The introduction—

I read from page 3, section 3—

The introduction, or manufacture for introduction, into commerce, or the sale, transportation, or distribution, in commerce, of any wool product which is misbranded within the meaning of this act, or the rules and regulations hereunder, is unlawful and shall be an unfair method of competition.

And so forth, and so on. We need look no further, although similar provisions are found in other parts of the bill. Those two sections make the violation of the labeling provision a misdemeanor for which a man may be imprisoned.

Mr. SCHWARTZ. Mr. President, in section 4 there is no criminal penalty, and as to section 3 or any of the other sections there has got to be a willful violation. "Willful," of course, means that there must have been abiding in the man an intent to violate the law. Are we to have a law that a man can intentionally violate and then be subject to no criminal action?

Mr. AUSTIN. Certainly we have such laws under our free institutions. For instance, we allow a man to violate a trade-mark willfully without throwing him into jail.

Mr. SCHWARTZ. This is not a trade-mark matter.

Mr. AUSTIN. That is the point exactly. Never before have we made it possible, when a man or group of men who by virtue of their economic circumstances were able to secure from the great, powerful sovereign a mark, that for a willful violation of that mark by another the violator or infringer could be thrown into jail. Never before has that occurred, and I hope we will not see it occur now.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. Yes.

Mr. SCHWARTZ. I hope we are making progress. It is undoubtedly true that in the past, if someone was great enough, if someone had money enough, if his business was widespread enough, and his conscience was evil enough and he violated the Trade-Mark Act, all that could be done to him would be to slap him on the wrist and tell him not to do it again. But we are getting beyond all that. People who intentionally violate a law cannot merely pay the damage, change their names, and come back and do it again.

Mr. AUSTIN. I am glad the Senator is frank about it. He is the author of this bill; he has carried out his attitude toward the citizen, toward our style of government, toward our free institutions by what he has written in this bill and what he now says about the violation of trade-marks.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. O'MAHONEY. Of course, the Senator does not really contend that there is any possible analogy between the provisions of this bill and the trade-mark law? The trade-mark law, as the Senator well knows, merely authorizes any person engaged in commerce to select for himself a mark which shall identify his goods. This is a provision which makes it unlawful for a person to attach a false label to goods. This bill, like many others which have been enacted into law, is intended to prevent misbranding for the protection of the consumer.

The argument the Senator is making would be an excellent argument before a jury that might not be familiar with principles of law. I doubt very much whether it is especially designed to convince the intelligence of Members of the Congress. It boils down to this: The Senator's contention is that those who use shoddy shall be free to mark it "all wool."

Mr. AUSTIN. Mr. President, that is a good deal of an assumption. I cannot recall making any such argument or any such claim, and it is evident that there is enough to what I have pointed out with respect to the effect of this bill, if it should be enacted into law, to provoke a very earnest reply from the author of the bill and his colleague. I believe that it will need reply from more than them to change the clear, legal, and factual consequences of that provision in the bill.

We have listened to the reading of a long list of supporters of this proposed legislation. Mr. President, in 25 years much literature has been circulated all over the country, but who is there who comes to the Congress of the United States after 25 years to urge the passage of Senate bill 162? Are they people in general or are they those who have been inspired or excited to come here by propaganda emanating from centers such as this great center, the Capital of the United States?

Mr. WILEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Wisconsin.

Mr. WILEY. Mr. President, as the Vice President of the United States said the other night, according to reports, let us be practical. I understand from the argument of the Senator that if this bill were passed it would practically give a monopoly to a few who manufacture virgin wool. Is that correct?

Mr. AUSTIN. That is correct.

Mr. WILEY. I wish the Senator would amplify that statement so that we may understand clearly not only the implication involved but the result upon the producer of wool and upon the manufacturer who employs labor.

Mr. AUSTIN. Very well, I will do that.

Mr. President, I take my own little State for example. By far the largest number of mills in my State are small mills located on little shining rivers. Some of them have been able to live and carry on for more than a century. I know of one mill which a year ago celebrated its one hundredth anniversary, a mill conducted throughout all those years in the name of one family and still conducted by the direct lineal descendants of that family. Those mills manufacture goods that the plain man and woman wear. They are not high-priced goods; they are low-priced goods. The mills do business on a very small margain of profit. Throughout the depression some of those mills had to close. Some of them have experienced the fear that the closing might mean the permanent ending of constructive work in small communities in Vermont. It would be utterly impossible for them, from an economic point of view, to convert those factories into mills that could compete with Mr. Forstmann and a few large institutions that are able to manufacture fabrics from nothing but virgin wool.

In the first place, they would have to find a market. Mr. Forstmann has the market now. They would have to go out in competition with him. I ask the Senator, being a businessman, what chance for the future would there be for those little mills in Vermont if they undertook to enter the market for virgin-wool fabrics? They would have to give up their own market to do it. Their market is a moderate-price market. People for a century and a half have bought their goods at moderate prices, mackinaws, for example, for $2 apiece. They are not made of virgin wool, and, as a matter of scientific fact, we were informed that some fabrics made of wool and other fibers mixed together are better goods for the workingman, for the man who wears a mackinaw, than would be the virgin-wool garment, because the mixed fabric holds up better, is stronger, and wears longer, and is warmer.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. SCHWARTZ. What is to prevent, even under this bill, the manufacturers the Senator is now talking about from continuing in the business in which they are now engaged?

Mr. AUSTIN. I am coming to that.

Mr. SCHWARTZ. They have been in the business——

Mr. AUSTIN. I am answering first the question of the Senator from Wisconsin.

Mr. SCHWARTZ. They have been in the business for a 100 years and have an established line of customers.

Mr. AUSTIN. I will answer that presently. I might briefly say "price."

Mr. SCHWARTZ. This bill will not affect the price of the article which they sell.

Mr. AUSTIN. It will not?

Mr. SCHWARTZ. No.

Mr. AUSTIN. Does the Senator think that they could undertake the bookkeeping and inspection required to conform to the terms of this bill without adding anything to the cost of production of these cheap garments?

Mr. SCHWARTZ. They know what they make; they know what they put in the goods, what percentage of wool they put in, and the only extra cost involved will be to attach additional labels or a few more lines of printing on the same labels they now use.

Mr. AUSTIN. I believe the Senator is overlooking history when he undertakes to claim that Government control of business does not add to its cost. Our experience universally proves the contrary. But I am being diverted from my answer to the question of the Senator from Wisconsin. It is a matter of practical competition. Who can afford to provide the looms and the mills, employ the skilled labor, buy the raw material, and go out and get a new market in competition with those who now have it? When we look the field over and see on what a close, thin margin these small mills throughout the United States are now operating it can readily be seen how small an added burden it will take to put them out of business.

That is where the monopolistic effect comes in. As they go out of business, the strong manufacturers grow stronger. That is the evolution of pernicious monopoly. Put this label by law on the goods of a few men today and they will grow richer, their goods will grow more costly, and their customers will become less numerous. The small mills that now manufacture reprocessed wool into garments will be unable to compete with them, because of the anathema which this bill puts upon them in the market. If a woman must choose between virgin wool and reprocessed wool, or reused wool, or some other inferior wool, and pay a higher price than she is now paying, she will cease to purchase wool, and will find other

types of textiles. There will be substitute materials which do not have to carry the burden of Government control.

This is only one step in a grand scheme; this is only one more step toward having the lash of criminal punishment put upon those who transgress the monopolistic privileges it is proposed to grant; this is only one step in the process of centralization at Washington of control over all business.

Do you think, Mr. President, that in the long run substitutes for virgin wool will escape control? Oh, no, indeed. Very soon after virgin wool has had the sun of beneficence of a powerful sovereign smiling upon it, substitutes will also have to come under the control and the monopolistic beneficence of the Federal Government.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Maine.

Mr. WHITE. I notice in section 3 of the bill that the manufacture for introduction into commerce, or the sale, transportation, or distribution in commerce of any wool product which is misbranded, and so forth, is declared unlawful.

I can well understand how a manufacturer might be able to tell the quality of the wool which he processes into a fabric—that is, how he might tell whether it was virgin wool or reworked wool—but I have been told that there are absolutely no tests which can be applied to the completed fabric to determine whether there is virgin wool or reworked wool in the fabric. Is that a correct statement?

Mr. AUSTIN. Mr. President, I believe it to be correct. There are those who claim they can do it. On the other hand, our Bureau of Standards says it cannot do it.

Mr. SCHWARTZ. Mr. President——

Mr. WHITE. Permit me to finish the question. Assuming that to be true, of course we could check closely, and we perhaps could prevent the manufacturer within the jurisdiction of the United States from putting into the fabric anything but virgin wool unless he marked it according to the quality or kind of wool which went into the garment.

Mr. AUSTIN. Yes; it can be done here by injunction, and it can be done by criminal prosecution.

Mr. WHITE. But what I am coming to is, what about the foreign manufacturer? By our reciprocal-trade arrangements we are undertaking very greatly to increase the importations into this country of wool fabrics of one kind and another. How are we going to reach the foreign manufacturer? How are we going to know whether he has used virgin wool or reworked wool, or what he has used? And when his product in the fabric reaches this country, what are we going to do about it? What can we do about it? Under the terms of the bill, as a matter of fact, have we not placed a premium upon the foreign manufacturer of woolen fabrics, and correspondingly placed a burden upon the domestic manufacturer of woolen fabrics?

I am asking a question rather than making an assertion.

Mr. AUSTIN. Mr. President, assuming that we cannot with certainty ascertain the relative quantities of virgin wool and reworked wool in a garment, probably we could not enforce this law against imported wool products; but I will add that probably we never could enforce it against goods domestically merchandised, goods that come from the farm through the factory and the store to the consumer, all within the United States. But in section 8 of the bill there is an attempt to exclude misbranded wool products. I should like to postpone the discussion of that subject until later, because it is quite an important one, and I should like to keep my discourse as nearly regular as I can. I desire to conclude the point I started on with respect to monopoly.

I have dealt with the manufacturer, and have undertaken to point out the practical effect of having a few men or a few factories in the United States that are able financially and because of their mill set-up and because of their markets to enjoy the exclusive benefit of the label "virgin wool," and how all the other manufacturers in the country would be at a great disadvantage. Some of them possibly might be lifted up in some way to the same level, and be able to compete to some extent; but the natural effect of the law would be to consolidate the position of the strong and make him stronger, and to consolidate the position of the weak and make him weaker.

But someone else is involved in this proposal, and that is the sheep raiser. What is going to happen to him as this law goes into effect, and this monopoly, this superiority that is given to the product of a few manufacturers, gains possession of the market? He will be in the hands of a few buyers who will control the entire situation. He will get the small end of this stick. His prices will not concern the manufacturer, except on the question of how cheaply the manufacturer can get his product. If the manufacturer is the wool grower's only market, and there are only a few manufacturers, what opportunity will the wool grower have, by a broad market with many competitors, to offer his goods here and there until he gets his price? He will have to take what is given to him; and, what is worse, he will have a market for only the quantity of virgin wool which the people of the United States will take, which quantity, I claim, will be lessened by the effect of this bill; for the price controls the quantity, and the price will go up; the number of consumers of virgin-wool goods will go down; the number of substitutes for that line of fabrics will increase; and in the long run the seller of virgin wool will feel the hard heel of the oppressor, the hard heel of the man who enjoys an injurious monopoly.

Mr. O'MAHONEY. Mr. President, before this heel chokes me off, will the Senator yield? [Laughter.]

Mr. AUSTIN. I hope the heel gets into the right place. [Laughter.]

Mr. O'MAHONEY. That is a sort of back-handed method of approach, is it not? The Senator is following that approach throughout his argument. As I now understand him, he is trying to convince the Senator from Wisconsin that the greater the market for shoddy, the poorer the market for virgin wool. It is very clear.

Mr. AUSTIN. Mr. President, how easily that word slips over the lips of the proponents of this bill. They have used that type of propaganda from the beginning to the time of this discussion in the Senate. They use the word "shoddy" because it reflects upon reprocessed goods; and that is part of the game. They want to put goods which are manufactured from reprocessed wool in an inferior position to goods which are manufactured of virgin wool; and they will do it just as surely as the sun rises in the morning.

Mr. O'MAHONEY. Well, let us use the Senator's euphemistic phrase.

Mr. AUSTIN. Mr. President, I am addressing the Chair, and I still have the floor. The effect of the aspersion cast upon anything less than virgin wool will drive that great, needy market of buyers of moderate-priced goods to something else than wool; and who will suffer? The group of our society that always suffers, namely, the producers of the raw material. No segment of American society has felt depression anywhere near so much as has the farmer, because practically all the wealth that is produced comes from the farmers' hands and out of the soil. At least a third of all the people in the United States who are engaged in gainful occupation are engaged in agriculture. Is it any wonder that the Senate is keen to uplift agriculture from the depression as much as it can? Is it any wonder that I, who have throughout my service in the United States Senate consistently aided agriculture in every way in which I thought the Constitution would permit, should be now supporting agriculture, at a time when I am persuaded firmly that a blow is being dealt to agriculture from which it can rise only after the economic evils which flow from this legislation shall have been rectified by new legislation, and after the small mills of this country, which constitute the backbone of the market for the wool of the sheep shall be reestablished, and regain their market from those materials which will be substituted under the operation of this proposed law?

I am for the support of agriculture in my opposition to that part of the bill which sets up a monopoly, an injurious monopoly. I do not regard all monopolies as injurious.

Now I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Do I understand the Senator to contend that by promoting the use of reworked wool—I will adopt his euphemistic phrase, saying "reworked wool" instead of "shoddy"——

Mr. AUSTIN. Mr. President, it should not be dubbed "euphemistic." At least one body of Congress has adopted it, in its bill relating to this subject; and, by the way, it is a bill less subject to the criticism I am now making than is the pending bill.

Mr. O'MAHONEY. Does the Senator contend that to promote the use of reworked wool is a defense of agriculture?

Mr. AUSTIN. What is the question—is it a defense of agriculture?

Mr. O'MAHONEY. The Senator's argument for the last 5 or 10 minutes has been that he is a defender of agriculture, and particularly of the sheep grower.

Mr. AUSTIN. Not particularly; I did not say that.

Mr. O'MAHONEY. Then I misunderstood the Senator. Of course, I do not believe he is a defender of the sheep grower at all.

Mr. AUSTIN. That is a charge which is not justified.

Mr. O'MAHONEY. It is merely an expression of opinion.

Mr. AUSTIN. There are sheep growers in my State, and my State has been famous for raising some of the best breeds of sheep bred in the United States.

Mr. O'MAHONEY. Exactly——

Mr. AUSTIN. And we export them to Australia, whence they first came to America.

Mr. O'MAHONEY. Then let me ask the Senator, will it aid the sheep growers of his State, who have produced such excellent wool, to promote the use, in the manufacturing establishments of his State, of reworked wool which comes from every other State in the Union?

Mr. AUSTIN. Yes; certainly.

Mr. O'MAHONEY. I should like to have the Senator develop that argument.

Mr. AUSTIN. I will.

Mr. O'MAHONEY. The tearing up of rags and the putting of those rags into the manufacture of woolen garments, instead of the virgin wool from the backs of the sheep of the citizens of Vermont will, in the Senator's judgment, be beneficial to those sheep growers?

Mr. AUSTIN. Yes, indeed.

Mr. O'MAHONEY. That is a very interesting point of view, which I think should be developed.

Mr. AUSTIN. That is exactly what I claim. I maintain that the effect of the monopoly created by the pending bill would drive consumers of cheap garments, moderate priced garments, away from wool. Thereby it would put the market of those who have wool pieces and cuts and garments which have been laid on the shelves of merchants and have not been worn outside of America, and the mills would be put out of business because of the competition of other fabrics which are not loaded down with serious obstacles to the freedom of their operations. Our little mills would be gone, and the market for these pieces, these rags, would be elsewhere. I would see the vans going up Route No. 7 through Vermont into the province of Quebec. I can imagine ship after ship taking those pieces over to England, where the people recognize the value of a fabric made of reprocessed and reworked wool, and where they make some of the finest so-called woolen garments in the world.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. SCHWARTZ. Speaking of taking things to Quebec, and sending the rags to England, I wish to remark that within the last year the importation by Americans of British rags has increased 1,550 percent; in other words, the British are sending their rags over here; we are not sending ours over there.

Mr. AUSTIN. I thank the Senator for his remark, except that he is so far from right that it is almost amusing.

Mr. SCHWARTZ. I will produce the official figures.

Mr. AUSTIN. I will tell the Senator exactly what the situation is, and I will tell him what he ought to do to remedy a bad situation here with respect to wool: Protect the sheep grower; protect the man who raises wool from competition from abroad. Do away with the New Deal trade agreements, and there will not be the thing to which the Senator has referred, but referred to in such mild terms that it is like cutting a man's throat with a feather.

Mr. SCHWARTZ. Mr. President——

Mr. AUSTIN. As a matter of fact, the increase in importations of wool rags is a much higher percentage than that mentioned by the author of the pending bill, and I will give him the figures.

Mr. SCHWARTZ. As I understand the Senator's position, it is that when I stated that the importation of rags from Great Britain had increased within the last year, or the last 3 months, probably, fifteen hundred and fifty percent——

Mr. AUSTIN. I did not hear the Senator say fifteen hundred and fifty percent.

Mr. SCHWARTZ. That is exactly what I said.

Mr. AUSTIN. That is nearer correct. I understood the Senator to say 15 percent. Now we are getting together on a simple fact. Let us use it rationally.

Mr. SCHWARTZ. If the Senator would pay attention to what I state he would not rise and say I do not know anything about what I am discussing.

Mr. AUSTIN. Mr. President, I think the Senator is probably justified. I thought I was looking at him and listening to him, and I thought that my comprehension was fairly good; but I misunderstood him, and I beg his pardon most humbly.

Mr. BORAH. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield.

Mr. BORAH. In these importations from Great Britain under the designation "rags," what is included?

Mr. AUSTIN. I will refer the question back to the distinguished gentleman who furnished me the information, and who, singularly enough, is in favor of Senate bill 162. This comes from Mr. Fred Brenckman, a friend of mine, and I am happy to agree with him in most of the positions he takes with respect to agricultural legislation. He is the Washington representative of the National Grange. Let me read his entire letter. It is dated May 17, 1939.

Over 2 months have elapsed since the hearings were concluded before the subcommittee considering S. 162, introduced by Senator SCHWARTZ, of Wyoming, and commonly known as the wool products labeling bill.

As I stated when I appeared before the committee on behalf of the National Grange, we have for many years earnestly advocated legislation of this character for the benefit of the wool grower and for the protection of the consuming public.

That is a good objective; I am for it. I should be willing to add to the legislation already on the books in order to get it; but I am opposed to doing it in the way here proposed.

We are reliably informed that the manufacturers of so-called woolen products today are using more reworked wool or shoddy and other substitute fibers than virgin wool.

There cannot be any confusion about his being clear mentally as to the distinction, just as we are clear.

To further aggravate the situation, in the reciprocal-trade agreement with Great Britain we cut the duty on woolen rags in half. Under our unconditional most-favored-nation policy, this tariff concession is generalized to every other nation in the world except Germany.

According to the Department of Commerce, imports of woolen rags during January, February, and March, the first 3 months during which the reduced duties were operative, totaled 2,505,330 pounds, an increase of 2,338,069 pounds over the corresponding months of last year. This represents an increase of 1,397.8 percent in quantity and 938.7 percent in dollar value.

Mr. SCHWARTZ. Mr. President, will the Senator yield for one observation?

Mr. AUSTIN. Let me complete this, and then I will give the Senator an opportunity to interrupt.

Imports of wool wastes have increased 377 percent in quantity and 229 percent in dollar value for the period already indicated.

All of these cheaper and inferior wastes and rags are used by the American manufacturers as undisclosed, lower-cost substitutes for new American wool. This raises the question, Shall the American people be clothed in European rags without knowing it?

This increased importation of European substitutes for American-grown wool makes it imperative that Congress enact the wool-products labeling bill at this session. We sincerely hope that this measure may be favorably reported from committee in the near future and that it will be passed at this session of the Congress.

Sincerely yours,

THE NATIONAL GRANGE,
By FRED BRENCKMAN.

Mr. President, I know this man to be a clear thinker. I believe him to be a sound man. I believe he would not espouse Senate bill 162 for this cause if he understood what it does and what it does not do, but so far as this particular point of his goes it is an utter futility. The provision relating to the exclusion of importations will not touch this product at all. It will not touch rags. Senators, hear the language of the bill. See what it is dealing with.

SEC. 8. All-wool products imported into the United States except those made more than 20 years prior to such importation—

I will read the rest, if necessary, but those few words show that it will not block rags. Who can dispute the claim that rags brought to our shores were made more than 20 years ago? What an absurd idea that we can overcome——

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. Let me finish the sentence.

Mr. SCHWARTZ. Yes; but the Senator travels from one thing to another and does not yield when he has completed his sentence.

Mr. AUSTIN. I insist that while I have the floor I should have the respect of the Members for the rules of the Senate. I will yield, as I said before, at the end of a sentence, but not in the middle of one.

I say it seems to me absurd to say that by passing a bill such as this we can overcome the effect of the trade treaty with Great Britain by which we cut down the tariff protection to wool growers 50 percent ad valorem. Anyway, this is not the whole story. I will now call the attention of the Senate to some other facts as to the kind of competition we are meeting.

I yield to the Senator now if he wishes.

Mr. SCHWARTZ. I merely wanted to make two observations. One is rather minor, and that is that whereas Mr. Brenckman says that the increase is 1,300 percent, I stated it to be 1,550——

Mr. AUSTIN. Is the Senator still hurt about that?

Mr. SCHWARTZ. No; I have not been hurt at all. I do not know of anything that the distinguished Senator can do——

Mr. AUSTIN. I cannot do more than I have.

Mr. SCHWARTZ. If the Senator will now permit me to complete my statement, I think we will be even. I merely wish to remark that the official letter from which I quoted carried the matter down a month or two later than Mr. Brenckman did. Furthermore, I will say that Mr. Brenckman testified before the committee in favor of the bill. What the Senator has read is not all he said. He is in favor of the bill. Furthermore, the purpose of the bill is not to reduce the tariff. It might be agreeable to some if we were to abolish the reciprocal-trade agreements. The purpose of the bill is, for the information of the American consumer, to provide for the labeling of goods that leave the factory.

Mr. AUSTIN. Mr. President, I think the Senator has entirely missed the point of my argument. Mr. Brenckman pointed out, as a cause for favoring this bill, that there were importations from foreign countries that would be prevented if we passed this bill. That is the point. I am undertaking to say that Mr. Brenckman does not understand the effect of the bill as to that. If he did he would not in writing make such a claim. That is all there is to it. I make the further claim on my own responsibility that we cannot remedy the wrong that has already been done through trade agreements, we cannot remedy the wrong done to the sheep growers of this country by undertaking to create this monopoly for Mr. Forstmann and others in a similar situation to that occupied by him.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WILEY. I should like at this time to make an observation. I have received a letter from one of the woolen mills in my own State. We are situated somewhat like the Senator is. We have a number of small mills. This letter comes from the Appleton Woolen Mills, and perhaps it may answer some of the questions that may have been asked. The letter is addressed to me, and is as follows:

We have noticed from various sources that this labeling regulations subject is again up in Congress. When the bill comes up for action we would appreciate your giving weight to the following items:

1. No fair manufacturer objects to a practical truth-in-fabric bill if such can be worked out.
2. The impracticability lies in the fact that research laboratories are unable to distinguish virgin from reworked wool.
3. This statement is acknowledged by all reliable laboratories, including the Bureau of Standards.
4. Because identification is impossible, such a law invites rather than stops unfair labeling of fabrics by those manufacturers who take advantage of this situation.
5. Therefore, the honest manufacturer is punished through being compelled to compete against an unfair fabric; also,
6. There are two sources of wool:
(a) As clipped from the sheep;
(b) As pulled from the pelt of slaughtered animals.
7. Proposed bill unfairly excludes pulled wool from being labelled virgin wool.
8. Fair-practice rules must be workable or they are a decided detriment rather than a help.

If the Senator will pardon me further, I have a letter from another small manufacturer, and I ask particularly the attention of the Senators from Wyoming, because in that letter a statement is made which particularly pertains to their State. I quote it verbatim:

The State of Wyoming enacted a law a few years ago requiring that all garments be marked as to their virgin-wool content. Wyoming is one of our great wool States. This law was passed with great enthusiasm. All manufacturers and wholesalers shipping into that State were informed by circular letters and by letters from their dealers that this State law must be complied with. I asked one of our Wyoming dealers about the present status of this law. He answered that it was entirely dead, though he didn't know whether it had been repealed or not. There is no pretense, even in that great wool State, of trying to enforce this law. The difficulties of enforcement and the infinite ramifications caused it to fall of its own weight. It is of very great importance in this country that we cease multiplying laws only to have them disregarded.

I thank the Senator.

Mr. AUSTIN. Mr. President, I am most grateful to the Senator from Wisconsin [Mr. WILEY] for calling my attention to something of which I was not aware.

Mr. President, I shall make a unanimous-consent request. I ask that all the interruptions which have occurred during my discussion follow my address, so that my remarks will all appear together. I do not refer to the discussions that preceded it.

Mr. O'MAHONEY. Mr. President, reserving the right to object, I understand the Senator's request to mean the interruptions which were irrelevant to his discussion.

Mr. AUSTIN. I am afraid that would take everything out. I did not quite mean that, Mr. President. [Laughter.]

Mr. O'MAHONEY. Well, the Senator's whole speech, of course, would go out on that interpretation.

Mr. AUSTIN. I mean, Mr. President, those interjections of matters which did not refer to the subject under discussion.

Mr. O'MAHONEY. Exactly.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont? The Chair hears none, and it is so ordered.

Mr. AUSTIN. Mr. President, I thank the Senator from Wisconsin and——

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. Not now. I shall be glad to yield when I shall have finished this sentence.

Mr. SCHWARTZ. I wish to ask a question.

Mr. AUSTIN. In a moment I shall be glad to permit questions on anything and everything.

Mr. President, I appreciate the information which the Senator from Wisconsin [Mr. WILEY] gave the Senate about the experience of the State of Wyoming, so ably represented by the author of this measure [Mr. SCHWARTZ] and his colleague [Mr. O'MAHONEY], who are supporting Senate bill 162.

Mr. SCHWARTZ. Mr. President, our inability to enforce the legislation was due to the fact that it interfered with interstate commerce, and we could not compel compliance with the law on the part of a manufacturer of shoddy in Vermont in connection with something which was not labeled according to its contents and which was shipped into the State of Wyoming.

Mr. AUSTIN. Mr. President, it can be seen how useful the word "shoddy" is.

Mr. SCHWARTZ. I will take that back. I will use the words "reworked wool."

Mr. AUSTIN. There is nothing more potent to excite antipathy than an opprobrious name. If we name a thing, a remark, or a person "shoddy," the effect is derogation of the thing, the remark, or the person. It is really an attempt to gain force by something which is not reason and which ought not to persuade the mind, although it may affect the feelings.

Mr. SCHWARTZ. Of course the words "reworked wool" are more euphonious. The designation of those who make the reworked wool—I will not say "shoddy"—is equally so. They call themselves the National Association of Wool Fiber Manufacturers. When that name appears on the records of the prosaic Bureau of the Census, which is not interested in the bill, the words "shoddy makers" are placed underneath.

Mr. AUSTIN. That is the kind of thing which may appeal to legislators, although I doubt it. I think it is much better taste to use the language of the bill before us and the language of the bill pending in the other branch of the Congress. The term "reclaimed wool" is used in the pending bill, and the words "reprocessed wool" and the words "reused wool" are employed in the bill pending in the other branch of the Congress. In any event, I myself should prefer to use those terms, regardless of the lack of sportsmanship which is involved in the use of an opprobrious epithet.

Mr. President, why does the Senator from Wyoming, having had the experience about which he now tells us with an attempt to regulate intrastate commerce and interstate commerce by means of a State statute, come to the Federal Congress and ask it to undertake to control intrastate commerce by a Federal statute? It seems to me that regardless of his profound learning and his knowledge of the Constitution—which should forbid it—his special experience in his own home State, for which I have great regard, ought to have prevented him from bringing to the Congress Senate bill 162, which provides, on page 4, lines 2 to 5:

> Or who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver—

Why did he use those words when he was defining who is a criminal, and what are misbranded goods? He defines misbranded goods as goods which are in intrastate commerce; and he defines the malefactor as one who is reselling. That is, the transaction is entirely inside the boundaries of a State. By that penalty clause he would have the Congress undertake to put a man in jail if he should offend against section 3 of the bill. Could it be done? I say "No." I say that any court in the land would grant habeas corpus to a prisoner undertaken to be held for violating that provision of the bill. That provision should not be in the bill. It contaminates the whole bill. It is not in the House bill. Neither are the words "virgin wool" in the House bill. There are many things in the House bill which constitute a great improvement over Senate bill 162.

Mr. President, I was diverted. Interruptions are likely to divert us. I wanted to complete the picture of the situation of wool in this country in competition with processed wool from other countries, a condition brought about by New Deal policies and New Deal laws, a condition brought about by transgressing the barrier which the people of the country set up between the White House and the Capitol when they said that treaties between this country and foreign countries must have the sanction, consent, and agreement of the Senate of the United States, and turning over to the President of the United States, as was done, the power to enter into treaties. Sometimes they are called trade agreements. Sometimes they are called treaties, as was the case with a bill which was before us the other day. In the bill relating to an exchange of critical materials for our agricultural materials, the word "agreements" was changed to "treaties."

What is the effect on wool? The imports of woolen and worsted piece goods since the rates of duty were reduced on January 1 have shown a very substantial increase over the quantity entered in 1938. The total imports for the months of January and February compare as follows:

January and February 1938, 1,476,00 square yards. January and February 1939, 2,695,000 square yards. What does that mean? It means an increase of 83 percent.

Mr. President, why not go right to the heart of the trouble? Is it because a New Deal policy is going wrong, and we do not want to admit its error? I think that is not good ground for the Senate to take, regardless of the existence of an aisle between Democrats and Republicans. I take no position on the bill which reflects a purely partisan standpoint; and I think there are many Democrats in the country and in the Senate who, when they contemplate an evil result of a policy put into effect under the present administration, are big enough, broad enough, and high enough to change it. That ought to be the attitude of the Senate. Instead of undertaking another control over agriculture by the great, powerful Government at Washington, another grant of a monopoly which tends to concentrate government and economy in Washington, let us adhere to the traditional economy of the United States, a free economy under a capitalistic system, depending principally upon free trade in the United States and a controlled trade abroad. Now that we have discovered the pecuniary injury to us from reversing the policy, why should we not take notice of it and act upon it?

We have reversed the ancient economy of the United States. By this method of control of business between and among the States of the United States, and by trade treaties cutting down the tariff walls and removing the protection to our industries from those which are operated by cheap labor abroad, we have reversed the economy of 150 years and have set up an economy which is ruled by free trade abroad and restricted trade at home, bringing all things under an all-powerful Government.

First, we go after coal, and we fix the price of coal. Then we must go after oil, because oil is in competition with coal. These actions have repercussions which we cannot foresee. If we fix the price of one article, we must fix the price of another. If we impose restrictions, investigations, and espionage upon one commodity, we must load down another commodity with the same sort of burdens, clogs, hindrances, regulations, and control in order to try to bring back the equilibrium which was created by a free business, a free government, and free commercial competition. We should have regulation by the Government; but we should have regulation so limited as to insure the highest degree of competition without making it an unlicensed, unjust, and unfair competition.

Mr. WILEY. Mr. President——

Mr. AUSTIN. I yield to the Senator from Wisconsin.

Mr. WILEY. Mr. President, I take it the remarks of the distinguished Senator from Vermont in relation to the New Deal include policies, not simply centralizing power in Washington but centralizing that power in the Executive. Perhaps the Senator knows that one of the New Deal spokesmen last night, speaking over a national radio hook-up, suggested the abolition of the United States Senate?

Mr. AUSTIN. Mr. President, I do not think I could become calloused to such suggestions, for I always feel astonished when anybody suggests such a thing as making a

unicameral legislature for our Nation. I find it hard, after our own experience, to countenance the idea at all with respect even to one of our States. We have lived through such an experience in my own little State. Vermont started off with a unicameral legislature. We had the parliamentary notion, but we thought we could conduct the business much better than old England, with two houses of Parliament, had done, and could improve on her system. So we set out with one house and we tried it for a number of years. We tried all the so-called new-fangled ideas, such as the recall of judicial decisions and the recall of judges. We went through that mill a hundred years ago, and we know from experience the fallacy of such theories and proposals.

Mr. President, I am going to try to hasten along, for I am not filibustering. In connection with my claim that this is a bill to create monopoly, I call attention to who it is that stirs up propaganda and interest in this measure. Look at this brochure by Julius Forstmann [exhibiting]. Read it, Mr. President, and you will find there the source of the identical language of many of those who have written to the committee; you will find there the source of the identical paragraphs in the testimony of some of the witnesses who testified in favor of Senate bill 162. But, Mr. President, should you need any more proof of the extent to which this man goes in securing, if possible, a monopoly in the United States which would deal a lethal blow to the small factories of this country, look at this envelope that I hold in my hand [exhibiting] with the address cut out of it for fear of what might result to the addressee. The man who received that envelope dare not have his name presented to the Congress and to the world. He has endorsed on it:

I do not know how I happened to be on their mailing list, but thought the enclosed would interest you.

What is it? It is an envelope bearing in one corner what pretends to be a wool source, a sheep grower's source. It says "Consumers' League." You see, Mr. President, we get a little something out of that; because that is a popular thing to do; it refers to the consumer as well as to the wool grower.

Consumers' League for Honest Wool Labeling, 824 Transportation Building, Washington, D. C.

It bears a stamp canceled by the post office at Washington February 18, 9 p. m., 1939; and down in the corner another stamp, reading:

An important message. Read it carefully and act at once.

When it is opened there is found inside a brochure of only a few pages. It can be readily and quickly read, and it concludes with this admonition:

As a consumer you are vitally interested in the enactment of this legislation.

It will be seen that it is addressed to consumers.

Write, therefore, immediately to your Senators and to your Representatives in Congress urging them to support and vote for the Schwartz Senate bill, No. 162, and the Martin House bill, No. 944.

Consumers' League for Honest Wool Labeling.
Washington Office, 824 Transportation Building, Washington, D. C.

How artless! "Washington office," implying that there is another office somewhere else. For, Mr. President, is not Washington a strange place to have a Consumers' League for Honest Wool Labeling?

I happened to have an opportunity to ask a few questions about that, and I am sure the Senate will be interested in what this league is, because it will determine whether this is not an ancient trick spoken of in Holy Writ. It will be remembered when wool was once used to play a trick. A distinguished and great patriarch said, as he felt, blind as he was, and had to feel in order to identify his son, "The voice is Jacob's voice, but the hands are the hands of Esau." Is this a more modern method of fooling Senators of the United States and Representatives in the other body? Is this another use that has a literary backing of sheep's clothing to cover up something that is not a sheep? Well, listen to this: J. B. Wilson, who now sits in the Senate gallery, on the witness stand being examined by me, testified as follows:

Senator AUSTIN. I understand you have already testified before the subcommittee.

Mr. WILSON. That is correct.

Senator AUSTIN. I did not have an opportunity to listen to your testimony. Do you have an office here in Washington?

Mr. WILSON. Do I have an office here in Washington?

Senator AUSTIN. Yes.

Mr. WILSON. No.

Senator AUSTIN. Do you rent office space here in Washington?

Mr. WILSON. We rent, and when I say "we" I mean some of my friends in Wyoming and I subrent some office space here, at 824—I think it is—Transportation Building, Senator.

It will be recalled that "824" is a familiar number. That is the number on the envelope; that is the number given on the brochure.

I am not even certain of the number of the room. I go over there quite frequently, and I think it is 824.

Senator AUSTIN. Whom do you rent from?

Mr. WILSON. From Miss Ruth D. Stiles, who has been doing my secretarial and stenographic work here for the past 10 years.

Senator AUSTIN. During those 10 years what has been your business here?

Mr. WILSON. My business here has been to represent the wool growers on various matters, such as tariff, truth-in-fabric, land legislation, and dozens of other things.

Senator AUSTIN. Do you mean representing them before committees of Congress?

Mr. WILSON. Yes, sir; before committees of the Congress.

Senator AUSTIN. Have you been doing this for pay?

Mr. WILSON. Well, I have been paid by my association. That is a part of the work that I am paid to do by the two associations I represent; yes.

Senator AUSTIN. Do you have any other employment?

Mr. WILSON. I have no other employment.

Senator AUSTIN. Have you received pay from any other source?

Mr. WILSON. No, sir.

Senator AUSTIN. I mean except the two wool growers' associations.

Mr. WILSON. By the Wyoming Wool Growers' Association, of which I am secretary, and the Wyoming Wool Cooperative Marketing Association, of which I am treasurer.

Senator AUSTIN. And from no one else?

Mr. WILSON. No, sir.

Senator AUSTIN. Either directly or indirectly?

Mr. WILSON. No, sir.

Senator AUSTIN. You have no contract for pay from anybody else?

Mr. WILSON. No, sir.

Senator AUSTIN. Either paid to you now or to be paid to you in the future?

Mr. WILSON. No, sir.

Senator AUSTIN. Is there any such thing as Consumers' League for Honest Wool Labeling?

Mr. WILSON. The Consumers' League for Honest Wool Labeling, Senator, is the outgrowth of organizations we have had in Wyoming for some 19 years that we have been attempting to secure truth-in-fabric legislation. The organization you speak of is an organization of which I suppose if there be a head I am the directing head, but there are no salaries connected with it, and it is just an organization to disseminate information regarding this particular bill that is now under consideration before your committee.

Senator AUSTIN. What kind of organization is it?

Mr. WILSON. Well it is just a loose organization of friends of mine from Wyoming with no dues.

Senator AUSTIN. Is it incorporated?

Mr. WILSON. No.

Senator AUSTIN. Is it a copartnership?

Mr. WILSON. No. It is just—well, you can call it a propaganda organization if you like. I expect that is what it is as much as anything else, and I want to be perfectly frank with you in saying so.

Senator AUSTIN. Who else is a member of it besides you?

Mr. WILSON. Oh, a number of people in Wyoming. We associated ourselves together. Really it is a trade name, to be frank with you.

Senator AUSTIN. To be perfectly accurate is it not yourself doing business as the consumers' league?

Mr. WILSON. No, sir. It is myself and some friends in Wyoming.

Senator AUSTIN. Who are they?

Mr. WILSON. Mr. Hadsell, of Wyoming.

Senator AUSTIN. What is his name and address?

Mr. WILSON. K. H. Hadsell, Rawlins, Wyo.

Senator AUSTIN. Anybody else?

Mr. WILSON. Yes. There is Mr. LeRoy Moore, of Ross, Wyo.; Mr. John A. Reed, of Kemmerer, Wyo.; Mr. H. D. Port, and numerous others.

Senator AUSTIN. Yes; and who else?

Mr. WILSON. I will be glad to submit a list of names for the committee if you desire it. I do not recall them at the moment.

Senator AUSTIN. Yes; I would like to know their names and addresses.

Now I want to call your attention to this envelope, postmarked at Washington, D. C., February—some date—1939, the contents of which purport to be a 4-page pamphlet entitled "Honest Wool Labeling. Why enactment of Schwartz Senate bill No. 162 and Martin House bill No. 944 are necessary to protect the consuming public from fraud and deception in the purchase of woolen products," and ask you who is the author of that pamphlet and who mailed it.

Mr. WILSON. As to the pamphlet, I am partially the author of it.

Senator AUSTIN. What is that?

Mr. WILSON. I say, I am partially the author of it. I helped to author it, if I may use that expression, or I collaborated in it, if that is the proper expression.

Senator AUSTIN. Well, now——

Mr. WILSON (interposing). May I make a rather extended answer to that question?

Senator AUSTIN. Yes, sir.

Mr. WILSON. Mr. Julius Forstmann, of the Forstmann Woolen Co., prepared a rather large booklet on the wool-labeling question. It was too large for average consumption. By that I mean the average person would not take long enough to read it. I suggested to Mr. Forstmann that I should like to have his help in condensing it, I mean the booklet, for general circulation, and I collaborated in the preparation of this pamphlet with Mr. Forstmann.

Senator AUSTIN. And who provided the funds with which to print and publish it?

Mr. WILSON. I presume Mr. Forstmann's company did. I am not certain as to that. But the Forstmann organization I would say.

Senator AUSTIN. Who paid for it?

Mr. WILSON. I presume if it is paid for they paid for it. I could not testify as to that. I asked him to furnish the pamphlet, and they did.

Senator AUSTIN. Then you did the mailing, did you?

Mr. WILSON. I did only a part of the mailing.

Senator AUSTIN. How much of the mailing did you do?

Mr. WILSON. I think I mailed out probably 300 altogether.

Senator AUSTIN. In a general way describe the addresses to whom you sent this pamphlet.

Mr. WILSON. Oh, to various people I was writing to in regard to this bill. They were pretty well scattered over the United States. Frankly, even if I referred to my files I could not tell you to whom they were mailed because they were sent out in some instances without a covering letter.

Senator AUSTIN. Did you accompany that pamphlet with a letter in some instances?

Mr. WILSON. Yes, sir.

Senator AUSTIN. Did you stamp on this envelope this information: "An important message. Read it carefully and act at once"?

Mr. WILSON. It was stamped on the envelope, but I personally did not do it.

Senator AUSTIN. Where was it stamped?

Mr. WILSON. I think perhaps in New York, but I do not know.

Senator AUSTIN. That is to say, Mr. Forstmann provided the envelope with its return address on it, and this stamp, did he?

Mr. WILSON. He provided the booklet, the envelope, and the stamp. I have not seen the stamp. May I look at it?

Senator AUSTIN. Yes. This is the first time you have seen one of these?

Mr. WILSON. I did not happen to see this stamp. The ones I have been mailing out have been mailed out under another cover.

Senator AUSTIN. You have seen the stamp now, have you not?

Mr. WILSON. Yes, sir.

Senator AUSTIN. Can you tell whether that particular envelope was mailed from your office or desk room?

Mr. WILSON. I cannot.

Senator AUSTIN. You will observe that it was mailed in Washington, D. C. That is to say, the stamp on it says that. I do not know whether it was or not.

Mr. WILSON. I presume it was, but I would not know.

Senator AUSTIN. Is it probable, knowing what you do know about the transaction, that it was mailed from your office?

Mr. WILSON. I imagine it was mailed from the office in the Transportation Building; yes, sir.

Finally he was asked about the contents:

"As a consumer you are vitally interested in the enactment of this legislation. Write, therefore, immediately to your Senators and to your Representatives in Congress urging them to support and vote for the Schwartz Senate bill 162 and the Martin House bill 944."

That is the part you referred to in your answer, is it?

Mr. WILSON. Yes, sir.

* * * * * * *

Senator AUSTIN. Now, what action did you expect from that pamphlet?

Mr. WILSON. We expected from that—well, the booklet itself is, I think, the best evidence of what we expected.

Senator AUSTIN. Well, that is a fair answer.

So that is what this pamphlet refers to—that they expected everybody to write in.

The pamphlet was marked as an exhibit and is here for inspection. It would be rather interesting reading. I am not going to take the time of the Senate to read it, but any Senator who wishes to do so may take it and read it. It establishes the point that this communication pretended that a consumers' committee or organization interested in honest wool labeling had sent out and sponsored those statements, whereas the fact is that they were sent out by Mr. Forstmann, acting through this gentleman who was a witness before the committee advocating this bill, and who, as he said, has been occupying the same desk room here for 10 years doing service similar to this.

What does the innocent person understand who receives that letter? I leave it to you, Mr. President. But what shall we take from the communicant when he comes to us with his communication and says he is for Senate bill 162? He believes he has been approached by consumers who are interested in honest wool labeling, and he has been induced to write to us. Of what value, I ask, is that kind of material which comes to us as representing actual public opinion, founded upon facts and founded upon a knowledge of the law?

Before leaving the subject of consumers, to which reference has been made by those who have preceded me in their remarks supporting the bill, I desire to call attention to the fact that consumers who understand the import of Senate bill 162 are not all for the bill. Many consumers may be for the principle, as I am for it, of truth in labeling. Whenever a merchant makes a representation respecting his goods by a label, by an advertisement, or by his word of mouth, it must be truthful. If it is not, and injury flows from it, the contract may be rescinded under the law as it is today; and if damage has flowed from it, damages may be recovered for the false representation. I will go further than that. I will add to the common law which has always protected the public a statute which will implement the common law with definitions, provided the proponents of the measure do not, by means and under the guise of definitions, set up a monopoly that amounts to more than trade-mark because it has behind it a sanction of criminal prosecution.

Now listen to some of these consumers. I shall not weary the Senate with many of them:

BROOKLINE, MASS, *June 25, 1939.*

Hon. WARREN R. AUSTIN,
United States Senate, Washington, D. C.

DEAR SENATOR AUSTIN: I wish to protest against the passage of S. 162.

Consumers feel it will be a great injustice to them if this legislation is passed. A label giving information is to be desired. A label that is misinforming, as this label will be, is definitely not to be desired.

Consumer education is a slow process, and the prejudice that will be instinctively felt for something marked reclaimed will be most unfair, since really beautiful material can be made from reworked wool. Conversely, the sanctity and quality given to the word virgin by common usage, implies a property that may not be present in a material made of virgin wool.

Yours very truly,

MARGARET T. CAHILL.

I have selected that letter because it contains a reasonable statement. It contains an appeal to sense and reason. There are a few others here which I will ask to have inserted in the RECORD without reading. I ask unanimous consent that they be inserted at this point in the RECORD.

The PRESIDING OFFICER (Mr. GURNEY in the chair). Without objection, it is so ordered.

The letters are as follows:

DORCHESTER, MASS., *June 21, 1939.*

Senator WARREN R. AUSTIN,
United States Senate, Washington, D. C.

DEAR SENATOR AUSTIN: Please take into consideration my protest, as a consumer, against S. 162.

My husband earns average wages, and I clothe a family of five. I cannot afford to buy the most expensive clothes, but must get both attractive and good-wearing garments at a modest price.

If this bill is passed I feel it will raise the price of the garments that I can afford to have, since virgin wool will be at a premium and reworked wool prices follow in trend.

Strong, durable garments can be made from reworked wool at a price the average wage earner can afford to pay. Why penalize this good material so that those who can afford to may have a label "all virgin wool" on their clothes?

Yours very truly,

MARY LEONARD.

WEST ROXBURY, MASS., *June 20, 1939.*

Senator WARREN R. AUSTIN,
United States Senate, Washington, D. C.

DEAR SENATOR AUSTIN: The school in which I teach is on the borderline between well-to-do and poor districts, and we have children from all sorts of homes. I am more interested in the poorer class, and for their interests watch industrial legislation.

I wish to protest against S. 162 as discriminating between classes. Because poor people cannot purchase luxury fabrics is no reason for their clothes to bear a label which to them means inferior merchandise.

Studying the process of woolen manufacturing I am convinced that virgin wool does not always mean good wool, whereas reworked wool does not always mean inferior wool. Besides, there is no chemical test to prove conclusively that a fiber is virgin or reworked, since both are animal fibers and chemically and physically identical. So, until there is a scientific proof, I feel that this legislation is untimely, as well as discriminating.

Very truly yours,

SARAH ANNE QUINN.

BOSTON, MASS., *June 17, 1939.*

Senator WARREN R. AUSTIN,
United States Senate, Washington, D. C.

DEAR SENATOR AUSTIN: I wish to protest against the passing of S. 162.

After studying the bill, I am convinced that it is unfair to industry and misleading to consumers.

Yours very truly,

LOUISE MORRISEY.

EAST DEDHAM, MASS., *June 23, 1939.*

Hon. WARREN R. AUSTIN,
United States Senate, Washington, D. C.

DEAR SENATOR AUSTIN: I herein protest against S. 162 as discriminating legislation. It furthers the interests of the wool growers and puts the burden of increased prices upon the consumers.

Retailers and manufacturers feel that it will be unfair, inasmuch as it will be impossible to enforce. When scientific tests fail to identify whether a fiber is virgin wool or reclaimed wool, how can proof be brought that a label is correct? I understand mill records will be resorted to, but does not that bring the whole issue back to the integrity of the manufacturer? If so, the increased prices of fabrics will be the only good the consumer will get from the passage of the bill.

Is this fair to the larger group of consumers—to be exploited for the good of a smaller group of wool growers?

Yours very truly,

ELLEN J. MCGOWAN.

LOWELL, MASS., *June 16, 1939.*

DEAR SENATOR AUSTIN: As a resident of a mill city, I wish to protest against the passage of S. 162.

It is both discriminating and misleading legislation.

Yours very truly,

(Mrs. P. J.) KATHLEEN LEAHY.

WASHINGTON, D. C., *February 27, 1939.*

Senator WARREN R. AUSTIN,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR AUSTIN: I am enclosing herewith an editorial in Capitol Daily, which appeared on February 21, 1939, which I know will prove most interesting to you, and which, I am sure, you are personally concerned about.

For your information and as one of your constituents, I take the liberty of sending you this article, which I hope you will read and digest.

I personally have been present at this hearing on S. 162 and H. R. 944, and do hope that before a bill of this kind is railroaded through your committee that you will do everything in your power to see to it that the Senate is not used as an advertising agency for one man's fabric, namely, J. C. Forstmann (who seems to be the only one in favor of the bill).

Very truly yours,

MARIE SWANN.

Mr. AUSTIN. I have heard the claim made here that the Federation of Women's Clubs are behind this bill. Are they? Let me read a letter from one of them. I know some of them favor the bill; I have letters from some of them supporting the bill, or, rather, supporting the principle of honest labeling—and I am for the principle of honest labeling.

I have a letter here from Marion Lane Sweeney, Mrs. F. R. Sweeney, who is shown on the letterhead to be chairman of the division of social welfare of the Massachusetts State Federation of Women's Clubs. The letter is dated June 17, 1939, is addressed to me, and reads as follows:

As chairman of the division of social welfare of the State Federation of Women's Clubs, as a member of many executive boards dispensing welfare in my community and State, I wish to protest against the passage of S. 162.

I feel that it is both misleading and mininforming and will react in an advance in prices to the consumers.

Women are coming more to feel that this legislation will be detrimental to manufacturers and retailers, that it is advantageous only to the wool growers and the manufacturers of luxury fabrics, and that it is impractical of enforcement if it is passed.

I believe in labeling and would support a bill to differentiate between fibers, where such fibers can be identified by scientific tests. I feel the time is coming soon when natural fibers are going to have great competition from synthetic fibers, and that this legislation, if passed, will be greatly regretted by those who now seek to support it.

Senate bill 1496, introduced by Senator WALSH, seems to me far more timely and intelligent.

Very truly yours,

MARION LANE SWEENEY.

Mr. President, I have had a little insight into the claims respecting the same type of women's organizations. It is a very distinguished organization and one for which I have great respect. I do not argue from the specific to the general—I think that is one of the fallacies of logic—but I call attention to a certain specific thing which I think qualifies the support given by this particular woman's organization to which I am going to refer.

A lady called on me, because I was on the subcommittee, and advocated the support of Senate bill 162. I discussed the matter with her and pointed out the element in the bill which I claimed would create a monopoly, whereupon she made some investigations and then wrote me a letter dated May 5, 1939, which reads as follows:

Thank you so much for your time yesterday morning when I called to see you regarding Senator SCHWARTZ' bill for the labeling of wool products—S. 162.

Although I feel I didn't persuade you to change your opinion to any extent, still I certainly enjoyed meeting with you and having the few minutes' talk that we did. The question which you brought out concerning monopoly in regard to this bill rather intrigued me because I had never considered it from that angle, and so, on returning to the hotel, I checked with Miss Julia Jaffray, of the New York City federation, and she states that as the result of a questionnaire sent to 125 woolen manufacturers throughout the country 29 of them are definitely in favor of the labeling of woolen material as to its content of virgin wool, reclaimed wool, cotton, and rayon.

I am sure you will be interested to know that there are two manufacturing companies in Vermont among those who favor this legislation. Does this information by any chance soften a little your opposition to the bill as a whole? Copies of their letters to the New York City federation are enclosed.

Hoping that you will see that this bill provides knowledge as the right of every consumer, I am,

Very cordially yours,

DOROTHY KRAUS.

Let me call attention to the type of questionnaire the New York City Federation of Women's Clubs sent out and the time of its sending. It was in March 1938, and the questions did not refer to a bill which defined a mark indicating virgin wool. It referred to the general subject of truth in labels. Listen to this:

The members of the New York City Federation of Women's Clubs, as purchasing agents for their homes, are vitally interested in the fiber content of the fabric merchandise which they buy. Therefore, in buying wool fabrics, we have taken the stand that we want to know whether we are buying virgin wool, reclaimed wool, or a mixture.

The federation is most anxious to know how you, as a manufacturer, feel on this subject. Would you, therefore, be kind enough to inform us on the following points:

1. Do you use reclaimed wool in manufacturing your product?
2. If you do, what percentage do you use?
3. Do you consider reclaimed wool as serviceable in a fabric as the virgin wool which it replaces?
4. And, most important, do you favor a labeling act which would require manufacturers of wool products to inform consumers whether their products contain reclaimed wool?
5. If you do not, will you please tell us why not?

May we ask for your answer at the earliest possible date?

With appreciation of your cooperation,

Sincerely yours,

Mrs. (ANDREW J.) KATHERINE E. NOE,
President.

JULIA K. JAFFRAY,
Chairman, Department of Economic Adjustment.

This lady who called on me went to Mrs. Jaffray, so Mrs. Jaffray tried to help her out with some letters received from two manufacturers in Vermont which she said supported Senate bill 162.

Never was opportunity afforded anyone to throw light upon an error as there is in this instance. Let us take the Bridgewater Woolen Co. It is a manufacturer of virgin-wool products, and let me read their answer. It does not contain one single thing which can be said to support Senate bill 162. What it says amounts to approval of the principle, upon which I think we all agree, that there should be labeling, and that it should be honest labeling:

We acknowledge receipt of your favor of March 13, signed by the above-named members of your federation—

He has quoted the names, Mrs. Andrew J. Noe, president; Julia K. Jaffray, chairman—

Your interest in the content of woolen fabrics is an intelligent manifestation of public concern, and we feel, as makers of woolens, that you are entitled to know all about the fabrics that are sold to the women in coats, dresses, and other articles of apparel alleged to be made of woolen cloth.

As manufacturers of woolens with a background of almost 200 years in the country, we have been guided by principles that rest upon truth in action, in production, in selling, and in dealing with our patrons. Further, we have believed that truth, as the dominant or underlying principle, would permanently survive the influences of misleading and misguided practices, however brilliantly portrayed, which are limited at most to the period when the mask is removed and the truth is disclosed.

We answer your questions frankly:

1. No.

2. This is answered by our reply to No. 1.

3. Reclaimed wool possesses no service ability of worth. It is much like gathering the broken pieces of a dish, cementing them together, and offering the reconstructed dish as a real plate. The reweided plate is a constant liability.

4. Yes; we are thoroughly in favor of a label, of an act compelling a declaration in truth.

While this is an answer to all of your definite questions, may we add in closing: Wool has no substitute of worth or merit. There is no animal fiber—and certainly no vegetable fiber—that contains properties at all comparable with the properties in virgin pure wool. The fabric constructed exclusively of virgin pure wool possesses lively magnetic properties far beyond any corresponding in reworked wool, which is practically dead wool, its vitality being exhausted.

We hope this satisfactorily answers your inquiries. We assure you of our sincere desire to further assist your federation in its search for information or legislation, and we beg to remain,

Very truly yours,

BRIDGEWATER WOOLEN CO.,
Per R. M. SHARPE.

That is an advertisement for virgin wool. It also knocks out, as this measure is intended to knock out, anything else. Reworked wool put into a fabric is like a broken plate mended together. The Ethiopian is out of the wall. There is the best evidence we could possibly have of it. Put together a piece of legislation that will destroy the production of reworked wool in the form of gowns, coats, suits, and there will not be any competitor of the manufacturer of virgin wool. Yet this correspondent does not refer to Senate bill 162 at all. That is one letter.

The other letter was from James F. Dewey, of the A. G. Dewey Woolen Manufacturers, Creechy, Vt., a firm established in 1836, and still operating, thank God. They manufacture clothes which the poor man can buy and out of which he can get some wear. Mr. Dewey's reply was as follows:

This letter is addressed to Mrs. Jaffray:

Replying to your letter of the 13th, it is a pleasure to answer your various questions as follows:

As the first manufacturer to use reclaimed wool in our product in this country, we would answer question 1 by saying that we have used it since 1836.

Under question 2, we use all the way from 5 to 90 percent.

Under question 3, we believe that the reclaimed wool which we use is more serviceable in a fabric than short fiber of virgin wool which it replaces. In fact, we consider it a great deal more serviceable than any so-called all-wool fabric.

Answering question 4, we would say that we always have favored a labeling act requiring manufacturers to state just what percentage of virgin wool is in their product. We think the word "wool" on a fabric should relate only to virgin wool.

Evidently his principle has been carried into the language of the House bill.

We have been hurt many times by mills calling a product all wool when it was only reclaimed wool. We are willing to have our product stand on its own legs and state what it is made of and stand back of the product, but we can't compete with the public when certain chain stores call their fabric 100-percent wool when many times it is of poorer quality than ours. We do not claim ours as all wool.

Trusting this has answered your questions, I am

Yours sincerely,

A. G. DEWEY CO.,
JAMES F. DEWEY, *President.*

Mr. President, it was a strange coincidence that on the same day on which I received that letter from Mrs. Kraus making the claim that these two manufacturers in my State favored S. 162, and sending the two letters to which I have referred, neither of which expressly refers to S. 162, I should receive a letter from the writer of the last letter I read, namely from James F. Dewey, which is dated May 25, 1939, and the first half of which reads as follows:

Replying to yours of the 24th, I have read the new bill known as the Wool Products Labeling Act. I agree with you that it is all foolishness. If they ever try to enforce it, it will cost them more than they will ever get out of it, and the public won't be helped one bit. Your minority report has said everything that I think anyone could say. I appreciate your efforts, although they probably won't help any, as they seem to pass anything that they want to down there.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. LODGE. I have been called out of the Chamber several times during the afternoon, and so do not know whether an answer has been given to the question propounded by the Senator from Maine [Mr. WHITE] as to whether the establishment of these standards for American woolen goods and the failure to establish them for foreign woolen goods would result in foreign importations and the displacement of the American wage earner and producer.

Mr. AUSTIN. Mr. President, I will try to answer the question specifically. I think the same standards are established by the bill for imported goods as for domestic goods. That is not the trouble. The trouble is that if, after the goods have been manufactured into a fabric, there is no scientific way by which a test may be made to ascertain the proportion of virgin wool and the proportion of reworked unused wool—that is wool that has been fabricated but not worn by the ultimate consumer, and has been pulled apart and put into new fabric—if what those ratios are and what the percentages are in the fabric, cannot be ascertained, it is impossible to enforce the standard. In other words, if it is necessary to go to the manufacturer to find out the quantity of virgin wool in a fabric, the quantity of reworked wool in a fabric, the quantity of other fibers in a fabric, it may perhaps be necessary to travel around the world in such a search.

Mr. LODGE. It is possible to go to the American manufacturer, but not to the foreign manufacturer.

Mr. AUSTIN. That is true. Another thing is involved in the question. I have been talking about garments, piece goods, products of wool that are fabricated for consumption; but a great amount of the competition with the wool growers of America is not that type of importation. It is rags, and it is goods that may never have been worn, but nevertheless are second-hand and are intended to be reworked. As shown here, the importation of rags has increased greatly since the New Deal trade agreement went into effect in January. The increase has been 1,397 percent in quantity and 938 percent in dollar value. The bill contains a description of what imported material is subject to the regulations provided for in the bill, as follows:

All wool products imported into the United States, except those made more than 20 years prior to such importation.

How in the world is it possible to tell from a carload or shipload of rags whether they were made 20 years ago or not?

Mr. LODGE. Then would I be correct in saying that in effect the bill imposes standards on American producers that are not imposed on foreign producers?

Mr. AUSTIN. That is one way of stating the matter, although the text of the bill was designed to establish the same standard for both types of goods.

Mr. LODGE. The letter of the law is one way but the spirit of the law is another.

Mr. AUSTIN. That is quite true. But I also claim—and I want to say it now, for, although it is repetition, it is purposeful repetition—that for the same reason the bill, if enacted, could not be enforced domestically.

Mr. LODGE. May I ask the Senator a further question? Is not this proposition very similar to what we have seen attempted before, in the wage-hour legislation, for example, which I, for one, favor? We try to raise the standards at home; we try to raise them for the employee; we try to raise them for the consumer—with which I am in sympathy—but, of course, we cannot impose those standards on foreigners, and we refuse to provide any tariff protection to protect the American worker against substandard competition. The net result is we try to go in two opposite directions at the same time, and, to my mind, that is a tragic contradiction which can help no one in the long run.

Mr. AUSTIN. I thank the Senator for stating what he has stated, with all of which I agree. I think it affords a good reason why Senate bill 162 should not be passed.

Mr. President, I have material from manufacturers which I feel I should not take the time to discuss or read but which I should like, by unanimous consent, to have inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

I think the woolen manufacturers are not so much opposed to the intent of the bill to prevent fraud to the public, but we feel very firmly that the terms of the bill may increase fraud rather than decrease it, principally because it is impossible through any adequate tests to determine approximately the content between virgin wool and woolen shoddy. I enclose the pamphlet which has just been put out by the National Association of Woolen Manufacturers showing a critical examination by the United States Testing Co. of the relation of virgin-wool content in fabric merit. If you will go through this carefully you will find that, on the whole, 100 percent virgin-wool fabric will be better than 100 percent shoddy fabric. However, as the percentages of virgin wool go down quite the reverse is true. The term "virgin wool" is a very elastic one, and covers some very undesirable short fibers which do not make good fabric. On the other hand, some of the woolen stock which has been called shoddy, or reworked wool, is of the very finest variety and will make a beautiful piece of goods which will give wonderful satisfaction to the purchaser. There is a further matter of reputation of the mill for making good goods, the number of picks per inch (that is, the number of threads of filling across the fabric), the number and fineness of the warp threads, and the question of whether or not the pieces have been napped finely or roughly, which in the most part determines the strength of the finished piece of goods.

All of this is more or less technical and has a direct bearing on the merits of this legislation. The one point which I personally very much object to is the fact that it is known that there is no method of examination of a fabric to determine whether the percentage of virgin wool or reworked wool is correct. This being the case, the honest company will be at a great competitive disadvantage with the dishonest people, who will be inclined to put on percentages of virgin wool which may not be true and which cannot be verified by examination. The only alternative to prevent this is to have inspectors in every woolen mill to see that the labeling is properly done, and this is abhorrent to our Vermont ideals.

Possibly I have no right to speak for the woolen mills of Vermont, because we have no organization. However, I feel sure that I represent the unanimous opinion of the Vermont woolen mills in this statement.

I hope you find this information beneficial to you in making your decision as to your action in regard to this.

With best regards, I am,

Sincerely yours,

LEON S. GAY.

This matter of labeling is an important one, and unquestionably means a lot to every textile manufacturer in Vermont. I think no one objects to a label which can be backed up by a laboratory test, but to pass a law making certain requirements when there is no way of establishing definitely whether the requirements are or can be made seems to me to be placing a very substantial premium on chiseling and misrepresentation.

Is there any possibility of introducing a substitute bill, as suggested by Mr. Besse?

Respectfully yours,

RAY ADAMS.

BENNINGTON, VT., *February 24, 1939.*

Hon. WARREN R. AUSTIN,
Senator from Vermont,
Senate Office Building, Washington, D. C.

DEAR SENATOR AUSTIN: We wrote you yesterday in reference to the textile labeling bill.

We could not express in a letter all the arguments against this bill. We enclose herewith copy of the American Wool and Cotton Reporter, dated February 23. This explains in detail what a manufacturer will be up against. The bunk that is being put forth by one or two manufacturers is most deceptive. We refer in particular to the Forstmann arguments. These people get enormous prices for their merchandise. The average workman could not possibly buy same. Other mills imitate the merchandise, and, of course, the consumer knows that he is not getting the high-priced merchandise that Forstmann makes. We do not know anything about it, but we think that a mill operated by such people as Jim Dewey, of Quechee, could not get by on such drastic legislation.

Very truly yours,

THE H. E. BRADFORD CO., INC.,
D. J. KEELER.

Mr. WHITE. Mr. President, I wanted to refer to an entirely different matter than that the Senator is now discussing. Shall I wait, or would the Senator rather have me do so at this time?

Mr. AUSTIN. I shall be glad to yield.

Mr. WHITE. I am troubled as to the meaning of section 3 specifically. I desire to ask a question about the language in line 3, on page 4, "who shall receive from or through commerce." If I go to a store in the city of Washington and buy a fabric from a merchant here, have I received merchandise "from or through commerce" within the meaning of this section?

Mr. AUSTIN. I cannot answer that question. I do not think it is capable of being answered.

Mr. WHITE. The reason why I ask the question is that I find this language under the heading "Misbranded wool products":

SEC. 4. (a) A wool product shall be misbranded—

(1) If it is falsely or deceptively stamped, tagged, labeled, or otherwise identified.

(2) If a stamp, tag, label, or other means of identification, or substitute therefor under section 5, is not on or affixed to the wool product and does not show—

(A) The percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 percent of said total fiber weight, of (1) virgin wool; (2) reclaimed wool; (3) each fiber other than wool if said percentage by weight of such fiber is 5 percent or more.

And so forth. Then further it shall be misbranded if it does not contain—

(C) The name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product.

(3) In the case of a wool product containing a fiber other than wool, if the percentages by weight of the wool contents thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying the presence of wool, used in connection with such wool product.

(4) In the case of a wool product represented as virgin wool, if the percentages by weight of the virgin wool content thereof are not shown in words and figures.

And so forth. What I want to know specifically is, if I buy from a merchant a fabric or a suit of clothes, is there an obligation on me to ascertain and to know whether or not all that information is stamped, tagged, or labeled on the article which I am buying; and if it is not so marked, and I buy the fabric in the absence of all that information, do I come within the terms of the bill?

Mr. AUSTIN. I think if one assumes that the distinguished Senator bought it as an ultimate consumer, he would not come within the terms of the bill.

Mr. WHITE. Let us assume, then, that I am a tailor, and buy the fabric for the purpose of further fabrication. Must I look over every piece to see that all that information is on the fabric?

Mr. AUSTIN. Mr. President, my answer would be "No." I interpret the phrase which relates to intrastate business to refer to retailers, although it does not so state.

Mr. WHITE. I was about to say it does not so state. Apparently it applies to anyone "who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver to any other person, any such wool product."

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. SCHWARTZ. It will be noted that the provision refers to a person who receives the goods through commerce and then offers them for sale. I will say to the Senator that the language is the same as that used in the Pure Food and Drugs Act. The language of that act has been adopted in the bill. I may add, of course, that any violation of section 3 under the terms of the criminal clause must be a wilful violation, which implies an intent to violate the act.

Mr. AUSTIN. Mr. President, referring to the same clause on page 4, lines 2 to 5, I inform the distinguished Senator from Maine that the House of Representatives excluded that language from the text of House bill 944, which was reported from the Interstate Commerce Committee of the House on June 14, and which is today on the Union Calendar of the House. Mr. MARTIN of Colorado, the author of the bill, has asked the Rules Committee for a rule so that it may be considered by the House.

There are certain other differences between the House bill and the Senate bill which point to some of the most objectionable things in the Senate bill. For example, the classification of virgin wool or the label "virgin wool" on page 2 of Senate bill 162 does not appear in the House bill at all. In the House bill the language of subsection (d) of section 2 of the Senate bill with respect to reclaimed wool is stricken out, and there is a substitute for it in two subsections, the first of which reads as follows:

(c) The term "reprocessed wool" means the resulting fiber when wool has been woven or felted into a wool product which, without ever having been utilized in any way by the ultimate consumer, subsequently has been made into a fibrous state.

The second subsection to which I refer reads as follows:

(d) The term "reused wool" means the resulting fiber when wool or reprocessed wool has been spun, woven, knitted, or felted into a wool product which, after having been used in anyway by the ultimate consumer, subsequently has been made into a fibrous state.

It will be observed at once that there is a distinction between the two. In the one case we have a wool which has never been on the back of a human being. It may have been left unsold on the merchant's shelves, or it may have been a clipping from a tailor's establishment. Then there is the classification of reused wool, which is really second-hand wool. It is wool which has been used by the ultimate consumer. These classifications are not subject to the objection which I have endeavored to make against the classification of virgin wool, for the reason that there are many factors which afford a market to the vendors of each of these classifications of wool, and a great group of consumers afford the market for the finished product. They are the persons with whom we are mostly concerned.

I have no fear that those who can afford luxury products will be unable to obtain them. A man can wear but one collar at a time, whether he be as rich as Croesus or as poor as a beggar; but he can obtain the style and quality of collar he wishes because he has the price to pay, no matter how small an opportunity there may be for him to obtain it. However, a man like myself, who must wear less expensive clothing, would find himself in a very bad way if there were a monopoly on very finely fabricated collars, and the price had been raised by reason of the United States placing on the collars a label which no competitor of the manufacturer could possibly live up to.

Mr. President, I wish to conclude shortly. I know I have inadequately discussed this matter, but I have undertaken to show reasons why I think the great agricultural organizations are being misled through the propaganda of those who would profit from the monopoly sought to be created by the bill. I think their hopes would prove to be delusions. I think they would have less of a market for their virgin wool, and therefore they would have to take a lower price for it than before; and they would run into competition with synthetic substitutes for wool, from which competition they do not now suffer.

Although this type of control over agriculture is indirect, its effect is complete. The production of substitutes for wool would be stimulated. The agricultural organizations would rue the day they ever permitted their Government to obtain such a strangle-hold upon their business as Senate bill 162 would create. They do not seem to realize that, though the bill deals primarily with the manufacturer and the merchant, ultimately it would reach the man who herds the sheep. He is the man who would feel the repercussion. It would all come back on him. The effect would be lower prices, less demand, a narrowed market, and greater competition from substitutes.

There is another consideration from the public-welfare point of view, which causes me to oppose the bill, and that is the destruction of an essential raw material which it involves. It anathematizes the raw material which we call wool waste to such an extent that wool waste, as a secondary material for the manufacture of garments in this country, would pass out. It would not be available to the manufacturers, and therefore would not be available to the consuming public. The bill, by putting a premium on virgin wool, as it does, would discourage the use of reprocessed wool and reused wool, and through economic pressure, would absolutely force the exportation of our rags to foreign countries.

The calamity of that situation can be evidenced by the following question: How in the world could the United States clothe its Army in time of war without this essential secondary raw material? Without a supply of rags and reused and reprocessed wool we could not, without the most extraordinary expense, clothe the United States Army.

Mr. President, one good reason is sufficient; and I have probably branched out more than I need to have done. The one good reason in this case happens to be that the bill would create an injurious monopoly and, therefore, would be evil in its consequences. For that reason, if for no other, it should not be passed.

EARMARKING OF TAXES FOR OLD-AGE PENSIONS

During the delivery of Mr. AUSTIN's speech,

Mr. LODGE. Mr. President, on the calendar is Senate Joint Resolution 145, introduced by the senior Senator from Florida [Mr. ANDREWS] and myself, which I hope will come up for consideration in the near future.

Several Senators have asked me about the constitutional need for an amendment giving Congress the power to levy taxes for old-age assistance.

Of course, the question of constitutional need is of the utmost importance and is one reason for this proposed legislation. There are two other needs for it. One is to enable the testing of public opinion on the question, and the other is having the power of Congress to levy taxes for old-age assistance written into our fundamental law.

In order to elucidate the question of constitutional need and to show that there is a grave doubt in the minds of well-qualified persons as to the power of Congress to levy taxes for a specific purpose, I ask that a memorandum which I have prepared be printed as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum is as follows:

There still exists considerable doubt as to the validity of earmarking taxes for a specific purpose. Many informed people believe that such a tax (e. g., for old-age assistance) is not a "true" tax but rather an "exaction" or "appropriation of money from one group for the benefit of another," which is in violation of the due-process clause. They maintain that such taxes are not levies "for the support of the Government," but are being used to pay pensions to specific individuals.

This constitutional amendment (S. J. Res. 145) has been introduced in order to resolve this grave doubt.

Evidence that this important constitutional problem remains unsettled:

(1) There is no judicial decision which meets the particular problem embodied in Senate Joint Resolution 145 foursquare.

(2) Professor Corwin, in his book The Twilight of the Supreme Court, page 176, wrote:

"So long as Congress has the prudence to lay and collect taxes without specifying the purposes to which the proceeds from any particular tax are to be devoted, it may continue to appropriate the national funds without judicial let or hindrance."

(3) The Social Security Act of 1935: Experts who assisted in the drafting of this measure clearly indicate that the separation of the benefit provisons in title II from the taxing provisions was dictated by constitutional considerations.

(a) Prof. J. Douglas Brown in his article, The Development of the Old-Age Insurance Provisions of the Social Security Act in Law and Contemporary Problems, volume 3, page 193, wrote:

"The development of a formula for Federal action within constitutional limitations was early recognized as the key to a sound solution to the problem. The proposal to separate the contribution and benefit features of one legislation into two separate measures based on the taxing and appropriation powers of the Federal Government, was advanced early in the deliberations of the staff and the technical board. The absence of any need for elaborate regulatory material in either measure gave basis for the hope that the courts would not question the exercise of these broad Federal powers if clear-cut separation were possible. The staff was bolstered in this hope by the approval of the plan by a number of outstanding students of constitutional law.

"The drafting of two distinctly separate titles covering the tax and benefit features of the proposed system proved a difficult task. Since the contributions, now taxes, were necessarily covered into the general funds of the Treasury, some formula had to be developed for the reapportionment of an equivalent amount from general funds to an old-age reserve account. * * *

"As a result of this necessary adjustment to the exigencies of constitutional law, the character of the scheme was fundamentally different from that first considered by the staff."

(b) Prof. Paul H. Douglas in his book, Social Security in the United States, wrote regarding compulsory old-age insurance (p. 157):

"The taxes or contributions required to provide the necessary funds are levied under title VIII of the bill, while the scale of monthly annuities and benefits is specified under title II. Here, as in the unemployment insurance features of the bill, the revenue portions are separated from the sections which appropriate money because of the belief that this will enable the act better to run the constitutional gamut."

Page 320: "Perhaps the weakest section of the Security Act from a constitutional standpoint is that which provides for mandatory old-age insurance. While title VIII, which levies taxes upon employers and employees, is formally distinct from title II, which prescribes the scale of benefits to those over the age of 65 and to the heirs of the deceased, there is in fact a close and immediate connection between them. The individual benefits to be paid are computed upon the basis of the contributions or taxes levied and upon nothing else. It will undoubtedly be charged that these titles of the act in effect, therefore, prescribe the specific purpose for which the tax is levied, and that they are consequently unconstitutional since they launch the Federal Government into the performance of functions not specifically delegated to it by the Constitution. There is certainly very real danger that such may indeed be the fate of this feature of the act."

(4) The 1939 amendments to the Social Security Act: That there is still doubt as to the constitutionality of earmarking tax proceeds for a special purpose is indicated by this latest old-age measure. The device of using funds in the General Treasury rather than unquestionably earmarked tax receipts is continued here.

(5) *U. S.* v. *Butler* (56 Sup. Ct. 312, 1936): As said by Mr. Justice Roberts in delivering the opinion of the Court in the A. A. A. decision with respect to processing taxes levied upon processors, the proceeds of which were to be paid to certain producers of agricultural products:

"A tax, in the general understanding of the term, and as used in the Constitution, signifies an exaction for the Government. The word has never been thought to connote the expropriation of money for one group for the benefit of another."

(6) Mr. Justice Cardozo, speaking for the Court, in declaring the Social Security Act to be constitutional, neatly avoided the important question of earmarking. This is sufficient reason to cast doubt on the whole question. He said:

"Third. Title II being valid, there is no occasion to inquire whether title VIII would have to fall if title II were set at naught.

"The argument for the respondent is that the provisions of the two titles dovetail in such a way as to justify the conclusion that Congress would have been unwilling to pass one without the other. The argument for petitioners is that the tax moneys are not earmarked, and that Congress is at liberty to spend them as it will. The usual separability clause is embodied in the act, section 1103.

"We find it unnecessary to make a choice between the arguments, and so leave the question open."

(7) Robert Jackson, then Assistant Attorney General, arguing the Government's case in *Seward Machine Co.* v. *Davis* (301 U. S. 548), which involved the unemployment compensation features of the Social Security Act (titles IX and III), gave careful consideration to this problem. In his oral argument, he said:

"The relation of this tax to the appropriation is entirely unestablished, either by the act itself or by the facts in the case. In the first place, the appropriation under section 301, if it be construed as an appropriation, began before the tax was payable. The appropriation is not measured by the proceeds of the tax. The tax is not earmarked for this purpose. There is no equivalence between the amounts set aside by this section and the proceeds of the tax."

Mr. ANDREWS. Mr. President, in reference to the joint resolution to which reference has been made by the junior Senator from Massachusetts [Mr. LODGE], I will say that 2 days ago I gave notice that I would today ask unanimous consent to discuss that joint resolution. The joint resolution was favorably reported by the Committee on the Judiciary, and is now on the Senate Calendar. This morning we find that the so-called truth-in-fabrics bill is the unfinished business, and that it has the right-of-way for today. So I give notice that tomorrow I shall undertake to have Senate Joint Resolution 145 considered by the Senate.

TRUTH IN FABRIC

The Senate resumed the consideration of the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

The PRESIDING OFFICER. The question is on the first amendment reported by the committee, which will be stated.

The LEGISLATIVE CLERK. On page 2, line 3, it is proposed to strike out "shall" and insert "may."

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Reed
Andrews	Ellender	La Follette	Russell
Ashurst	Frazier	Lee	Schwartz
Austin	George	Lodge	Schwellenbach
Bailey	Gerry	Logan	Sheppard
Bankhead	Gibson	Lucas	Shipstead
Barbour	Gillette	Lundeen	Slattery
Barkley	Glass	McCarran	Stewart
Bone	Green	McKellar	Taft
Borah	Guffey	McNary	Thomas, Okla.
Bridges	Gurney	Maloney	Thomas, Utah
Bulow	Hale	Mead	Tobey
Burke	Harrison	Miller	Townsend
Byrd	Hatch	Minton	Truman
Byrnes	Hayden	Murray	Tydings
Capper	Herring	Neely	Vandenberg
Chavez	Hill	Norris	Van Nuys
Clark, Idaho	Holman	O'Mahoney	Wagner
Clark, Mo.	Holt	Overton	Walsh
Connally	Hughes	Pepper	Wheeler
Danaher	Johnson, Calif.	Pittman	White
Davis	Johnson, Colo.	Radcliffe	Wiley

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

LOANS FOR SELF-LIQUIDATING PROJECTS

Mr. BRIDGES. Mr. President, I understand that the Banking and Currency Committee are soon to report a bill embodying Mr. Roosevelt's recommendations for a new spending-lending policy. This spending-lending policy, which has been in full operation by the New Deal for over 6 years, has taken us a long way along the road to national bankruptcy. Of course, a great, rich country like the United States may go in debt to meet an emergency; but the theory adopted by the New Deal administration of creating deficits, borrowing money, and spending money to create prosperity is based on an unsound philosophy of government.

In an address at Pittsburgh on October 19, 1932, Mr. Roosevelt, as a candidate for the Presidency, said:

We find that the expenditure for the business of Government in 1927 was $2,187,000,000 and in 1931 $3,168,000,000.

That, my friends, represents an increase of actual administrative spending in those 4 years of approximately $1,000,000,000, or, roughly, 50 percent; and that, I may add, is the most reckless and extravagant pace I have been able to discover in the statistical record of any peacetime government anywhere any time.

That was Candidate Roosevelt speaking.

By comparison the record shows that the expenditures under President Roosevelt in 1935 were $7,375,825,000, and in

1939 they were $9,268,338,000—quite a jump from the recklessness and extravagance of 1931 so bitterly criticized.

At the present time the Government is spending at the rate of $23,000 per minute and going in the hole at the rate of about $11,000 per minute. The fallacy of this program is perhaps best and most simply illustrated by the statement made by the distinguished Senator from Mississippi [Mr. HARRISON], when he recently said, in effect, that a government can no more spend its way to prosperity than a drunken man can drink himself sober.

We are now spending at the rate of approximately $10,000,000,000 per year. The national debt now exceeds $40,000,000,000. In addition we have a contingent liability of several billion dollars more.

In a recent debate the Senator from Michigan [Mr. VANDENBERG] said:

> Our net deficit from 1931 to 1938 actually totaled more than all the deficits of all the other major nations of all of the world combined for the same period.

That is a most significant statement. It is a striking coincidence that on March 10, 1933, the President stated that—

> Most liberal governments are wrecked on the rocks of loose fiscal policy. We must avoid this danger.

The annual interest charge on our national debt alone is over $1,000,000,000 per year. If we were to initiate a policy of paying the current interest and decreasing the debt and principal $500,000,000 per year, it would take one-fourth of our entire national income for nearly a century, or approximately 90 years.

The administration today is conducting this Government on a financial policy that is designed to rob the unborn. That is a terrific indictment. Now the President comes forth with a new type of spending-lending plan. There is really nothing new about it. We have already tried out these lending-spending plans. We have set up governmental corporations and spending agencies before. These now have liabilities of $13,145,000,000. As the President proposed this plan, it called for spending $3,860,000,000, a sort of self-liquidating loan program, so-called. It has now been reduced to between a two- and three-billion-dollar project. It is not a true self-liquidating plan but just another pump-priming spending project. Certainly on our past record we have not so far liquidated any of our spending-lending agencies. This new scheme is being started for the purpose of laying a foundation to win the 1940 election. It is just another Roosevelt plan to endeavor to buy prosperity after successive failures of the same extravagant methods. It is a subterfuge to avoid raising the present $45,000,000,000 debt limitation. These loans would not appear as liabilities on the Treasury's books. They would be camouflaged, but they would be obligations of the American people just the same. The program is perhaps best called simply a spending-by-deception program.

This is a far cry from the speeches and the pledges of Candidate Roosevelt. What the country needs is private spending, not Government spending. It needs policies that will encourage spending billions of dollars of private funds in productive enterprise. The proposed new program will accomplish little of permanent value and will bring us one step nearer a socialized state.

The New York Times recently referred editorially to the President's newest lending-spending plan as sheer magic:

> Here is a proposal to buy nearly $4,000,000,000 worth of new homes, roads, bridges, power lines, railroad cars, and other things, yet it is said the plan will involve no out-of-pocket cost to the Government, that it will have no effect on the Federal Budget, that it will add nothing to the national debt, a miracle indeed.

In other words, in the arithmetic of the New Deal, two and two no longer make four.

The New Deal administration has adopted a peculiar philosophy, an interesting state of mind, for its representatives now argue convincingly that every time we go backward financially we progress forward socially and economically. Even a child knows at a glance the fallacy of this philosophy.

Mr. President, I ask permission to insert in the RECORD, as part of my remarks, a quotation from an editorial published in the Kansas City Times of June 23, 1939; a brief quotation from a Boston Herald editorial of June 23, 1939; a quotation from an editorial in the Christian Science Monitor of June 23, 1939; and a quotation from an editorial in the Providence Journal of June 23, 1939.

There being no objection, the extracts from the editorials referred to were ordered to be printed in the RECORD, as follows:

Kansas City Times: "There are, of course, some sound projects in those listed. But only an irrepressible optimist can see anything but heavy losses in most of them. In the long run, the taxpayers will be called on to foot the bills, and the national debt will have shot up with the pump still unprimed" (June 23, 1939).

The Boston Herald: "After 6 years of emergency spending unequaled for magnitude and variety by this or any other nation, President Roosevelt again urges salvation by extravagance—and this time as 'a permanent policy of the Government.' * * * The Nation could have survived the packing of the Supreme Court, even though it would be a cheapened and a weakened Nation. But another huge program of spending, accelerating the feverish pace which the President has set already, would bring on the gravest crisis since the Civil War. We would emerge from our agony, of course, just as we came out of 4 years of devastating war, but not with the principles by which we have guided ourselves for a century and a half" (June 23, 1939).

Christian Science Monitor: "The alternative to such a program as the President suggests would be to recognize some of the other side of the picture that has been presented to the Temporary National Economic Committee along with the arguments for a divided Budget and continued spending, namely, the evidence that relaxing of some of the restrictive conditions on investment would facilitate and bring about a natural flow of the capital investment which the administration is trying to induce or compel by Government banking. May it not be that there is more need now for this kind of investing than for huge public works programs which tend to make Uncle Sam permanently the investment banker for the country?" (June 23, 1939).

Providence Journal: "The public should understand, first of all, that the plan is no more than a dodge to take Mr. Roosevelt's spending outside of the Budget and to avoid the $45,000,000,000 limitation which Congress has placed on the Treasury's outstanding debt. * * * But if there is danger to the Government's credit, there also is grave danger to American business and industry, for there is no doubt that the scheme is the first step in a well-conceived plan to rule the country's economy. The complete socialization of industry is one of its great possibilities" (June 23, 1939).

Mr. BRIDGES. Mr. President, I know that to many of the Senators who occupy seats in this body this is a new avenue in their minds for the promotion of prosperity. To my mind it seems a very backward step. I can appreciate that there are some in the present administration, there are some Members of this body who by advocating certain schemes are fast making of this country a socialized state. They are in the same boat with some of the extreme left-wing radicals in this country.

I for one do not want to be numbered among them, and I believe that one of the things which should be done at the present time is to call the attention of the public to this new scheme, this deceptive spending scheme.

Mr. MINTON. Mr. President, while we are considering a "truth" bill, I think we might just as well have a little truth in politics.

Numerous attempts have been made by Republican leaders to circulate throughout the country, after it has been presented in the CONGRESSIONAL RECORD, propaganda detrimental to the New Deal economic program. The figures in most instances have been taken from private publications.

After 12 long years of Federal power, the Republican Party went out of power in 1933 leaving American agriculture on the verge of bankruptcy and ruin.

During this 12-year period—from 1921 to 1933—the Republican Party failed to enact a single measure designed to protect the farming population from the ruination which impended. The warnings of farm leaders that drastic action was needed were scoffed at and ignored.

When the Roosevelt administration came into power in 1933 immediate steps were taken to rescue agriculture. Figures tell the story.

By 1932 gross farm income had fallen 57 percent from its earliest peak, to only $5,562,000,000, the lowest on record. Farm prices as a whole had fallen by a tremendous percentage.

Between 1932 and 1938, with the Roosevelt administration in office, gross farm income rose 66 percent, a sheer increase of $3,658,000,000. Farm prices jumped 86 percent.

Hoping to cover up their own failure to help agriculture, the Republicans are now circulating erroneous price figures and doctored statistics to confuse the voting public. They are trying to show that farmers were better off under Mr. Hoover than they are under the Roosevelt administration. But once again figures tell the story.

The following tables give comparative prices of farm products during the last 3 years of the Hoover administration and the first 5 years of Roosevelt, and are taken from official tabulations:

Commodity	Unit	1933-37 average	1930-32 average
Wheat	Bushel	$0.883	$0.481
Corn	Bushel	.712	.411
Oats	Bushel	.386	.230
Barley	Bushel	.565	.318
Rye	Bushel	.647	.355
Cotton	Pound	.109	.0921
Butterfat	Pound	.270	.257
Chickens	Pound	.133	.154
Eggs	Dozen	.194	.194
Beef cattle	Hundredweight	5.31	5.61
Veal calves	Hundredweight	6.36	7.31
Lambs	Hundredweight	8.48	5.36
Hogs	Hundredweight	7.05	4.69
Potatoes	Bushel	.763	.591
Wool	Pounds	.241	.139

Mr. BRIDGES. Mr. President——

The PRESIDING OFFICER (Mr. LODGE in the chair). Does the Senator from Indiana yield to the Senator from New Hampshire?

Mr. MINTON. I yield.

Mr. BRIDGES. The Senator says Republicans have been circulating these figures. Who does he mean are circulating these figures? Republicans is a pretty indefinite term.

Mr. MINTON. I have in mind one Republican Representative from my State, who inserted in the RECORD some figures which had been tabulated by a Republican editor up in the dark corner of Indiana, a man who ran for the United States Senate last year and was defeated. That is one of them I have in mind. I could refer the Senator to others.

Mr. SCHWELLENBACH. Mr. President, I think the Senator from Indiana is mistaken in saying that nothing was done under the Republican administration about the farm problem. It happened that this morning I held a hearing in the Committee on Agriculture and Forestry on a bill introduced in an effort to set aside a fraud perpetrated upon the farmers of the States of Minnesota, North and South Dakota, and Montana during the Republican administration. It was described by one of the witnesses who appeared before the committee as constituting, in his opinion, the most reprehensible treatment any citizen of the United States had ever received, so far as his study of American history disclosed. It was to be expected, since the Republican Party fostered and protected stock frauds in Wall Street and in all parts of the country, that they would participate in a little stock fraud of their own.

Mr. BRIDGES. Mr. President, will the Senator from Indiana yield?

Mr. MINTON. I yield to the Senator.

Mr. BRIDGES. I wanted to ask the Senator from Washington whether by stock frauds he meant President Roosevelt's attempt to foist Argentine beef on the American Navy at the expense of American stockmen.

Mr. SCHWELLENBACH. I was not referring to that kind of stock; I was referring to the kind of stock which was so prevalent during the Hoover and Coolidge administrations, the kind of stock that was sold to the widows and orphans in this country at anywhere from 10 to 100 times its value, the kind of stock that had behind it only a lot of wind and air and water. That is the kind of stock that was so popular under the Republican administration.

Mr. BRIDGES. It had the same qualities behind it that are behind the New Deal, in other words.

Mr. SCHWELLENBACH. If the way in which the people of this country have been treated during the last 5½ years is to be compared with the kind of treatment they received under the Republican administration, I will be glad at any time to debate with the Senator from New Hampshire about the respective treatment given the American people.

Recurring to the agricultural question, it will be remembered that in 1928, in addition to raising a lot of religious and other issues, Mr. Hoover told the American farmers that he was going to solve the farm problem for them, that he was going to call the Congress into special session. Congress was called into special session, and the most disastrous thing that has ever happened to agriculture resulted from the calling of that special session, which the farmers understood was to deal only with agricultural products, when the Smoot-Hawley tariff bill was passed. While the tariff duties on agricultural products were raised a little, the duties on everything else was increased 10 or 12 times as much as the benefits received by the farmers, with the result that the farmers were compelled to pay much more for the things they bought than they received in protection under the nebulous provisions of the agricultural sections of the Smoot-Hawley tariff bill.

In addition to that, the Republicans established the Federal Farm Board, and Mr. Hoover recommended that to the farmers of the country. He had sent out to the wheat area a former Governor of the State of Nebraska—and I am merely citing the testimony that was given before our committee this morning—who visited the States of North and South Dakota and Montana and Minnesota, and told the people of that region that if they really wanted to get the great and beneficent benefits of the Hoover farm program, the thing they should do would be to buy stock in the Northwest Grain Association. The Northwest Grain Association was established in the year 1930, and the stock was sold by taking notes of small-business men and farmers in the Northwest section. The notes were very similar to notes received by other stock promoters in the country. They were installment notes, payable a certain amount down, and a certain amount every month and every year.

In 1931 the same Hoover Farm Board, acting through the agency of the organization which they had set up, the Northwest Grain Association, took away from that association, which they controlled, all the power the association had to be of assistance through cooperative methods, and having practically forced the farmers to buy stock in the association, they then wrecked the association, and made it futile and impotent, and made it impossible for the association further to function. Then they proceeded to attempt to collect on the notes which they held as a result of inducing these poor farmers to buy them on the understanding that that was the only way in which they could get assistance from the Federal Government.

I submit, therefore, that the Senator from Indiana is entirely mistaken when he says that the Republican Party did not pay any attention to agriculture. They used the same sort of methods with the farmers they used with all other kinds of investors; they attempted to milk them out of their savings.

Mr. BRIDGES. Mr. President, will the Senator from Indiana yield?

Mr. MINTON. I yield.

Mr. BRIDGES. I should like to ask the Senator from Washington if he is very proud of the New Deal's administration over the last 6 years, insofar as agriculture is concerned, the very consistent record they have had, one policy persevering down through the years without any exception? Regimentation, controlled production, loss of foreign markets, and the like.

Mr. SCHWELLENBACH. Let me answer the question in the affirmative. When I think of the methods which the Republican Party used, starting out in 1921, when the farmers

received the greatest blow they have ever received, when, under the Harding administration, we were told we were to go back to normalcy, and farm prices were reduced, as they were, under the policy of deflation which went into effect at that time, which has been so ably depicted and explained to us on several occasions by the distinguished Senator from Oklahoma [Mr. THOMAS]—when I think back to the promises made by Mr. Hoover in 1928, the complete breach of faith to the farmers by the Republican Party after making those promises and securing the support of the farmers upon the basis of the promises—and when I then think of everything that has been done by the present administration from 1933 on, by way of comparison it is a shining light of beauty; it is something of which we may be profoundly and everlastingly proud.

The Senator speaks of changes in policy. If the Senator knew anything about this subject—as he does not; he does not knew any more about agriculture than he does about anything else—if he knew anything about it, he would appreciate the fact that the action of the Supreme Court of the United States in declaring the Triple A Act unconstitutional in 1936 had some affect upon it. If he knew anything about the subject, if he will study what happened during that period of time, which I know he will not do, because he does not give any time or study to any subject—but if he were to give a little time or study to it, he would know what occurred on the floor of the Senate during the special session of 1937, when an effort was made during that period to bring about a solution of the farm problems, and the Senators on the other side of the Chamber stood here day after day during the period of that special session doing everything they could to impede progress upon that piece of legislation in order to make it possible that the farm bill would not be effective in 1938 and in order to make it possible that in the fall of 1938 the Republicans could go out and campaign among the agricultural districts and misrepresent the facts, as they did, telling the farmers that nothing had been done for them, telling the farmers that the Democratic Party did not have any interest in them, and succeeding in electing a few Members to the House of Representatives and to the Senate upon the basis of such misrepresentation.

Before the Senator starts to talk about agriculture I suggest that he go back and read about the dark days of the 1920's. The depression did not start for the farmer in October 1929. The depression started for the farmer, I believe, in August or September 1921.

Mr. BRIDGES. It is fortunate enough for the farmers of the country that they do not have to depend on the guidance or philosophy of the Senator from Washington, who probably never earned a day's living working on the farm.

Mr. SCHWELLENBACH. The Senator just happens to be as much mistaken about that as he is about anything else. I have worked on a farm, having performed all the menial tasks necessary to be done on the farm. The Senator is simply as accurate in discussing my life as he is in anything else he discusses.

Mr. BRIDGES. I should like to hear more about the actual experience which the Senator has had on a farm, which was some years ago apparently.

Mr. SCHWELLENBACH. I do not know that I care to——

Mr. BRIDGES. Most of his philosophy is now based on an anti or hatred phobia developed against the Hoover administration.

Mr. SCHWELLENBACH. I do not have any hatred toward them. If the Republicans had not made such a colossal flop from 1921 to 1932, we probably would not have gotten in office in 1933. There is no hatred in my heart toward that administration.

Mr. BRIDGES. The Senator evidently mistakes when he says that the farmers agree with him, because last fall all over in the agricultural districts the men who had preached the same doctrine as the Senator from Washington now preaches were kicked out of office, and Republicans came into power, elected by the farmers of the country. What has the Senator to say to that?

Mr. SCHWELLENBACH. I have no quarrel about that. The Republicans through the medium of the press, which they so amply controlled, were able to misrepresent the facts about agriculture to the farmers of the country last fall, and unfortunately there was a shortage of memory on the part of farmers in many sections of the country. They did not remember the treatment they received during the 12 years of the Harding, the Coolidge, and the Hoover administrations, and did adopt the false philosophy that maybe the Republicans would do something for them. But, while we are on the subject of farm philosophy, what is the Senator's philosophy about helping the farmers? Perhaps his philosophy in that respect is that of balancing the Budget, doing away with the T. V. A., attacking the 2-percent clubs—or just what does the Senator propose to do for the farmer?

Mr. BRIDGES. I am going to outline that some day.

Mr. SCHWELLENBACH. We will all be very much interested, because if the Senator should present a constructive program for the farmer it would be the first one that has left his lips since he came to the Senate.

Mr. BRIDGES. I will tell the Senator something. I have had to spend quite a good deal of my time, as have others of my associates on this side of the aisle, together with some of the Senators on the other side of the aisle, in endeavoring to do something, even in a very humble way, to stop the unsound practices and the unsound philosophies of the administration, that they were endeavoring to enact into law.

Mr. SCHWELLENBACH. Well, it may be that some of the things done have been unsound. I am not quite willing to admit that.

Mr. BRIDGES. I did not think the Senator would admit anything done by the New Deal was unsound.

Mr. SCHWELLENBACH. Certainly there is no lack of sound coming out of the Senator from New Hampshire. [Laughter in the galleries.] We have heard a lot of sound coming from him in the last few years.

Mr. BRIDGES. And we have heard some sound coming from the Senator from Washington, but I am surprised that the Senator should be so unfaithful to the Great White Chief in the White House as to admit that any philosophy or practice of the New Deal was wrong.

Mr. SCHWELLENBACH. I said I was not willing to go so far as to admit that.

I think it is a terrible thing that the Senator from New Hampshire has a farm program, a program that will solve all the farm problems in this country, and that he does not let the country know what it is. I am sure the people from one end of the country to the other are waiting for the words of wisdom to fall from the Senator's lips, but, Mr. President, he is keeping it a secret. I do not think the farmers of this country are going to be happy, and I doubt whether they will be able to sleep very much, knowing now that their great leader, the Senator from New Hampshire, has a farm program and that he will not tell them what it is. Is the Senator waiting until after the Republican convention next year, when the Senator receives the Republican nomination for the Presidency, before he reveals the program he has? I think that is really comparable with what Senators on the Republican side did in the fall of 1937—delaying action on the matter. Why can we not have this program now and put it into effect?

Mr. BRIDGES. I expect to wait until I come to the Senator's home State of Washington this fall and have a chance to get a little of the background and backlog from his own farm experience to weave in with my own in order that I may present a sound program. If my program has any defects, I am sure adding the Senator's experiences on the farm will correct them.

Mr. SCHWELLENBACH. Does that mean that the Senator does not have one now and that he will have to wait until he comes out to the State of Washington before he will have one?

Mr. BRIDGES. No. I have one, but I want to know the Senator's experience first.

Mr. SCHWELLENBACH. Does the Senator mean that he would try it out on my constituents first to see if it is acceptable there?

Mr. BRIDGES. I have had a good deal of correspondence with the people from the State of Washington and never yet have I talked with a citizen from the State of Washington or received a communication from one who considers the Senator from Washington to be a farm expert. Apparently he is a self-appointed expert like most of the New Dealers.

Mr. SCHWELLENBACH. The trouble with the Senator from New Hampshire is that the people who come in and visit the Senator in his office are in a great minority in the State of Washington. They represent only 5 percent. Let him talk to some of the ordinary common people of the State of Washington. Do not talk to some of the rich people, such as customarily visit Washington. Go out there and talk to some of the common people and the Senator will find out how I stand.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. BARKLEY. Probably the Senator from New Hampshire proceeds on the theory that it is better to surprise the people than to disappoint them, and knowing that they would be disappointed if they heard that he had no farm program he would rather surprise them when they found out what it was.

Mr. SCHWELLENBACH. I think the farmers will all be surprised if they find that the Senator from New Hampshire has a farm program; but, also, if the program were to be put into effect, it would probably disappoint the farmers of the country.

Mr. BRIDGES. Probably no one would be more surprised than the senior Senator from Kentucky, who stood on the floor and congratulated me on the speech I was to make in his State, and extending good wishes to the two people he said would attend the Young Republican State Convention in Ashland, Ky., and hoping that they would enjoy my speech.

Mr. BARKLEY. I understand both of them did.

Mr. BRIDGES. They both did, and about 600 more who were in attendance at the meeting. Let me tell the Senator they were enthusiastic. They were full of life. And the chief ambition, as nearly as I can make out of those young people, is to solidify the Republican Party down there, build it up so that when the Senator from Kentucky runs for office again he may be retired to private life.

Mr. BARKLEY. Are they going to solidify it around the Senator from New Hampshire?

Mr. BRIDGES. No; they are going to solidify it around some outstanding Republican in the Senator's home State of Kentucky.

Mr. BARKLEY. If the Senator will discover him, I will almost be willing to wish him well.

Mr. MINTON. I think the Senator from New Hampshire should not spread this news too widely, because if the Young Democrats of Kentucky were to become wildly enthusiastic about the Senator from New Hampshire he might have to look out.

Mr. BRIDGES. That would indicate that they were wilder than we expected.

TRUTH IN FABRIC

The Senate resumed the consideration of the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. HILL. Mr. President, there has been some discussion today of the importation of wool rags into this country, particularly in view of the reduction in the tariff duty on wool rags on January 1 of this year. The figures compiled by the Department of Commerce show for the first 4 months, January, February, March, and April 1937 the imports amounted to 3,226,551 pounds; in the same period of 1938, 170,261 pounds; in the same period of 1939, 2,817,000 pounds.

In this connection I ask unanimous consent to insert in this place in the RECORD a table showing these imports from 1929 through 1938, as compiled by the Department of Commerce.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

TABLE I.—*United States imports of wool rags*[1]

	Imports for consumption	
	Quantity (pounds)	Value
1929	10,668,467	$5,538,251
1930	10,433,396	2,852,456
1931	824,323	229,014
1932	741,657	158,013
1933	1,691,390	464,864
1934	968,341	413,528
1935	1,588,808	573,604
1936	6,015,508	1,984,563
1937	4,809,478	1,858,638
1938[2]	794,436	262,201

[1] Commerce and Navigation, Department of Commerce.
[2] Preliminary.

Mr. BARKLEY. Mr. President, it is obvious we cannot finish consideration of the bill today. I will submit a unanimous-consent request looking toward limitation of debate.

I ask unanimous consent that beginning tomorrow and during the further consideration of this measure, no Senator shall speak more than once or longer than 30 minutes on the bill, nor more than once or longer than 10 minutes on any amendment thereto.

The PRESIDING OFFICER. The Senator from Kentucky asks unanimous consent that beginning tomorrow no Senator shall speak more than once or longer than 30 minutes on the bill, nor more than once or longer than 10 minutes on any amendment. Is there objection?

Mr. AUSTIN. Mr. President, I do not intend unnecessarily to delay the closing of the debate, but I think we should not make such an agreement tonight, and I shall object, with the view that tomorrow morning after the roll call, when there are present other Senators who, I know, are interested in the bill, I may confer with them, and then shall be pleased to have the distinguished leader of the majority raise the same question.

Mr. BARKLEY. Very well.

The PRESIDING OFFICER. Objection is heard.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LODGE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the following nominations:

Raymond A. Kennedy to be postmaster at Libertyville, Ill., in place of R. A. Kennedy; and

John J. Welch to be postmaster at Deerfield, Ill., in place of J. J. Welch.

Mr. HUGHES, from the Committee on the Judiciary, reported favorably the nomination of Frederick V. Follmer, of

Pennsylvania, to be United States attorney for the middle district of Pennsylvania.

Mr. WHITE, from the Committee on Foreign Relations, reported favorably without reservation Executive J, Seventy-sixth Congress, first session, a regional radio convention for Central America, Panama, and the Canal Zone signed at the Regional Radio Conference for Central America, Panama, and the Canal Zone at Guatemala City on December 8, 1938, and submitted a report (Ex. Rept. No. 17).

Mr. HARRISON, from the Committee on Foreign Relations, reported favorably without reservation Executive K, Seventy-sixth Congress, first session, a convention between the United States of America and Sweden for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance in the case of income and other taxation, signed at Washington on March 23, 1939, and submitted a report (Ex. Rept. No. 18).

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

NATIONAL RESOURCES PLANNING BOARD

The legislative clerk read the nomination of Charles W. Eliot to be Director of the National Resources Planning Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Frederic A. Delano to be a member of the National Resources Planning Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles E. Merriam to be a member of the National Resources Planning Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 47 minutes p. m.) the Senate took a recess until tomorrow, Friday, July 21, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 20 (legislative day of July 18), 1939

ASSISTANT ATTORNEY GENERAL

Francis M. Shea, of New York, to be Assistant Attorney General in charge of the Claims Division of the Department of Justice, vice Sam E. Whitaker, resigned.

INTERSTATE COMMERCE COMMISSIONER

William J. Patterson, of North Dakota, to be an Interstate Commerce Commissioner for a term expiring December 31, 1945.

RECONSTRUCTION FINANCE CORPORATION

Sam Husbands, of South Carolina, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1938.

NATIONAL RESOURCES PLANNING BOARD

George F. Yantis, of Washington, to be a member of the National Resources Planning Board.

COLLECTOR OF CUSTOMS

Joseph A. Ziemba, of Chicago, Ill., to be collector of customs for customs collection district No. 39, with headquarters at Chicago, Ill. (Reappointment.)

PROMOTIONS IN THE COAST GUARD OF THE UNITED STATES

The following-named ensigns to be lieutenants (junior grade) in the Coast Guard of the United States, to rank as such from June 8, 1938:

John W. MacIntosh, Jr.
Christian R. Couser.
Richard R. Smith

APPOINTMENTS TO TEMPORARY RANK IN THE AIR CORPS IN THE REGULAR ARMY

Lt. Col. Carlyle Hilton Wash, Air Corps, to be colonel, from July 14, 1939.

Maj. Ross Franklin Cole, Air Corps, to be lieutenant colonel, vice Lt. Col. Carlyle H. Wash, Air Corps, nominated for appointment as temporary colonel, Air Corps.

Capt. Hugo Peoples Rush, Air Corps, to be major, from July 19, 1939.

APPOINTMENTS IN THE REGULAR ARMY

The following-named first lieutenants of the Dental Corps Reserve for appointment as first lieutenants in the Dental Corps, Regular Army, with rank from date of appointment:

Jesse Moyer Swink	Carroll Godfrey Hawkinson
Jack Benjamin Caldwell	George Herbert Moulton
Raymond Waldmann	George Broughton Foote

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONEL

Lt. Col. George Winship Easterday, Coast Artillery Corps, from July 14, 1939.

TO BE LIEUTENANT COLONEL

Maj. Clinton Albert Pierce, Cavalry, from July 14, 1939.

TO BE MAJORS

Capt. John Redmond Thornton, Cavalry, from July 14, 1939.

Capt. Douglas Horace Rubinstein, Infantry, from July 17, 1939.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Lt. Comdr. George H. Mills to be a commander in the Navy to rank from the 1st day of July 1939.

The following to be assistant surgeons in the Navy with the rank of lieutenant (junior grade), to rank from the 15th day of July 1939:

Michael V. MacKenzie	Edward P. Irons
Richard P. Wilson	Joseph J. Timmes
Donald W. Miller	Russell E. Hanlon
George N. Thompson, Jr.	Lynn S. Beals, Jr.
Everett P. Kirch	Samuel C. White
Lewis L. Haynes	John E. Nardini
Tom T. Flaherty	Martin Cooperman
Daniel W. Boone	Alvin J. Paulosky
John B. MacGregor	John W. Thomas
Reginald R. Rambo	Otto C. Baumgarten
Benjamin B. Langdon	James K. Van Deventer
Aubrey C. Stahr	Bruce L. Kendall
Samuel H. Oliver	Harry T. Stradford
Mark S. Curtis	Wilfrid D. McCusker
Martin E. Conti	Thomas F. Wright
Arthur M. Barrett	DeSales G. DuVigneaud
Vincent M. Dungan	Carl N. Ekman
Richard L. Fruin	Philip C. Guzzetta, Jr.
Paul H. Morton	Paul Deranian
Clifford A. Stevenson	William J. James
John V. Prevost	Phillips L. Claud
John R. Marron	George M. Hutto
Charles S. Hascall, Jr.	Vincent F. Biondo
Harry N. Kirban	Elvin E. Keeton
George L. Tabor, Jr.	Norman E. King
Lester J. Pope	Ferdinand V. Berley

James Crawford	John H. Cox
Hugh V. O'Connell	Arthur E. Gulick
Lester L. Smith	Jaroud B. Smith, Jr.
Alton C. Bookout	Horace D. Warden
James F. Handley, Jr.	Leslie W. Langs
Haydon Rochester	Edward T. Byrne
Leonard H. Barber	Jacob G. Hebble 3d
John G. Feder	

Lt. Comdr. William V. Davis, Jr., to be a lieutenant commander in the Navy to rank from the 22d day of September 1938, to correct the date of rank as previously nominated and confirmed.

The following-named commanders to be captains in the Navy to rank from the 1st day of July 1939:

Carleton H. Wright
Ralph S. Wentworth
Lunsford L. Hunter

The following-named lieutenant commanders to be commanders in the Navy to rank from the 1st day of July 1939:

Kendall S. Reed
Edward E. Pare
Frederick B. Kauffman

Lt. Robert G. Lockhart to be a lieutenant commander in the Navy to rank from the 1st day of May 1939.

The following-named lieutenants to be lieutenant commanders in the Navy to rank from the 1st day of July 1939:

Erksine A. Seay	Myron E. Thomas
John C. Daniel	John P. Bennington
Braxton Rhodes	Ralph H. Wishard
Louis T. Young	Harold R. Stevens
Charles R. Skinner	Alfred H. Richards
Charles R. Woodson	Burnice L. Rutt
Roy M. Signer	Victor D. Long

The following-named ensigns to be lieutenants (junior grade) in the Navy to rank from the 4th day of June 1939:

Paul C. Stimson	Sherman "E" Wright, Jr.
George A. Wagner, Jr.	David Zabriskie, Jr.

Lieutenant (junior grade) George R. Stone to be a lieutenant in the Navy to rank from the 1st day of October 1938.

MARINE CORPS

Capt. James A. Stuart to be a major in the Marine Corps from the 1st day of December 1938.

Capt. Shelton C. Zern to be a major in the Marine Corps from the 1st day of April 1939.

Capt. Frank D. Weir to be a major in the Marine Corps from the 1st day of June 1939.

Capt. Reginald H. Ridgely, Jr., to be a major in the Marine Corps from the 1st day of July 1939.

The following-named first lieutenants to be captains in the Marine Corps from the 1st day of July 1939:

Clarence O. Cobb
Sidney S. Wade

The following-named second lieutenants to be first lieutenants in the Marine Corps from the 1st day of July 1939:

Bryghte D. Godbold	Thomas C. Moore, Jr.
Noah J. Rodeheffer	Richard A. Evans
Stuart M. Charlesworth	John B. Heles
Robert F. Scott	Erma A. Wright

The following-named citizens to be second lieutenants in the Marine Corps from the 1st day of July 1939:

Roger S. Bruford, a citizen of Massachusetts.
Lee A. Christoffersen, a citizen of South Dakota.
Frank H. Collins, a citizen of Maine.
Richard M. Day, a citizen of Wyoming.
George T. Fowler, a citizen of Wyoming.
Louis L. Frank, a citizen of New Hampshire.
Elmer L. Gilbert, a citizen of New York.
Joseph A. Gray, a citizen of Indiana.
Ralston R. Hannas, Jr., a citizen of Illinois.
John D. Howard, a citizen of Iowa.
Robert W. Kaiser, a citizen of Oklahoma.
Howard E. King, a citizen of Iowa.
William D. Masters, a citizen of Illinois.
Robert C. McDonough, a citizen of Louisiana.
Louis Metzger, a citizen of California.
William G. Muller, Jr., a citizen of Missouri.
Martin E. W. Oelrich, a citizen of Nebraska.
Ralph R. Penick, a citizen of Ohio.
Richard Quigley, a citizen of Rhode Island.
John T. Rooney, a citizen of Wyoming.
Lester A. Schade, a citizen of Wisconsin.
Norman E. Sparling, a citizen of New York.
Lyman D. Spurlock, a citizen of Nebraska.
Curtis R. Vander Heyden, a citizen of California.
Lyndon Vivrette, a citizen of California.
Tom R. Watts, a citizen of Oklahoma.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 20 (legislative day of July 18), 1939

NATIONAL RESOURCES PLANNING BOARD

Charles W. Eliot to be director of the National Resources Planning Board.

Frederic A. Delano to be a member of the National Resources Planning Board.

Charles E. Merriam to be a member of the National Resources Planning Board.

POSTMASTERS

ARKANSAS

Irvin A. Blakely, Gurdon.
Robert M. Wilson, Hope.
Arlis L. Coger, Huntsville.
Della Kay, Keiser.
James H. Carnahan, Prairie Grove.
Travis E. Hamlin, Taylor.

IDAHO

Lena M. Bohrn, Hansen.
Frank H. Chapman, Parma.

ILLINOIS

Arthur S. Austin, Altona.
Herman G. Wangelin, Belleville.
Elmer E. Dallas, Cerro Gordo.
Marsel F. Snook, Cutler.
James M. Ryan, East Moline.
Roy M. Cocking, Erie.
Kile E. Rowand, Fairmount.
Hazel A. Richmond, Fillmore.
Maxine Loy, Maquon.
Otto F. Giehl, Metamora.
John F. Hartsfield, Monticello.
Henry R. Richardson, Moweaqua.
Walter W. Schultz, Oakglen.
Joseph L. Lynch, Oak Park.
Roy S. Preston, Pekin.
Charles F. Schmoeger, Peru.
Jacob Sand, Roanoke.
West M. Rourke, Springfield.
Edward G. Zilm, Streator.
Harry C. Strader, Westfield.

MASSACHUSETTS

Joseph G. Woodbury, Oxford.

NEW MEXICO

Frank J. Wesner, Las Vegas.
Mary E. Love, Lovington.
Antonio F. Martinez, Sante Fe.

NEW YORK

Mary J. O'Brien, Bedford.
Antoinette C. Longworth, Hewlett.

SOUTH DAKOTA

Florence Ferguson, Canton.
Ian H. Maxwell, Delmont.
Edward E. Colgan, Edgemont.

Clarence J. Curtin, Emery.
Robert H. Benner, Gary.
Ernest A. Schlup, Hudson.
Charles R. Dean, Rockham.
Inez M. Bruner, Sanator.
Charles F. Barg, White.

UTAH

Niels Stanley Brady, Fairview.
Jesse M. French, Greenriver.
Lydia R. Strong, Huntington.

WEST VIRGINIA

Harry W. Coplin, Elizabeth.
Emery L. Woodall, Hamlin.
Winston C. Harbert, Lumberport.
Effie L. Hedrick, Mabscott.
George Leonard Smith, Petersburg.
Lyman G. Emerson, Reedsville.
William B. Snyder, Shepherdstown.
Joseph C. Archer, Sistersville.
Ellen G. Hilton, Ward.

WISCONSIN

Clarence L. Jordalen, Deerfield.
Mathew E. Lang, Gillett.
James D. Cook, Marinette.
Anna C. Buhr, Marion.
Harry A. Victora, Middleton.
Harry V. Holden, Orfordville.
Edwin F. Hadden, Poynette.
Michael T. Lenney, Williams Bay.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 20, 1939

The House met at 11 o'clock a. m.

Dr. E. Howard Cadle, pastor of Cadle Tabernacle, Indianapolis, Ind., offered the following prayer:

Our Heavenly Father, we would pause a moment to look into Thy face and thank Thee for caring for us through the night. We would not know how to go through this day without placing our hand in Thy blessed hand.

We pray, our Heavenly Father, for the good relations of this hour. May there come to us a realization that Thou art still of the giving hand. We pray for everyone who is under the sound of our voice, and for this Congress. O God, may we so conduct our deliberations that we shall hear Thee say,

Well done, thou good and faithful servant.

O God, we pray for our Nation, the greatest in all the world. We have fought for it. We are loving it and praying for it this morning. We understand, dear Lord, that nothing can come that will harm us if a righteous people keep us in prayer. Guide and guard the homes of this Congress. Send Thy guardian angel to protect their homes and keep us under the shadow of the cross.

In the name of Him who loved us, even Christ, our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2635. An act to amend the Federal Crop Insurance Act.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 6503. An act relating to the exchange of certain lands in the State of Oregon.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2170. An act to improve the efficiency of the Coast Guard, and for other purposes.

MAJOR OVERHAULS FOR CERTAIN NAVAL VESSELS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6065) to authorize major overhauls for certain naval vessels, and for other purposes, with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

After line 11, insert:

"SEC. 2. The President is hereby authorized to acquire two motor vessels from the Maritime Commission and to convert them for use by the Navy at a total cost of such acquisition and conversion of not more than $2,500,000."

Amend the title so as to read: "An act to authorize major overhauls for certain naval vessels, to authorize the acquisition of two motor vessels for the Navy, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendments?

Mr. VINSON of Georgia. Mr. Speaker, the amendment just submitted to H. R. 6065 is the same as reported in H. R. 5142. The matter was brought to the attention of the Committee on Naval Affairs this morning, and I was authorized to ask the House to accept the Senate amendment. The purpose of the Senate amendment, which is the same as the bill to which I have just referred—H. R. 5142—is to permit the Navy to acquire from the Maritime Commission two ships at a cost of not to exceed $2,500,000, which ships now belong to the Grace Line and which the Maritime Commission will take in a lending contract that they have with the Grace Line with reference to financing some new building for the Grace Line. These ships will be used in the work in the far Pacific. They are the particular type of ship that the Navy would have to have or else it would be compelled to ask Congress to authorize the building of ships for that particular work.

It is unanimously agreed to by the committee.

Mr. MARTIN of Massachusetts. I have no objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

ACQUISITION OF CERTAIN ADDITIONAL LAND FOR MILITARY PURPOSES

Mr. THOMASON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5735) to authorize the acquisition of additional land for military purposes, with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of War is hereby authorized to acquire, in such order or priority as he may determine, title to additional land, or interest therein, or right pertaining thereto, to the extent of the approximate areas hereinafter set forth, for the establishment, enlargement, and essential improvement of the following military reservations, posts, and facilities:

"Fort Ethan Allen Artillery Range, Vt., 4,451 acres, more or less.

"Antiaircraft Firing Range, Mohave Desert, north of Barstow and Baker, Calif., 749,440 acres, more or less.

"Fort Bliss, Tex., 51,300 acres, more or less.

"Fort Devens, Mass., 6,448 acres, more or less.

"Fort Dix, N. J., 1,750 acres, more or less.

"Fort Knox, Ky., 51,342 acres, more or less.

"Leon Springs, Tex., 13,253 acres, more or less.

"Camp McCoy, Wis., 1,000 acres, more or less.

"Fort George G. Meade, Md., 10,000 acres, more or less.

"Pine Camp, N. Y., 1,670 acres, more or less.

"Seventh Corps Area Training Center, south central Iowa, 40,000 acres, more or less.

"Fort Meade, S. Dak., 7,680 acres, more or less.

"Fort Lewis, Wash., 2,830 acres, more or less.

"Maxwell Field, Ala., 100 acres, more or less.

"SEC. 2. In order to accomplish the purposes of this act there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Secretary of War, the sum of $5,000,000, approximately one-half of which is authorized to be appropriated in each of the fiscal years 1941 and 1942."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were agreed to, and a motion to reconsider was laid on the table.

BASTILLE DAY PARADE, JULY 14, 1939, PARIS, FRANCE

Mr. VINSON of Georgia. Mr. Speaker, by direction of the Committee on Naval Affairs, I present a privileged resolution (H. Res. 256) and ask for its immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

House Resolution 256

Resolved, That the Secretary of the Navy is hereby directed to transmit to the House of Representatives immediately complete and detailed information whether, as announced in the public press, it is the purpose of the United States Navy to participate in the Bastille Day parade on July 14, 1939, in Paris, France; also, whether the Navy Department is advised that British troops and airplanes would participate in the celebration of Bastille Day, and the British Secretary of War would review the troops together with the British Chief of Air Force and commander in chief of the British Mediterranean Fleet.

Mr. VINSON of Georgia. Mr. Speaker, I ask that the Clerk may read the letter from the Assistant Secretary of the Navy.

The SPEAKER. Without objection, the Clerk will read the letter.

There was no objection.

The Clerk read as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, July 19, 1939.

The CHAIRMAN, COMMITTEE ON NAVAL AFFAIRS,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: House Resolution 256 requesting information from the Secretary of the Navy, was referred to the Navy Department by your committee with a request for views and comments relative to the measure.

It is the purpose of House Resolution 256 to direct the Secretary of the Navy to transmit to the House of Representatives information as to whether it is the purpose of the United States Navy to participate in the Bastille Day parade on July 14, 1939, in Paris, France, and whether the Navy Department is advised that British troops and airplanes would participate in the celebration of Bastille Day, and the British Secretary of War would review the troops together with the British Chief of Air Force and commander in chief of the British Mediterranean Fleet.

Article 360, Navy Regulations, 1920, provides as follows:

"Upon the occasion of the celebration of their national anniversaries by the authorities of ships of war of a friendly foreign nation in foreign or domestic ports, ships of the Navy present shall, on official intimation being received by the senior officer, 'full-dress' or 'dress' ship, with the foreign national ensign at the main, and fire such salutes as are fired by the foreign authorities or ships, not, however, to exceed 21 guns, unless the senior officer present deems it necessary to fire a larger number in order to participate properly in the celebration or solemnity, to show proper courtesy to the nation complimented, or to avoid giving offense. Under similar circumstances, ships of the Navy shall participate in the observance of national solemnities of foreign states. Upon all such occasions, efforts shall be made to accord, so far as possible, with the foreign authorities in the time and manner of conducting the ceremonies."

The regulation quoted above states a long-standing international custom followed by men-of-war. There are many holidays of nations. The details of participation are rarely the same even in the same port in successive years. Such details must necessarily be, and are, arranged locally—that is, by the commander of the visiting naval detachment in collaboration with the foreign authorities. Insofar as practicable and appropriate, the commander of a visiting man-of-war conforms with desire of the foreign authorities as regards the manner of participation in an anniversary, celebration, or solemnity.

Ordinarily, the participation by United States naval forces in the national anniversaries of friendly powers is arranged without the knowledge of the Navy Department. The Navy Department is not usually informed of such participation.

With particular reference to the parade on July 14, 1939, in Paris, France, the Navy Department was not consulted by the commander of our naval detachment in European waters regarding any proposed participation by United States naval forces in this celebration, and it perceives no reason why it should have been consulted in this instance.

The Navy Department has no further information concerning the subject matter of House Resolution 256.

Sincerely yours,

CHARLES EDISON, *Acting.*

Mr. VINSON of Georgia. Mr. Speaker, the Navy Department has submitted to the Congress the information that is in its possession in response to House Resolution 256, and therefore I move to lay the resolution on the table.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Georgia.

The motion was agreed to.

CALL OF THE HOUSE

Mr. HOOK. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. HOOK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-three Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 136]

Andrews	Dies	Kerr	Smith, Maine
Boren	Englebright	Magnuson	Smith, Ohio
Brooks	Evans	Marcantonio	Somers, N. Y.
Buckler, Minn.	Fay	Massingale	Sullivan
Buckley, N. Y.	Ferguson	Mouton	Sumners, Tex.
Byrne, N. Y.	Fernandez	Patman	Thomas, N. J.
Byron	Fitzpatrick	Peterson, Fla.	Wadsworth
Coffee, Nebr.	Gifford	Reed, N. Y.	White, Idaho
Connery	Hart	Risk	White, Ohio
Cooley	Hennings	Secrest	
Cummings	Johnson, Lyndon	Simpson	
Curley	Kelly	Smith, Ill.	

On this roll call 383 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

VETERAN RELIEF LEGISLATION

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. BARDEN. Mr. Speaker, I ask unanimous consent that I may address the House for 30 minutes today after the disposition of matters on the Speaker's table, the legislative program for the day, and any other special orders.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS

Mr. ANDERSON of Missouri asked and was given permission to extend his own remarks in the RECORD.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a splendid editorial from Time magazine on neutrality.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein short resolutions adopted by the Townsend group at their annual convention.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio speech I made last night on the Columbia network.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

NEUTRALITY

Mr. FISH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, in spite of Presidential pressure and ambassadorial propaganda, the Bloom neutrality bill will remain in the Senate Foreign Relations Committee. The issue will now go to the people to decide whether they want their sons to follow the arms traffic for blood money on to the battlefields of Europe.

Behind the entire fight waged in the Congress over the arms embargo and the Bloom neutrality bill was a distrust of President Roosevelt's international and interventionist views. Sixty-one Democrats in the House left the administration on the arms-embargo fight. The New York Times and Arthur Krock have stated that the President, by his own statements, was unneutral and has already taken sides.

There can be no compromise in Congress over giving President Roosevelt additional powers to intervene in the eternal quarrels and wars of Europe. If George Washington, Jefferson, Jackson, or Lincoln were President, it would not make much difference what kind of neutrality law was enacted.

The Congress and the American people are fearful that President Roosevelt, if given more power, would involve us in foreign entanglements and wars. They are opposed to having American soldiers police and quarantine the world and are determined to keep America out of foreign wars. [Applause.]

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. Mr. Speaker, I think it is unfair for the gentleman from New York to state that the action desired by the President means the sending of our boys across the sea. That is just the thing the President wants to prevent. For weeks and months he has been pleading for peace in Europe and peace in the world. He is against war, he is against sending our boys across the sea. For the gentleman from New York or any other man to so misinterpret the President's attitude on neutrality is deliberately misleading and is based on neither truth nor fact.

I repeat, President Roosevelt is for peace and against war. [Applause.]

[Here the gavel fell.]

SEVENTY-TWO-YEAR CYCLES

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

Mr. RICH. Mr. Speaker, in 1789 George Washington, the Father of his Country, was inaugurated. Seventy-two years later, in 1861, Abraham Lincoln, the savior of his country, was inaugurated. Seventy-two years later, in 1933, Franklin Roosevelt was inaugurated, the financial wrecker of his country.

With the return of the Republican Party to power, we may in the year 2005 see some such news item as this: "The President has dedicated June 30 as a day of rejoicing because the last of the debts contracted by a spendthrift administration 72 years ago were liquidated." [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein an editorial from the News Palladium pointing out the difference between the manner in which Frank Murphy settled strikes and the manner in which Governor Dickinson settles them.

Mr. HOOK. Mr. Speaker, I object.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with reference to the National Labor Relations Board.

Mr. HOFFMAN. Mr. Speaker, I object.

INVESTIGATION OF NATIONAL LABOR RELATIONS BOARD

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 258 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 258

Resolved, That a committee of five Members of the House of Representatives be appointed by the Speaker of the House to take testimony, investigate, and report to the House as follows:

1. Whether the National Labor Relations Board has been fair and impartial in its conduct, in its decisions, in its interpretation of the law (particularly with respect to the definition of the term "interstate commerce"), and in its dealings between different labor organizations and its dealings between employer and employee;

2. What effect, if any, the said National Labor Relations Act has had upon increasing or decreasing disputes between employer and employee; upon increasing or decreasing employment and upon the general economic condition of the country;

3. What amendments, if any, are desirable to the National Labor Relations Act in order to more effectively carry out the intent of Congress, bring about better relations between labor unions and between employer and employee, and what changes, if any, are desirable in the personnel of those charged with the administration of said law;

4. Whether the National Labor Relations Board has by interpretation or regulation attempted to write into said act, intents and purposes not justified by the language of the act;

5. Whether or not Congress should by legislation further define and clarify the meaning of the term "interstate commerce" and whether or not further legislation is desirable on the subject of the relationship between employer and employee.

The said committee shall recommend to the Congress such changes as they deem desirable in said act or in the personnel of those administering said act and shall recommend such legislation as they may deem desirable.

The committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act anywhere within or without the District of Columbia whether the House is in session or has adjourned or is in recess; to acquire by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this resolution.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and I now yield myself 5 minutes.

Mr. Speaker, this is the resolution that has been pending for some time for the investigation of the National Labor Relations Board. As you all know, there has been tremendous pressure for a good many months for a resolution of this character. I introduced the resolution, because I was of the opinion there would not be all of this complaint and all of this pressure from the country unless something was wrong, and something that needed looking into. I know that there is very bitter opposition to the resolution from some quarters, but may I say to the House that there is nothing bitter in my mind about it. The matter should be looked into calmly, from a judicial standpoint, so that a careful, impartial investigation may be made. When that is done we ought to be able to bring to the House a report that will perhaps correct some of those things which are causing so much complaint.

Mr. Speaker, I voted against the creation of the National Labor Relations Board, and I did so on the ground it was unconstitutional. I think it was palpably unconstitutional at that time, but time has changed the Supreme Court, and the Supreme Court has changed the Constitution. [Applause.] I am one of those who wants to adjust himself, whether I agree with the Supreme Court or not, and I want to live under the Constitution as construed by the Supreme Court. [Applause.] So I approach this subject without bitterness, without feeling toward anyone, but with a very definite conviction that a good work can be done for labor, for industry, and for the country if this matter is looked into in a calm and dispassionate way by Members of this House who may approach it from a little fresher standpoint than those who have dealt with it over the past 5 years, so that we might perhaps bring back to the House some suggestions and recommendations that will cure the evils, whatever the investigation may show them to be.

Mr. Speaker, I reserve the balance of my time, and I yield at this time 5 minutes to the gentlewoman from New Jersey [Mrs. NORTON].

Mrs. NORTON. Mr. Speaker, I regret that I have been unable to be present during the past few weeks, as I would have liked very much to have had more time to explain to the House what the Labor Committee is doing and appeal to the justice of this great body in reference to the pending resolution. I have been ill, and this is the first day I have been able to attend. I know there is little that I can say which will prevent the opponents of the National Labor Relations law from doing their will, but I do want the Members of the House to stop and consider what they are doing to the Labor Committee of the House when they vote on this resolution.

Mr. Speaker, I have no apology to offer for the Labor Committee of the House of Representatives. I think it is one of the best committees in the House. [Applause.] May I say that the loyalty of this committee has never been challenged; neither has the ability of the committee to do the job that has been assigned to it to do. We have heard many complaints about the National Labor Relations Board. They may or may not be true. Before we complete our hearings we shall be in a better position to determine that question. What I want to say to the membership of the House today is that we are just as anxious to do the right thing as any one of you who are opposed to the Board. We feel we have been doing just that through an orderly hearing being held by the Committee on Labor. May I say for both sides of the House committee, Democrats and Republicans alike, that they have assumed their obligation and their duty as they see it, and they are trying to do the best kind of a job possible.

We started hearings on several bills that were pending before the committee, and I will be glad to have every Member examine these bills. We have given all of the time that we possibly could to the hearings. Since May 4, 1939, the hearings have been efficient and orderly. We have allowed anyone and everyone who had anything to say, either for or against the bills or the Board, to come before the committee. May I call your attention to the fact that, as a result of the hearings, you will find all of this testimony to date has been printed and is included in these volumes on this table before you, and in a short time we hope to have all of the testimony before the House.

Why, then, is it necessary for another committee of the House—a committee, if you please—to take unto itself the right to say when and how an investigation shall be had? Why is it necessary for this other committee to come in at this time, before the Labor Committee of the House has concluded its hearings, and tell you that it believes that only five men in this House are capable of bringing bills or suggestions to you as to what should be done with reference to the National Labor Relations law? Can it be possible that the membership of the House believes in that kind of legislation? How would those of you who are chairmen of committees feel if you had a proposition of this kind come up challenging the integrity of your committee? How would you feel if your powers were being usurped by another committee of the House?

Mr. Speaker, I have a great deal of respect for the gentleman from Virginia [Mr. SMITH], but certainly he is the last man in the world to pass on labor legislation. [Applause.] I have taken the trouble to investigate his labor record and I have yet to find a single labor bill for the benefit of the workers of the country that he has ever voted for. [Applause.]

Mr. Speaker, if the Members believe this kind of resolution should be acted upon, if they believe in taking from the power of a standing committee of the House, a committee that has been named to represent labor in this House, and placing it in the hands of five Members to be appointed by the Speaker of the House, well and good, but remember you are establishing a precedent which you may bitterly regret if this resolution is adopted. There is no reflection on the Speaker of the House. As a matter of fact, I feel rather sorry for him when he comes to name those five. Of course, I hope there will not be the necessity for his doing so. I certainly hope he will not have to name them. I trust that the fair, just, honest membership of this House will vote down this resolution and see to it that no committee of this House dares come before this great body with the statement, "We believe we have better knowledge of the matters that come before your committee than you have."

We have held our hearings. We are giving every consideration to the bills that have been introduced in this House and we intend to continue to proceed in order.

I say to you that when these hearings are concluded and when the committee goes into executive session to consider the bills that have been before the committee, having heard all the evidence, you can count upon your committee to be fair and just. If it is necessary to amend the law, your committee will certainly do just that. So I beg of you to vote down this resolution and allow the Committee on Labor to finish the job it has so well started to do. [Applause.]

[Here the gavel fell.]

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as may be required to ask the gentleman from Virginia a question in regard to the proposed membership of five members. What is the understanding with regard to the representation of the minority? Will there be two members of the minority on this committee?

Mr. SMITH of Virginia. I know nothing about that. That is entirely within the province of the Speaker.

Mr. ALLEN of Illinois. Would the gentleman be willing to amend the resolution to include such a provision?

Mr. SMITH of Virginia. I cannot yield for amendments. I am sure the Speaker will do the usual thing.

Mr. ALLEN of Illinois. We assume that it will probably be three and two.

Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. SECCOMBE].

Mr. SECCOMBE. Mr. Speaker, Members of the House, before coming to Congress I served for three terms as mayor of a thriving industrial city, and I say with a great deal of apology that during that time many strikes occurred, including the "little steel strike," when it became necessary to call upon the Governor of our great State for troops to assist in maintaining law and order.

It was during this time and shortly thereafter that I had the privilege of watching the National Labor Relations Board in action. It is on account of this experience that I rise in support of this resolution, and I wish to commend my colleague from Virginia for introducing it.

During these closing days of Congress it seems to me that we have a very important duty to perform in order to establish some faith and confidence in industry and return millions of men and women to private employment who through no fault of their own are today upon the relief rolls.

I have no fault to find with the fine lady from New Jersey [Mrs. NORTON], the chairwoman of the Committee on Labor, or with any member of that committee, but it seems to me that the committee has had ample time to present to this body an opportunity to offer certain amendments to the Wagner Act as well as to the Wage and Hour Act, and also any information necessary to show the true facts as they now exist in the National Labor Relations Board.

Therefore, it seems to me, whether the Committee on Labor reports this bill or not, that we would be extremely negligent as Members of this Seventy-sixth Congress if we were to adjourn this session without adhering to the wishes of the people and voting for this resolution.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. SECCOMBE. I do not yield.

I am prepared, if this bill is passed, to present evidence to the investigating committee to show that this Board has been entirely unfair and partial in its conduct and in its dealings between different labor organizations and also between employer and employee, and I charge the National Labor Relations Board with increasing disputes between employer and employee, thereby causing decreased employment, which affects the general economic conditions of the country.

Any attempt to curb this investigation is to me an indication of weakness and guilt. I, for one, shall support it, and certainly no one would object to a complete, impartial investigation, and let us pass our opinion on a statement of facts. And to those who feel that the Labor Board has functioned efficiently, you owe it to yourselves and your constituents to vote for this resolution in order to vindicate the many charges that have been made throughout the length and breadth of this land. This is not a partisan matter. It is a question of justice to the American people and to the industries of our country. I regret that this investigation does not include the La Follette Civil Liberties Committee, as I am certain this committee's activities and partial attitude would warrant a complete investigation.

I therefore urge every Member to vote for House Resolution 258. [Applause.]

[Here the gavel fell.]

Mr. ALLEN of Illinois. Mr. Speaker, I yield 15 minutes to the gentleman from Virginia [Mr. SMITH] to use as he sees fit. Perhaps I shall be able to yield more time later.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, this resolution, I agree, is not a partisan matter. It is a bipartisan matter. It is the product of the same bipartisan coalition of reactionaries that has ruled this House since the very inception of this session. It is the product of the same bipartisan coalition of reactionaries that has destroyed the welfare of the unemployed of this country. Now we have before us this resolution, which will destroy the magna carta of American labor which the Seventy-fourth Congress gave to the working people of this country.

Paint brushes have gone down in price. I am sure the committee will avail itself of this situation in paint brushes to do a smart smearing job against the workers of the United States. [Applause.]

[Here the gavel fell.]

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Speaker, I am opposed to this resolution because I believe it to be an idle act. Your Committee on Labor has been holding hearings constantly on the proposed amendments to the National Labor Relations Act for over 2 months. The testimony thus far adduced goes into every phase of the existing controversy. The hearings are available to the Members of the House and are there on the desk. Mr. Speaker, it is a reflection upon the integrity and sincerity of a hard-working and conscientious legislative committee. The resolution should be voted down. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Speaker, a vote against this resolution is not a vote against a careful, factual investigation of this whole matter of the working of this important act. Such an investigation, as has already been pointed out, is now being conducted by the Committee on Labor, which is where such an investigation belongs. To take this matter away from the Labor Committee is not only unprecedented but an affront to that body.

In its issue of July 8 the conservative business magazine Business Week had this to say:

> The regular hearings on the law constituted an investigation of the Board actually, and this special inquiry will plow over the same ground. It will, of course, play the spotlight more relentlessly for National Labor Relations Board dirt.

Fortune magazine on October 8, 1938, published an exhaustive article on this subject, in which it pointed out the fact that only 5 percent of all the cases brought before the Board have ever come to trial, because the rest of them have been either settled peaceably or dismissed, one or the other.

Talk about increasing strife! The plain matter of fact is that in the first year after the validation of the act by the Supreme Court, the number of strikes decreased by 40 percent, the number of workers involved in strikes decreased by 63 percent, and the number of man-days idle decreased by 68 percent. Furthermore, before the date of the validation of the act by the Supreme Court, there were as many strikes as there were cases brought before the Board. Today there are three times as many labor difficulties submitted to the National Labor Relations Board as develop into strikes. I think this is an indication of progress.

Furthermore, in recent weeks the Board has provided for petitions for elections by employers in cases where they are "caught between rival labor factions," and has indicated that it will follow the policy of calling for elections to determine the bargaining unit. These two matters have been the ones most complained of. Evidently there is no possible excuse for the expenditure of money on this proposed investigation except an attempt to strike in underhand fashion at collective bargaining in America. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, I expect to vote against this resolution, not because I am opposed to investigating the Labor Board, because we have been doing that for 10 weeks in the Labor Committee, but because I think it is a waste of money and will be mere duplication of the work the Labor Committee has already done in considering the amendments to the Wagner Act which are pending.

Back in April, in a speech in my own district, I announced my support of certain amendments to the National Labor Relations Act. I am in no sense here to defend the actions of the Labor Board, because I have differed with them on numerous occasions, both as to their policies and as to their construction of the intention of Congress under the law, but we are already investigating the Labor Board in the Labor Committee. If this resolution provided for a continuance of that investigation I think it would be sound policy; but why throw away the efforts of your committee which has been conducting hearings for 10 weeks? Why destroy the value of this testimony and have a special committee make a new investigation with recommendations to Congress which will have to go to the Labor Committee, and the Labor Committee again in the next session will have to start all over?

I want to express my personal appreciation to the gentleman from Virginia [Mr. SMITH] for having changed the form of his resolution so that it does not infringe upon the jurisdiction of the Labor Committee to consider whatever recommendations might be made by a special committee. The original resolution would have taken our jurisdiction away from us, and I am glad he saw fit to change that.

I personally hope that the House will permit the Labor Committee to complete this job, and as far as I am personally concerned I am in favor of amending the Labor Act, abolishing the present Board and creating a new Board of five and making such other amendments as may appear to be necessary after the hearings are completed.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. WOOD].

Mr. WOOD. Mr. Speaker, I think the introduction of this resolution is nothing more or less than a reflection upon the House Labor Committee, and I do not know exactly for what purpose it has been introduced.

I do not believe the purpose behind the introduction of this resolution is contained in the five-point program.

What does the resolution recommend? First, to investigate whether the National Labor Relations Board has been fair and impartial in its decisions and interpretations of the law, particularly with respect to the definition of the term "interstate commerce," and in its dealings between the labor organizations and between employer and employee.

Second, what effect, if any, the said National Labor Relations Board has had upon increasing or decreasing disputes between employer and employee.

Third, what amendments, if any, are desirable to the National Labor Relations Act in order to more effectively carry out the intent of Congress and bring about better relations between labor unions and between employers and employees.

Fourth, whether the National Labor Relations Board has by interpretation or regulation attempted to write into said act intents and purposes not justified by the language of the act.

Fifth, whether or not Congress should by legislation further define and clarify the meaning of the term "interstate commerce."

This is exactly what the Labor Committee of the House and Senate have been holding their investigation upon for the past several months, the House committee for 10 weeks and the Senate committee for probably 2 months or more.

As I have said, the purpose and intent behind the introduction of this resolution is not to investigate the five points mentioned, but is for the purpose of embarrassing the National Labor Relations Board and interfere with its administration of the law, as well as to embarrass the Roosevelt administration and eventually to defeat the purpose of the law. The resolution should be defeated. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. ANDERSON].

Mr. ANDERSON of Missouri. Mr. Speaker, I urge support for the resolution of the distinguished gentleman from Virginia, calling for an investigation of the National Labor Relations Board.

During the past 2 years I have protested long, and sometimes loudly, to the Members of this body over what I considered abuses in the administration of the National Labor Relations Act. I have pointed out incidents of the ruthless abandon with which the Labor Board in its actions and decisions has distorted the evidence so as to make its decisions seem logical.

Now, Mr. Speaker, I have always maintained that these tactics are a matter of policy with the Labor Board, despite all precedent and basic law to the contrary not withstanding. The testimony of the Chairman of the National Labor Relations Board, Mr. J. Warren Madden, before the House Labor Committee, proves this.

One of the cases I referred to the committee for consideration was that of the Douglas Aircraft Co. The plant was seized by a small group of workers. The leaders threatened to destroy the experimental bomber being built for the Army. They were forced to leave the plant on the threat of the authorities of the city and county, as can be learned from the testimony of the mayor of the city. I told the committee that several of the strikers had been convicted by a jury in Los Angeles County of felonies in connection with this strike.

Mr. Madden in his statement to the committee said, concerning this:

> None of the men ordered rehired had been convicted of felonies, 12 of them had been convicted of misdemeanors—conspiracy to commit forcible detainer—and had been fined.

I have here, Mr. Speaker, a certified copy of the action of the jury in this case in which 20 of these men are—

> We the jury in the entitled action find the defendant guilty of conspiracy, a felony, as charged in the second amended indictment.

I ask unanimous consent to extend this copy in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. ANDERSON of Missouri. I have pointed out to this body and again to the Labor Committee that the Labor Board ordered the rehiring of "Red" Ortman, a German alien, who, through misrepresentation, gained employment in the Douglas plant, despite the fact that the Air Corps Act prohibits the employment of aliens. The Labor Board ordered the Douglas Co. to rehire this alien with back pay.

Mr. Madden said in his statement to the Labor Committee:

> The Board did order the reinstatement of Ortman, who was one of those discriminated against, but expressly provided that he should be offered only such employment for which he as an alien was eligible. The Air Corps Act is not applicable to the manufacture of commercial planes. Since the Douglas Co. manufactures commercial planes as well as Army planes, it had work for which Ortman was eligible. The Board's order merely required that Ortman be reinstated to work of this sort, which was in no way forbidden by the Air Corps Act.

Now, Mr. Speaker, I do not remember seeing any special section or provision being made for Ortman in the Douglas case. But, I take the chairman's statement that it was. But in the name of reason, how can an alien be employed on commercial aircraft when on the same assembly line Army planes are being built? And too, Mr. Speaker, there was no intention on the part of Congress in passing the Air Corps Act, as I interpret it, to permit any board or bureau to order the employment of aliens in our aircraft factories. As I understand the law it provides that no alien shall be employed where military aircraft are being built.

Mr. Madden made no reference in his statement to the case of Vincent O. Racine. Racine, you will recall, is the man who stripped the bomb racks on the new *B–18* bomber and was ordered rehired with back pay by the Labor Board. It will be recalled, Mr. Speaker, that Army and Navy engineers testified that Racine's act could not have been accidental and that it was either a deliberate attempt at sabotage or was grossly incompetent workmanship.

But Mr. Madden did take up more than a page of his statement explaining how the automobile worker's newspaper carried an account dated April 9, 1938, of a decision of the Labor Board which was not rendered until April 20, 1938.

Mr. Madden dismissed my charges about the Oil Well Manufacturing Co. of Los Angeles case with a flip of the hand. The record in the case stands for itself. I have read every page of it. The Labor Board on November 10 put one of its complainants, George Falardeau, on the stand, who testified as to how he was discriminated against. He denied on cross-examination that he had been in jail during his absence from work. The next day, Armistice Day, the attorney for the company went to the police department and obtained such information that when he presented it as an offer of proof on the following day, November 12, the Labor Board attorney admitted its truth and dismissed the complaint. Mr. Madden said:

> Our files show that a full investigation was made by the Board's representatives before the case was brought.

Maybe so, but it only took the attorney a few hours on a national holiday to obtain information that proved entirely false the information obtained by the Labor Board in its "full investigation."

Now, more than a year ago, hearings were held in St. Louis against the St. Louis branch of the Ford Motor Co. I have read every page of this voluminous hearing. I called attention to certain abuses. One was the fact that the Labor Board attorney admitted that he allowed one of his witnesses to testify falsely. Now, Mr. Madden, it is clear from his statement, did not read the Labor Board's own transcript of this case. He gives himself a loophole by saying:

> I am informed the facts are these—

Now, Mr. Speaker, let me read for you the facts as he said he had been informed they were:

> The company's counsel on cross-examination resorted to the device, well-known among lawyers, of asking the witness if he had discussed his testimony or the case with counsel before the hearing. The witness had talked with counsel but fell into the trap and denied it. Later the Board's attorney, when called to the stand, testified he had talked to the witness, but that he had done nothing immediately to correct the testimony because he did not consider it material except upon the point of credibility. I think the Board's attorney should have corrected the misstatement of the witness at once, though it was perfectly evident to him that the respondent's counsel knew the statement was not true and that they would so prove, and that respondent would not be in any way prejudiced by the testimony.

For the information of this body, Mr. Speaker, this testimony is on pages 11291–11302 of the official transcript.

Mr. Madden's statement as to respondent's counsel's knowledge of the fact of the C. I. O. local president's perjury is absolutely false and unsupportable, as Mr. Madden well knows if he conferred with the trial attorney for the Board or if he read the pertinent facts of the Labor Board's transcript of the case. Mr. Madden had no comment on the fact that the very foundation of the charges and accusations by the Board were laid on the false testimony of the local C. I. O. president. He was allowed to testify freely and fully as to his beliefs, opinions, the working conditions, wages, and hours, of Ford, General Motors, and others, and also give hearsay evidence of what he or anyone else had heard—without identifying the sources of his information or the persons whom he was quoting. Mr. Madden further had no comment on the fact that the trial examiner's intermediate report was based primarily upon testimony of the local union president, which testimony was proven false by the record.

Mr. Madden made no comment on the Labor Board attorney's testimony that the Board attorney had told a group of about 40 Labor Board witnesses—before they testified—that he would put a bullet through their heads if they did not testify properly—pages 11294–11295 of the official transcript.

Further, while the local C. I. O. president was allowed to testify regarding wages, hours worked, working conditions, and so forth, the trial examiner rejected the respondent's exhibits and testimony covering these points—pages 20984–20985, official transcript.

Mr. Madden stated:

> Mr. Anderson also contends that the Board's agents before the presentation of the case made no investigation other than to accept the C. I. O.'s word for the charges. This is not true. The regional office, I am informed, talked with hundreds of employees before presenting its case; every witness was interviewed before he testified; hundreds of written statements were obtained. Further, although the Board's agents did everything in their power to secure information from the company and to obtain the company's views on the alleged unfair labor practices, the company consistently refused to furnish such information.

Again Mr. Madden is guilty of the grossest distortion of the facts and ignorance of the official transcript.

The field examiner for the Labor Board, Dr. Ryan, testified on the witness stand that he did not make any investigation of the charges against the Ford Motor Co., nor did he contact any Ford employees who were working, that this entire investigation was made with a few C. I. O. officers and C. I. O. members. Dr. Ryan further testified that he was aware of the fact that the plant was shut down at the time in question for a change of models and that no men were working on production. He stated that the charges made by the C. I. O. and filed by the Labor Board were substantiated only by his interrogation of C. I. O. officials and members and that was the total extent of his investigation. Pages 20290–20291 of the official transcript.

Mr. Madden has overlooked the testimony of the C. I. O. international organizer, Norman Smith, on page 5284, official transcript, that the complaint filed with the Labor Board was based only on the refusal of the Ford Co. to give preference to the C. I. O. committee and officers. Mr. Madden has overlooked that part of the official transcript showing that immediately after the C. I. O. organizer had made his damaging admission the trial attorney withdrew him from the witness stand, with the consent of the trial examiner, for a conference.

Mr. Madden was unaware that men were listed in the complaint who had never worked for the Ford Motor Co. and had apparently never existed. He was likewise unaware that 45 of the complainants alleged to have been discriminated against could not possibly be found, either by the Labor Board or the U. A. W. A. Union, although the trial had been held open for several days while union cars cruised the town and surrounding country "shaking the bushes" for witnesses they could not find, as stated in the official transcript, pages 6004 to 6007.

Mr. Madden was also unaware that two men listed in the complaint had resigned from their jobs with the Ford Motor Co. many months prior to filing the charges and, in fact, before the U. A. W. A. had ever started organizing. These cases were reluctantly dismissed by the Board many months after the hearing began.

Mr. Madden completely ignores the fact that 22 of the men listed in the Labor Board complaint were working steadily and satisfactorily for the Ford Motor Co., and had no knowledge that their names were being used in preparing the Board's complaint, without any authority from these men (pp. 12790–12799, 14060–14061, 14072–14073, 15542–15543, 15551–15552, 15578–15579, 16629–16630, 17184–17185, and 17474–17484, official transcript).

Mr. Madden was not "informed" that the evidence in the transcript shows that some of the affidavits and documents presented by the union purporting to be signed by union members and notarized by a Board representative were forgeries and had not been seen, nor signed, by the employee alleging to have been discriminated against.

Somebody failed to "inform" Mr. Madden of the following facts: One witness testified he left St. Louis a half day before the plant shut-down in September 1937, and that he had been injured in an automobile accident and had been in the hospital in Minnesota since that time and did not return to St. Louis until February 25, 1938; that he had never visited the union headquarters nor the Labor Board office; that he had no knowledge his name had been used in the complaint; that the Ford Co. had invited him to return to work on November 3, 1937, and again on December 10, 1937, but he was unable to do so. He did return to work as soon as he was able in March 1938. The Labor Board attorney objected to this testimony to these facts on the ground that it was "irrelevant and immaterial," and the amazing fact is that he was sustained by the trial examiner. Upon insistence of Ford counsel that this was important testimony, the trial examiner said:

> Even then it doesn't matter. He is not the one that filed the complaint. The union filed the charge. They didn't file it in his name. They filed it in behalf of the public to keep you (Ford Co.) from restraining interstate commerce (pp. 17479–17481, official transcript).

That represents one of the most amazing statements ever made by anyone having charge of trying a case.

At the last session of Congress, Mr. Speaker, I called attention to the fact that the Labor Board regional director in St. Louis had told a group of workers in the Solomon Dress Co. to go in a body and join the C. I. O.

In his statement before the Labor Committee Mr. Madden again runs to cover by saying:

> The facts relating to the incident as nearly as I can ascertain them are as follows:

He does not deny that Miss Dorothea De Schweinitz, regional director at St. Louis, made the statement, but says:

> She states that this was said ironically and not in any such manner as would indicate she was urging them to join the I. L. G. W. U. (C. I. O. union).

And Mr. Madden, for himself:

> While I think the remark of the regional director was unfortunate, I do not see how one can construe the incident as an instruction or even a suggestion that the employees join the C. I. O.

Now, Mr. Speaker, I could present much more evidence, but time is limited. I believe anyone can see from the facts themselves that the Chairman of the Labor Board distorts them to fit his own ideas of what they should be to substantiate any view or opinion he may or may not have. I say to you, Mr. Speaker, that this is the character and policy of the Board. The vaguest type of irresponsible hearsay evidence is admitted to the record when favorable to the C. I. O. I say that has been the rule and practice of the Labor Board and the theory of the Board itself as to how the law should be administered.

I believe every Member of this House should support the resolution of the distinguished gentleman from Virginia [Mr. SMITH], and I urge its adoption.

MONDAY, DECEMBER 20, 1937.

Convened at 10 a. m.

Present: Hon. Thomas L. Ambrose, judge; Roy Goff, deputy clerk; Cecil J. Luskin, deputy sheriff; Elmer L. Kincaid, reporter (10 a. m. to 4:30 p. m.), and the following proceedings were had:

The People of the State of California, plaintiff, v. Claude R. Anderson, Marvin Art, Jack Boyer, William Busick, Howard Earl, Lyle Griffith, Carl W. Hersey, Douglas Hunter, William H. McCormick, Jr., Silas V. Nimz, Jack Ortman, Harry Ovadenko, Eugene B. Page, Isadore Patt, Vincent O. Racine, Otto L. Rumble, Andrew N. Schmoulder, Virgil G. Sharp, Matthew Vidaver, Leslie B. Warburton, Charles F. West, Jr., and Edward F. Wilson, defendants. 67121

Trial is resumed.

At 9 a. m. the jury returns and resumes deliberations and at 11 a. m. returns into court with the following verdicts, to wit:

(TITLE OF COURT AND CAUSE)

"We, the jury in the above-entitled action, find the defendant, Claude R. Anderson, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Marvin Art, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Jack Boyer, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, William Busick, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Howard Earl, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Lyle Griffith, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Carl W. Hersey, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Douglas Hunter, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, William H. McCormick, Jr., guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Silas V. Nimz, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Jack Ortman, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Harry Ovadenko, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Eugene B. Page, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Isadore Patt, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Vincent O. Racine, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Otto L. Rumble, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Andrew N. Schmoulder, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Virgil G. Sharp, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Matthew Vidaver, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Leslie B. Warburton, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Charles F. West, Jr., guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

"We, the jury in the above-entitled action, find the defendant, Edward F. Wilson, guilty of conspiracy, a felony, as charged in the second amended indictment.

"S. EDW. DUSKIN, *Foreman.*

"This 20th day of December 1937."

The pronouncing of judgment and sentence is set for December 22, 1937, defendants to remain on their own recognizance or on bail, as the case may be.

I certify the foregoing to be a full, true, and correct copy of an order entered on the minutes of said superior court, department No. 42, in the above-entitled cause.

Attest my hand and the seal of the said superior court this 8th day of June 1939.

[SEAL]

L. E. LAMPTON, *County Clerk,*
By T. A. MATHIEU, *Deputy.*

Mr. SMITH of Virginia. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, the evidence before the Committee on Rules shows conclusively that the Labor Committee has conducted fair, impartial, and careful hearings on this matter for many, many weeks. Therefore I, as chairman of the Committee on Rules, felt that it would be a dangerous precedent, which would come back to plague the House if we reported this resolution while that committee was earnestly working to bring about a report to the House upon the investigation it was conducting.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. For a question.

Mr. COCHRAN. The gentleman knows that if we vote down the previous question we can offer an amendment to this resolution, providing that the Committee on Labor of the House of Representatives do exactly what this select committee is empowered to do, and in that way we can meet the situation. Vote down the previous question and an amendment can be offered.

This resolution is a slap at a standing committee of this body. I do not object to an investigation, but if it is to be authorized, then substitute for a special committee the Committee on Labor, give them the same authority and the same instructions as contained in this resolution. That should be acceptable to those who favor this resolution. You would not want a resolution passed that would cast a reflection on a committee of which you are a member. Fairness demands that we respect the members of our committees. If the previous question is voted down, an amendment could be offered empowering and instructing the standing committee of the House to do the job, and it will follow the instructions given by this body. I hope the previous question is voted down so that this amendment can be offered. I propose to protect

our standing committee by voting against this resolution as now worded, but I will vote for the same resolution if the standing committee of the House is named to do the work.

Mr. SABATH. The gentleman from Missouri is correct. I appeal to all of you who have interest in the orderly procedure of the House. If we should pass this resolution today, then tomorrow or the day after people may come in and ask us to discharge a committee from the consideration of a bill or deprive other committees of their privileges and responsibilities as to any bill pending before them. I warn the younger men here who have come to stay, do not be carried away, do not yield to temporary appeals on the part of those who have been unfair to labor, do not yield to those enemies of labor, because this act was passed in the interest of labor, and I know that neither this Board nor any judge of the United States can at all times satisfy all people. I have confidence in the Board, and by giving them a few more months to work things out I know there will be no complaint, but above all I feel that the Labor Committee should have the right and privilege to continue and that they should not be deprived of their privileges. I have hundreds of letters and telegrams against the resolution. [Applause.]

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. LEAVY].

Mr. LEAVY. Mr. Speaker, I think this resolution should be voted down. If we understand the objectives and purposes lying back of the resolution, and if you were to vote on that issue they present, I am satisfied that this House, when called upon to go on record, would vote it down by a vote of at least 2 to 1. The issue is: Shall labor be denied the right to organize; shall it be denied the right to bargain collectively; shall it be deprived of the only court it has ever had; shall the closed shop be taken from labor? An aye vote on this resolution is to answer "yes" to each question I have here propounded.

This resolution should be voted down in the first place because it is one of the most violent infringements of the prerogatives of a legislative committee of this House, and as a practical matter would result in losing all of the efforts of the Labor Committee indicated here by the records on this table before us. But in the final analysis we cannot dodge the issue—that here we are called upon to take from labor that which it has spent a century to secure. If you really believe that labor in America shall not have the right to organize and deal collectively, and that right be recognized by law, then you should vote for this resolution, because that is what it is striking at. It is striking at the instrumentality or agency that we have set up in this country to permit and guarantee to a laboring man the right to come in and have a judicial determination of the issues involved in a labor dispute.

Twenty-two thousand cases in 4 years have been brought to the N. L. R. B. and 14,000 disposed of. They involved a possible loss of life, loss of property, and all of the misery incident to labor struggles in the years before this piece of legislation came into effect had they been settled in the old way. All this has now been largely abolished. Do you want to go back to the good old days of misery, bloodshed, and strife?

I say to the authors of this resolution that I am ready to support it if they sincerely feel it needs to be passed, if they will amend the first line and provide that the committee referred to in the bill shall be selected from the Labor Committee of the House. [Applause.]

The SPEAKER. The time of the gentleman from Washington has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. HEALY].

Mr. HEALEY. Mr. Speaker, after 50 years of struggle by organized labor, the Congress of the United States eventually recognized the principle of collective bargaining by the passage of the National Labor Relations Act, thereby conferring upon those who produce wealth in conjunction with capital the right to sit around the table with management and have something to say about the conditions under which they perform their services and their labor. This victory was hailed everywhere throughout the ranks of organized labor as the Magna Carta of labor. This resolution providing for an investigation of the administration of the Labor Relations Act comes from a most hostile source. The author stated in his remarks that he did not vote for this legislation when it was before the Congress because he believed it was unconstitutional.

Shortly after the passage of the National Labor Relations Act by the Congress its constitutionality was challenged by an appeal taken to the Supreme Court.

The Court upheld the validity of the act, but the gentleman from Virginia still disputes the decision of that Court.

But, my friends, regardless of his opinion, it is the law of the land. Now you are asked by the gentleman from Virginia to supersede the efforts of a regular standing committee of this House, the Labor Committee. It is a committee having all the dignity, prestige, integrity, and privileges of any other committee of this House. That committee has jurisdiction over all matters affecting labor legislation. It has spent 39 days conducting hearings on a bill to amend the National Labor Relations Act—has compiled over 6,000 pages of testimony in its conduct of this hearing. It is reasonable to believe that this committee, following the orderly processes of this democratic body, will make such recommendations as the committee, in its considered judgment, believes necessary and sound after it has concluded its hearings and deliberations. It should be permitted to continue without having its jurisdiction usurped or its integrity reflected upon.

I trust the House will vote this resolution down. [Applause.]

[Here the gavel fell.]

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. LELAND M. FORD].

Mr. LELAND M. FORD. Mr. Speaker, I want to compliment the gentleman from Virginia [Mr. SMITH] for bringing in this resolution. I have no fight to pick with the Labor Committee. I received courteous treatment from that committee, but I want to say that we have been in session for some 7 months and business in this country has to work under that law. Business is important enough to have those amendments brought to this House for action. Business cannot wait much longer.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. LELAND M. FORD. No. I only have 3 minutes.

The Douglas plant is in my town of Santa Monica. As to whether this Board has been impartially conducted or not, I can say to you that when 21 men are convicted by a court in this country and the Labor Board comes back and says, "You must reemploy them," I do not think that is the American idea of impartiality of conduct and I do not think it conforms to American standards of fairness.

The gentleman from California [Mr. VOORHIS] said that of all the cases filed only 5 percent were brought to trial. That may be true, but many of those were small-business men. The little fellow does not have the money to stand the expense of such a trial.

Now, coming back to whether we should or should not vote for this resolution, I want to say that if the statements of the members of that committee are any criterion, they have made statements as to the perfection of the act as is, and this would indicate to me that there would be no amendments. In that event, I think it is high time that this is called before the House and action taken directly. There is no reason why the evidence that has already been given before the Labor Committee cannot be used jointly if there is that spirit of cooperation which there should be. I made a statement before the committee and I was asked the question, after it was indicated that there would be no changes or amendments by certain members of the committee. I said at the time that unless they granted amendments on this unfair, un-American act, that public sentiment would rise in this country to such an extent that they would demand those

amendments. I think that sentiment is here today, and I hope this resolution will be agreed to. I am going to vote for the resolution.

I ask unanimous consent that I may be permitted to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Here the gavel fell.]

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. McDOWELL].

Mr. SACKS. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. (After counting.) Two hundred and thirty-five Members are present, a quorum.

The gentleman from Pennsylvania [Mr. McDOWELL] is recognized.

Mr. McDOWELL. Mr. Speaker, here is how the National Labor Relations Board has helped us up in Pennsylvania:

My own district, site of some of the largest heavy industries in the world, has had its share of these devastating strikes, some justified, a great many not justified, but agitated and arranged by ruthless politicians who have fastened themselves onto the body of organized labor, encouraged and permitted by the National Labor Relations Board.

In western Pennsylvania there is a small coal-mining town of Coral, once having a population of 1,500 coal miners and their families, but which has been completely ruined by 11 strikes in the last 24 months. Last Tuesday the mine was closed and the town was sold under the auctioneer's hammer, piece by piece. An $18,000 United Mine Workers' Home has just been completed there and stands as a monument to the collection of dues, but its owners are on relief.

Fifteen labor leaders are said to be the cause of the 11 strikes, which not only did not increase the income and better the conditions of the miners but resulted in 100 percent of them being thrown onto the relief of the State and the Nation.

The strike agitators have gone to other and more prosperous fields where their particular talents can be used again to the disadvantage of America's workingmen, but the miners and their wives and their children are sitting glumly back around the ruins of their once prosperous coal mine, living on the small pittance the Government hands them as charity.

To bear these remarks out, I would like to include herewith an article from the Valley Daily News, of Tarentum, Pa., headed Coral, Now Ghost Town, Monument to Strike Folly.

CORAL, July 18.—Miners and their families today are pondering the cost of strikes as their homes go under the hammer. The entire town that once housed 1,500 persons is being sold piece by piece. With it goes the coal properties and mining and coke equipment that coal men say will never again operate.

Labor trouble, 11 strikes in 2 years, the operators say, made it impossible for them to continue. In the 2 years of 1937 and 1938, the Coral Coal & Coke Co. put $100,000 into the mines and ovens, about half of which they said resulted from losses directly due to repeated strikes. The mine operated under union contract and at union wages, officials said.

Constant agitation by about 15 leaders caused the troubles, according to the management. Each strike required a concession by the company for settlement and each concession became accepted policy. After 11 costly concessions the operators could no longer operate at a profit, they said.

The company's chief product was foundry coke. It operated 300 ovens and employed 270 men at the time of closing. At one time it employed more than 300. Today the former employees as well as company officials realize fully that the repeated strikes are responsible for them being out of employment and on relief. All the miners retain today is an $18,000 meeting hall recently completed.

The mine was originally opened in 1902 by the Wharton Coal & Coke Co. It represents an investment of more than a million dollars.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the 2 remaining minutes on this side to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Speaker and Members of the House, since 1933, when I came to this body, I have been a member of the House Labor Committee. I believe I have been impartial and fair in the consideration of proposed legislation coming before that group. I speak not of personalities but simply upon the merits of the proposed resolution. In my opinion, this resolution is absolutely wrong. I believe that its adoption today will mean a break-down of committee structure in this House. Your Labor Committee, both Democrats and Republicans, will honestly discharge its duty. I feel I must say that after having been present at such hearings and having seen the way the chairman, Mrs. NORTON, and the acting chairman, Mr. RAMSPECK, have conducted them, that no witness has been treated unfairly. Courteous consideration has been given to both those for and against the National Labor Relations Board. All viewpoints are being heard, and there comes the realization on my part that this standing committee of this House, of which I am a member, is honest in its desire to, at the proper time, after full and complete testimony has been heard, bring in amendments which should be offered to the present act. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FLANNERY].

Mr. FLANNERY. Mr. Speaker, I do not believe there is a Member of this House who wants to suppress investigation. I do not believe there is any Member on this floor who wants to suppress or conceal any deficiencies in the national labor relations law. But we have a question of procedure here this morning. I am in favor of fair, open, and full investigations, but we have an investigation under way by the Labor Committee of this House. If that investigation is not fair, open, and full in any respect, I am anxious to know wherein it is not and why. It has already produced results. I understand the National Labor Relations Board has amended its regulations and its procedure in response to that investigation. Now some of the Members want two investigations. If this is reasonable, one can, with propriety, then ask for an investigation to investigate the investigators who are investigating the original investigation. [Laughter.] It just does not make sense. We have one investigation that has been fair and open and apparently efficient. If that is wrong, it has not been shown. If it is not wrong, then this motion comes before the House with ulterior motives, and those motives are not to investigate, not to disclose the truth, but to discredit only. I oppose the bill in behalf of the Labor Committee, American labor, and American fair play. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Speaker, the question before this House today is just simply this: If you believe in collective bargaining as a sound principle in our democracy; if you believe that the man who works should be afforded the opportunity to have a voice in determining the wages he receives and the hours and conditions under which he works, you will vote down this resolution. The actual result of the adoption of this resolution will be to break down and emasculate the Labor Relations Act.

Those who are promoting this resolution tell us there are a lot of complaints from business. That is true. There always will be a lot of complaints from business and industry. There will always be like complaints from labor. The National Labor Relations Board has handled thousands of cases. Out of all those cases there are probably not more than a dozen cases that have actually been mishandled; yet because of the bad handling of a few cases we are asked to break down and emasculate an act that is intended to and does protect the man who gives employment as well as the man who is employed and makes it possible for them both to cooperate in a democratic way. I ask my colleagues to vote this resolution down.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. DUNN.]

Mr. DUNN. Mr. Speaker, for 2 months the House Committee on Labor has been holding public hearings on the National Labor Relations Act. Our chairman has been very fair to every person who desired to come before the committee.

A number of Congressmen who spoke on the floor this morning appeared before our committee. These gentlemen took considerable time before the committee, yet they now stand up here and tell you to vote for the resolution, which will deprive the House Labor Committee of its legislative rights.

The National Labor Relations Act has been a great blessing for our laboring people. There are many persons who are owners and managers of business establishments who want this act repealed. These people are the enemies of the laboring class.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield one-half minute to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Speaker, I want the RECORD to show that the Mr. FORD referred to by the gentleman from Pennsylvania [Mr. DUNN] was LELAND M. FORD and not THOMAS F. FORD.

Mr. RANDOLPH. He was treated with courtesy, and he said so in his speech.

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Speaker, I think the real reason for the bringing in of this resolution is found in section 5 on page 2, where the disclosure is made of an intent to define and clarify the term "interstate commerce." This term has been defined very ably by the Supreme Court of the United States. This resolution is for the purpose of trying to change the definition of that term.

All this stuff about smearing, all this stuff about investigation, in my opinion, is way in the background. You will find when you read this resolution carefully that what I have stated is the fact. This proposed committee, if it is granted the power under this resolution, will recommend that the definition of interstate commerce handed down by the Supreme Court of the United States be changed so as to sabotage the right of Congress actually to legislate with regard to interstate commerce. I think the monopoly boys are behind this thing and are using this means of gaining their point; as usual the back-door method.

Who is behind this attack on the National Labor Relations Act and its administration? Is the call for amendments a spontaneous reaction throughout the country of persons wronged by the act and its administration?

Look at the witnesses for the employers who have appeared before the Senate committee. Thirteen employers' associations have testified in opposition to the act. One is the National Association of Manufacturers, and 10 others are affiliated with it. The National Association of Manufacturers opposed the act in 1935 when it was pending in Congress; called for "a continuing campaign to repeal the act," after its enactment; sponsored company-dominated unions among its members and advised them how to transform these company-dominated unions into so-called independent unions; approved of vigilante movements and the notorious Mohawk Valley formula, with its array of strike-breakers, missionaries, thugs, and spies; and has by unceasing propaganda sought to nullify the act and defeat the rights of labor.

Look at the witnesses representing so-called independent unions who testified in opposition to the act. Of the 28 who appeared before the Senate committee there were 27 from so-called independent unions in companies affiliated with the National Association of Manufacturers.

Look at the employer witnesses. Twenty-three out of thirty-six represent companies affiliated with the National Association of Manufacturers. Does this not prove that one well-heeled pressure group is behind the whole agitation?

Of the estimated more than 200,000 manufacturing companies in the United States, the National Association of Manufacturers represents, so it claims, 7,500 members, or less than 4 percent of all the manufacturers in the country. Does the National Association of Manufacturers speak for American industry? This is a single-handed attempt on the part of the National Association of Manufacturers to defeat this law, by parading before the committee the same interests appearing under various names.

Vote down this vicious resolution and you will have done your duty to labor. A vote for this is a slap at labor.

Mr. FRIES. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Illinois makes the point of order that a quorum is not present. The Chair will count. [After counting.] Two hundred and fifty-one Members are present, a quorum.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. GEYER].

Mr. GEYER of California. Mr. Speaker, this investigating committee will be no doubt what many other committees have been, a smearing committee. It will not investigate, it will go out and collect red paint with which to smear the board that all the gains under the New Deal may be lost. We have had about enough of these smearing committees it seems to me.

It has been stated on the floor of this House by the estimable chairman of the Labor Committee that never once has the author of this resolution cast a favorable labor vote. He will be chairman of this committee. What sort of treatment do you expect labor will receive at the hands of a committee headed by one out of sympathy with labor's cause?

No friend of labor can vote for this precedent-smashing resolution. If this carries, and I can see that it will, it will be because the tories of both parties have joined hands to take another backward step. First it was the Dies committee, then it was the Woodrum committee, now it is the Smith committee. Will our nostrils never be filled with the stench that rises from the actions of special investigating committees?

Mr. SMITH of Virginia. Mr. Speaker, may I ask how much time remains?

The SPEAKER. The gentleman from Virginia has 12 minutes remaining.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

Mr. HOFFMAN. Mr. Speaker, following the precedent established by the gentleman from Michigan [Mr. HOOK] I object.

The SPEAKER. Objection is heard. The gentleman from Illinois is recognized for 2 minutes.

Mr. KELLER. Mr. Speaker, I have to ask this body to vote down this resolution for the purpose of bringing before the House a fair and reasonable discussion of the actual issue.

The Labor Committee have been working for 10 weeks, and these volumes of testimony on the table represent the result of that work. Any of you who look at it, who have been through the mill as many of the members of the Labor Committee have been, will know what that means. The Senate Committee is still at work. It has not been criticized, yet it has been working a month longer than we have.

The Labor Committee of the House is not going to be bludgeoned into making a report until we have heard everybody who ought to be heard. We are carrying on a proper, reasonable, and rational hearing. If this House wants to take away from this committee its right to continue that work, the onus will be yours. You gentlemen who are sponsoring this idea will be asked to pass on other resolutions, and I put the question to the gentleman from Virginia:

If a lot of whereases setting forth the shortcomings of the Rules Committee is presented to that committee, will the gentleman give it exactly the same hearing and the same consideration he is giving this committee? I repeat, if another resolution to investigate the Rules Committee, setting out as the gentleman did in this case, shall be referred to his committee, will he give us the same sort of treatment that he gave here for the investigation of your committee?

Mr. SMITH of Virginia. Does the gentleman yield for a reply?

Mr. KELLER. Yes.

Mr. SMITH of Virginia. I am sure the Rules Committee would give a hearing and a very respectful hearing.

Mr. KELLER. The gentleman will give me a hearing, but will he give me the same sort of rule and the same sort of action?

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Speaker, I came over here this morning with the intention of voting for this measure, but as the discussion has developed we see in it a duplication of the activities of another committee of this House. It seems to me that this should be either an investigation of the Labor Committee or there should be no investigation at all. If we build up during the years a structure here, whereby we have certain groups in this body provided by the Ways and Means Committee to do a job, then cut into them with other parts of the organization or sweep over them afterward, we are being unfair to ourselves as a lawmaking body. The general principle here involved is too great to be sacrificed merely for the sake of this one investigation. When I see the destruction involved in this measure, as I do today, I shall be forced to vote against permitting such investigation as this.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 9 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, I dislike doing anything that may offend any one, particularly would I regret doing anything that would give offense to the Committee on Labor of this House. But, Mr. Speaker, if past experience is to indicate what may be expected in the future, and if we are to wait here until the Committee on Labor takes action to restrain the Labor Board in its maladministration of the law, then we will be here until Gabriel blows his horn.

The position taken by members of the Labor Committee and others to the effect that the work of this special committee, which the pending resolution proposes to set up, would be a duplication of the work of the Labor Committee is not sound, because the Labor Committee has no investigatory powers and subpena power. It has none of the powers which this resolution vests in the special committee which it is proposed to create.

Mr. Speaker, I have been of the opinion that the National Labor Relations Board, in its administration of the Wagner Act, was doing a terrible thing to the country, and I have said so. I have no desire to conceal the opinion that I hold with respect to the act itself. I think it is a vicious law that is wrapped up in high-sounding language to conceal its wicked intent. It is one-sided and has been administered in a one-sided way.

The Labor Board has construed it as a mandate to unionize industry and has missed no opportunity in the use of compulsion to bring this about. In its zeal to serve certain labor leaders and to direct the labor movement according to its own notion and its own social and economic theories, the Board has brought itself and the law into thorough disrepute, has sacrificed much public good will for the cause of organized labor, has failed utterly to achieve the avowed objective of the act, and has frustrated instead of carrying out the will of the majority in many cases involving thousands of workers. It has prevented collective bargaining and the democratic management of the affairs of the workers. Preaching economic democracy, the Board has moved steadily toward compulsory unionization in unions chosen by the Board.

You talk about the attitude of labor with respect to the pending resolution. Does not every Member of the House know that the American Federation of Labor is understood to favor this resolution? [Applause.]

Mr. KELLER. I challenge that statement.

Mr. COX. The first mistake that the Board made was in the selection of its personnel. It turned loose upon the country an army of wild young men who proceeded against employers as if their business was to destroy the institution of private property. It is humanly impossible for members of the Board to read the records of the cases which they decide or to write the opinions which they render. They are compelled to rely upon their employees chosen to do this work, and relying upon them, the Board has made a mess of things.

Mr. Speaker, throughout the Labor Relations Board's procedure, beginning when a labor organization files with the Board charges that an employer has engaged in unfair labor practices, and ending when the Board serves its decision and order upon the employer sustaining such charges, there are various points at which the Board's procedure violates those fundamental requirements of fairness which are the essence of due process in a proceeding of a judicial nature. The Board has abused the discretion vested in it. It has sought to terrorize business and to promote radical labor organizations.

Let me point out this fact. It is utterly impossible under our form of government for the Congress to enact legislation that is not susceptible to maladministration and distortion and misdirection if the will to maladminister, to distort, and to misdirect is present in the agency charged with the enforcement of these laws.

If representative government means anything under our Constitution, it means that every agency in the executive department of the Government shall endeavor honestly and earnestly to carry out the plain intent of the Congress. The Labor Board, however, has sought to carry the act further than Congress intended. It has flagrantly defied the courts and has consistently evinced bias and prejudice against persons and organizations of the general class to which employers belong. It has claimed the right to weigh evidence in the weighted scales of the Board's predilections and has departed from the standards of impartiality which the courts universally require of judges and jurors.

Mr. Speaker, this resolution asks for an investigation of the administration of the Labor Act by the Labor Board. The employers of the country believe they have been manhandled and otherwise maltreated, and millions of others believe the same thing. The truth, Mr. Speaker, ought to be established, and an investigation would do this. The country believes that the Board and its agents have shown bias and prejudice in all their proceedings and cannot be depended upon to do justice as between contending parties. The truth ought to be established, and an investigation would do this.

Mr. Speaker, the American people believe that the Board and its agents are functioning as organizing agents of the radical labor section of this country. The truth ought to be established, and an investigation would do this. The Board has lost all public confidence and should go, or be, by investigation or otherwise, reinstated in the public confidence. . [Applause.]

The SPEAKER. The time of the gentleman from Georgia has expired. All time has expired on the resolution.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

Mr. KELLER. Mr. Speaker, on that motion I demand the yeas and nays.

Mr. MARCANTONIO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARCANTONIO. If the previous question is voted down, will that open up the resolution to amendment?

The SPEAKER. Undoubtedly.

Mr. SMITH of Virginia. A further parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. SMITH of Virginia. If I understand the situation correctly, if the previous question is voted down, the control of the measure would pass to the gentleman from Illinois [Mr. KELLER]; and the resolution would not be open to amendment generally, but only to such amendments as the gentleman from Illinois might yield for. Is my understanding correct, Mr. Speaker?

The SPEAKER. If the previous question is voted down, it would not necessarily pass to the gentleman from Illinois; it would pass to the opponents of the resolution. Of course, a representative of the minority would have the first right of recognition.

Mr. SMITH of Virginia. That is what I understood to be the ruling of the Chair recently when the same situation arose.

The SPEAKER. That is the rule, as the Chair desires to announce.

The question is on the motion of the gentleman from Virginia to order the previous question, on which the gentleman from Illinois demands the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 258, nays 131, not voting 39, as follows:

[Roll No. 137]

YEAS—258

Alexander	Dirksen	Johnson, Ind.	Rankin
Allen, Ill.	Disney	Johnson, Luther A.	Reed, Ill.
Allen, La.	Ditter	Jones, Ohio	Rees, Kans.
Andersen, H. Carl	Dondero	Jones, Tex.	Rich
Anderson, Calif.	Doughton	Kean	Risk
Anderson, Mo.	Douglas	Keefe	Robertson
Andresen, A. H.	Dowell	Kilday	Robsion, Ky.
Angell	Doxey	Kinzer	Rockefeller
Arends	Drewry	Kitchens	Rodgers, Pa.
Austin	Durham	Kleberg	Rogers, Mass.
Ball	Dworshak	Knutson	Routzohn
Barden	Eaton, N. J.	Kocialkowski	Rutherford
Barnes	Elliott	Kunkel	Ryan
Barry	Elston	Lambertson	Sandager
Barton	Engel	Lanham	Satterfield
Bates, Mass.	Englebright	Lea	Schaefer, Ill.
Beckworth	Faddis	LeCompte	Schafer, Wis.
Bell	Fenton	Lewis, Colo.	Schiffler
Bender	Fish	Lewis, Ohio	Scrugham
Blackney	Folger	Luce	Seccombe
Bland	Ford, Leland M.	McDowell	Seger
Boehne	Gamble	McGehee	Shafer, Mich.
Bolles	Garrett	McLaughlin	Sheppard
Bolton	Gartner	McLean	Short
Boykin	Gathings	McLeod	Simpson
Bradley, Mich.	Gearhart	McMillan, John L.	Smith, Va.
Brooks	Gerlach	McMillan, Thos. S.	South
Brown, Ga.	Gibbs	Maas	Sparkman
Brown, Ohio	Gilchrist	Maciejewski	Springer
Buck	Gillie	Mahon	Starnes, Ala.
Bulwinkle	Gore	Maloney	Steagall
Burch	Gossett	Mansfield	Stearns, N. H.
Burgin	Graham	Mapes	Stefan
Byrns, Tenn.	Grant, Ala.	Marshall	Sumner, Ill.
Cannon, Fla.	Grant, Ind.	Martin, Ill.	Sutphin
Carlson	Gregory	Martin, Iowa	Taber
Carter	Griffith	Martin, Mass.	Talle
Cartwright	Gross	Mason	Tarver
Case, S. Dak.	Guyer, Kans.	Michener	Taylor, Tenn.
Chandler	Gwynne	Miller	Terry
Chapman	Hall	Mills, Ark.	Thill
Chiperfield	Halleck	Mills, La.	Thorkelson
Church	Hancock	Monkiewicz	Tibbott
Clark	Harness	Monroney	Tinkham
Clason	Harrington	Moser	Treadway
Clevenger	Harter, N. Y.	Mott	Van Zandt
Cluett	Hartley	Mouton	Vinson, Ga.
Coffee, Nebr.	Hawks	Mundt	Vorys, Ohio
Cole, Md.	Heinke	Murray	Vreeland
Cole, N. Y.	Hendricks	Nichols	Wadsworth
Collins	Hess	O'Brien	Warren
Colmer	Hinshaw	O'Neal	West
Cooper	Hobbs	Osmers	Wheat
Corbett	Hoffman	Pace	Whelchel
Costello	Holmes	Patton	White, Ohio
Courtney	Hope	Pearson	Whittington
Cox	Horton	Peterson, Fla.	Wigglesworth
Crawford	Jarman	Peterson, Ga.	Williams, Del.
Crowther	Jarrett	Pierce, N. Y.	Winter
Culkin	Jeffries	Pierce, Oreg.	Wolcott
Curtis	Jenkins, Ohio	Pittenger	Woodruff, Mich.
Darden	Jenks, N. H.	Plumley	Woodrum, Va.
Darrow	Jensen	Poage	Youngdahl
Dempsey	Johns	Polk	
DeRouen	Johnson, Ill.	Powers	

NAYS—131

Allen, Pa.	Flannery	Lesinski	Sabath
Arnold	Ford, Thomas F.	Ludlow	Sacks
Ashbrook	Fries	McAndrews	Sasscer
Bates, Ky.	Fulmer	McArdle	Schuetz
Beam	Gavagan	McCormack	Schulte
Bloom	Gehrmann	McGranery	Shanley
Boland	Geyer, Calif.	McKeough	Shannon
Bradley, Pa.	Green	Marcantonio	Sirovich
Brewster	Hare	Martin, Colo.	Smith, Conn.
Bryson	Hart	May	Smith, Ill.
Burdick	Harter, Ohio	Merritt	Smith, Maine
Cannon, Mo.	Havenner	Mitchell	Smith, Wash.
Casey, Mass.	Healey	Murdock, Ariz.	Snyder
Celler	Hill	Murdock, Utah	Somers, N. Y.
Claypool	Hook	Myers	Spence
Cochran	Houston	Nelson	Sweeney
Coffee, Wash.	Hull	Norrell	Tenerowicz
Creal	Hunter	Norton	Thomas, Tex.
Crosser	Izac	O'Connor	Thomason
Crowe	Jacobsen	O'Day	Tolan
Cullen	Johnson, W. Va.	O'Leary	Vincent, Ky.
D'Alesandro	Kee	Oliver	Voorhis, Calif.
Delaney	Keller	O'Toole	Wallgren
Dickstein	Kennedy, Martin	Parsons	Walter
Dingell	Kennedy, Md.	Patrick	Ward
Duncan	Kennedy, Michael	Pfeifer	Weaver
Dunn	Keogh	Rabaut	Welch
Eberharter	Kirwan	Ramspeck	White, Idaho
Edmiston	Kramer	Randolph	Williams, Mo.
Ellis	Landis	Richards	Wolverton, N. J.
Fay	Larrabee	Robinson, Utah	Wood
Flaherty	Leavy	Rogers, Okla.	Zimmerman
Flannagan	Lemke	Romjue	

NOT VOTING—39

Andrews	Curley	Johnson, Lyndon	Schwert
Boren	Dies	Johnson, Okla.	Secrest
Buckler, Minn.	Eaton, Calif.	Kelly	Smith, Ohio
Buckley, N. Y.	Evans	Kerr	Smith, W. Va.
Byrne, N. Y.	Ferguson	Magnuson	Sullivan
Byron	Fernandez	Massingale	Sumners, Tex.
Caldwell	Fitzpatrick	Patman	Taylor, Colo.
Connery	Ford, Miss.	Rayburn	Thomas, N. J.
Cooley	Gifford	Reece, Tenn.	Wolfenden, Pa.
Cummings	Hennings	Reed, N. Y.	

So, the previous question was ordered.

The Clerk announced the following pairs:

On the vote:

Mr. Reed of New York (for) with Mr. Magnuson (against).
Mr. Kerr (for) with Mr. Sullivan (against).
Mr. Thomas of New Jersey (for) with Mr. Evans (against).
Mr. Ford of Mississippi (for) with Mr. Schwert (against).
Mr. Wolfenden of Pennsylvania (for) with Mr. Buckley of New York (against).
Mr. Andrews (for) with Mr. Curley (against).
Mr. Byron (for) with Mr. Fitzpatrick (against).

Until further notice:

Mr. Cooley with Mr. Gifford.
Mr. Johnson of Oklahoma with Mr. Smith of Ohio.
Mr. Caldwell with Mr. Reece of Tennessee.
Mr. Rayburn with Mr. Eaton of California.
Mr. Patman with Mr. Buckler of Minnesota.
Mr. Lyndon B. Johnson with Mr. Secrest.
Mr. Sumners of Texas with Mr. Boren.
Mr. Taylor of Colorado with Mr. Massingale.
Mr. Cummings with Mr. Kelly.
Mr. Dies with Mr. Ferguson.
Mr. Fernandez with Mr. Hennings.
Mr. Byrne of New York with Mr. Connery.

Mr. CALDWELL. Mr. Speaker, I cannot qualify on this vote.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

Mrs. NORTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 254, nays 134, not voting 39, as follows:

[Roll No. 138]

YEAS—254

Allen, Ill.	Austin	Bender	Brooks
Allen, La.	Ball	Blackney	Brown, Ga.
Andersen, H. Carl	Barden	Bland	Brown, Ohio
Anderson, Calif.	Barnes	Boehne	Buck
Anderson, Mo.	Barry	Bolles	Bulwinkle
Andresen, A. H.	Bates, Mass.	Bolton	Burch
Angell	Beckworth	Boykin	Burgin
Arends	Bell	Bradley, Mich.	Byrns, Tenn.

Caldwell	Gearhart	LeCompte	Rogers, Mass.
Cannon, Fla.	Gerlach	Lewis, Colo.	Routzohn
Carlson	Gibbs	Lewis, Ohio	Rutherford
Carter	Gilchrist	Luce	Ryan
Cartwright	Gillie	McDowell	Sandager
Case, S. Dak.	Gore	McGehee	Satterfield
Chapman	Gossett	McLaughlin	Schaefer, Ill.
Chiperfield	Graham	McLean	Schafer, Wis.
Church	Grant, Ala.	McLeod	Schiffler
Clark	Grant, Ind.	McMillan, John L.	Seccombe
Clason	Gregory	McMillan, Thos. S.	Seger
Clevenger	Griffith	Maas	Shafer, Mich.
Cluett	Gross	Mahon	Sheppard
Coffee, Nebr.	Guyer, Kans.	Maloney	Short
Cole, N. Y.	Gwynne	Mapes	Simpson
Collins	Hall	Marshall	Smith, Va.
Colmer	Halleck	Martin, Iowa	South
Cooper	Hancock	Martin, Mass.	Sparkman
Corbett	Harness	Mason	Springer
Costello	Harrington	Michener	Starnes, Ala.
Courtney	Harter, N. Y.	Miller	Steagall
Cox	Hartley	Mills, Ark.	Stearns, N. H.
Crawford	Hawks	Mills, La.	Stefan
Crowther	Heinke	Monkiewicz	Sumner, Ill.
Culkin	Hendricks	Monroney	Sutphin
Curtis	Hess	Moser	Taber
Darden	Hinshaw	Mott	Talle
Darrow	Hobbs	Mouton	Tarver
Dempsey	Hoffman	Mundt	Taylor, Tenn.
DeRouen	Holmes	Murray	Terry
Dirksen	Hope	Nichols	Thill
Disney	Horton	O'Brien	Thomas, N. J.
Ditter	Jarman	O'Neal	Thorkelson
Dondero	Jarrett	Osmers	Tibbott
Doughton	Jeffries	Pace	Tinkham
Douglas	Jenkins, Ohio	Patton	Treadway
Dowell	Jenks, N. H.	Pearson	Van Zandt
Doxey	Jensen	Peterson, Fla.	Vinson, Ga.
Drewry	Johns	Peterson, Ga.	Vorys, Ohio
Durham	Johnson, Ill.	Pierce, N. Y.	Vreeland
Dworshak	Johnson, Ind.	Pierce, Oreg.	Wadsworth
Eaton, N. J.	Johnson, Luther A.	Pittenger	Warren
Elliott	Jones, Ohio	Plumley	West
Elston	Kean	Poage	Wheat
Engel	Keefe	Polk	Whelchel
Englebright	Keogh	Powers	White, Ohio
Faddis	Kilday	Rankin	Whittington
Fenton	Kinzer	Reece, Tenn.	Wigglesworth
Fish	Kitchens	Reed, Ill.	Williams, Del.
Folger	Kleberg	Rees, Kans.	Winter
Ford, Leland M.	Knutson	Rich	Wolcott
Fulmer	Kocialkowski	Risk	Woodruff, Mich.
Gamble	Kunkel	Robertson	Woodrum, Va.
Garrett	Lambertson	Robsion, Ky.	Youngdahl
Gartner	Lanham	Rockefeller	
Gathings	Lea	Rodgers, Pa.	

NAYS—134

Allen, Pa.	Flannery	McAndrews	Sabath
Arnold	Ford, Thomas F.	McArdle	Sacks
Ashbrook	Fries	McCormack	Sasscer
Barton	Gavagan	McGranery	Schuetz
Bates, Ky.	Gehrmann	McKeough	Schulte
Beam	Geyer, Calif.	Maciejewski	Scrugham
Bloom	Green	Marcantonio	Shanley
Boland	Hare	Martin, Colo.	Shannon
Bradley, Pa.	Hart	Martin, Ill.	Sirovich
Brewster	Harter, Ohio	May	Smith, Conn.
Bryson	Havenner	Merritt	Smith, Ill.
Burdick	Healey	Mitchell	Smith, Maine
Cannon, Mo.	Hennings	Murdock, Ariz.	Smith, Wash.
Celler	Hill	Murdock, Utah	Snyder
Claypool	Hook	Myers	Somers, N. Y.
Cochran	Houston	Nelson	Sweeney
Coffee, Wash.	Hunter	Norrell	Tenerowicz
Cole, Md.	Izac	Norton	Thomas, Tex.
Creal	Jacobsen	O'Connor	Thomason
Crosser	Johnson, W. Va.	O'Day	Tolan
Crowe	Jones, Tex.	O'Leary	Vincent, Ky.
Cullen	Kee	Oliver	Voorhis, Calif.
D'Alesandro	Keller	O'Toole	Wallgren
Delaney	Kennedy, Martin	Parsons	Walter
Dickstein	Kennedy, Md.	Patrick	Ward
Dingell	Kennedy, Michael	Pfeifer	Weaver
Duncan	Kirwan	Rabaut	Welch
Dunn	Kramer	Ramspeck	White, Idaho
Eberharter	Landis	Randolph	Williams, Mo.
Edmiston	Larrabee	Rayburn	Wolverton, N. J.
Ellis	Leavy	Richards	Wood
Fay	Lemke	Robinson, Utah	Zimmerman
Flaherty	Lesinski	Rogers, Okla.	
Flannagan	Ludlow	Romjue	

NOT VOTING—39

Alexander	Casey, Mass.	Eaton, Calif.	Hull
Andrews	Chandler	Evans	Johnson, Lyndon
Boren	Connery	Ferguson	Johnson, Okla.
Buckler, Minn.	Cooley	Fernandez	Kelly
Buckley, N. Y.	Cummings	Fitzpatrick	Kerr
Byrne, N. Y.	Curley	Ford, Miss.	Mansfield
Byron	Dies	Gifford	Massingale
Patman	Secrest	Spence	Taylor, Colo.
Reed, N. Y.	Smith, Ohio	Sullivan	Wolfenden, Pa.
Schwert	Smith, W. Va.	Sumners, Tex.	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Reed of New York (for) with Mr. Magnuson (against).
Mr. Kerr (for) with Mr. Sullivan (against).
Mr. Gifford (for) with Mr. Evans (against).
Mr. Ford of Mississippi (for) with Mr. Schwert (against).
Mr. Wolfenden of Pennsylvania (for) with Mr. Buckley of New York (against).
Mr. Andrews (for) with Mr. Curley (against).
Mr. Byron (for) with Mr. Fitzpatrick (against).

Until further notice:

Mr. Cooley with Mr. Alexander.
Mr. Johnson of Oklahoma with Mr. Smith of Ohio.
Mr. Patman with Mr. Buckler of Minnesota.
Mr. Mansfield with Mr. Reece of Tennessee.
Mr. Chandler with Mr. Eaton of California.
Mr. Casey of Massachusetts with Mr. Hull.
Mr. Lyndon B. Johnson with Mr. Secrest.
Mr. Sumners of Texas with Mr. Boren.
Mr. Taylor of Colorado with Mr. Massingale.
Mr. Cummings with Mr. Kelly.
Mr. Dies with Mr. Ferguson.
Mr. Fernandez with Mr. Spence.
Mr. Byrne of New York with Mr. Connery.

The result of the vote was announced as above recorded.

Mr. SMITH of Virginia. Mr. Speaker, I move to reconsider the vote by which the resolution was agreed to and lay that motion on the table.

The SPEAKER pro tempore (Mr. RICHARDS). Without objection, a motion to reconsider will be laid on the table.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent——

Mr. PARSONS. Mr. Speaker, I object, and ask for the yeas and nays on the motion to reconsider.

Mr. SMITH of Virginia. Mr. Speaker, I make the point of order that the motion comes too late, as I had already proceeded with a unanimous-consent request.

Mr. PARSONS. I was on my feet objecting, Mr. Speaker.

Mr. SMITH of Virginia. I had already proceeded with a unanimous-consent request, and may I state that request, Mr. Speaker?

Mr. PARSONS. Mr. Speaker, I was on my feet trying to get the attention of the Chair.

The SPEAKER pro tempore. Does the gentleman from Illinois insist on his request for the yeas and nays?

Mr. MARTIN of Massachusetts. Mr. Speaker, the motion has already been carried and the gentleman from Virginia had been recognized to make another request. I demand the regular order, Mr. Speaker.

The SPEAKER pro tempore. The Chair will state to the distinguished minority leader that the gentleman from Illinois was on his feet at the time.

The gentleman from Illinois [Mr. PARSONS] demands the yeas and nays.

Mr. MARTIN of Massachusetts. Mr. Speaker, I demand we find out what the record shows.

Mr. PARSONS. The gentleman saw me running down the aisle; and I was trying to get the attention of the Chair to object, and I did object.

The SPEAKER pro tempore. The gentleman from Illinois was on his feet at the time.

The gentleman from Illinois demands the yeas and nays on the motion to lay on the table a motion to reconsider.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 118, noes 53.

So the motion was agreed to.

Mr. PARSONS and Mr. MARCANTONIO objected to the vote on the ground there was not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-one Members are present, a quorum.

So a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

Mr. EBERHARTER. Mr. Speaker, I demand the yeas and nays.

Mr. MARTIN of Massachusetts. Mr. Speaker, the demand comes too late.

The SPEAKER. The Chair is advised that on the previous demand for the yeas and nays, the yeas and nays were refused, and the request of the gentleman from Pennsylvania is not now in order.

GENERAL LEAVE TO PRINT

Mr. SMITH of Virginia rose.

The SPEAKER. For what purpose does the gentleman from Virginia rise?

Mr. SMITH of Virginia. To propound a unanimous-consent request.

The SPEAKER. The gentleman will state it.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to revise and extend their remarks on the resolution just adopted.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

EXTENSION OF REMARKS

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address made by myself on the subject of neutrality.

The SPEAKER. Is there objection?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short editorial.

The SPEAKER. Is there objection?

There was no objection.

PERSONAL EXPLANATION

Mr. H. CARL ANDERSEN. Mr. Speaker, my colleague from Minnesota [Mr. ALEXANDER] was unavoidably detained on official business during the preceding vote. Had he been present he would have voted "aye" on the resolution.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement by Dr. A. B. Cox, the cotton economist of the University of Texas.

The SPEAKER. Is there objection?

There was no objection.

EMIGRATION OF FILIPINOS FROM THE UNITED STATES

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 4646, to provide means by which certain Filipinos can emigrate from the United States, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table the bill H. R. 4646, with Senate amendments thereto, and concur in the Senate amendments. The Clerk will report the Senate amendments.

The Clerk read as follows:

Page 2, line 5, after "States," insert "or in the case of a Filipino residing in Hawaii, to a port in that Territory."

Page 2, line 16, after "States", insert "or, in the cases of residents of Hawaii, to a port in that Territory."

Page 3, line 3, after "States", insert "and in Hawaii."

Page 3, lines 8 and 9, strike out "any port on the west coast of the United States" and insert "the port of embarkation in the United States or Hawaii."

Page 4, lines 5 and 6, strike out "the United States, its Territories or possessions" and insert "any State or Territory or the District of Columbia."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object, to ask the gentleman from New York whether he has submitted this matter to the other members of his committee?

Mr. DICKSTEIN. Mr. Speaker, I have talked to my committee. There is nothing wrong about the amendments themselves. Under the bill as passed in the House we provide that Filipinos who desire to return back to the Philippine Islands should be enabled to do so by the Government paying their expense, if they are stranded. We are trying to send them home, and the amendments simply add that this same privilege be granted to Filipinos who are stranded in the Hawaiian Islands.

Mr. JENKINS of Ohio. I am not concerned with that. I understand this bill comes back from the Senate with certain amendments, and I am endeavoring to determine whether those amendments should be considered by the gentleman's committee.

Mr. DICKSTEIN. They are minor amendments, which add to the bill the Filipinos in the Hawaiian Islands. That is all there is to it. I have talked to my committee.

Mr. JENKINS of Ohio. Under my reservation I should like to inquire of the ranking member on the minority side and learn what he thinks about this.

Mr. TAYLOR of Tennessee. Mr. Speaker, these Senate amendments have not been submitted to the committee.

Mr. DICKSTEIN. I agree with the gentleman; but they are all minor amendments. They simply provide for including the Hawaiian Islands, which we did not include in the original bill. There are some Filipinos who are stranded in Hawaii, and the Hawaiian Commissioner came before the committee and asked that those Filipinos who were stranded there be permitted to go back to the Philippine Islands, and these amendments so provide. That is all there is to it.

Mr. JENKINS of Ohio. Mr. Speaker, I shall be forced to object until we have had further time to consider the matter. The gentleman may bring the matter up later today.

The SPEAKER. Objection is heard.

PERNICIOUS POLITICAL ACTIVITIES

Mr. DEMPSEY. Mr. Speaker, I call up House Resolution 251, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 251

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1871, an act to prevent pernicious political activities. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. PARSONS rose.

The SPEAKER. For what purpose does the gentleman from Illinois rise?

Mr. PARSONS. To make a point of order. Since this House is about to witness the demise of the political parties in this country, I think a quorum should be present at the embalming. I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Illinois makes the point of order that there is no quorum present. The Chair will count. [After counting.] Two hundred and eleven Members present, not a quorum.

Mr. HOFFMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The Chair cannot recognize any Member for any purpose in the absence of a quorum except to move a call of the House.

Mr. DEMPSEY. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Allen, Ill.	Byrne, N. Y.	Cooley	Evans
Andrews	Byron	Cummings	Ferguson
Boren	Casey, Mass.	Curley	Fernandez
Buckler, Minn.	Clevenger	Dies	Fitzpatrick
Buckley, N. Y.	Connery	Eaton, Calif.	Ford, Miss.

Ford, Thomas F.	Magnuson	Rockefeller	Sullivan
Gifford	Marshall	Schwert	Sumners, Tex.
Jeffries	Massingale	Secrest	Vinson, Ga.
Kelly	Patman	Seger	Wolfenden, Pa.
Kerr	Reece, Tenn.	Smith, Ohio	
Maas	Reed, N. Y.	Smith, W. Va.	

The SPEAKER. On this roll call 386 Members have answered to their names; a quorum is present.

Without objection, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from New Mexico [Mr. DEMPSEY] is recognized for 1 hour.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. COCHRAN. I ask unanimous consent to extend the remarks I made this morning, Mr. Speaker.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DEMPSEY. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the adoption of this resolution makes in order the bill S. 1871, the much-discussed Hatch bill. I suppose there never has been another measure which has come to this floor with its real intents and purposes so generally misunderstood. I shall be charitable and not say "misrepresented." I will say "misunderstood."

In the first place, as I have discussed the bill with the various Members, there is scarcely one who has not said "I am in complete accord with doing the things which the measure seeks to do."

The first section of the bill, if you please, prohibits the coercion of any person in order to obtain votes or restrict the full right of free franchise. That is the purpose of the section as it left the Senate; it is the purpose of the section as it comes out of the Committee on the Judiciary.

Section 2 of the bill provides that certain employees working for and being paid by the Federal Government, from funds derived from the taxpayers, cannot spend their time in political campaigns and managing campaigns for Members of the House and Senate, the President of the United States, or other elective officials. That section as it left the Senate, I believe, was a very good one. However, in the Judiciary Committee of the House it was very carefully and adroitly amended. The committee amendment, if permitted to remain in this bill, nullifies the entire measure. That amendment provides "that nothing herein shall be deemed to affect the right of any such person to state his preference with respect to any such candidate or"—get this, if you please—"or participate in the activities of a political party."

I submit, Mr. Speaker, that many times there have been references to politics reaching the gutter. Well, the gutter would be the ceiling of politics with certain politicians if this amendment remains in this bill, in my opinion.

Mr. CELLER. Mr. Speaker, will the gentleman yield briefly for a question?

Mr. DEMPSEY. I will, but it must be brief.

Mr. CELLER. The Judiciary Committee inserted those words because it would then conform with civil-service rule No. 1 of section No. 1.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. McLAUGHLIN. I desire to state that the amendment which the gentleman has discussed was not agreed to by all of the members of the Judiciary Committee.

Mr. MICHENER. No. You and I did not agree to it.

Mr. McLAUGHLIN. That is correct.

Mr. DEMPSEY. I am sure the membership of this House does not wish to give the green signal to every employee in the Federal Government and have some of the politicians of a type that we all know go to them with this legislation and say, "Here is what has been passed in the Congress of the United States. Here is an order for you to go ahead and strut your stuff for this or that party."

Now, there is no partisanship in connection with this legislation. Although this bill bears the name of the senior Senator from New Mexico, Senator HATCH, it was sponsored by the senior Senator from Texas [Mr. SHEPPARD] and the Senator from Vermont [Mr. AUSTIN]. Many of the provisions of the bill grew out of the investigation that they made into political activities in the recent campaign.

I submit to you that if that provision, which was so cleverly placed in this bill in committee, is not stricken out there is nothing of importance left in the bill.

[Here the gavel fell.]

Mr. DEMPSEY. Mr. Speaker, I yield myself 5 additional minutes.

Mr. LESINSKI. Mr. Speaker, I make the point of order that a quorum is not present. This is an important matter and we should have a quorum here.

The SPEAKER. The gentleman from Michigan makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and eighty-three Members are present, not a quorum.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 140]

Andrews	Dies	Lea	Schwert
Bates, Ky.	Dingell	Lemke	Secrest
Bland	Eaton, Calif.	McLaughlin	Seger
Boehne	Evans	Magnuson	Smith, Ohio
Boren	Ferguson	Massingale	Smith, W. Va.
Buckler, Minn.	Fernandez	Mott	Stefan
Buckley, N. Y.	Fitzpatrick	Norton	Sullivan
Byrne, N. Y.	Flannagan	O'Day	Sumners, Tex.
Carter	Folger	Osmers	Thill
Case, S. Dak.	Ford, Miss.	Patman	Vinson, Ga.
Clark	Gifford	Patton	Vorys, Ohio
Connery	Harrington	Pierce, Oreg.	Wadsworth
Cooley	Healey	Reed, Ill.	West
Culkin	Hendricks	Reed, N. Y.	White, Idaho
Cummings	Kelly	Routzohn	Wolfenden, Pa.
Curley	Kerr	Schulte	

The SPEAKER. On this roll call 365 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from New Mexico [Mr. DEMPSEY] is recognized for 5 additional minutes.

Mr. DEMPSEY. Mr. Speaker, other controversial parts of this bill are sections 5 and 9. Notwithstanding the fact that the work-relief appropriation bill passed by this House on June 30 provided that none of the moneys could be used for political contributions, the Judiciary Committee has seen fit so to amend this bill as to prohibit solicitation of a certified relief worker, but to permit the solicitation of anybody above a certified worker. Anybody above this grade, therefore, can be chiseled out of whatever funds politicians can get out of him. This amendment certainly should not stay in the bill.

Section 9 is most confusing. When section 9 of the bill is reached as the bill is read for amendment, I propose to offer a motion to strike out the entire section and to substitute in lieu thereof the amendment I placed in the RECORD last Monday.

Mr. Speaker, the gentleman from Tennessee [Mr. TAYLOR] has yielded back to me his 30 minutes. I have no further requests for time.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 175, noes 6.

Mr. PARSONS. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and forty-three Members are present, a quorum.

So the previous question was ordered.

Mr. LESINSKI. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The question is on the motion of the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. LESINSKI) there were—ayes 9, noes 195.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. The Chair will count once more. [After counting.] Two hundred and forty-two Members are present, a quorum.

So the House refused to adjourn.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 203, noes 11.

So, the resolution was agreed to.

By unanimous consent, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

Mr. CELLER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1871) to prevent pernicious political activities.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1871) with Mr. BUCK in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

Mr. PARSONS. Mr. Chairman, I object.

The Clerk read as follows:

Be it enacted, etc., That it shall be unlawful for any person to intimidate, threaten, or coerce, or to attempt to intimidate, threaten, or coerce any other person for the purpose of interfering with the right of such other person to vote or to vote as he may choose, or of causing such other person to vote for, or not to vote for, any candidate for the office of President, Vice President, Presidential elector, Member of the Senate, or Member of the House of Representatives at any election held solely or in part for the purpose of selecting a President, a Vice President, a Presidential elector, or any Member of the Senate or any Member of the House of Representatives.

SEC. 2. It shall be unlawful for any person employed in any administrative position by the United States, or by any department, independent agency, or other agency of the United States (including any corporation controlled by the United States or any agency thereof, and any corporation all of the capital stock of which is owned by the United States or any agency thereof), to use his official authority for the purpose of interfering with, or affecting the election of any candidate for the office of President, Vice President, Presidential elector, Member of the Senate, or Member of the House of Representatives: *Provided*, That nothing herein shall be deemed to affect the right of any such person to state his preference with respect to any such candidates or to vote as he may choose.

SEC. 3. It shall be unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation, or other benefit, provided for or made possible by any act of Congress, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

SEC. 4. Except as may be required by the provisions of subsection (b), section 9 of this act, it shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit provided for or made possible by any act of Congress appropriating funds for work relief or relief purposes, on account of race, creed, color, or any political activity, support of, or opposition to any candidate or any political party in any election.

SEC. 5. It shall be unlawful for any person to solicit, or be in any manner concerned in soliciting, any assessment, subscription, or contribution for any political purpose whatever from any person known by him to be entitled to or receiving compensation, employment, or other benefit provided for or made possible by any act of Congress appropriating funds for work relief or relief purposes.

SEC. 6. It shall be unlawful for any person to furnish or to disclose, or to aid or assist in furnishing or disclosing, any list or names of persons receiving compensation, employment, or benefits provided for or made possible by any act of Congress appropriating, or authorizing the appropriation of, funds for work relief or relief purposes, to a political candidate, committee, campaign manager, or to any person for delivery to a political candidate, committee, or campaign manager, and it shall be unlawful for any person to receive any such list or names for political purposes.

SEC. 7. No part of any appropriation made by any act, heretofore or hereafter enacted, making appropriations for work relief, relief, or otherwise to increase employment by providing loans and grants for public-works projects, shall be used for the purpose of, and no authority conferred by any such act upon any person shall be exercised or administered for the purpose of, interfering with, restraining, or coercing any individual in the exercise of his right to vote at any election.

SEC. 8. Any person who violates any of the foregoing provisions of this act shall be deemed guilty of a felony and upon conviction shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

SEC. 9. (a) It shall be unlawful for any person employed in any administrative or supervisory capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress, to use his official authority or influence for the purpose of interfering with an election or of affecting the results thereof. All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or in political campaigns.

(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress shall be used to pay the compensation of such person.

SEC. 10. All provisions of this act shall be in addition to, not in substitution for, any other sections of existing law or of this act.

SEC. 11. If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The CHAIRMAN. Under the rule the gentleman from New York [Mr. CELLER] is recognized for 1 hour, and the gentleman from Kansas [Mr. GUYER] is recognized for 1 hour.

Mr. CELLER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I believe it was Jefferson who said:

If I were given a choice of government without newspapers, or newspapers without government, I would choose the latter.

It is because I have and share the high regard for newspapers that Jefferson had that I make the following statement.

In last night's Scripps-Howard papers—and the reporters in the gallery are listening—we find this:

Washington correspondents of the World-Telegram—

That is a paper published in my city—

together with the correspondents of other Scripps-Howard newspapers, will undertake tomorrow to make a record of votes on the Hatch bill.

Those votes would not otherwise be known to the public. For they will be taken by what is called the "teller system," that being a trick procedure by which the House of Representatives decides questions without the individual Members getting their names in the RECORD.

It will be our job to try to write down their names as they march up the aisle. It won't be easy, for a "teller" vote is concluded in 10 or 15 minutes, which is not much time for identifying some four-hundred-odd Congressmen, especially from the bird's-eye view of the men in the press gallery, where the bald heads look pretty much alike.

Let us analyze this a moment. The teller rule for taking votes has been in vogue in this House for over 150 years. I know of no occasion when newspapermen or anybody else charged Members of the House of Representatives with knavery and trickery, because they used the teller vote. Examine Jefferson's Manual, and you will find the provision for the teller vote which was adopted in this House in 1789. Is it not passingly strange that teller voting has been used for 149 years, and no complaint has ever been heard concerning it? Many important matters have been decided for over 100 years by this method. There is nothing secret about a teller vote. It is the only practical vote short of the lengthy, time-consuming aye-and-nay vote.

The Scripps-Howard papers have always been fair. They have rendered a genuine public service, in general, for many years. But in this instance they have suffered a lapse from grace.

Personally, it makes no difference to me as far as my district is concerned. My election does not depend upon Federal patronage job holders. But I believe the bill hurts my party. It goes too far. I worked ardously with my colleague on the Judiciary Committee to bring out a reasonable, sensible, workable bill. There was no partisanship in the committee. Both the Democrats and Republicans on the

committee fashioned this bill and are offering it today. No one can claim authorship separately or individually.

Mr. THOMAS F. FORD. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from California.

Mr. THOMAS F. FORD. I want to say to the gentleman that I am going to vote against this bill and the reporters may save their time and not bother with me, because I am going through the tellers and vote against it every time I have an opportunity.

Mr. FISH. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York.

Mr. FISH. Is it not a fact that the teller vote was put into effect in order to expedite voting and not to cover up the votes of the individual Members?

Mr. CELLER. I think the teller vote is a natural consequence of our work here. It is a logical method of voting. I believe it expedites business and prevents long, arduous roll calls. It was and is not used to hide or disguise voting or voters.

Mr. FISH. It was not for the purpose of covering up a roll-call vote. Does the gentleman object to anybody knowing how he votes?

Mr. CELLER. I think the gentleman is correct. It was not to cover up anything. And I do not object to publicity as to my voting.

Mr. Chairman, as far as the Judiciary Committee is concerned, we labored long and arduously on this bill. We had a rather peculiar bill from the Senate and we tried to straighten it out. It was a hard job, but I believe we have done a good job and I hope the Members of the House will give us credit for having done a good job.

We acted judiciously and there was not a bit of partisanship in the deliberations of that committee so far as this bill is concerned. I may say now that Members on both sides of the aisle, Republicans and Democrats alike, offered amendments which are part of the bill that we present to the House today. I hope the Republican members of the committee will verify what I am saying with reference to the nonpartisanship of our deliberations and the work we did with reference to the bill.

Mr. Chairman, just because there were certain relief scandals—shall we say in Kentucky, or shall we say in New Mexico—is that any reason for casting a shadow over the political relief activity in all States? I think not. Bad cases often make bad law, and we, the members of the Judiciary Committee, despite the bad cases in those two States, do not want to be guilty of making bad law here. It is for these reasons that we brought in the present bill. We believe it is a good bill; that is, with our committee amendments.

In my opinion it would have been far better if the Senate and the House had limited themselves to enacting measures againt pernicious political activities that might animate those in the relief agencies. It would have been better if we had limited ourselves to a bill which would have protected the relief workers and those on home relief. We did our best in that regard, and I direct your attention to section 5 of the bill which refers to relief workers and those on relief. That section was far weaker when we received the bill from the Senate than it is in the form you have before you. As the bill came from the Senate only "solicitation" of funds from those on relief was banned. We went further than that in order to protect relief workers and those on relief.

We put the "receiving" of funds, either in relief organizations or outside the relief organizations, under the ban. So that if Mr. Hamilton, Mr. Farley, or their cohorts or assistants receive a farthing from any relief worker they would be guilty of a violation of this act.

We went very far in that regard with a view primarily to protect to the *n*th degree all those on relief. But there was no need to protect those who received high salaries, that is, those in the supervisory and administrative groups of the P. W. A. or W. P. A. They could protect themselves. If they care to make a contribution they may do so. There cannot be coercion, but there might be a contribution. So that if Colonel Harrington or Aubrey Williams or Colonel Summerville, want to make a contribution, either to the Republicans or to the Democrats, they may do so, and we may feel it is proper to allow them to do that. They are not on relief and are well able to care for themselves.

Mr. O'TOOLE. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York.

Mr. O'TOOLE. Does the gentleman believe there is a Member in this House today who at some time or other has not in lofty tones stated to an audience that it is the duty of every American citizen to engage in politics?

Mr. CELLER. I agree with the gentleman. I have often heard that and I probably have been guilty of making that statement myself.

Mr. Chairman, section 9 is a pivotal section, particularly the second part. I want you to mark this carefully, because it is very important. On page 5, beginning with line 1, we find the following language, as the bill came to us from the Senate:

> All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or in political campaigns.

I maintain, Mr. Chairman, that goes entirely too far. You could never enforce a provision of that sort. You would have a repetition of the old prohibition days—political bootlegging.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield myself 5 additional minutes.

Fifty Members of the Congress came to the House at the time they were United States attorneys, marshals, or holding a Federal office. They could not have come to the Congress if those sections were in effect, because they would have been an officeholder, and they could not have taken part in a political campaign.

Furthermore, Vice President Garner under the second part of section 9 (a) and under section 2 could not run again for the office of Vice President. He could not participate in any campaign while he holds office. Mayhap President Roosevelt could not attend the next Democratic convention if those provisions remain as they came from the Senate. No member of the Cabinet could make a political speech. No member of the Cabinet could help shape party doctrine, yet ours is a party system. Somebody must appear on the radio and on the public platform to help create the party platforms and direct party policies. It is only due to our bipartisan system that we have been enabled to make the progress we have been making all these years, one party checking upon the other. These sections fly in the face of those theories and would make impossible, utterly impossible, the appearance before the public on the radio or on the platform of anyone who has a semblance of public office, to anonunce what he thinks should be the principles and the practices of a party.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Massachusetts.

Mr. HEALEY. May I ask the gentleman if we have the power either to confer on or withhold from any person the right to vote as he chooses?

Mr. CELLER. We never had that right, and for that reason we struck out this language. It was surplusage. It is ridiculous to put language of that character into any solemn statute we may pass.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Illinois.

Mr. BEAM. Is it not rather inconsistent, too, because under the limitation on our power of legislative enactment we can prescribe only limitations on a Federal election? The proposition that concerns me is that these same Federal workers may engage actively and politically in any way they want in any local legislative or municipal campaign. Therefore, the inconsistency and the absurdity of this provision is apparent to me or to anyone here.

Mr. CELLER. The gentleman is correct. This bill applies heavier burdens upon those persons in the nonclassified

service than are applied to workers in the classified service. If I had time I would read you the rules and regulations of the Civil Service Commission, and you would find that there is no prohibition against anyone, I do not care where he is or what he is in the civil service, contributing to political parties. Yet there is language in this act as it came from the Senate that would preclude anyone in the nonclassified service from participating in political management or political campaigns by the contributing of a half a farthing to any political party or candidate. I say that is wrong, that is ridiculous.

Mr. NICHOLS and Mr. DEMPSEY rose.

Mr. CELLER. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. I take it from the gentleman's statement that he was about to say he would probably approve the so-called Dempsey amendment to section 9. Am I correct?

Mr. CELLER. I do not favor the Dempsey amendment to section 9. I am speaking now of the bill as it came to us from the Senate.

Mr. NICHOLS. Perhaps I misunderstood the gentleman, but my interpretation of what the gentleman said was that he did not agree with the language of section 9 as it is in the present bill.

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Mr. CELLER. That is correct. [Applause.]

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[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield for a very brief question?

Mr. TAYLOR of Tennessee. I would rather yield at the conclusion of my statement.

Mr. Chairman, as the member of the Rules Committee to whom had been assigned the time on the rule allocated to the minority, I gladly waived this time to expedite the consideration of this bill in order to circumvent the filibuster which has been in progress during the afternoon by enemies of this legislation.

Mr. Chairman, I strongly favor this legislation, but the bill, as it came from the Judiciary Committee of the House, must be amended if the law is to be really effective.

This measure, commonly known as the Hatch bill, is an outgrowth of the scandalous political manipulations of Federal relief appropriations, as well as intimidation of relief workers during the primary and general elections of 1936 and 1938, as revealed by the Sheppard investigating committee of the Senate.

No patriotic American can read this report, detailing a sordid debauchery of the ballot hitherto unknown in this country, without a feeling of deep resentment and without a blush of shame.

No one in this country ever dreamed, Mr. Chairman, that the time would ever come in the United States when public money, appropriated for the alleviation of human distress, could be sabotaged and prostituted as it was in Pennsylvania, Kentucky, New Mexico, Oklahoma, and to a greater or less degree in every State in the Union, including the proud old State of Tennessee.

Only last week, Mr. Chairman, a W. P. A. superintendent was tried and convicted in the Federal court at Knoxville, Tenn., in my congressional district, for misappropriation of W. P. A. funds, and for levying political tribute on poor, unfortunate relief workers. It developed in the trial that W. P. A. project foremen vied with each other in rivalry to see which could bleed relief workers the most for political contributions. It was shown that the project bosses were furnished with the names of the W. P. A. workers, and opposite each name was indicated the amount each was expected to contribute. One of the unfortunate victims testified at the trial that his boss came to him and said he would like to have $5. "I asked him," testified the witness, "what it was all about. He went ahead to explain that it was for the campaign." In this instance it was for a Democratic primary. Continuing, the witness said, "I told him I did not know whether I could spare $5 but I would try to give as much as $3, and he said that would be fine." It further developed in the trial that usually the W. P. A. workers placed their contributions under the Democratic donkey paperweight on the desk of the project supervisor. At that time W. P. A. workers in Knox County were receiving less than $30 per month to support their families.

Commenting on the trial, the News-Sentinel, published in Knoxville, had this to say editorially:

> The political racket in Tennessee is enough to sicken any decent human being, and it is doubly sickening when it is worked on helpless relief clients.

Even destitute women on sewing projects were subjected to the impositions of these political vultures. These poor and jaded women were forced to disgorge a part of their meager relief earnings or suffer the inevitable consequences which they well knew.

That such a dastardly thing could happen in this great country, Mr. Chairman, not only arouses our indignation but staggers our comprehension as well.

This legislation is designed to prevent a repetition of such sordid and scandalous political rascality.

It will be urged by some that this legislation will interfere with personal liberty. Well, if the passage of this measure will secure those on Government relief from becoming the prey of political parasites and highjackers by interfering with their "liberty" to coerce and exploit, then that is the strongest possible argument for its speedy enactment. [Applause.]

Mr. Chairman, to me the lowest form of animal life is the creature who would levy tribute, political or otherwise, on the unfortunate recipients of Government relief, or who would undertake to influence their political action by either a promise of favor or by a threat of punishment or reprisal. Such a creature, in my opinion, belongs to the category of ghouls and deserves the contempt and execration of all decent people.

Mr. Chairman, I favor this bill as it passed the Senate. The more teeth that can be put into it the better, so far as I am concerned. I want to see the House bill amended in substantial conformity to the Senate bill. Some clarification may be necessary, but we all fully realize that the objective of this legislation is to free those on Government relief from the talons of political harpies and to prohibit Government employees from engaging in pernicious political activities on Government time and at Government expense.

I want to see the language of the Senate bill relating to party primaries and conventions restored to this bill. These primaries and conventions have a direct bearing on the general election and, besides, this provision of the Senate bill is designed to prevent these nominating devices from being used as instruments of graft, extortion, and intimidation.

So far as I am concerned, Mr. Chairman, the bill does not go far enough. I would like to see it amended to cover such practices as I discussed on this floor on June 28, 1937, when I called to the attention of the House and the country the sale of the now "celebrated" Democratic campaign book. This performance, which was carried on throughout the Nation, presented the most audacious and disgraceful species of highjacking and racketeering that had thitherto been known in this country.

I stated at the time that Al Capone in his palmiest days would have scorned to condescend to such arrant, cowardly, and contemptible conduct, and that Jesse James would have

considered it unworthy of his code of ethics and a reflection on his sense of sportsmanship.

This bill, Mr. Chairman, should be amended to include rackets of this character, because they sustain close relationship to the instant subject.

The Democratic campaign-book racket was carried on in this novel fashion:

Thousands of books were printed and were supposed to have been autographed by no less a personage than our present Chief Executive. Agents skilled in the art of high-pressure salesmanship were engaged to travel throughout the Nation and sell these books to those equipment dealers and contractors who had been given P. W. A., W. P. A., and other Government contracts. The agents were supplied with data as to the amount of business each material and equipment dealer and contractor had received, and the number of books each was expected to purchase was based on the amount of business he had enjoyed. Of course, this information was supplied by the heads of Government agencies right here in Washington.

Before they were anointed and sent on their scurvy journey, these solicitors were assembled in Washington and furnished a list of the lambs to be shorn, and given a letter signed by the head of the Democratic National Committee authorizing them to make the necessary contacts.

The agent who worked Tennessee, and when I say "worked," I mean precisely what I say, made at least four stops in my State—Knoxville, Chattanooga, Nashville, and Memphis. When he reached Knoxville he registered at one of the best hotels and immediately summoned to his suite those whose names were furnished him in Washington as beneficiaries of Government business. They came singly, and when Mr. A, for instance, was ushered into the presence of the shearer, he was adroitly reminded of the business he had received from the Government and the prospect of future favors was dangled before him. He was then shown the Democratic campaign book—a veritable masterpiece of art—and told that he was expected to purchase. The victim immediately expressed a willingness to buy a book, thinking, of course, that the price would certainly be nominal; but when he was told that he was expected to buy several books, the number varying in proportion to the amount of Government business he had enjoyed, and that the price of the book was only a measly $250 per copy, the victim's enthusiasm was greatly dampened. While these books were about as valuable as a last year's Barker's Almanac, under pressure, thousands of people bought them and immediately chucked them into the garbage can. It was just a subterfuge to levy cold-blooded blackmail, and the victims knew it, but there was no alternative if they expected to continue to get Government business. It is amusing to note that at the very time these campaign books were being inflicted on these hapless and helpless businessmen at $250 per copy, the same books were on sale in second-hand book stores here in Washington at 30 cents per copy. [Laughter.]

Another feature, Mr. Chairman, of this famous, or rather infamous, book which brought in huge revenues to the Democratic war chest was its advertising section. In advance of the publication of the book, large concerns, which directly or indirectly, benefited from Government business, were also visited, and by sinister methods, convinced of the importance of taking advertising space in the book, paying from $10,000 to $15,000 per page—prices far in excess of cost of similar space in such magazines as the Saturday Evening Post with its millions of circulation. Of course, it was simply a hold-up of the purest ray serene, but it was either take the space or be blacklisted.

Mr. Chairman, this bill should be amended to include this racket, because this is a species of political immorality and skullduggery that should not be tolerated. [Applause.]

My friends, if this legislation is defeated or emasculated, the country will conclude with reasonable justification that Congress approves political manipulation of Government relief. The country will also interpret such action of the Congress as an approval of pernicious political activity by those on the Federal pay roll, together with the privilege of those in authority to levy tribute and impose intimidation on Government employees.

I realize that every effort will be exerted to delay this legislation and, if possible, defeat it. We have already seen unmistakable evidences of such a conspiracy. But if this measure is not enacted before Congress adjourns, with the amendment which the gentleman from New Mexico [Mr. DEMPSEY] will propose included, in my candid opinion, it will be a sad commentary on the integrity and moral perspicacity of the Seventy-sixth Congress. [Applause.]

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. CREAL].

Mr. CREAL. Mr. Chairman, I want to join in the condemnation of all that took place in Kentucky with reference to abuse of the relief and P. W. A. workers. I neither subscribed to that while it was going on nor have I condoned it since then. That is what occurred in connection with a primary, but neither this bill nor the bill as it came from the Senate, as was just said, includes provisions with regard to primaries. The only comment that was made on this bill in the Senate in that connection was when Senator CONNALLY asked Senator HATCH if the bill included such provisions, and the answer was "no." Then the bill went by the board without further ado. The majority of crimes of this nature are committed in the primaries which are equivalent to election. If you eliminate primaries from the provisions of this bill you have not scratched the surface of about 75 or 80 percent of the wrongs which are still in existence.

I would be in favor and I am in favor of making the fence around the relief worker and the P. W. A. worker so stout and so strong that it would make anybody afraid to violate any of its provisions. I do not care if you make it a penitentiary offense for a man to ask a relief worker who the candidates are when election day comes, but that is as far as the bill should have gone, preventing abuse of those on relief work.

You have heard a great deal of talk here about dictatorship and Hitlerism, but today you are proposing to reach out to millions of people who have never been sought to be touched by the Federal Government in the last 150 years and to gag them and handcuff them in the exercise of their political rights. This bill not only goes further than covering relief workers—and you can make that fence as stout as you please and I will support it—but you go into numerous other fields which I cannot support.

You include any man acting in a supervisory capacity who is receiving any salary, in whole or in part, provided by the Federal Government. Now, where are you States' rights boys who have been talking about the Federal Government reaching into the States? You have thousands of employees in the United States who have what are considered to be State jobs, but, incidentally, a part of the year they work on a Federal road program, or something of that sort, that has Federal money in it. This would include every such State employee in the 48 States of the Union. It would include the teachers of universities and colleges and of high schools who receive any pay under the Smith-Hughes Act, down even to the janitor, and he would be violating the law if he tacked up cards for you for 50 cents on the telephone poles down the street. I do not know how you would hold an election in the rural precincts, because even the men who are drawing small checks in measuring land in soil erosion would be included, and such a man could not act as a challenger for his party in an election. Yes; it goes that far, debate it or discuss it all you will, because nobody is going to deny that. It would include the man in a local town hauling sand to build a local post office if an election happened at that time. It includes collectors of internal revenue, United States judges, United States attorneys, and, in fact, a great host of people that have never heretofore been considered anything except State employees.

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Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. CREAL].

Mr. CREAL. Mr. Chairman, I want to join in the condemnation of all that took place in Kentucky with reference to abuse of the relief and P. W. A. workers. I neither subscribed to that while it was going on nor have I condoned it since then. That is what occurred in connection with a primary, but neither this bill nor the bill as it came from the Senate, as was just said, includes provisions with regard to primaries. The only comment that was made on this bill in the Senate in that connection was when Senator CONNALLY asked Senator HATCH if the bill included such provisions, and the answer was "no." Then the bill went by the board without further ado. The majority of crimes of this nature are committed in the primaries which are equivalent to election. If you eliminate primaries from the provisions of this bill you have not scratched the surface of about 75 or 80 percent of the wrongs which are still in existence.

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Let me tell you the most asinine thing proposed in here. You leave Members of Congress open to go down and butt

into every State race, city race, county race, judicial race, or sheriff race without penalty, but you say to all this vast number of State employees, who are State employees drawing the major portion of their money from the State, that you shall not have a word to say about our election. Is not that a poor position for us to assume in this matter? Why not put ourselves in the same position? You say by your act that we can butt into anybody's race, not only in our State but in anybody else's State, but the State employee cannot open his mouth.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CREAL. I shall offer an amendment at the proper time to strike out words which are the most dangerous provision in this bill and the widest invasion of State rights ever proposed, where it says that any employee in a supervisory capacity who draws his money in whole or in part, and so forth. If you will strike that out and make it apply strictly to the Federal Government, then the Federal Government will be regulating its Federal employees; otherwise the State is attempting to regulate city, county, and State employees because they happen to have a mite or two of Federal money connected with the work they are doing. That is not fair. It is the greatest invasion of States' rights ever proposed in a quarter of a century. [Applause.]

Mr. GUYER of Kansas. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I am for the strongest and most stringent possible law that will remove politics from relief. I will say this for the majority members of the Committee on the Judiciary that with slight difference of opinion they agree with the minority members that we must have a strong and unequivocal law that will eliminate politics from relief and thus remove a stain from our national history that might well have caused the blush of shame to come to the face of the Nation.

With the advent of relief as a national policy there arose quite naturally the temptation to use it as a political weapon and for private graft. In every State in the Union political scavengers preyed upon the helpless victims of the so-called depression in an effort to carry elections which hung in the balance to be decided by the corrupt control of the relief vote. From all over the country came the report that in the November elections of 1934, 1936, and 1938, Democratic politicians appealed to persons on relief rolls to vote for the Democratic candidates, particularly those who were candidates for Congress, making such appeals as: "Do not bite the hand that feeds you. The President is feeding you."

No blacker stain, in my opinion, could besmirch the record of a party or administration than the infamy of preying upon the hunger, misery, and destitution of the people for political purposes at the expense of the Public Treasury.

In every city in the United States the corrupt political boss employed his power over those on relief to bolster his waning political regime and win elections for his party. Venal political scavengers organized so-called political clubs composed largely of those on relief who regularly as pay day came were forced to contribute to these corrupt political vultures either to promote political campaigns or enrich their own coffers from the pittance which the Government provided presumably to feed hungry children and men and women made destitute by the bungling experiments of the New Deal in government. No such shameful depravity was ever before exhibited in the political history of this country or any other.

About three score years ago Boss Tweed made himself the symbol of political depravity for all time, but even Boss Tweed never took the food out of the mouths of little children to strengthen his political power. Tom Pendergast in Kansas City set an all-time record of political corruption and election theft but he never robbed babies of their food to oil his political machine as the devotees of the New Dealer have done with the helpless victims of the Roosevelt recession who were forced by these political charlatans to dig up dues and contributions from their meager earnings by these liberal grafters who cared more about electing New Dealers than they did for the welfare and comfort of the victims of unemployment.

Now, if this Congress means it, it can put an everlasting end to this sort of corruption and graft. There has been a vast amount of misinformation about this bill and the House Judiciary Committee. It was said we butchered the Hatch bill. The original Hatch bill as it came to the House Judiciary Committee made it unlawful to solicit political contributions from those on relief. The House Judiciary Committee strengthened it by amending it so it is not only unlawful to solicit contributions but also unlawful to receive even voluntary contributions from those on relief. This will prevent anyone from financing any political campaign with contributions from those on relief which so far has been the major offense in the political aspect of this question.

I am willing and anxious, too, to go along with those who would prevent those on relief and those particularly administering relief from political activity, and as far as that goes, I am willing to prevent Federal officeholders from being members of nominating conventions. That is largely a matter for the majority to settle. We Republicans cannot nominate anybody by using Federal officeholders because there are not enough scarcely to settle a tie.

I urge with all the force at my command the passage of a law with plenty of teeth in it so that we may really eliminate politics from relief. [Applause.]

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, the Judiciary Committee has given a great deal of consideration to this bill, and in view of the fact that a tremendous amount of legislation has been before that committee of great importance, I feel that the committee has reported this bill to the House as expeditiously as possible under the circumstances.

This bill now represents the well-considered views and judgment of the Judiciary Committee and was reported to the House unanimously by the committee. A great deal has been said about delay in the consideration of this bill. You have read about that in the newspapers. We also have been accused of pulling some of the teeth from this bill, but I submit that at all times, both the minority and the majority members have approached this problem with the utmost fairness and with a sincere desire to achieve the objectives of the author of this bill.

We did, however, believe that there were some provisions in the bill that were unreasonable, and we have attempted to amend the bill so as to make it conform to reason and sanity, and yet retain the major objectives of the bill. The first section of the bill makes it unlawful for anyone to intimidate, coerce, or threaten any person to vote for or against a person in a national election. Section 2 is a controversial section and the committee, believing, of course, that it had no right to deprive a person the right to vote as he choose, believing that was inherent and guaranteed under the Constitution, struck out the words "vote as he may choose" in lines 18 and 19, page 2, and added the words "participate in the activities of a political party." The purpose of that was to make this law conform to the civil-service regulations. The civil-service rule 1 provides that no one in the executive civil service shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. That has been interpreted as follows by the Civil Service Commission: That the political-activity rule applies in its entirety to all employees occupying classified positions regardless of whether their status was acquired as a result of a competitive examination, classification by statute or classification by Executive order, but it provides that only the first sen-

tence of the rule applies to Presidential appointees, and incumbents of executive positions and other nonclassified positions.

The committee, in its judgment, did not feel that it ought to subject those persons covered by section 2 of this act to any more stringent rule than those unclassified persons under the civil-service rule. I am sure that it was the purpose of the author of this bill merely to make the civil-service ruling applicable to persons who are not classified, and who are not embraced by the civil service, and we have done that by the amendment which we have made to section 2.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. Yes.

Mr. ZIMMERMAN. Many of the complaints against political activities were made regarding the primary elections in the State of Kentucky. It seems to me that the language of section 2 would not prevent the same things from happening in a primary election in Pennsylvania or Kentucky because a primary election is not regarded as an election, and nothing in this bill would prevent employing the same tactics in a primary election in any State.

Mr. HEALEY. In my judgment, this bill applies to elections, as the text reads.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. CELLER. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. HEALEY. In section 9 of the bill, in the judgment of the committee, this would apply to Cabinet members, to clerks and secretaries of Members of Congress, and apply to all persons who are embraced in the Government service. I do not believe either Republicans or Democrats desire to extend such a stringent rule to the so-called policy-making persons present in any administration. If a Republican administration comes into power again, there are certain policy-making people it will embrace in its administration, and I know the Republicans believe that such persons ought to be permitted to defend the administration, to make speeches over the radio and on the public platform, and, therefore, it seems to me that the Committee on the Judiciary acted with reason and sense, and we have now presented a bill that the House ought to support. [Applause.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I am glad that we are considering this bill from a nonpartisan point of view. It was introduced by a Democrat in the Senate and is sponsored in the House by a Democrat from New Mexico [Mr. DEMPSEY], a distinguished and able Member of the House. However, we have had a rather sad spectacle in the House, where we find some Members of the majority party, not the leaders of the party or a majority of the Democratic Party, conducting a filibuster to prevent even the consideration of this bill which has for its sole purpose the purifying of politics and the cleaning of the Augean stables of graft, corruption, and political coercion of those unfortunate and needy Americans who are on relief rolls, and to stop the playing of politics with human misery by politicians who have been using that method to keep themselves in office. It is enough to make the angels weep. This bill with teeth in it is directed at all political ghouls and vampires who exploit the needy and obtain funds of those on relief. This legislation as far as I know is not opposed by any single group in America. As the bill before us is written without the Dempsey amendment, it is worse than no bill at all. The teeth have been taken out of the bill and it is utterly useless in its present form. But with the Dempsey amendment, I know of no single organization in America that would oppose it except the Communists and Workers Alliance. I hold in my hand a letter from the National Grange, of which I am a member, approving the Dempsey amendment. I believe this Grange letter has been issued to every Member of the House. It reads as follows:

> The Hatch bill strikes at an ancient evil and proposes a reform that is long overdue. In a word, the aim of this measure is to protect the sanctity of the ballot and to safeguard the right of free elections. It must be agreed by all fair-minded people that any party that cannot win an election without the contribution and electioneering of those who have been placed on the public pay roll does not deserve to win. Since the Dempsey amendment exempts those holding policy-making positions, it must be regarded as fair and workable.

That is the endorsement of the National Grange, a great nonpartisan farm organization.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. For a brief question.

Mr. COCHRAN. What is the Dempsey amendment? Is it this part that is stricken out on page 5?

Mr. FISH. Yes; on page 5, section 2.

Mr. COCHRAN. "All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects."

Mr. FISH. Particularly on page 3.

Mr. COCHRAN. There is nothing stricken out on page 3 of the bill I have before me. We are considering Senate bill 1871, are we not?

Mr. ROBSION of Kentucky. The gentleman from New Mexico [Mr. DEMPSEY] on last Monday introduced the amendment that he proposes to offer.

Mr. FISH. I have the Dempsey amendments right here. I can give them to the gentleman, but I have not got time to talk about them in 5 minutes.

Mr. ROBSION of Kentucky. Page 9276 of the RECORD contains the amendment offered by the gentleman from New Mexico.

Mr. COCHRAN. What does the gentleman think about this amendment on page 5, which strikes out the language "all such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or in political campaigns"?

Mr. FISH. I would rather discuss that when it is reached in the bill.

Mr. COCHRAN. That is stricken out. Does the gentleman object to that being stricken out?

Mr. FISH. I think that ought to be stricken out.

Mr. COCHRAN. But does not the gentleman feel that that language would be a violation of the right of expression in the Bill of Rights?

Mr. FISH. No; I do not think so at all. I think that applies to the civil service as well.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. GUYER of Kansas. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. FISH. I believe the main purpose of this bill, the one that we are all primarily interested in, is preserving a free ballot. Our free institutions today by a free people under a free ballot is being attacked more than ever. Our very form of parliamentary and representative government is more under attack than ever before. We are told from abroad that popular government and democracy have failed. Unless we pass legislation of this kind, upholding a free ballot and our free institutions and thereby our representative form of government, then, gentlemen, it is the beginning of the end of free institutions, and you will soon have some form of dictatorial government in this country. [Applause.]

[Here the gavel fell.]

Mr. BYRNS of Tennessee. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eighteen Members are present, a quorum.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, we now have in this Nation a government by minorities—high-pressure groups. We are fast forming the bad habit of legislating by label.

The title of this bill is "to prevent pernicious political activities." Every one of us is for that slogan or label. I challenge any man to dispute, from the record, my statement that there is no difference whatsoever between the proponents of the so-called Dempsey amendment and the Committee on the Judiciary that even touches the hem of the garment of any pernicious activity. What I submit is that there is outlawed in the committee bill every single pernicious activity which has been damned on this floor or which has caused shame in any State in this Union.

Section 1 interdicts coercion, threats, and intimidation of any person with reference to his vote.

Section 2 interdicts the use of official authority for the purpose of interfering with or affecting an election.

Section 3 interdicts bribery by promise of employment, position, work, compensation, or other benefit in exchange for political activity or vote.

Section 4 interdicts the deprivation of employment because of race, creed, color, political activity, or vote.

Section 5 interdicts the solicitation or reception of contributions from anyone on relief or W. P. A. roll.

Section 6 interdicts furnishing or receiving lists of names of persons on relief, for political purposes.

Section 7 interdicts the use of money or authority from relief, W. P. A., or P. W. A. appropriations for the purpose of interfering with, restraining, or coercing a vote.

Section 8 is the penalty clause, fixing a maximum punishment of $1,000 fine and/or imprisonment for not more than a year.

Section 9 forbids anyone in an administrative or advisory capacity to use his official authority or influence for the purpose of interfering with an election. Sections 10 and 11, the concluding sections, are of no substantive effect. So I submit that the only difference in the world—and I want you to listen to this—the only difference in the world between the committee bill and the so-called Dempsey amendment is that the Dempsey amendment, at its core, does this: It adds only that no man employed in the executive branch of this Government may take an active part in a political campaign or in political management. Is that pernicious activity? Of course, it may degenerate into that, but if so, it is punishable both by expulsion from his office and also by fine and imprisonment. But it is not per se pernicious. I ask any man to say that it is. I will eat my hat and buy him a new one if any man has the nerve to say so, because it is not so. The foundation stone of this Government is the free and untrammeled exercise by free men in our democracy of their right to participate in their Government. [Applause.] The mere fact that a man may be in public office does not divest him of his citizenship. I am standing upon that high principle, that holy ground, and our "government of the people, by the people, for the people" will perish from the earth if we stand elsewhere. From time immemorial every Republican and every single one of us Democrats has so proclaimed. We have that right, and the mere fact that in a few instances, in a few States there have been abuses of that right does not make participation in government pernicious political activity.

There may have been isolated cases of corruption in some States in the Works Progress Administration but I am sure that in most of the States that great organization has functioned as it has in Alabama, under splendid, clean, and efficient leadership, and without a semblance of the questionable, much less rotten.

Similarly, Alabama and most of her sister States have always had, now have, and will have as long as they endure, officials of a type too high to stoop to any pernicious activity, with or without law.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am happy to yield to my distinguished friend from New York.

Mr. HANCOCK. I agree with the gentleman that section 9 as passed by the Senate goes way beyond reasonable bounds, but I ask the gentleman by whom is section 9 to be enforced even if amended as proposed by the gentleman from New Mexico?

Mr. HOBBS. It is, of course, nothing but a stump speech, and nobody expects it to be enforced. It could not be even if it were constitutional.

The mud sill, the foundation, upon which the argument for this Dempsey amendment is based is: For 50 years the Civil Service has interdicted political activity by civil-service employees.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield 1 additional minute to the gentleman from Alabama.

Mr. HOBBS. Those under civil service are career men and cannot be fired. They "take the veil" in exchange for insurance against separation from the pay roll. That is perfectly right, and a fair quid pro quo. Give all other Federal employees similar assurance, and they should also "take the veil", but without that quid pro quo they should not be compelled to surrender their constitutional rights of liberty and free speech. [Applause.]

I realize that everyone is for the principle which is emblazoned on the pennant flying at the masthead of this finely intentioned bill, but I challenge anyone to give me any good reason for insistence upon the heart and core of the Dempsey amendment. I wait for an answer in the succeeding debate. It will not be made; it cannot be made; there is none, and I hope, therefore, that this House will honor itself by forgetting the billingsgate by eschewing politics, and that the membership will support the Judiciary Committee, which, for 3 months, has labored faithfully to bring you this bill that will correct the evils which in rare instances have afflicted us, and of which in years to come you may be proud. [Applause.]

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman——

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. For a brief question.

Mr. DIRKSEN. I was going to make an observation relative to the remarks of the gentleman from Alabama [Mr. HOBBS].

My answer to the gentleman from Alabama would be that despite the high ground taken by members of the major political parties heretofore, that up to 1932 there never has been any such war chest with which to influence the campaign; and, secondly, the perpetuation in office of hundreds of thousands of employees who have an interest in continuing the administration in power, in my judgment, is a somewhat pernicious political activity, in spite of the fine idealism that has been expressed on the floor.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I cannot yield further; I am sorry.

Mr. Chairman, Congress has dodged the issue of preventing pernicious political activities long enough. The passage of this legislation has been withheld not only to the detriment of the taxpayers of this country—those who are required to pay for the extravagant use of Federal funds—but to the discomfort and deprivation of those for whom such funds were intended. More than that, the withholding of this kind of legislation has been most damaging to the fundamentals of democracy itself.

Let me say at the outset that I favor the Hatch bill as it came from the Senate. I am in favor of putting all of the teeth back into this measure that were taken out by the House committee. I shall support Congressman DEMPSEY's amendments to the House bill which will restore the essential and effective provisions of the Senate measure.

Petty politics have been played more or less in the affairs of our Government for many years. But in recent years and months we have had the rank disclosure of persons in high places and in positions of authority, who have not only exercised their influence, but have manipulated the use of public funds, to foster their own political ambitions.

During the past few years the Federal Government, by reason of, and in the name of emergency, has expended billions of dollars on behalf of our needy people and to provide employment for them, in an effort to meet or overcome our unfortunate economic situation. The manner in which these funds have been administered and expended in many cases has become a shame and a disgrace upon the Government itself. I do not say that the expenditure has been extravagant in all instances, but I know and you know that in far too many cases the best interests of government and people have been overlooked. Far too often taxpayers' funds have been used and distributed on the basis of political pressure, rather than for the well-being of those for whom the money was intended.

One of the greatest crimes committed these days is that of permitting funds intended to provide food, clothing, and shelter for the ill-clothed and undernourished people of our country to be extravagantly used or wasted by those who put petty politics above public interest. If the billions of dollars that have been appropriated by Congress for the needy and underprivileged during the past few years had been efficiently and economically administered and distributed we would not have the suffering which exists throughout our country today.

It is unnecessary for me to point out this afternoon the disgraceful manner in which public funds have been used in various places. There has been going on throughout the length and breadth of this country a system of racketeering that is incomprehensible and indefensible. State after State, and community after community have reported the manner in which politically appointed parasites have preyed on the Public Treasury. All to the detriment and suffering of those people for whom these funds were intended. This situation is not confined to one State or in any one section of the country. We find it in New York, Ohio, Kentucky, New Mexico, and Louisiana, as well as in other parts of the United States. Why in the world should the American people permit such a shameful condition in the use of our public funds?

We also have another situation which has developed during the past few years that makes the passage of this legislation very important as well as imperative. Attention has been called many times to the great growth of bureaucracy that has been built up like a mushroom in this country during the past decade, and especially in the last 6 years. We have created bureaus and commissions in the name of emergency, and have given them power and authority beyond all expectations. We have added group after group of employees. The policy of this Congress is to increase these bureaus as well as the number of employees, rather than to decrease them. In 1933, we had 563,000 Federal employees, of which 83 percent were under competitive civil service. Today we have approximately 900,000 Federal employees, 300,000 of whom secured their positions because of political patronage. Most of the jobs under the various commissions and bureaus that were created by Congress were exempted from a civil-service merit system. These employees may or may not be qualified for their places, but their chief qualification for the appointment is their particular political affiliation.

If this Congress continues its present practice, we are going to foster and approve the most gigantic political machine that is known in any nation anywhere. This bill will prevent those who are appointed to positions under the Federal Government from taking an active part in the management of political campaigns or engaging in them actively. If they do take such part and active interest they will lose their jobs.

We have just experienced and are still experiencing, so far as that is concerned, a disgraceful example of the abuse of political patronage by the Pendergast machine in Kansas City, Mo. That example alone ought to convince anyone—in Congress or out of Congress—of the dire necessity for legislation of this kind.

Members of Congress, I just do not believe we can make this legislation too strong. The time has come—yea, long past due—when this thing must be stopped. Let us do it now, once and for all. Let us see to it that each and every individual who has anything to do with the disbursement or administration of public funds shall have nothing to do concerning the appointment or election of any individual to public office. When you permit the use of public funds, as well as political appointments, to influence and control the elections of individuals to high places, who are to direct the policies and affairs of our Government—at that time you are striking at the very foundation of democracy itself. This Congress still has a chance to prevent the American Government from being controlled by the corruption of a spoils system. Does it have the courage to do it? [Applause.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman——

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I am pleased to yield to my distinguished friend on the Judiciary Committee.

Mr. HOBBS. I thank the gentleman and appreciate the courtesy which is necessary in order that I might reply to my friend the gentleman from Illinois [Mr. DIRKSEN], who said he was replying to me.

I point out to the distinguished gentleman from Illinois that this bill absolutely outlaws the use of any money whatsoever to influence elections, and also the use of official authority. His observation therefore is certainly without point.

Mr. SPRINGER. Mr. Chairman, I fully agree with the statements which have been made by various Members that the Judiciary Committee have worked long and toiled faithfully on the Hatch bill.

This bill, with proper amendments, which seeks to prevent pernicious political activities, should be passed in this House without a dissenting vote. The general provisions of this measure are sound. This proposed legislation seeks only to make certain the inherent right of every citizen of our land of the freedom of the ballot and his or her right to vote as they may elect without interference from illicit political manipulators. This bill makes ample provision for punishment to all violators of the act.

I am convinced that legislation cannot be made too strong in this particular. Every safeguard must be thrown around our people and they must be made secure in that inalienable right to vote, and to vote as they may desire. If and when the sanctity and the sacredness of the ballot is discarded and the safeguards are removed therefrom, then our form of government will fail. The freedom and the sanctity of the ballot is quite essential and is equally important as our freedom of speech and of the press which is guaranteed to all of our people, and that element is equally important and marches hand in hand with our right of freedom in religious worship.

When we consider the question of pernicious political activities, as used in the pending measure, we are constrained to view with great alarm the growing practice of asserting political influence upon our unfortunate people who are working upon the W. P. A. and those who are on the relief rolls in our country; this character of political manipulation is an unfair, unprecedented, and unwarranted effort to destroy the free right of those individual citizens, who are good Americans, to cast their vote as they may desire, and in the manner of their own selection—which right is positively guaranteed to all our citizens who possess the required legal qualifications to so vote. However, under the conditions which now exist in our country, many of our people, through no fault of their own, but wholly by reason of circumstances beyond their control, are compelled to work on the W. P. A., or they are compelled to accept relief in order to sustain themselves and their families, and by reason of that misfortune which has overtaken them, will any Member of this House, or will any American citizen, say that man,

or that woman, should not have a safeguard thrown about them for their protection, and that they should not have the free and unrestrained right to vote, and to vote as he or she may elect?

Mr. Chairman, the right to vote and to vote as a free man, without intimidation, coercion, threats, or restraint—and to vote as the dictates of his or her own conscience may direct—is an American right. That right is coupled with the right of citizenship, and it is the inherent right extended to every citizen of our Nation, who is otherwise duly qualified to exercise that right. The franchise of our people and the privilege of exercising the same is not extended to any particular party, but it is extended to our people regardless of their political affiliations and belief and it is granted to all of our people regardless of the party with which they have become affiliated or the party or candidates for which they may desire to cast their vote. This is the undeniable right of every citizen of our Nation.

Thomas Jefferson, one of our great Presidents and one of our outstanding statesmen, in his inaugural address in 1801, said:

> Equal and exact justice to all men, of whatever state or persuasion, religious or political.

Therefore, the unfortunates of our country—those who are unemployed, those who are working on the W. P. A. and those who are the recipients of direct relief—are entitled to the same and equal freedom of the ballot as is extended to every other American citizen; that is an inherent right which is guaranteed to them.

Within the last few years, and since the Nation's relief agencies have been centralized in Washington, and vast numbers of administrators, supervisors, agents, inspectors, office employees, and white-collared political manipulators have been employed and engaged in the administration of the affairs of our unfortunate people, practically all of whom are not entitled to relief of any kind, we have heard from the lips of our people who are working on the W. P. A., and those are receiving direct relief, that intimidation, threats, and coercion have been exerted upon them respecting their vote at our elections. That in many instances the threat has been made that if the worker, or the recipient of direct relief, did not vote for the party, or the candidates, as requested the worker would be immediately discharged from the W. P. A. and the recipient of direct relief would not receive further assistance. So many instances have been recorded, since the establishment of the Director of Relief in our Capital, that after the general elections have been held and the local supervisors of relief were dissatisfied with the result, or the suspicion of the supervisor was aroused that some of the men under his supervision did not vote in the manner and form he desired, and those unfortunate men were ruthlessly discharged from their job on the W. P. A., and those who were receiving direct relief were refused further assistance.

Quite a large number of instances have been reported that the W. P. A. supervisor stood just outside of the room in which the election was then being held, and with his book in his hand he gave to these unfortunate men and women the last word of instruction and his last expression of intimidation "to vote the straight ticket or the voter need not come to work the next morning." In many instances, where voting machines were used, the W. P. A. workers, and those receiving relief, were falsely told that the supervisor who stood on the outside of the polling place could positively tell by the ring of the bell how the voter was voting and whether the voter was following the last-minute instructions given to him before entering the booth to cast his ballot. The relief rolls have been filled to capacity in many places before the election and the number greatly reduced after the election was over, and in many instances, wholesale discharges of W. P. A. workers were made immediately after the election day. All of these things have been done in the past respecting our own citizens and their right to vote as they may desire, Mr. Chairman. And many of our own citizens, who were working on the W. P. A., or who were receiving direct relief, were discharged from their work or their allowance was discontinued because they sought to exercise their legal and their God-given right to vote as they please, and they were made hungry and their families were made to suffer because of it. This practice among our unfortunate people is wholly un-American and is unthinkable. Such an unholy procedure must be stopped, and the passage of the Hatch bill will provide the machinery by which our prosecuting officials will be able to aid in stopping this unlawful thwarting of the will of our people.

Mr. Chairman, can it be that we should continue to have two distinct classes of citizens on election day? The one class would be composed of those people who are not on relief in any form, who would have the perfect right to go to the polls and cast their vote as they may desire, and without any interference from any person whomsoever. And, the other class would consist of the poor and the unfortunate people—those who are forced to work on the W. P. A. and those who are drawing direct relief—who would be subject to force, threats, restraint, and intimidation and who would be made slaves on election day—whose freedom at the ballot box would have been taken away and they required to vote according to the will of their supervisor or boss, who would be their master and their individual rights as Americans would have been terminated.

No; I am confident we will have but one class of American citizens and voters on election day, and these shall be equal in every respect; they shall possess that freedom which is guaranteed to every citizen at the ballot box; all of our people, regardless of what their economic conditions may be, shall have the right to vote in the future, if this bill is passed, without threats, coercion, or restraint, and our people will have the right to vote freely and as he or she may choose for the party and the candidates of their own selection.

The questions involved in the passage of this measure are nonpolitical. This law, if and when it is passed, will apply equally to all political parties and the members thereof; this law will forbid the debauching, or the attempt to debauch, the freedom of our electors to vote as they may choose regardless of their state or station. That is truly the American way.

Let us measure this righteous legislation, which is proposed, with the policy of soundness; let us strengthen the proposed bill that it will express the American vision of equality—that the freedom of the ballot may be forever preserved and the inherent right of every American citizen to vote as he or she may elect shall be forever retained. [Applause.]

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. McLAUGHLIN].

Mr. McLAUGHLIN. Mr. Chairman, this bill, to my mind, presents a challenge to our system of free elections and the free choice of elective holders of Federal Government offices. This bill should be approached in no narrow, partisan spirit, but in the spirit of Americanism in an endeavor to correct evils in our system which have been present not only under Democratic administrations perhaps, but also under Republican administrations. I regret very much that some of my good friends on the minority side of the aisle have seen fit to attempt to turn this debate into an effort to condemn the Democratic Party. All of us who remember political campaigns in the past when the Republican Party was in power can vividly recall abuses which would have been touched and affected by the bill now under consideration. This situation reminds me of the fellow who had a leaky roof on his house. When his neighbors asked him why he did not repair it, he said: "Well, when it is not raining I do not need to fix it, and when it is raining I cannot fix it." In other words, when the party in power takes advantage of situations which are condemned and affected by this bill it does not desire to correct those situations. It is interesting to note in passing, and perhaps significant, that throughout

all the years of our history when these conditions existed under Republican rule no such bill as this was presented to the Congress for its consideration and action.

So when my good friends condemn the Democratic Party, or attempt to do so, it is well to call to their attention the fact that this bill is being presented by a Democratic committee under a Democratic administration. I am not going to attempt to discuss the bill in all its details at this time, because that has already been done on the floor of the House.

Mr. Chairman, may I, as a member of the Judiciary Committee, pay my respects to the gentleman from Massachusetts [Mr. HEALEY], chairman of the subcommittee which brought this bill out, and to all the members of the committee who acted in a most nonpartisan manner? May I say further, and I am sure I divulge no secret, that at the committee meeting I propounded the inquiry whether or not a vote to report this bill, after our debate and consideration of it in committee, bound the members to vote for it without amendment on the floor, and that it was agreed by the committee that it did not. I note that the distinguished gentleman from Pennsylvania [Mr. GRAHAM] on the minority side nods approval of my statement. I asked in committee if a vote in favor of reporting the bill there precluded the offering of amendments on the floor of the House, and it was unanimously agreed by the membership it did not. Therefore, at the proper time I am going to propose an amendment which will be in accord with the Dempsey amendment that will be later offered. The amendment I intend to propose will be an amendment to section 2, lines 18, 19, and 20, and will have the effect of striking out the words "or to participate in the activities of a political party." This amendment, if adopted, will have the effect of strengthening this bill and putting it in the shape in which I, as one Member of this House, viewing it impartially and from a nonpartisan standpoint, believe it should be.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from New Mexico [Mr. DEMPSEY].

Mr. DEMPSEY. Mr. Chairman, much has been said by the members of the Judiciary Committee about how well they are protecting the people of this country by eliminating the enforced extraction of wages from W. P. A. employees, but may I say that their amendment provides, not as we did in the relief bill, that funds from that bill may not be used for political purposes, but that money cannot be extracted from a relief worker, which means a certified worker. The Work Projects Administration will tell you that the other workers are considered as nonrelief workers. This includes office boys, stenographers, and those who are appointed without being certified. If the committee amendment stays in the bill, it means that entire organization will be subject to being chiseled out of money that these workers have honestly earned. It is true that many of these people, including officials of the W. P. A., are receiving a higher wage than they ever received in their lives from private industry. If they are getting too much money it is my contention that their salaries should be reduced in order that additional workers may be employed. [Applause.]

May I say something now about pernicious political activities? The gentleman from Alabama thinks the amendment which the committee has offered will cure pernicious political activities. Under the committee's amendment a Federal attorney may go out and make a political speech during a campaign, a patriotic speech, if you please, with the American flag waving in one hand, and in the other hand a bunch of indictments, and the hand that is waving the indictments is the closer one to his heart. It also constitutes a political threat. Is that what you want here? Do you want people who have been indicted, threatened, and coerced, as they have been in the past? Do we want a supervisor on W. P. A. projects taking part in political campaigns and putting additional trucks on the job in name only in order that he may pay himself back for the money extracted from him by politicians?

It is not my purpose today to go into the laundry business and do any laundering of filthy political linen. This matter should be treated as a nonpartisan measure, and the bill should be passed with the elimination of certain committee amendments and with the insertion of the so-called Dempsey amendment, which I propose to offer. May I say something in reply to the gentleman who spoke about the fact that soil conservation farmers could be considered as receiving a salary from the Government?

I am sure the gentleman would not make that statement to the farmers of his district, because they know better. A soil-conservation check is not for services rendered the Government, but for conserving land and, in many cases, for taking land out of production. In other words, the farmers are practically eliminating a certain part of their capital in the way of acreage and in return for that the Federal Government compensates them. Nobody could say, by the wildest stretch of the imagination, that type of person could be included within the definition of this bill.

Mr. CREAL. Will the gentleman yield?

Mr. DEMPSEY. I cannot yield now. I would have been glad to yield to the gentlemen who are so anxious to have me yield now, but they were so busy filibustering when I spoke previously I did not have sufficient time to explain the bill. I want to take this brief time to do so.

Mr. Chairman, the amendment I propose to offer will strike out all of section 9. On Monday last I placed in the RECORD the amendment I will offer, which clarifies that part of the bill about which there is some doubt. There has not been any doubt in an intelligent person's mind about a member of the legislative branch of this Government not being affected so far as political activity is concerned nor his force of employees being affected. That, of course, has been charged in order to get some votes against this bill.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE. Mr. Chairman, the Hatch bill, S. 1871, is at least a step in the right direction, although there may be some question about certain of its provisions. In some respects the bill should be amended and strengthened.

This proposed legislation is an attempt to remedy conditions recently found to exist in the administration of such governmental activities as the W. P. A. Certainly no one can condone the use of the taxpayers' money to promote the candidacy of any person. Such conduct is reprehensible and constitutes a real threat to democratic government. The bill purports to be one "to prevent pernicious political activities." It recognizes that when certain persons or groups are the recipients of bounties or favors from the Government that they become easy prey for the demagogues. As the English people used to say, "Whoever takes the King's money is the King's man." This bill will limit and restrict pernicious political activities. Perhaps it would be safer to say that it will drive these activities under cover. However, it is a rather superficial attempt to deal with a problem without removing the cause of it. If we seek to really prevent pernicious political activities, we must take more heroic and fundamental steps than are provided in this measure.

By pernicious political activities we mean those activities by means of which the democratic processes of a free government are used in the aid of some selfish program and against the general welfare. Unfortunately for many years we have been building up a condition in America which makes that kind of politics inevitable. Some steps additional to this bill must be taken before there will be possible that purity of motive, that personal unselfishness, that determination to act only for the good of the Nation, which is necessary for the maintenance of a representative government. These additional steps are: First, the establishment of a genuine civil-service system; second, the simplification and decentralization of government; third, the elimination of large subsidies and favors now being given to various groups of our population.

The ease with which a powerful political machine may be built on political patronage has been demonstrated in many countries, and very forcibly in our own. It is true we have made some progress in the matter of civil service. But a real,

genuine merit system does not yet exist in this country. It would be a great step toward efficiency and economy in government if an effective bar could be placed against the use of government jobs and money for the payment of political debts. The best way to prevent improper political activities on the part of Government employees is to give them positive assurance that their continuance in office depends upon the service they render to their Government and not upon their skill in corralling votes.

Many years ago, John C. Calhoun called attention to the inroads being made by the Federal Government in the powers of the States. He predicted that the power being taken from the States would be eventually lodged, not in Congress, but in the Executive department; that the Congress in thus belittling the States was at the same time belittling is own power and responsibilities. The melancholy truth of the prophecy of this great statesman is to be found in the enormous growth of bureaus in Washington. The maintenance of these great establishments with their thousands of employees is becoming a heavy burden on the taxpayers. However, that is not the most serious side of it. A great bureaucracy exercising its daily control over the lives of the people, soon comes to wield a tremendous political power. There is a constant demand for greater power, for greater privileges. Thus there is built up a favored governing class to the neglect of the interests of the people. The time is rapidly approaching when this great source of political activity must be broken up and the power returned to the States and the people.

No effort to prevent pernicious political activities will be a complete success that does not seriously consider the tremendous subsidies now being paid to various groups. Millions of citizens are now getting money in one form or another from the Federal Treasury. In fact, our overgrown Federal establishment accounts for only 17 percent of the total expenditures of Government. Much of the remainder goes in payment of huge benefits in all sections of the country. Not all of these payments are wrong. Some are often justified on the ground that other groups are also getting benefits and favors. The fact remains, however, that the system naturally lends itself to improper political activities. We will eventually learn that patriotism soon dies among a people who are taught to look upon their Government simply as a large grab bag.

The present situation undoubtedly makes necessary such legislation as this bill. It should be remembered, however, that the pernicious political activities which we all deplore are but symptoms of a disorder which is rapidly sapping the strength of our free institutions. We should begin an immediate return to the fundamentals of American Government and American life as charted in the Constitution—simple government with widely distributed political power and equality of opportunity and individual responsibility on the part of the citizen. When we do that, these pernicious political activities will rapidly disappear.

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, ladies and gentlemen, we have before us Senate bill 1871, known as the Hatch bill, to prevent pernicious political activities.

Since March 4, 1933, under the present administration, there have been turned over to the present administration approximately $70,000,000,000. Billions and billions of this sum have been turned over to the President for so-called emergencies, for relief of various kinds to be expended by him and his subordinates as they desired. Unfortunately, billions of dollars have been used for political and partisan purposes to aid one faction of the Democratic Party to defeat the other faction, and to aid Democratic candidates to defeat Republican candidates in city, county, State, and National elections. A lot of this money has been used in efforts to defeat Democratic Members of the Senate and House and Governors of various States who were unwilling to follow the dictates of Mr. Roosevelt. The taxpayers' money has been used to make a most sordid record of intimidation, coercion, oppression, favoritism, and corruption, and to undermine the very foundations of our Government and the morals of our people. This money has been used to add nearly 500,000 useless officeholders and to create and maintain scores and scores of bureaus, commissions, and other Federal agencies.

The press of the Nation, the Republican Party, and millions of Democrats are demanding that these conditions be corrected, that the taxpayers' money no longer be used to intimidate, coerce, and corrupt our citizens, and that our Government be again restored to the people.

The great farm organization, the National Grange, on July 19, 1939, addressed a letter to each Member of the House urging the passage of the Hatch bill, S. 1871, and among others things, said:

> The Hatch bill strikes at an ancient evil, and proposes a reform that is long overdue. In a word, the aim of this measure is to protect the sanctity of the ballot and to safeguard the right of free elections.

It is a matter of common knowledge in almost every community of the Nation the taxpayers' money appropriated for W. P. A. was used to coerce and intimidate needy men, women, and children. Many of those in charge of this relief boldly insisted that voters change their party registration and vote for candidates favored by those in charge of the W. P. A., and if they refused they were denied W. P. A. work or were discharged. This same policy was practiced in almost every section of the country by those having charge of these billions spent by the various agencies of the Government to relieve the needy, the farmers, and other groups. It has developed into a powerful, corrupt, partisan, political machine. Tens of thousands of people receiving large salaries were rendering no service to the people. They were devoting their time in pernicious political activities. Something had to be done to meet this situation; and, as pointed out by the press, the National Grange, the Republican Party, and other groups, the Hatch bill solves this problem. If it is enforced it will restore the rule of the people. The taxpayers' money can no longer be used to coerce, intimidate, and corrupt the voters of the Nation. It will protect the sanctity of the ballot, safeguard our liberties, and insure free, honest, and clean elections. I regard it as the most important bill that we have had an opportunity to consider in many years, and it affords me very great pleasure to speak and vote for it.

Section 1 makes it unlawful for any person, whether he is an official or private citizen, to intimidate, threaten, or coerce, or even attempt to threaten, intimidate, or coerce any other person for the purpose of interfering with the right of such person to vote or to vote as he may choose.

Section 2 makes it unlawful for any person employed in any administrative position by the United States or by any department, independent agency, or other agency of the United States, to use his official authority for the purpose of interfering with, or affecting the results of the election of President, Vice President, or Member of the House and Senate. And it makes it unlawful for any such official to take an active part or manage any convention, primary, or general election. This will prevent any such officials from making speeches, being delegates, and from taking any active part in any primary, convention, or general election.

Section 3 makes it unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation, or other benefit, provided for or made possible by any act of Congress, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

Section 4 makes it unlawful for any person to deprive, attempt to deprive, or threaten to deprive by any means, any person of any employment, position, work, compensation, or other benefit provided for or made possible by any appro-

priation of Congress, on account of race, creed, color, or any political activity, in support of or opposition to any candidate or any political party in any election.

Section 5 makes it unlawful for any person to solicit or be in any manner concerned in soliciting any assessment, subscription, or contribution for any political purpose whatever from any person having any employment or office under any act of Congress.

Section 6 makes it unlawful for any person to furnish or disclose or aid or furnish any list of names of persons receiving any relief or compensation or any other benefits from the Government to any campaign manager, committee, or political candidate or party.

Section 7 provides that no part of any appropriation made by any act of Congress for work relief or otherwise to increase employment by providing loans and grants for public works shall be used upon any person for the purpose of interfering with, restraining, or coercing any person from exercising his right to vote in any election as he or she may desire.

Section 8 provides for a penalty for the violation of any of the provisions of the other seven sections of this act of imprisonment for not more than 1 year and a fine of not more than $1,000, or both.

Section 9 provides that it shall be unlawful for any person employed in any administrative or supervisory capacity by any agency of the Federal Government to use his official authority or influence for the purpose of interfering with an election or of affecting the results thereof. Neither shall such person be permitted to take an active part in any political management of any political campaign, and if any such person should violate the provisions of section 9 such person shall at once be removed from office.

This act does not reach the President, Vice President, or Members of the House and Senate, or members of the Cabinet as to political activity. It applies to the great army of appointed officials. It does not apply to the officials elected by the people. It not only applies to Federal officeholders, but it applies to all appointed officeholders of the State, district, or county wherein part of the funds of the United States Government are used in carrying on the activity, and in paying a part of the compensation of such offices. For instance, it includes those officeholders who are administering the old-age pension in the county and State as the Federal Government puts up one-half of the money. It includes county and State health officials where the Federal Government puts up part of the money to carry on the health activity and pays any part of the salary of the officials. It applies to the construction of buildings, roads, bridges, and other work in which a part of the money for the construction is furnished by the Federal Government. Of course, this does not apply to the elective officers of any city, county, or State whose officers are elected by the people and no part of whose salaries are paid by the Federal Government by appropriations of the Federal Government. However, the sections as to intimidation and coercion do apply to everybody.

This measure will go far toward bringing about clean government in the Nation. It will remove the coercion, intimidation, and corruption that have been so manifest on every side for a number of years. There is nothing so important to a free people as to have honest, clean, and free elections.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. DREWRY].

Mr. DREWRY. Mr. Chairman, I assume that every Member of this House is in favor of preventing pernicious political activities, whatever that phrase may mean. I assume also that every Member of this House, be he Republican or Democrat, is desirous of arranging our election laws so that every candidate may know that the elections are honestly conducted. With that in mind, I want to analyze very briefly this bill, Senate bill 1871, known as the Hatch bill. There seems to have been a great deal of confusion about this bill, judging by the debate and the statements that have been made on this floor.

There are 11 sections in this bill. Section 11 simply states that if any provision of this act is declared invalid the remainder of the act will not be affected thereby.

This leaves 10 sections. Of the 10 sections that are left in this bill, after eliminating section 11, this House has already passed upon 6. It is true that in the Emergency Appropriation Act that was approved by the President on June 30, 1939, those provisions were only temporary, that is, for a year, and this bill makes the same language permanent; but this House has already voted for six of the provisions in this bill.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. DREWRY. I yield to the gentleman from Pennsylvania.

Mr. WALTER. I should like to call the attention of the gentleman to the fact that section 3 is a part of the Corrupt Practices Act, which was passed many years ago.

Mr. DREWRY. I was coming to that, I may say to the gentleman.

In addition to the fact that you have already voted upon six sections of this bill before you and have given your approval to them, as the gentleman from Pennsylvania says, the Corrupt Practices Act, which has been in existence since 1925, contains the language that is in section 3 of this bill. This leaves, therefore, section 1, section 2, section 6, and section 7.

Sections 1 and 7, to my mind, although I may be wrong in my legal interpretation, mean virtually the same thing. Both of them use the word "coerce" and are intended to carry out the idea of not coercing anybody in the exercise of his right to vote. That is the purpose of both sections. If they are the expression of the same thing, that leaves section 1 and section 6 as the only remaining sections, together with section 2 to be considered.

Section 1 states that it shall be unlawful for any person to intimidate, threaten, or coerce another in order to prevent him from voting, or for the purpose of attempting to influence his vote. No one could have any objection to that provision.

Section 6 states that it shall be unlawful for any person for political purposes to furnish or disclose a list of names of persons receiving compensations, employment, or benefits, and I suppose no one could object to that provision, although it would probably have no effect, as it could not be made effective.

This would leave to be considered the section that has caused most of the argument, section 2. Section 2 in its meaning is virtually the same as section 9 (a), which provides that there shall be no official authority used for the purpose of interfering with or affecting the election of certain candidates.

Now, the gentleman from New Mexico [Mr. DEMPSEY] has notified the House that he will offer an amendment, and that amendment the gentleman proposes to offer at page 4 to amend section 9 (a). My own idea about it is that it would make this bill better if it were offered to strike out section 9 (a) and section 2, his amendment covering both of them. His amendment provides:

> It shall be unlawful for any person employed in the executive branch of the Federal Government or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof. No officer or employee in the executive branch of the Federal Government or any agency or department thereof shall take any active part in political management or in political campaigns.

This proposed amendment covers the criticism made by the gentleman from Kentucky [Mr. ROBSION] with reference to the action of the Judiciary Committee of the House.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. DREWRY. Certainly.

Mr. HOUSTON. How would that affect the selection of delegates to a national convention and national convention activities?

Mr. DREWRY. There are a great many things in this bill, I will say to the gentleman from Kansas, that I do not believe any court in the land could pass upon without a great deal of thought and study, and even then with a great deal of uncertainty on the part of the judges who are sitting. I cannot answer a great many questions that might be asked about the interpretation of the phraseology of the bill. That is impossible. I do not believe any court will ever be able to do it, but what I am trying to do is to show, as well as I can, analytically, what the purpose of the bill is. With that idea in mind I would say to the gentleman that I do not believe it would keep them from participating in political activities to the extent that the gentleman mentions.

I read from the bill:

> All such persons shall retain the right to vote as they may choose and to express their opinions on all political subjects.

That answers your question right there. If they are allowed to express their opinion on all political subjects, they could certainly do that anywhere, any place, to anybody they might have in mind.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. DREWRY. Certainly, sir.

Mr. MOTT. If your last interpretation is correct, what is the meaning of the prohibition against taking part in a political campaign?

Mr. DREWRY. That is something the courts will have to construe under this bill. That is all I can answer.

Mr. MOTT. The language of the Dempsey amendment in that respect is rather ambiguous, in your opinion?

Mr. DREWRY. I think so. I think a great deal of the phraseology of this bill is ambiguous.

Mr. MOTT. Does not the gentleman think it would be better, if we wanted to make the prohibition contained in the Dempsey amendment effective, to follow the language of the prohibition in the civil-service law?

Mr. DREWRY. If the gentleman can make obscurity less obscure by offering that amendment, I would suggest he do so. [Laughter and applause.]

Mr. MOTT. I was asking the gentleman's opinion because he is an expert and has made a great study of the subject.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. McLEAN].

Mr. McLEAN. Mr. Chairman, I intend to support this bill and hope it will become law, and that when it is the law it will be observed. A law is no more effective than the spirit behind it, and unless the provisions of this bill are better observed than those in existing law enacted for similar purposes it will be absolutely ineffective.

The political activity of Federal employees makes little difference to me. I have survived, notwithstanding their concerted efforts against my reelection. Their opposition was one of the best arguments made in my behalf. It is a reflection upon the intelligence of the American people to assume that, given a large army of persons on the public pay roll, elections can be controlled against their better judgment. If that is the situation, we have come to a very decadent state in our public thinking.

I have said that it is to be hoped that when this bill becomes a law it will be enforced. In view of the political hypocrisy accompanying the appointment of postmasters, there should accompany the enactment of this bill a pledge of its enforcement. There has been much talk about placing first-class postmasters under the civil-service law and prohibiting their pernicious political activity. Ever since the present administration has been in power the appointment of postmasters under the merit system as the result of examination to determine their fitness has been advocated; in fact, the people have been told such procedure was being observed. Those of us who have watched the course of events know that the law, the regulations made pursuant thereto, and the high-sounding declarations of those in power have been honored more in their breach than in their observance.

It is a safe challenge to make that no person has been appointed a postmaster who has not been recommended by some person in authority who knew that his political affiliations were friendly to the party in power. Alleged examinations to determine the fitness of applicants have been conducted, but this is how it worked: Whenever opportunity offered, a postmaster was appointed under a temporary commission pending the time when an eligible list could be established as the result of one of these so-called examinations. These temporary appointments were made on recommendation of local agents of the party in power. After a period of some weeks or months the incumbent temporary postmaster would be given a number of credits because of his experience. This would place him in such a position on the eligible list as to justify his choice for the permanent appointment.

There have been cases where the rating of the politically sponsored, even under this program, did not rise to the point of eligibility. In such cases the appointment was often deferred and the incumbent allowed to continue under his temporary appointment, or a reexamination was provided to enable him to qualify. In such cases as have come to my attention where an eligible might have been appointed—often when they had attained the highest rating—their quest for appointment inevitably led to the dispenser of patronage of the party in power.

I am willing to admit that if opportunity offers for me to make appointments to public office, I would not overlook those individuals who have been friendly or helpful to me in attaining my own ambitions. I do not, however, seek any opportunity to use political patronage in any campaign with which I may be connected. Everybody knows the famous quotation of the French philosopher to the effect that "Gratitude is a lively sense of appreciation for favors about to be received," and that one given an office to fill with 10 candidates for appointment will very likely come up with ingratitude on the part of the successful candidate and enmity toward him on the part of the other 9.

My experience has been that the difficulties resulting from making appointments to public office outweigh the advantages. The efficiency of the public service should be the first consideration of a public official in making an appointment to public office, and public officials having appointments to make attain the best advantage for themselves by disregarding political considerations and appointing persons who are efficient and insisting upon the proper discharge of their duties. He who would serve his own political future would make appointments with the single consideration of the capacity of the appointee for the particular office to which he may be appointed, rather than to his ability as a propagandist or solicitor in work apart, and which must necessarily detract from the proper discharge of his official duties.

Efficient administration of government will merit more favorable consideration to a candidate for reelection than an army of officeholders seeking the perpetuation of themselves in office. The present method of the appointment of postmasters is the most hypocritical political activity of modern times and one which the Democratic Party cannot look upon with any degree of pride.

It was established many years ago that the merit system should control in the appointment of persons to public office, and that the political idea that "to the victor belongs the spoils" should no longer be the measure by which appointments to public office should be made. If that principle had been adhered to there would be no reason, and hence no demand, for this legislation. But the New Deal, under pretense of emergency, saw fit to disregard the merit system and to provide in all legislation adopted that in making appointments to public office the provisions of the civil-service laws should not apply. But for this there would be no occasion for the enactment of this legislation. It is my hope, however, that our action here today may be the means toward the elimination of the activity of officeholders from pernicious political activity. [Applause.]

Mr. CELLER. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, I am opposed, as much as any person in this House, to subjecting unfortunate people who are on relief to pay to any political party any sum from their miserable pittance. I do not know, although I have asked questions of Members of the House, whether this bill which we are now considering, or the Dempsey amendment, deprives people who are on relief of the right to speak their mind when it comes to politics. May I ask the acting chairman of the committee the question, Does this bill which we are now considering deprive those on relief of that right?

Mr. CELLER. No; it does not. He has a perfect right to express his opinions anywhere he wishes.

Mr. DUNN. Does the Dempsey amendment?

Mr. CELLER. The Dempsey amendment does not refer to section 5, it refers to section 9, which has nothing to do with that matter.

Mr. DUNN. Mr. Chairman, I am of the opinion that if the amendment deprives anybody of the right to participate in politics it is un-American.

Mr. CELLER. The Dempsey amendment does do that, outside of W. P. A. workers.

Mr. DUNN. I thank the gentleman for his statement.

It has been stated that certain newspaper reporters intend to find out what Members supported and what Members voted against the Dempsey amendment when the teller vote is taken. If the Dempsey amendment deprives citizens who are employed by the Government of the right to participate in politics, I am opposed to the Dempsey amendment, and I want the nawspapermen to make the print big enough that a blind person can see it. I am one who believes that every man has a right to advocate the philosophy in which he believes without molestation whether it be communism, socialism, nazi-ism, fascism, Hebrewism, Catholicism, Protestantism, Buddhism, Confucianism, Mohamedanism, and so forth. I maintain that one of the fundamental principles of our Government is based on freedom of speech, and I hope the day will never come that it will be discontinued.

Any person working for the municipal, State, or Federal Government should not be interfered with, regardless of what political party he or she desires to support. Every person in our country, or in the world, should have the right to advocate the kind of government in which he or she believes and also the right to support for political office any person in whom they are interested, regardless of creed, nationality, race, or color. [Applause.]

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Chairman, when Hitler went into power in Europe he did not get there behind a phalanx of cold steel. Neither did he march in with a brigade of machine guns. He did not rise to power through force. He used a very fine, clever campaign of propaganda that made him Chancelor in the German Government. After he became Chancelor he immediately set out to take politics out of government and issued an ultimatum that no government employee be permitted to take part in politics. Through a very cleverly devised propaganda organization and the orders that took politics out of government, he established for himself the iron hand of dictatorship that is now oppressing the people of Germany and is a threat to world peace.

The membership of this body was blackmailed by the newspapers of this Nation in a clever propaganda campaign which echoed the actions used by those who have established totalitarian governments in Europe. This campaign started over a year ago and has gained momentum to such an extent that this bill is now before this House, which is supposed to take politics out of government.

The provisions of this bill will take away from the American people that inherent right that was handed down to them by our founding fathers, sanctified by the blood of American patriots. If enacted into law, it will deprive the American people of the right to express their opinion on Government, the right to take part in politics, and is beyond a doubt the furthest step that has been taken in the history of this Nation toward a dictatorship. This Nation was born in politics. Through politics it has advanced to the highest state of civilization known to man. Might I be so bold as to say to you who are about to destroy our democracy that as long as you have Republicans and as long as you have Democrats you will have neither communism nor fascism. But when you eliminate politics from government you will eliminate parties. When you eliminate political parties, you have set up a totalitarian dictatorship in the place of the greatest Government on this earth, and God forbid that that should ever happen. We do not need fascism to fight communism. Neither do we need communism to fight fascism. What we need is a strong, militant democracy to fight both of these evils. The only way we are going to continue a democratic form of government is to fight both of these evils and keep as an integral part of democracy those two great parties, the Republican Party and the Democratic Party, and join together in the common fight in behalf of democracy and eliminate the other elements that are about to destroy a free people.

Sometime ago a certain thing happened on the floor of this House and is contained in the CONGRESSIONAL RECORD of March 29 of this year. A scurrilous, blasphemous, prevaricating letter was placed in the CONGRESSIONAL RECORD wherein the Ontonagon Board of County Road Commissioners in my district notified a certain Member of this House and Colonel Harrington that I used the W. P. A. during the last campaign. I accepted his challenge and interviewed Colonel Harrington's organization and requested that they send investigators into my district and get the facts. The investigators went to my district and found the charges contained in this letter to be wholly unfounded and untrue. They did, however, find that the signers of this letter were themselves guilty of using W. P. A. funds, W. P. A. gasoline, and W. P. A. property for their own use and benefit in violation of the law to the tune of hundreds of dollars.

It is my understanding that they are offering to pay it back to the Government. They certainly should return that which they obtained illegally, but that should not prevent a prosecution in the courts of this Nation of those men guilty of misusing relief funds.

The waste, graft, and corruption that was rampant through local Republican officials was very cleverly used to besmirch the present administration. We should have more stringent enforcement of the laws that are now on the statute books to eliminate pernicious political activity instead of trying to shackle the American people by a monstrosity known as the Hatch bill.

The Government employees are just as honest, just as clean, just as high-minded, and just as much interested in Americanism and clean politics as you Members on the floor of this House. They are entitled to their rights as American citizens. The Government employees will insist on their rights as American citizens and will not peacefully submit to an abrogation of those rights.

I see beyond the provisions of this bill the somber specter of monopolistic price-fixing corporations reaching out for control of this Government again. If they ever obtain control as they did under the Republican regime, we will bid good-bye to democracy in this Nation. This is not a bill to eliminate pernicious activity but a bill to reestablish monopolies as the controlling power in the economic structure of this Nation.

The majority party should carry on in the interest of good government and in the interest of the great mass of people, protecting our democratic rights under the Constitution of the United States and not take away those rights from the people.

You may have force enough in this body with the solid Republican phalanx and a few renegade Democrats to place this bill on the statute books of the Nation but you will not have the power or the ability to enforce the unreasonable provisions of the bill, and a law that cannot be enforced is not a law in the eyes of free-thinking people. That was proven when prohibition was put into effect and then later

wiped out by the will and the opinion of the people of this Nation. After all, public opinion is law in a free nation. Public opinion shall rule.

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, this debate has been long and there has been complete discussion of the subject matter, but no one has gone into the genesis of the Hatch bill. Historical genesis ofttimes means much in legislation, because legislation is seldom offered to the Congress unless there is a specific reason suggesting the legislation. In the last Congress, when it was charged on the floor of the House and in the other body that the relief agencies were being prostituted for political purposes, the Senator from New Mexico, Senator HATCH, offered a resolution in the Senate to prevent such pernicious activities in the campaign of 1938. That resolution was defeated in the Senate, but as a sort of palliative or substitute there was set up an investigating committee to determine if and when relief funds or workers were being used for political purposes. That committee organized and was presumed to advise the Senate after the election as to what pernicious activities had been indulged in during the election. The result was to lock the barn after the horse was stolen so far as the 1938 election was concerned.

After the election was over the Sheppard committee made a thorough investigation, and as a result of that investigation the Hatch bill which is now before us was prepared. The bill passed the Senate unanimously, without a single dissenting vote. It came to the House, and in the ordinary course was referred to the Committee on the Judiciary. That committee, following its usual custom, proceeded to analyze the bill. It was reported favorably with a few amendments by the subcommittee to the full committee. Along about that time—and I am stating nothing excepting what has appeared in the press, I am divulging no committee secrets—two of our members were summoned to the White House, the acting chairman of the committee and the chairman of the subcommittee, and then we began to read much in the newspapers about the dehorning and the emasculating of the bill.

As a matter of fact, the committee did give consideration to and did place the amendments in the bill which appear today. Now, that was not a united committee. That was not a political committee vote, because there was some division, but those amendments were not all supported by all members of the Judiciary Committee.

Mr. CELLER. Will the gentleman yield?

Mr. MICHENER. Briefly, yes.

Mr. CELLER. I will say to the gentleman that the section 9 amendment, that appears in the bill today, was offered by one of the gentlemen on your own side of the aisle and was unanimously adopted by the Judiciary Committee.

Mr. MICHENER. I just want to take exception to the fact that it was unanimously adopted. Personally, I voted against it. I see at least one Member on the majority side whom I know voted against it.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. Yes; I yield.

Mr. HEALEY. I know the gentleman always is fair and means to be fair on this occasion.

Mr. MICHENER. Surely I want to be fair.

Mr. HEALEY. I know he does not want to create an inference that is not based on fact.

Mr. MICHENER. No.

Mr. HEALEY. Now, as a matter of fact, as the gentleman from New York [Mr. CELLER] has just stated, one amendment was offered by one of the gentlemen's own Republican colleagues.

Mr. MICHENER. Possibly that is true. To save time, I will concede for the sake of this argument that Republicans voted for some of the amendments and that some of the amendments were offered by Republicans. But I am one Republican who did not agree with all of those amendments.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MICHENER. So that the bill comes to us today with those amendments. The bill, as it came from the Senate, was a drastic bill. The bill, as it came from the Senate, was undoubtedly written to perform a purpose, to do a job, to perform a function; and it does that job to the queen's taste. Now, there are some things in this bill as it came from the Senate that are a little more drastic than I would prefer, but the House bill as reported by the House Committee on the Judiciary and which the acting chairman of the committee is going to support, is perfectly harmless. You have taken away the things from the Senate bill that are potential, vitalizing, and effective. So that there is nothing much in the House bill, as suggested by the chairman of the Democratic National Congressional Committee, the gentleman from Virginia [Mr. DREWRY], who is always fair, who is always honest. He tells us that this bill, as we have presented it, does not accomplish much. He even thinks that with the Dempsey amendment it will not accomplish much. By defeating these amendments the bill can be restored to its effectiveness.

I wish it would accomplish more, and I think it would accomplish more as sent here as the Hatch bill by the Senate and without the Dempsey amendment. I would like to discuss all those amendments, but time prevents.

I am going to support section 9 of the Hatch bill. I shall support the Dempsey amendment if section 9 is mutilated, but I shall offer an amendment to perfect the Dempsey amendment. When that amendment is offered I hope you will give it attention. In substance it is this: The Dempsey amendment sets up just about what the Hatch bill does in the first part. Then it proceeds to exempt from the operation of the law certain classifications, beginning with No. 1 and going through No. 4. In No. 2 it exempts from this law "persons whose compensation is paid from the appropriation for the Office of the President."

Now, it is undoubtedly the intention of Mr. DEMPSEY to include therein the President, his secretariat and other officers in the Executive Office; but he has forgotten that we passed the Reorganization Act; that the President has submitted to Congress two reorganization bills, and that those reorganization bills take under the Executive wing many activities. For instance, the Emergency Council, the Budget, and a number of other activities which will receive their compensation through appropriations made to the Executive Office. The Dempsey amendment would exempt those activities from this law.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. WALTER. I take it that the gentleman is opposed to the Dempsey amendment?

Mr. MICHENER. I think the Dempsey amendment is a great deal better than section 9 with the committee amendment, but I think the Dempsey amendment can be improved upon, and I think the gentleman, when he understands it, will vote with me on that feature. [Applause.]

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, I have tried to listen carefully to this debate. I am of the same mind as I was in the beginning. I intend to vote for the bill. I intend to vote for the Dempsey amendment. [Applause.]

I just want to say a word about the partisan angle that has been injected into this. I hope very much that if this bill is passed, the Republican Party will not repeal it the first time they get into office, as they recently repealed, in the State of Michigan, the best civil-service system that State ever had, built up under Governor Murphy.

I feel this way about it: I think that the job of government is becoming more and more important in human life as time goes on. I think it is up to us to try to do the best we can to establish a truly efficient administration of government based on merit. That is the reason I am for this legislation.

Furthermore, I would like to be able to do my real job as a Congressman. Naturally, as long as people need work and as long as there is any chance that I can help them get it

and be able to support their families I am going to try to help. But I would like to have more time to do my real job, and I am not going to be particularly worried if it is not possible for me to spend a lot of time on employment matters which I ought to be spending on things that are much more important to the Nation as a whole. I am convinced, furthermore, that there is the important consideration in matters of appointments that people be chosen on the basis of qualifications. [Applause.]

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield the balance of my time to the gentleman from Pennsylvania [Mr. WALTER].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 8 minutes.

Mr. WALTER. Mr. Chairman, I have become so accustomed on the Judiciary Committee to seeing legislation reported unanimously that I was not surprised in the slightest degree when this measure, into which politics could very easily find its way, was reported unanimously and without a minority report being filed against any provision of the bill.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Michigan, of course.

Mr. MICHENER. The gentleman understands, does he not, that it was understood that the members of the committee could offer such amendments as they saw fit.

Mr. WALTER. I distinctly recall that 2 days after the bill had been reported and certain newspapers started a campaign we found that members of the committee suggested that perhaps amendments would be offered when the bill came up for consideration.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I shall be very pleased to yield to the gentleman from Nebraska.

Mr. McLAUGHLIN. I certainly do not want to take issue with my distinguished friend from Pennsylvania. I merely call to his mind the fact that before we voted on the bill in its final stage I propounded the inquiry as to whether a vote in favor of the bill would preclude any member of the committee from opposing any amendment which the committee suggested.

Mr. WALTER. I distinctly recall that.

Mr. McLAUGHLIN. And it was agreed that it would not.

Mr. WALTER. I distinctly recall that incident, I may say to my friend from Nebraska, and that occurred at a time when we very nearly struck out of this bill the only controversial section in it. It was by difference of just one vote that section 9 was retained in the bill. It was at that time that the gentleman from Nebraska suggested that perhaps he would offer some amendment when the bill came up on the floor.

During the course of the debate this afternoon no one has seemed to catch the significance of section 2 of this bill; namely, it makes it illegal to use official authority to influence or affect the election of any candidate. As I remember, "official authority" means whatever is done under color or by virtue of office, and I quote from Sixty-seven Atlantic, page 320:

> All acts of officials are not official acts, but only such as are done under some authority derived from the law or in pursuance of prescribed duties.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. In just a moment.

Mr. Chairman, there is nothing in this measure that anyone need fear. Our committee considered this problem calmly and carefully, and when we took it up it was with the idea of eliminating pernicious political activities and nothing else, and, with the knowledge that there were certain political activities that were pernicious, we attempted to attack the problem.

Concerning the report of the Sheppard committee, permit me to say that the recommendations made by that committee were dealt with in the relief appropriation bill. It is a question in my mind whether we ought to write permanent legislation to meet a temporary situation. I welcomed, however, the opportunity to go further with things that have occurred in W. P. A. than was done at a time when the relief appropriation bill came up. Let me say to you that in my State those people who were masquerading as Democrats last year—the year before they were Republicans, and today I am sure they are Republicans—did things that made a great many people ashamed of the fact that they were members of the great progressive Democratic Party. By resorting to practices that I did not approve of, by a short-sighted program that anyone could see would bring opprobrium to our relief program, many unfortunates have been deprived of employment through the failure of political subdivisions to sponsor new W. P. A. projects. The opponents of our work-relief program were quick to take advantage of the abuses that unfortunately crept into the W. P. A. set-up and by continuously pointing to those abuses diverted the attention of the masses of our people from the benefits so many of our unemployed workers, merchants, and all classes of our people derive from the purchasing power provided by the W. P. A. program.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. PARSONS. Will the gentleman explain what the word "influence" means as used in both sections 2 and 9?

Mr. WALTER. "Influence" certainly does not mean the prestige of one's position, if that is what the gentleman has in mind. There need be no fears about that at all.

Mr. PARSONS. Where is the meaning so restricted?

Mr. WALTER. Using an official position to influence certainly does not mean that a man who occupies an office to which there is some prestige cannot express his opinion and advance arguments in any forum in this land.

Mr. PARSONS. Mr. Chairman, will the gentleman yield further?

Mr. WALTER. I yield.

Mr. PARSONS. I call the gentleman's attention to the fact that the language of the bill reads "official authority or influence."

Mr. WALTER. That is right. "Official influence" means just this, may I say to my friend from Illinois, that a man on the Federal pay roll could not offer to refrain from doing a duty imposed upon him by law, or could not threaten to do something in violation of his oath of office. That is all that language means.

Mr. BARRY. Does the gentleman believe that if a Member of Congress whose only income is his salary hires a man to nail some posters on trees, political activity, for which the Congressman pays the man $3 a day, that it would be a violation of this language?

Mr. WALTER. Of course not, and section 3 does not mean that.

Mr. BARRY. May I read it to the gentleman?

Mr. WALTER. I have seen it before. It certainly does not mean that, and no one believes it means that. That language was put in to prevent the improper use of Federal appropriations for works projects where part of the money expended comes from a political subdivision of the United States and the rest of it from the United States.

In order to strengthen that portion of the bill and in order to make it certain that no one can play politics with the relief program we inserted that language in the measure.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Pennsylvania.

Mr. McDOWELL. The gentleman said there was nothing in this bill that anyone could be afraid of.

Mr. WALTER. I mean as far as the opposition of some of the membership of this body to the pending measure is concerned; but there is ample in this measure to bring fear to people who want to make it a practice of engaging in practices that in my opinion are reprehensible.

The gentleman from Virginia said that sections 2 and 9 should be stricken from the bill and the so-called Dempsey

amendment substituted. May I say in that connection if you strike out section 2 of the bill, then there is no punishment for the things for which we feel there should be punishment. For this reason section 2 should remain in the bill, because if that is stricken out and if section 9 is stricken out and the Dempsey amendment substituted, there is absolutely no authority in anyone to enforce the provisions of the Dempsey amendment. It is simply an idle gesture and will weaken and destroy the bill. It will certainly make possible some things we do not desire to have exist.

As far as the language that was deleted is concerned, which my distinguished friend from Kentucky mentioned in his discussion, that language on page 2, line 19, was taken by the committee from the civil-service regulations. We did not feel that harsher conditions should be imposed upon the people covered by this bill than are imposed upon people who are in the classified service.

I appeal to you to support this bill in its present form. It represents the careful work of a committee that has always been proud of the fact that it is careful.

[Here the gavel fell.]

The CHAIRMAN (Mr. BUCK). All time has expired. The Chair desires to make a statement.

The debate on this bill has gone on so harmoniously this afternoon that the Chair has not felt it necessary to strictly enforce the rules of the House. The Chair anticipates there will be a large number of amendments offered to the pending bill and that a number of Members will rise to their feet, either to interrupt those who are speaking or to offer amendments. The Chair will therefore request all Members to adhere strictly to the rules of the House and to address the Chair before seeking recognition either to offer an amendment or to interrupt a speaker.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That it shall be unlawful for any person to intimidate, threaten, or coerce, or to attempt to intimidate, threaten, or coerce, any other person for the purpose of interfering with the right of such other person to vote or to vote as he may choose, or of causing such other person to vote for, or not to vote for, any candidate for the office of President, Vice President, Presidential elector, Member of the Senate, or Member of the House of Representatives at any election held solely or in part for the purpose of selecting a President, a Vice President, a Presidential elector, or any Member of the Senate or any Member of the House of Representatives.

Mr. IGLESIAS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Page 2, line 5, after the word "Representatives" insert a comma and the following words: "Delegates or Commissioners from the Territories and Insular Possessions."

The same to be inserted at page 2, section 2, line 16, after the word "Representatives" insert "Delegates or Commissioners from Territories and Insular Possessions."

Mr. CELLER. Mr. Chairman, we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the Resident Commissioner from Puerto Rico [Mr. IGLESIAS].

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. It shall be unlawful for any person employed in any administrative position by the United States, or by any department, independent agency, or other agency of the United States (including any corporation controlled by the United States or any agency thereof, and any corporation all of the capital stock of which is owned by the United States or any agency thereof), to use his official authority for the purpose of interfering with, or affecting the election of any candidate for the office of President, Vice President, Presidential elector, Member of the Senate, or Member of the House of Representatives: *Provided*, That nothing herein shall be deemed to affect the right of any such person to state his preference with respect to any such candidates or to vote as he may choose.

With the following committee amendment:

Page 2, line 18, strike out the words "vote as he may choose" and insert "participate in the activities of a political party."

Mr. McLAUGHLIN. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, as stated in my remarks in general debate it was my intention to propose an amendment which would place the bill before the House in the same form and in the same condition in which it came from the Senate. I find it is not necessary for me to propose the amendment in order to accomplish that purpose but that the purpose I have in mind will be accomplished if this committee amendment is voted down.

As has been stated repeatedly, the members of the Judiciary Committee in the discussion of this bill in committee and in executive session reached the agreement that a vote for reporting the bill favorably would not preclude any Member proposing an amendment on the floor of the House; consequently I am taking the position I do, in accordance with that agreement.

Section 2 as it came from the Senate contained a proviso reading as follows:

Provided, That nothing herein shall be deemed to affect the right of any such person to state his preference with respect to any such candidates or to vote as he may choose.

The committee submitted an amendment, which is pending before the House at this time, reading as follows:

Page 2, line 18, strike out the words "vote as he may choose" and insert in lieu thereof "participate in the activities of a political party."

This would make the complete proviso read as follows:

That nothing herein shall be deemed to affect the right of any such person to state his preference with respect to any such candidates or to participate in the activities of a political party.

Mr. Chairman, I am of the opinion that this is in contradiction of the section itself. The complete section—section 2—reads as follows:

It shall be unlawful for any person employed in an administrative position by the United States—

And so forth—

to use his official authority for the purpose of interfering with, or affecting, the election of any candidate for the office of President, Vice President—

And so forth. The committee amendment would permit persons to participate in the activities of a political party who are prohibited by another provision of the section from interfering with or affecting the election of the candidates named in the bill. I submit if we are to carry out the intention of this worthy measure it is necessary for us to strike out the committee amendment and put the bill in such shape that it will forbid those who are affected by this bill not only from using their official authority for the purpose of interfering with or affecting the election of any candidate for the office of President, Vice President, and the other offices named, but will also forbid them from participating in the activities of a political party. It is only by the striking out of the committee amendment, in my opinion, that the intention of this bill will be carried out and the bill will be made a vital force legislatively in this country.

I approached the consideration of this bill from a nonpartisan standpoint. I have heard partisan discussion here today, but I submit that it should not control our action. We are legislating for all time, not for any particular situation in any particular State. Let us legislate correctly. Let us clean the situation up when we have an opportunity to do so. I ask that the committee amendment be voted down. [Applause.]

[Here the gavel fell.]

Mr. WALTER. Mr. Chairman, I rise in support of the committee amendment.

Mr. Chairman, I have the greatest respect for my friend from Nebraska, but I certainly cannot understand why he is willing, when he talks about our legislating for all time, to write into the law anything as ridiculous as this language, which was in the bill when we first took it up, giving a person the right to vote as he may choose.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. No; I cannot yield.

I cannot imagine our doing anything that would appear more ridiculous to any person who has any idea at all of the fundamentals of our law and our Constitution than to make a gesture that we are giving a person by statute a right that cannot be taken away from him. The right to vote is a right that cannot be affected no matter what we do or what we do not do. The language with reference to giving a person the right to participate in the activities of a political party was inserted in this section because that is the exact language of the civil-service rule in connection with employees under the classified service. Certainly, if those employees have the right to participate in the activities of a political party everyone who is in the administrative branch of our Government ought to have that same right.

Mr. Chairman, I urge the Committee to support the committee amendment.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Massachusetts.

Mr. HEALEY. I should like to call the attention of the gentleman to the fact this language refers to person in the nonclassified civil service.

Mr. WALTER. Exactly.

Mr. HEALEY. The right to participate in political activities is retained as to those people.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Nebraska.

Mr. McLAUGHLIN. The gentleman is aware, I am sure, that I am much opposed to the inclusion of the words "vote as he may choose."

Mr. WALTER. I should think so.

Mr. McLAUGHLIN. I so stated in the committee. However, my amendment would strike out the words "participate in the activities of a political party."

Mr. WALTER. And leave this perfectly ridiculous language in the bill?

Mr. McLAUGHLIN. I would like to have the other language stricken out.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish the Members of the House would take the time to refer to the CONGRESSIONAL RECORD and read what happened in the Senate when the Hatch bill first appeared in that Chamber. There was not even a reading of the bill because the reading was dispensed with. Only one or two questions were asked, and ipso facto the bill became a statute as far as that Chamber was concerned. It was dumped into our lap, and the Committee on the Judiciary has worked arduously and labored fearlessly to bring you a bill which you can now in good conscience accept.

We have examined carefully the civil-service rules, and as the gentleman from Pennsylvania has indicated to you just now, we added these words "participate in the activities of a political party" because the civil-service rules say that such employees—that is, those in the nonclassified positions—may engage in politics provided they do not use their official authority or influence for the purpose of interfering with an election or affecting its results. We say no more, we say no less, than is called for by the civil-service rules as to nonclassified service.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question?

Mr. CELLER. I cannot yield now.

Let me go back into history a little for you. During his first Presidential election the President, in August 1932, summoned to help him in his campaign the following Senators: Senators Pittman, Walsh, Robinson, Hull, King, Byrnes, and Johnson of California. He invited them by saying, "Between now and the end of the campaign a good many matters for immediate decision will arise—matters relating to issues and policies of various kinds—and I am asking a small group to hold themselves in readiness for consultation. This will not be in any sense a formal advisory committee but only a few people whose judgment I value." If this bill had been in effect as it was written in the Senate at that time, August 1932, or if it had been in effect as the gentleman from New Mexico would have you write it, the President would have been deprived of the right to take advice and counsel on party matters from the Senators I have mentioned. Remember, section 2 prohibits political activities—practical political activities—of a member of "any department." That means even Senators or Representatives. Of course, they cannot use their so-called official authority for political purposes. But where does official authority end and private capacity begin? Who knows? I do not.

Mr. DEMPSEY. When the gentleman states the gentleman from New Mexico [Mr. DEMPSEY] would not want the Senators or the Representatives to be politically active he is making a mistake.

Mr. CELLER. Then I say the gentleman ought to read the bill all over again, and read section 2, because section 2 provides as follows, and it is well to keep this in mind—

It shall be unlawful for any person employed in any administrative position, or by any department—

Any department of Government that means.

Mr. MASON. "Administrative."

Mr. CELLER. Wait a minute; I have the floor. I repeat—

It shall be unlawful for any person employed in any administrative position by the United States—

The comma is after the words "United States"—

or by any department, independent agency, or other agency of the United States, to use his official authority.

It does not mean administrative position in any department.

Now turn to section 9.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I refuse to yield.

Turn to section 9, and you will find this:

All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or political campaigns.

That is broad language. I say that the gentlemen of the House should consider carefully what they are doing before they vote on this amendment. I ask them to vote for the Judiciary Committee amendment, because it is a sound and it is a sane amendment. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, the title of this bill is: "An act to prevent pernicious political activities."

The word "pernicious" is defined in Funk & Wagnalls Standard Dictionary as: "malicious, wicked, baneful, deadly, destructive, evil, harmful, hurtful, injurious, mischievous, noxious, perverting, ruinous."

Now, what are the prohibited political activities which exhaust the vocabulary of bad words in the dictionary? They embrace all the political rights and privileges of American citizenship except one. I have not the time to enumerate them all, but I can name a few: attending a precinct caucus, attending a county convention, attending a State convention, attending a national convention, making a political speech, publishing an article on any political subject, writing a letter on any political subject, publicly expressing an opinion on any political subject, advocating the election of any candidate for office, expressing an opinion about any candidate for office, affiliating with any political party, contributing money or any form of aid to a political candidate, or party.

In sum, any of the activities inherent in the political institutions by means of which the Government was created and is maintained. Any such activities are prohibited to "any person employed in any administrative position by the

United States, or by any department, independent agency, or other agency of the United States."

All the activities I have enumerated, and countless other incidental activities, are calculated to or may "affect" an election and come under the ban of the law.

I have some definite rules which I put into practice regarding the activities of a Member of Congress. I never ask an applicant for a job what his politics are. I have never asked a postmaster, and that is all the patronage I have had, to attend a caucus or a convention for me, and I have never asked or received a dollar from one, in my campaigns or otherwise.

I voted to put them under civil service and beyond my power to influence their action in any way, even if I so desired. I am in favor of the civil service and have voted for every measure to maintain and extend and bulid up the civil service since I have been in Congress.

But there is one feature of the civil service to which I have never become reconciled, and that is the feature which completely strips a citizen of the exercise of all his political rights and privileges except that of voting, and thereby unfits him to participate in the affairs of the Government.

There is nothing new in my views on this subject. One provision of this bill, section 2, recalled to my mind an utterance by me on the floor in the Sixty-second Congress when the House had up a kindred proposition, and I have taken the trouble to look it up in the RECORD. The House had under consideration a post-office appropriation bill which contained a section having the effect of nullifying an Executive order issued by President Taft, which was modeled on an order issued by President Theodore Roosevelt, against certain activities of all civil-service employees. The gentleman from Illinois, Mr. Mann, moved to strike the section from the bill. May I be pardoned for reading a short paragraph from the CONGRESSIONAL RECORD of April 30, 1912, page 5635, punctuated as it appears in the RECORD:

> Mr. MARTIN of Colorado. I want to say that I do not believe in the denatured Americanism that results from these Executive "gag" orders. [Applause.] I think the sacred rights of American citizenship too high a price to pay for any job, even under Uncle Sam. [Applause.] And I sincerely hope that the House will emphatically and overwhelmingly sustain the action of the committee in this matter, reestablishing the full citizenship rights of Government employees, and so put the attitude of Congress on this question forever beyond dispute. [Applause.]

The interesting finale appears on page 5639. I quote:

> The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Mann] to strike out the section.
> The question was taken; and on a division (demanded by Mr. Mann) there were—ayes 1, noes 132.
> So the amendment was rejected.

At that time the Republican Party had been in power continuously for 16 years, 16 long years, so there could not have been many Democrats affected by the gag order, and there could have been no politics in the unanimity of the vote against it.

The word "denatured" had been current for some time in a controversy over denatured alcohol, and I merely appropriated it. Its application made the newspapers and survived in the Chamber for some time. I have changed my mind about some things in the last 30 years, but not that thing, which makes political eunuchs of American citizens.

But the appointees to which section 2 of this bill applies are not even in the civil service. They, like us, owe their places to the putrescent mire of politics. Like us, they are lilies floating for a time on the scummy bosom of a frog pond, sustained by all the activities condemned by the bill. Like us, when the returns go wrong, they fold up. They do not get their mess of pottage in exchange for the loss of their rights of citizenship. If you want to put them under civil service and make their tenure permanent, bring in your legislation, and I will support it. Until then, I shall adhere to my ancient rule against "gag" laws and support the committee amendment to section 2. [Applause.]

Mr. THOMAS F. FORD. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, section 2 of this bill would bar every employee of every National or State bank in the United States in which the R. F. C. held preferred stock, and if you do not believe it, listen to this:

> It shall be unlawful for any person employed in any administrative position by the United States, or by any department, independent agency, or other agency of the United States (including any corporation controlled by the United States or any agency thereof, and any corporation all of the capital stock of which is owned by the United States or any agency thereof), to use his official authority—

And so forth. For, my friends, national banks, at least, are instrumentalities of the Federal Government, and this section would apply.

Mr. WALTER. Will the gentleman yield?

Mr. THOMAS F. FORD. Not just now.

Why, gentlemen, you are going clear out into the private banking field. There is another section of this bill I would like to call your attention to, and that is section 6.

Section 6 states:

> It shall be unlawful for any person for political purposes to furnish or to disclose, or to aid or assist in furnishing or disclosing, any list or names of persons receiving compensation, employment, or benefits provided for or made possible by any act of Congress appropriating, or authorizing the appropriation of, funds for work relief or relief purposes to a political candidate, committee, campaign manager, or to any person for delivery to a political candidate, committee, or campaign manager, and it shall be unlawful for any person to receive any such list or names for political purposes.

Now, Mr. Chairman, right there you are laying any candidate open to having his opponent secure a list of names from W. P. A.—they may be 2 years old—and taking those names or sending them into this man's campaign office by a spy, leaving them there and then reporting it and having them discovered and in this way put the candidate in a very embarrasing position, to say the least.

The only amendment to this bill I can vote for with enthusiasm is one to strike out the enacting clause.

Mr. MOTT. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

> Amendment offered by Mr. MOTT as a substitute for the committee amendment:
> On page 2, in line 16, after the word "Representatives" as amended, change the comma to a period and strike out the remainder of the section.

Mr. MOTT. Mr. Chairman, a careful reading of section 2 of this bill will disclose the fact that there is only one prohibition contained in it, and that is the prohibition against a Federal employee using his official authority for the purpose of trying to interfere with or to influence an election. This is the whole subject of the section. It does not prohibit an employee taking part in politics. It does not prohibit an employee, as such, from doing anything except using his official position and authority to interfere with or to affect the election of candidates for Federal office. Now, that being the fact, and it is a very obvious fact, the proviso in this section is absolutely without any meaning at all and it should therefore be stricken out.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield.

Mr. BULWINKLE. Then I understand that if a district attorney were to make a speech, he would always start out his address to the voters by saying, "I am not in my official capacity." This is all he would have to say, and he would be clear. Is that right?

Mr. WALTER. If the gentleman will yield, that does not say official capacity, it says official authority.

Mr. BULWINKLE. Then he would say, "I am not acting under my official authority."

Mr. MOTT. I will be glad to answer the question. The answer is this: A district attorney making a speech in a political campaign would not, in my opinion, be using his official authority to interfere with or to affect an election. He would be acting as an individual. Certainly there is nothing in the language of section 2 that could possibly be

construed as prohibiting a district attorney or any other Federal officer from making a campaign speech or from otherwise participating, as an individual, in other political activities. That is not the purpose of this section.

There are provisions in other sections of the bill which prevent active participation in political campaigns by certain Federal employees, but the only thing this section prevents is the use of official authority for the purpose of influencing an election, and therefore the proviso which refers to something entirely outside the scope of the section makes no sense.

Mr. BULWINKLE. Who then construes when that man is using his official authority?

Mr. HANCOCK. It is made a crime and the grand jury would determine that.

Mr. BULWINKLE. He must not use his official authority, but who construes that?

Mr. MOTT. The jury would have to decide whether the act done by the official constituted a use of his official authority for the purpose of influencing an election, because this law could be enforced only by bringing a criminal action against the alleged violator of the law.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. MOTT. Yes; I yield.

Mr. HEALEY. Then if the gentleman's language is adopted, I understand he believes it will be perfectly all right for one of these employees to participate in political activities, as long as he does not use his official authority.

Mr. MOTT. No; I did not say that at all. My statement was that the only prohibition in section 2 is a prohibition against the use of his official authority by an executive employee for the purpose of interfering with or affecting an election. That is the sole and entire subject of the section. That being the case, will the gentleman from Massachusetts tell me what is the sense of that proviso? I say it should go out. The prohibition is complete in itself, and the proviso means nothing. There are other sections in the bill, as I have stated, and other amendments to be offered, to take care of that matter, but it does not belong here.

Mr. HEALEY. I am inclined to agree with the gentleman's point of view, but the language was offered to conform to the civil-service rule, and the interpretation of the civil-service rule as contained in their regulations.

Mr. MOTT. I do not agree with that at all. The civil-service rule that the gentleman is speaking about is a rule preventing employees from taking an active part in politics. That is not the subject of this particular section at all. The subject of this section is the use of official authority and nothing else. Therefore the proviso, which deals with another subject, is meaningless and it ought to be stricken out.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield.

Mr. WHITE of Ohio. A moment ago the gentleman from California [Mr. THOMAS F. FORD] stated that this section would deny the right of political activity to people employed in national and State banks. Is not that statement silly?

Mr. MOTT. Obviously, the gentleman from California was in error in making that statement, because this section does not undertake to prohibit Federal officials or employees from engaging in political activity.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. DEMPSEY. Mr. Chairman, I move to strike out the last word. I propose to support the position of the gentleman from Nebraska [Mr. MCLAUGHLIN]. If the committee amendment remains in this bill you have no prohibition against any political activity on the part of any employee of the Federal Government not in the classified service. This is an open invitation to every office boy and girl, every man and woman working in the Federal service whose salary is paid by the taxpayers' money out of the Federal Treasury, to take their coats off and get busy for the particular political party in power. I do not wish to discuss politics on this floor. This should be a nonpartisan matter and I resent some of my friends on our side saying, "Well, when the Republicans were in, see what they did. We ought to get the employee votes in when we are in power."

Our business here ought to be to clean up this situation now, and we all know that it is exceedingly bad. So far as I am concerned I want to see this committee amendment stricken from the bill, and I want to see the amendment they have placed in section 5 stricken from the bill also. In that section they absolutely went against the wishes of this House as expressed when we voted the relief appropriations bill on June 30, prohibiting any of that fund being used for political purposes. In this bill they prohibit only the solicitation from certified relief workers. Where the politics really come in is with the supervisors. There is no politics with the worker. He is driven and coerced by the supervisor, and these people are subject to all sorts of chiseling by treasurers and so-called treasurers of political parties of all kinds. I think both of these committee amendments should be stricken from the bill if we wish to have a clean piece of legislation passed by the House tonight.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. PARSONS. How many weeks does the gentleman think it will be after the Republicans come into power, if they ever do, before they will repeal this act?

Mr. DEMPSEY. I can say to the gentleman that if they repeal the act and resort to some of the things that have been done, they will not be in power very long.

Mr. RAMSPECK. Mr. Chairman, I move to strike out the last word.

Mr. CELLER. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. CELLER. I wonder if we cannot agree on time for debate on this section?

Mr. Chairman, I move that all debate on this section and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. RAMSPECK. Mr. Chairman, I have listened to some very interesting and sometimes humorous statements on the floor this afternoon. The gentleman from Kentucky [Mr. CREAL] talked about States' rights, when I think what he was interested in was candidate's rights. [Applause.] The gentleman from New Jersey [Mr. MCLEAN] complained about the method of appointing postmasters, when all of us who have studied the results under the civil-service laws while the Republicans were in power know that they never selected anyone but Republican eligibles, if there was one on the list sent to them. I am not quarreling about that.

Mr. BULWINKLE. Will the gentleman yield?

Mr. RAMSPECK. I am sorry I do not have the time. I am not quarreling about that, but we have here this afternoon a bill which its proponents say will prohibit political activity and the use of public employees as pawns in the political game, yet section 2, as reported by the committee, in my judgment, does not do anything in the world but reenact in part the substance of the Corrupt Practices Act, and a rule of the Civil Service Commission, applying not to civil-service employees but to employees not under civil service. Therefore, I find myself in agreement with the gentleman from Nebraska [Mr. MCLAUGHLIN] when he opposes the committee amendment permitting these employees to participate in the activities of a political party.

If you want to prohibit the use of public employees in politics, then you do not want the committee amendment in section 2. The reason I am supporting Mr. MCLAUGHLIN'S position on the matter is that I would like to put all of these people under civil service, and when you fellows who have been exempting them for the last 6 years get the handcuffs on them so that you cannot use them in politics, then I think you will be willing to vote to have them all put in civil service. [Applause.]

Mr. CELLER. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. CELLER. Those who are in the classified civil service can participate in the activities of a political party, can they not?

Mr. RAMSPECK. They cannot.

Mr. CELLER. Can they not go to a meeting?

Mr. RAMSPECK. Yes; they can go to a meeting and express their personal opinions as to who they are for. They can contribute to campaign funds, but they cannot take part in the activities of a political party, as I understand it. That is, they cannot manage a campaign, they cannot make a political speech, but they can go to all the meetings they want to, they can contribute all the money they want to, and they can express their personal opinion as to who they are for.

Mr. CELLER. But under the wording of this original section they could not do that. It was for that reason that we added that language, to make it conform to the activities that the civil-service employees can now perform.

Mr. RAMSPECK. I do not agree with the gentleman's construction of the section. I do not think the section does anything but reenact existing law.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. HARE. Under this wording, would not an employee be permitted to make a speech at a political campaign meeting?

Mr. RAMSPECK. Oh, I think unquestionably with the committee amendment in there he can do anything in the world that Jim Farley can do. [Laughter and applause.]

Mr. KELLER. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. KELLER. Why should we take away from any employee of the Government the right to get up and say what he wants?

Mr. RAMSPECK. It is a question of what you believe in. I know the gentleman does not agree with me about it, but I believe if we are going to maintain good government in this country and have a democratic form of government that is to survive, we have to remove the rank and file employees from being pawns in the political game. That is what I believe. [Applause.] The gentleman has a right to his own opinion and of course I do not quarrel with him about that. But I believe that the thing that is going to destroy this Nation, if it is destroyed, is political corruption, based upon traffic in jobs and in contracts, by political parties and factions in power.

Mr. KELLER. Does the gentleman mean to insinuate that when a man makes a speech he is corrupt?

Mr. RAMSPECK. Oh, not necessarily at all. But this is part of the game. The gentleman knows it as well as I do. The gentleman knows that in various places recently machine politicians have been convicted of corruption. Such practices tend to destroy the faith of our people in free government. In disgust people in other lands have accepted dictators.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. KELLER. And in Georgia?

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FADDIS] for 3 minutes.

Mr. FADDIS. Mr. Chairman, I wish to take advantage of this occasion to congratulate the Committee on the Judiciary for acting as an efficient back-stop for the members of another body, who seem to take extreme delight in endeavoring to please organized minorities by enacting drastic legislation, in order that they may gain credit thereby, in the fond hope and belief that the House of Representatives will modify this legislation in a manner that will save them and the Nation from the disastrous effects of drastic legislation. [Applause.]

I also want to say to some of those who have preceded me that politics may be a reprehensible institution, but just the same I want to call their attention to the fact that politics and politicians built the grandest Nation on the shores of this continent that the world has ever seen. [Applause.] They may attempt to repudiate all that politics or politicians have done and pin their faith on some theoretical philosophy of government, such as the civil service; they may desire to take from the employees of the Government some of the rights of citizenship and say to them, "Because you are an employee of the Federal Government, you shall not participate in politics"; but I say to you that this is but the start of a system that may say to a man, "You may not participate in political activities because you are a member of the Elks Lodge or the Presbyterian Church, or some other organization." This legislation savors entirely too much of the principles of dictatorship to suit me.

It is a doctrine too un-American for me to follow. To be willing to write a law saying to the employees of the Federal Government: "You are holding a Federal job, you shall not participate in political activity" is the beginning of an invasion of the civil liberties of the American people.

I say to my friends on the Republican side who are supporting this measure that if the day ever comes that they are returned to power that they will either repeal it or modify it. They will use it as a knife to cut our throats and then repeal it so that they may operate in the time-honored manner which served to build up this Nation. I believe this bill to be a violation of the Bill of Rights, and therefore unconstitutional. Legislation is already in force regulating the political activities of those on relief and protecting those on relief from being exploited politically. We are all in favor of this safeguard for those on relief. There is no difference of opinion there. Since this matter has been taken care of in other legislation I hope this bill will be defeated. [Applause.]

The CHAIRMAN. The gentleman from Oklahoma [Mr. NICHOLS] is recognized for 5 minutes.

Mr. NICHOLS. Mr. Chairman, it has been stated many times on the floor during this debate that section 3 of this bill and other provisions of the bill were simply a reenactment of the Corrupt Practices Act. In the first place, if that were true it would not be necessary to pass this legislation. As a matter of fact, however, it is not true. So that the committee may be advised as to what the Corrupt Practices Act is I take this time to read it; it is very brief:

246. Statements by candidates for Senator, Representative, Delegate, or Resident Commissioner filed with Secretary of Senate and Clerk of House of Representatives. (a) Every candidate for Senator shall file with the Secretary and every candidate for Representative, Delegate, or Resident Commissioner shall file with the Clerk not less than 10 nor more than 15 days before, and also within 30 days after, the date on which an election is to be held, a statement containing, complete as of the day next preceding the date of filing:

(1) A correct and itemized account of each contribution received by him or by any person for him with his knowledge or consent, from any source, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person who has made such contribution;

(2) A correct and itemized account of each expenditure made by him or by any person for him with his knowledge or consent, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person to whom such expenditure was made; except that only the total sum of expenditures for items specified in subdivision (c) of section 248 of this title need be stated;

(3) A statement of every promise or pledge made by him or by any person for him with his consent, prior to the closing of the polls on the day of the election, relative to the appointment or recommendation for appointment of any person to any public or private position or employment for the purpose of procuring support in his candidacy, and the name, address, and occupation of every person to whom any such promise or pledge has been made, together with the description of any such position. If no such promise or pledge has been made, that fact shall be specifically stated.

(b) The statements required to be filed by subdivision (a) shall be cumulative, but where there has been no change in an item reported in the previous statement only the amount need be carried forward.

(c) Every candidate shall inclose with his first statement a report, based upon the records of the proper State official, stating the total number of votes cast for all candidates for the office which the candidate seeks, at the general election next preceding the election at which he is a candidate. (Feb. 28, 1925, c. 368, title III, sec. 307, 43 Stat. 1072.)

Now, let us go to section 249, which is headed "Promises or pledges by candidates."

249. Promises or pledges by candidates. It is unlawful for any candidate to directly or indirectly promise or pledge the appointment, or the use of his influence or support for the appointment of any person to any public or private position or employment, for the purpose of procuring support in his candidacy. (Feb. 28, 1925, ch. 368, title III, sec. 310, 43 Stat. 1073.)

The Corrupt Practices Act insofar as pledges are concerned stops there and goes no further. Under the Corrupt Practices Act you are prohibited from promising a person that if he will vote for you, you will attempt to get him a job. This bill does not stop there.

In just a few minutes I shall offer an amendment to strike section 3 from the pending bill and at that time will discuss it. My only purpose in taking this time was to read you the Corrupt Practices Act and to point out to you wherein it stops insofar as pledges and promises are concerned and then to point out the difference between that and section 3 of the pending bill and show you the ridiculous thing that we would do if we were to enact this bill into law.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Michigan [Mr. MICHENER] is recognized for 3 minutes.

Mr. MICHENER. Mr. Chairman, the gentleman from Oklahoma has been discussing section 3. That is not the matter before the House now. The matter before the House now is the amendment offered by the gentleman from Nebraska, a member of the committee, to include the language in italics on page 3. As has been stated by several Members, including the gentleman from Georgia [Mr. RAMSPECK], this is the heart of the section so far as the Hatch bill is concerned. Those who want to ruin the Hatch bill and want to make section 2 ineffective should vote for the committee amendment. Those who want to give some life, and some power to, those who want teeth in the section should vote against the committee amendment.

The committee amendment does not mean that all the members of the committee agreed to it. These amendments were adopted by a very close majority in the committee, and they were not political majorities. It is just a question of those who want to help accomplish what the Hatch bill attempts to accomplish as against those who want to destroy the purpose of the Hatch bill.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. RAYBURN. I think this bill as it came from the Senate, Members will agree, bears evidence of having been written in a great hurry. Why in the name of common sense the people who wrote this bill did not put section 2 and section 9 together is more than I can understand, because they cover practically the same matter and it would have shortened and simplified the bill. Furthermore, if the hurry had not been quite so great, in all probability they would have amended the Corrupt Practices Act instead of bringing out a bill like this.

Mr. HEALEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HEALEY. Do I understand that all time has been consumed on this section?

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts for 2 minutes.

Mr. HEALEY. Mr. Chairman, I hope the Members are aware of the effect of this language if it is kept intact without the committee amendment. It would place all Government employees in a strait jacket and prevent them from participating in any type of political activity.

The civil-service rules cover all persons in the classified service and do not permit any kind of political activities. The persons whom we seek to embrace in this section are those Presidential appointees and other unclassified persons who are not embraced in the classified civil service. The Civil Service Commission by its own interpretation states that the law does not literally apply to nonclassified public servants, that such persons may engage in political activities provided they do not use their official position or authority to influence or affect an election.

Mr. Chairman, it seems to me that is the objective that we seek to gain by this bill, because, as has so well been explained by the gentleman from Alabama [Mr. HOBBS], the civil service classified people have a quid pro quo for giving up their right to engage in political activities because they receive in return certain benefits and protection under the civil service; but these nonclassified public servants do not have such benefits or protection. I believe we ought to think well before we deprive them of rights that have always been considered inherent and constitutional.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. McLAUGHLIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McLAUGHLIN. Mr. Chairman, am I correct in my understanding that a "yea" vote on the pending motion will have the effect of striking out the words "participate in the activities of a political party" in lines 19 and 20?

The CHAIRMAN. The Chair will state the motion. The question is on the substitute offered by the gentleman from Oregon [Mr. MOTT]. The answer to the inquiry of the gentleman from Nebraska [Mr. McLAUGHLIN] is "no."

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the substitute offered by the gentleman from Oregon [Mr. MOTT] may be again read by the Clerk.

The CHAIRMAN. Without objection, the Clerk will read the substitute offered by the gentleman from Oregon [Mr. MOTT].

There was no objection.

The Clerk again read the Mott substitute for the committee amendment.

The CHAIRMAN. May the Chair have the attention of the gentleman from Oregon [Mr. MOTT]?

The Clerk has reported the gentleman's amendment as beginning after the colon. The gentleman from Oregon will recall that an amendment offered by the Commissioner from Puerto Rico was adopted. Is it the intention of the gentleman from Oregon to accept that amendment?

Mr. MOTT. It is the contention of the gentleman from Oregon that he offers this amendment as a substitute for the committee amendment.

The CHAIRMAN. But after the amendment already adopted, as offered by the Commissioner from Puerto Rico?

Mr. MOTT. Yes.

The CHAIRMAN. The Chair wants the record clear on that.

Mr. MOTT. The amendment offered by the Commissioner from Puerto Rico, which was adopted, would not affect this at all.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Oregon [Mr. MOTT].

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts), there were—ayes 151, noes 90.

So the substitute was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended by the substitute.

The committee amendment as amended was agreed to.

Mr. PARSONS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PARSONS. Since the so-called Mott amendment has been agreed to there is nothing left of the committee amendment as far as the bill is concerned, is there?

The CHAIRMAN. The amendment offered by the gentleman from Oregon was offered in the nature of a substitute for the committee amendment. It was agreed to. Therefore, the Chair was under the necessity of putting the question on the committee amendment as amended by the amendment in the nature of a substitute, and that was agreed to by the committee.

Mr. PARSONS. But that strikes out the original House committee amendment.

The CHAIRMAN. The Chair will state that it strikes out the proviso.

Mr. MOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MOTT. May I inquire if my understanding of the parliamentary situation is correct: This section as adopted includes the language down to the proviso, and nothing else. It includes that part of the section before the proviso.

The CHAIRMAN. The section as it now stands includes the printed language through the middle of line 16, with the

addition of the amendment offered by the Commissioner from Puerto Rico.

Are there further amendments to section 2?

Mr. HANCOCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK: On page 2, line 14, at the beginning of the line before the word "of", insert "or the nomination."

Mr. HANCOCK. Mr. Chairman, may I be recognized on my amendment?

The CHAIRMAN. The Chair cannot recognize the gentleman for debate on the amendment. All time for debate on the section has expired.

Mr. HANCOCK. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HANCOCK. Mr. Chairman, this section as written only goes half way toward our objective, if we are trying to cleanse and purify politics. It would permit high Government officials to use all the power and authority of their offices to control primaries and nominations while prohibiting them from doing likewise at Presidential and congressional elections.

Nominations are nearly as important as elections everywhere in this country and in some States they are far more important, because nomination in those States is equivalent to election.

My amendment makes this section applicable to nominations as well as elections. Bear in mind that the section does not forbid participation in politics. It merely prohibits the use of official authority to influence elections. If this is a bad practice, and I think it is, the prohibition against it should be extended to apply to primaries and conventions.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. HANCOCK) there were—ayes 165, noes 55.

So the amendment was agreed to.

Mr. ANDERSON of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON of Missouri: On page 2, line 7, after the comma following the word "states" and before the word "or", insert the words "including members of the Cabinet."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 39, noes 127.

So the amendment was rejected.

Mr. VORYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio: On page 2, line 12, after the word "use" insert "or offer to use."

The amendment was rejected.

The Clerk read as follows:

SEC. 3. It shall be unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation, or other benefit, provided for or made possible by any act of Congress, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

With the following committee amendment:

On page 2, line 24, after the word "possible" insert "in whole or in part."

The committee amendment was agreed to.

Mr. NICHOLS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS: On page 2, beginning in line 21, strike out the language in lines 21 to 25, inclusive; and on page 3, strike out lines 1 and 2, inclusive.

Mr. NICHOLS. Mr. Chairman——

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. No; I cannot yield.

Mr. Chairman, there is no one in the House who is more firmly and stanchly opposed to pernicious political activity than I am. I want to read you section 3 carefully, however:

It shall be unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation—

Listen—

or other benefit, provided for or made possible in whole or in part by any act of Congress, to any person as consideration, favor, or reward for any political activity—

Listen—

or for the support of or opposition to any candidate or any political party in any election.

I know the membership of this House does not want to enact that language into law because it will compel any man running for office, and any political party writing a platform for the party, to tell a deliberate falsehood and perjure themselves in order to obtain election to office. I submit that under the language of this section, if a candidate for office says, "If you will elect me I will attempt to get the old-age pension raised," that is a benefit; if you say to the farmers, "I will attempt to get an increase in the price of cotton, corn, wheat, hogs, cattle, or any other thing," that is a benefit; if you say, "If you will vote for me, Mr. Laboring Man, I will attempt to get you better working conditions," that is a benefit; and under the language of this section, if you promise any benefits and upon that promise anybody votes for you, then, under this section, you are not entitled to hold your office and are subject to $1,000 fine and a year's imprisonment.

I want to hear an explanation on the part of any Member of this House who can gainsay this statement. Why, no political party, Mr. Chairman, could write a platform under the provisions of this bill without perjuring itself, and every member of that party who subscribed to that political platform would be guilty of a falsehood if they said they did not hold out promise of benefits in the future. What is the purpose of political platforms? Ever since the beginning of time in this Nation political parties have got together in conventions, Republicans and Democrats alike, and they form and write a platform. That platform simply states things that the party stands for, things that the party hopes to do, if it is successful, and upon the basis of that pledge and upon the basis of that promise, as contained in the platform, they seek the favor of the electorate of this country. If this section remains in the bill you have falsified your statement when you take your oath of office, and the provision should be stricken out. [Applause.]

[Here the gavel fell.]

Mr. BARRY. Mr. Chairman, I rise in support of the amendment.

Mr. CELLER. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BARRY. Mr. Chairman, I rise in support of this amendment because I believe that the present language contained in the Corrupt Practices Act is sufficient to carry out the purport and intent of the section.

In addition to what the gentleman from Oklahoma has said, I want to call the attention of the House to language contained in this section which, if enacted into law, would, in my opinion, make the great majority of this body eligible for jail before next election day, and I am absolutely serious in making that statement.

I would like you to listen carefully to the language of this section:

It shall be unlawful for any person to promise compensation, provided for or made possible in whole or in part by an act of Congress, to any person as consideration for any political activity.

I know there are many Members of this House whose only compensation is the salary which they get as a result

of a congressional act. I contend if this language is followed, whenever you hire a man to go out, at a couple of dollars a day, and put up placards on trees or go around and distribute circulars with your biography on them, and you pay him and that sum is traced to your congressional salary, you are guilty of a crime under the language of this act. You will be putting yourself in a position where any crank can take advantage of the act. I know that is not the intention of the act, but any crank can have you indicted under this language and have you convicted. If you strike out this section we still have the Corrupt Practices Act which carries out the intent and purpose of this section. [Applause.]

Mr. DUNCAN. Mr. Chairman, I want to congratulate my good friends on the left—Republican side—for writing this legislation. I believe if they had been in charge of this Congress they could not have written a better political bill than they are writing today.

I want also to congratulate you on the fine wave of political reform which has come over you. I remember back in 1924 your political activities. I remember again in 1928, when I was a candidate. I remember the political activities of your party at that time. I remember them again in 1932. I am not complaining about it. You had a perfect right to do it. There has always been politics in this Government, and I believe there always will be. Of course, you are not in control of the House today, except figuratively, and you are very much interested in this bill.

I have watched my colleagues on this side of the aisle take the slaps you have given them and the administration, and I am watching them now turn the other cheek and go along with you.

Mr. CREAL. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. No; I refuse to yield.

I have sent to the Clerk's desk an amendment which provides that "it shall be unlawful for any candidate for Senator or Representative in Congress in any primary or general election to make any public, audible speech in his own behalf or in behalf of any political party of which he is a member or to pay out directly or indirectly any sum or sums for advertising in any newspaper, magazine, periodical, bulletin, or program or for buttons or novelties or engage in any political activities whatsoever in his own behalf or in behalf of any political party, provided, however, he shall be permitted to vote."

All of us are interested in preventing those on relief from being subjected to political pressure. The law already does that as contained in the relief bill.

I have been particularly impressed with the fact that the committee has been willing to give a man working in a department or agency under this administration the right to vote. That is great liberality upon their part.

Mr. Chairman, I was elected to this House as a Democrat and I still am a Democrat and I want to say to you gentlemen on the Republican side, because it will not do any good to talk to anyone over here, that I am unwilling to go along with you fellows and write a purely political bill regardless of what my colleagues on this side of the House wish to do. When I am ready as a Democrat to write a political bill, I want to write it as a Democrat, and I want to pass it through the House as a Democrat, and not let my Republican friends and colleagues write the legislation. This may not be a serious amendment that I have proposed, but if we are going to take away all of the rights that the employees of this Government have to get up and express their opinion in politics—and after all that is what it means—then I say, let us take it away from ourselves as well; let us gag ourselves; that will be in accordance with the principles of this bill.

I ask you, my Democratic friends, do you not believe that it is time to be Democrats instead of letting Republicans in this House write a purely political bill? [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CELLER. Mr. Chairman, it would indeed be unfortunate if we should strike from the bill section 3, which provides that one cannot reward political activity by the promise of a job. If you strike out section 3, as the amendment calls for, it would present a very serious matter.

Mr. BARRY. The language of section 3 is exactly the same as contained in the Corrupt Practices Act, insofar as it applies to jobs.

Mr. CELLER. The Corrupt Practices Act applies to candidates by section 249 of the United States Code. The section in this bill applies to any person, and it should apply generally to everybody, and should not be limited to a candidate, as is the present law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

Mr. NICHOLS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLS. Did I understand the Chair to say that the question is on the amendment offered by the gentleman from Missouri?

The CHAIRMAN. The Chair was under the impression that the gentleman from Missouri had offered his amendment, but the Chair has been informed that he merely discussed his amendment, and did not offer it.

Mr. DUNCAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DUNCAN. The gentleman from Oklahoma was recognized to offer his amendment, and I could not offer mine until his amendment had been voted on, because it was not a substitute for his amendment.

The CHAIRMAN. It was in order for the gentleman to offer his amendment to the section. It would have been a perfecting amendment.

Mr. DUNCAN. But it was not a perfecting amendment to the amendment of the gentleman from Oklahoma.

The CHAIRMAN. The gentleman from Missouri did not offer his amendment, and the question is on the amendment offered by the gentleman from Oklahoma.

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 66, noes 139.

So the amendment was rejected.

Mr. NICHOLS. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Oklahoma demands tellers. As many as favor taking the vote by tellers will rise and stand until counted. [After counting.] Thirteen Members have risen, not a sufficient number, and tellers are refused.

So the amendment was rejected.

Mr. DUNCAN. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN: Page 3, line 2, after the period in line 2, add a new paragraph to be known as (a):

"It shall be unlawful for any candidate for Senator or Representative in Congress in any primary or general election to make any public audible speech in his own behalf or in behalf of any political party of which he is a member or to pay out directly or indirectly any sum or sums for advertising in any newspaper, magazine, periodical, bulletin, program, or for buttons or novelties, or engage in any political activities whatsoever in his own behalf or in behalf of any political party: *Provided, however,* He shall be permitted to vote."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. DUNCAN].

Mr. NICHOLS. Mr. Chairman, there was so much confusion on the Republican side of the aisle that many Members on that side did not hear the reading of the amendment. I ask unanimous consent that the amendment be again reported.

Mr. MARTIN of Massachusetts. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. DUNCAN].

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 95, and noes 145.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. MICHENER and Mr. DUNCAN to act as tellers.

The Committee again divided, and the tellers reported that there were—ayes 72, noes 188.

So, the motion was rejected.

Mr. PARSONS. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 88, noes 162.

Mr. PARSONS. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. PARSONS and Mr. MICHENER.

The Committee again divided, and the tellers reported that there were—ayes 67, noes 167.

So, the motion was rejected.

Mr. SACKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SACKS: Page 2, line 21, strike out section 3 and insert:

"SEC. 3. It shall be unlawful for any person or political party to make or publish any platform which in any part promises the voters anything."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. SACKS) there were—ayes 28, noes 141.

So the amendment was rejected.

Mr. SACKS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SACKS. Does the defeat of this amendment mean that the Republicans put the stamp of approval on promises?

The CHAIRMAN. The Chair does not think that is a proper parliamentary inquiry.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: Page 3, line 2, after "election", strike out the period and insert a colon and the following: "*Provided*, That the provisions of this section shall not apply to any statement of political program, policy, or platform."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

The Clerk read as follows:

SEC. 4. Except as may be required by the provisions of subsection (b), section 9 of this act, it shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit provided for or made possible by any act of Congress appropriating funds for work relief or relief purposes, on account of race, creed, color, or any political activity, support of, or opposition to any candidate or any political party in any election.

SEC. 5. It shall be unlawful for any person to solicit or be in any manner concerned in soliciting any assessment, subscription, or contribution for any political purpose whatever from any person known by him to be entitled to or receiving compensation, employment, or other benefit provided for or made possible by any act of Congress appropriating funds for work relief or relief purposes.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 13, after the word "solicit", insert "or receive."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, lines 14 and 15, after the word "soliciting", insert "or receiving."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 18, after the word "benefit", insert "as a relief worker or a person on relief."

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 58, noes 118.

Mr. CELLER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. CELLER and Mr. MICHENER to act as tellers.

The committee again divided; and the tellers reported there were—ayes 70, noes 152.

So the committee amendment was rejected.

The Clerk read as follows:

SEC. 6. It shall be unlawful for any person to furnish or to disclose, or to aid or assist in furnishing or disclosing, any list or names of persons receiving compensation, employment, or benefits provided for or made possible by any act of Congress appropriating, or authorizing the appropriation of, funds for work relief or relief purposes, to a political candidate, committee, campaign manager, or to any person for delivery to a political candidate, committee, or campaign manager, and it shall be unlawful for any person to receive any such list or names for political purposes.

With the following committee amendment:

Page 3, line 21, after the word "person" insert "for political purposes."

The committee amendment was agreed to.

Mr. CREAL. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CREAL: Pages 3 and 4, strike out all of section 6.

Mr. CREAL. Mr. Chairman, some of the Members made speeches the other day about old-age pensions, both for and against. Some of the Members have talked about the W. P. A. appropriation bill. Doubtless you did not care to send your remarks to people not interested, but perhaps you intended, regardless of which way you voted, to send your remarks to a select group of people. Mr. Chairman, I say that is for political purposes. When a campaign comes around and you are misrepresented before a certain group of people or Government beneficiaries as to what you said upon the floor of the House, or in giving your present views or future views pertaining to a particular thing in which you are interested, you have a right to get a list of names, and I maintain that no Government agency has the right to deprive a Senator or Congressman from any list of names on the Government pay roll. We may want it for various purposes. We may want it for the purpose of purging the rolls of loafers who are thereon, and who have been often found on the Government pay rolls. I maintain it is a monstrosity to say that we cannot receive such a list, if we want to send our remarks for or against some bill in which they are interested, after having received numerous letters. I believe that section ought to be stricken out. It provides that you cannot get a list of names of people whom you have been voting for or against, so far as the governmental agencies are concerned, and you cannot find out what the Government did, or who was employed, or who was not.

I maintain the section goes a long, long ways in invading the prerogatives of the Members of the Senate and House by depriving them, whether they be Democrats or Republicans, of their rights. You send down here in Washington and ask an agency for a list of names of workers under the civil service. You cannot in your own county know who is on the W. P. A. or who is on the relief rolls. You may want this information in order to tell them your views on certain legislation in which they are interested.

Mr. PARSONS. Will the gentleman yield?

Mr. CREAL. I yield to the gentleman from Illinois.

Mr. PARSONS. We put in the last relief bill a provision that the W. P. A. must give the names and addresses of all those who occupy a supervisory capacity, if requested by any Member of Congress.

Mr. CREAL. The gentleman refers to supervisory capacities only. This means anybody. I maintain that no man, high or low, whether in the Cabinet or any place else, down to anybody who is drawing Government compensation,

whether it is the Weather Bureau man or a star-route carrier, should have the right to withhold those names from the people who make the laws and appropriate the money to pay their salaries.

Mr. WALTER. Will the gentleman yield?

Mr. CREAL. I yield to the gentleman from Pennsylvania.

Mr. WALTER. The gentleman's argument might have had some force had we not adopted an amendment a while ago which limits the use for political purposes.

Mr. CREAL. I maintain it is for political purposes when you and I send out our remarks to a particular group to show how we voted on a particular bill. You cannot get away from that. You cannot separate that from a political activity. It is a political activity. What do you want that list of reliefers for except to ingratiate yourselves into their good graces and get their vote.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. CREAL. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. The taxpayers would save a great deal of money if these lists were obtained from the city directory and telephone directory. It costs money to compile these lists.

Mr. RANDOLPH. Will the gentleman yield?

Mr. CREAL. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I firmly believe there should be no politics in relief, or coercion of those men and women who are on the work-relief program. I favor the so-called Dempsey amendment and I shall support the bill designed to correct abuses that have arisen. I understand the gentleman contends that the information concerning every employee on the pay roll of the Federal Government should be made public if requested by a Member of Congress.

Mr. CREAL. Yes; for the men who appropriate the money and create the jobs. There is not a Member in this House or at the other end of the Capitol who has not selected a list and sent his remarks to those people. They do it for political purposes and for the purpose of clarifying himself and obtaining the votes of those people. It is therefore for a political purpose.

[Here the gavel fell.]

Mr. HANCOCK. Mr. Chairman, I rise in opposition to the committee amendment.

I may say that the subcommittee of the Judiciary Committee which first considered this bill asked the Senator from New Mexico, who appeared before us, why this particular section was included in the bill and what was behind it. He informed us that the Senator from Texas who conducted the investigation into political activities last summer found that the exploitation of the persons on relief always began with the securing of a list of names, and that if we would include in the bill a prohibition against furnishing lists of names of those on W. P. A. for political purposes, it would go a long way toward stopping the exploitation of such persons and protecting them against the ward heelers and solicitors of campaign funds. That is the reason for the section, and I believe the section ought to stay in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. CREAL].

The question was taken; and on a division (demanded by Mr. CREAL) there were—ayes 47, noes 150.

So the amendment was rejected.

The Clerk read as follows:

SEC. 7. No part of any appropriation made by any act, heretofore or hereafter enacted, making appropriations for work relief, relief, or otherwise to increase employment by providing loans and grants for public-works projects, shall be used for the purpose of, and no authority conferred by any such act upon any person shall be exercised or administered for the purpose of, interfering with, restraining, or coercing any individual in the exercise of his right to vote at any election.

Mr. HOOK. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HOOK moves to strike out the enacting clause.

Mr. PEARSON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PEARSON. Mr. Chairman, I make the point of order against the motion that it is not in proper form.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. HOOK. No, Mr. Chairman.

The CHAIRMAN. The Chair sustains the point of order. The motion as submitted is not in proper form.

Mr. HOOK. I move to strike out the enacting clause, Mr. Chairman.

The CHAIRMAN. The proper motion, the Chair may state to the gentleman from Michigan, is that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out. That is not the motion the gentleman has submitted.

Mr. HOOK. I will submit such a motion later.

The Clerk read, as follows:

SEC. 8. Any person who violates any of the foregoing provisions of this act shall be deemed guilty of a felony and upon conviction shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

With the following committee amendments:

On page 4, line 17, after the word "Act", strike out the remainder of line 17.

Page 4, line 18, after "conviction", insert "thereof."

The Committee amendments were agreed to.

The Clerk read, as follows:

SEC. 9. (a) It shall be unlawful for any person employed in any administrative or supervisory capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress, to use his official authority or influence for the purpose of interfering with an election or of affecting the results thereof. All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or in political campaigns.

(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress shall be used to pay the compensation of such person.

With the following committee amendment:

On page 5, line 1, after the word "thereof" strike out the remainder of the paragraph.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 91, noes 132.

Mr. CELLER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. CELLER and Mr. MICHENER.

The Committee again divided, and the tellers reported that there were—ayes 111, noes 157.

So the committee amendment was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 5, line 8, after "Congress", insert "for such position or office."

The committee amendment was agreed to.

Mr. HOOK. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HOOK moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. HOOK. This bill as it stands right now, with the amendments as adopted, has been written by the Republican Party. I want to congratulate the Republican Party for their solid vote. I think they are doing a very fine job, and I have no criticism to make whatsoever. It is their duty to sabotage the Democratic program if they can. I will say that they are doing a very fine job of it this afternoon.

To my Democratic friends let me say that it is about time we start writing some legislation ourselves. It is about time that some of you Democrats go down the line and vote in a Democratic manner and not follow the Republican leadership.

Many times this afternoon I have seen Democrats walk down here behind a solid phalanx of Republican membership.

This bill has been used by the newspapers of this Nation to blackmail the membership of this House before it ever came to the floor for consideration. It is about time we Democrats realize that we should stand up and fight and not go down under the blackmailing that has been going on in the past.

I have always placed high value on human rights. I regard them as basically more important to society than property rights. It necessarily follows that from the political aspect the state exists for man. Man does not exist for the state. If government is worth anything it is for what it wins for man, and certainly this kind of a bill that you are trying to enact here this afternoon is not going to win anything for anybody. On the contrary, it is taking away the basic rights guaranteed under the Constitution of the United States.

It is a violation of the first and fifth amendments of that Constitution. I therefore give warning here on this floor that if this bill passes in its present form I will be the first man to violate the provisions of the bill and challenge it by going to the courts and trying out the constitutionality of it. [Applause.]

You Republicans have been talking about the Constitution, and a few years back you were letting out a hue and cry of "Protect the Supreme Court of the United States"; you seemed to think at that time it was treason to criticize that august body; now you are blasting the Supreme Court of the United States and again you repudiate the very principles you so proudly paraded here in this body. You have advocated the protection of the Constitution, but at the present moment you are voting to violate the Constitution of the United States. We Democrats should stand by the Constitution and vote against this obnoxious monstrosity.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, at this moment I am very proud and happy to be a Member of this great body. By action of the House a minute ago in refusing to agree to the committee amendment in section 9, I saw the rights of the people again asserted. The fearless, revolutionary stand taken by my colleagues on that occasion I wholeheartedly commend. Why, the Bill of Rights was about to be abrogated. The Bill of Rights, by this legislation, was about to be overridden, but by the fearless statesmanship of the membership of this body, I am happy to see has protected the American people, and I compliment you on asserting yourselves when you make so bold as to say by your action that all persons shall retain the right to vote—a great, big, revolutionary movement on your part.

Not only do you restore to them the right to vote but you actually give them to right to express their opinions, not publicly but privately [laughter], a fearless attitude, and the statesmanship that has been demonstrated here I could not let go by without taking opportunity to compliment you on. [Applause.] The portion of section 9 to which I refer and which the committee has so fearlessly voted to keep in the bill is as follows:

> All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but that they shall take no active part in political management or political campaigns.

This provision is perfectly silly and ridiculous. This Congress cannot by legislation tell the American people that they can retain the right to vote. This is an inherent right and one guaranteed by the Constitution, and for this Congress to say that American citizens shall have the right to express their opinions in private is to abrogate the Bill of Rights, which guarantees to every American citizen the right of freedom of speech, freedom of assemblage, and the privilege of worshiping God according to the dictates of his own conscience. You cannot remove this right guaranteed by the Constitution simply because a person holds a Federal position.

Of course, this silly language should have been stricken from the bill, and it is beneath the dignity of a great deliberative body such as the Congress of the United States to even think that they could so hoodwink and fool the public by the passage of such legislation to the extent that the public would think that the Congress was attempting to protect some sacred right of theirs. [Applause.]

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan [Mr. HOOK].

The question was taken and the motion was rejected.

Mr. HOBBS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

> Amendment offered by Mr. HOBBS: Page 5, line 2, strike out the word "privately", and in lines 3 and 4 change the comma after the word "subjects" to a period and strike out all the words in lines 3 and 4 thereafter.

Mr. HOBBS. Mr. Chairman, this really brings us to the milk in the coconut. If you wish to write into this bill or to leave in the bill as you have done by defeating the committee amendment the limitation upon the right of officials in administrative or supervisory capacities to express their own opinions upon political subjects, you will have denied the right of free speech guaranteed by the first amendment of our Constitution. If you leave those words in there, you at the same time deny liberty to American citizens merely because they happen to be officials of our Government, in violation of the guaranty of the fifth amendment, for due process of law is not supplied by such a statute as this bill proposes.

In addition to these considerations, although the ex post facto inhibition of the Constitution only applies in criminal cases, there is here a plain analogy, for when a man goes under the civil service, he voluntarily "takes the veil" in exchange for the assurance of perpetuity in office, which is not present as to any office not under civil service. Therefore he voluntarily bargains and surrenders his rights of free speech and liberty of action for the quid pro quo of that guaranty. So he knows in advance what is going to happen to him and he voluntarily accepts the position with that string to it, but here you would make every one of the officeholders in an administrative or supervisory capacity in the United States, who entered upon the performance of their duty in office without any knowledge of any such restriction as you here would place subject to these provisions ex post facto, and without a choice; in other words, you would take away from them the rights that they had when they accepted their offices.

Pretermitting further discussion of the constitutional aspects of this question for the moment, I invite the serious attention of Members on both sides of the aisle while I talk a little practical, plain, common sense.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. Gladly.

Mr. MICHENER. Will the gentleman please read the sentence as it would read with his amendment adopted?

Mr. HOBBS. The concluding sentence of section 9 would read as follows:

> All persons shall retain the right to vote as they please and to express their opinions on all political subjects.

What I rose to say is simply this. Every single solitary pernicious activity is interdicted by the terms of this bill. Every abuse of power, bribery, coercion, threats, intimidation, solicitation of funds from relief workers, or from anybody on relief, every exercise of official authority or influence, all of those things you cry out against are interdicted by this bill already. But when you come to this section of the bill you say that no matter how honestly a Federal officeholder in his supervisory or administrative capacity may conduct himself, no matter how clean his hands may be, he cannot participate in political management or campaigns. No matter how scrupulously he may avoid any abuse of his rights of free speech and liberty of action guaranteed by the Constitution. If you do this thing, you not only violate the Constitution, you not only violate every natural right of every citizen in the United States, but by doing this you divest him of citizenship and you have set up the process of disintegration, whereby the Government "of the people, by the people, and for the people" will have begun to perish from the earth.

I beg of you that you leave it not only to the penal provisions under this act, but also to the pains and penalties of the Corrupt Practices Act, to curb abuses of the types feared, and not deny the fundamental rights of American citizens. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Alabama be extended for 5 minutes. As far as I am concerned the gentleman has made the only rational speech I have heard this afternoon, and In view of that fact I think his time should be extended.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. THORKELSON. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. Gladly.

Mr. THORKELSON. Is it not a fact that no act of Congress can deprive the people of the right to their opinions on political matters?

Mr. HOBBS. Of course; the gentleman is absolutely right. I am pleading that we do not commit the asininity of attempting to repeal the Constitution by act of Congress.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. Certainly.

Mr. WHITE of Ohio. Would not the gentleman's purpose be accomplished if he would leave the language in that sentence with the exception of the word "privately"?

Mr. HOBBS. No, sir.

Mr. WHITE of Ohio. What further is there that would be in conflict with the Constitution?

Mr. HOBBS. The rest of that section—

But they shall take no active part in political management or in political campaigns—

Would still be there, and I contend that liberty of action is just as much a right as freedom of speech.

Mr. WHITE of Ohio. The gentleman contends that that is in conflict with the constitutionality authority also?

Mr. HOBBS. Yes, sir. I am perfectly sure of it in my own mind, and not only that, but I maintain that if there were no such thing as the Constitution, we would still be violating the fundamental concepts of this Government when we inhibit activity on the part of our people, or any one of our people, in that greatest art known to democracy, the art of self-government. I believe that you gentlemen of the minority can see this as plainly as I. It is not a political question. When you come down to it there is no finer, higher attribute of an American citizen than the capacity and right to participate in government by democratic processes, and there is no nobler art than that of seeking, honestly and purely, to lead the thinking of fellow citizens on political questions. [Applause.] I believe that is what we should do. I think we should encourage rather than inhibit that. I am not trying to sway your emotions—if I could I would not—but in this solemn hour I warn you that you think for yourselves, clearly and soberly, on this most important subject. I reiterate that every abuse conceivable is curbed and interdicted by this bill.

It is punishable not only under the penal provisions of this bill but it is also punishable under the corrupt-practices law. I beg of you that you stop, look, and listen before you run over the warning signboards of experience and history, merely on the caprice or whim of the moment.

Mr. McCORMACK. Will the gentleman yield?

Mr. HOBBS. I am delighted to yield to my friend.

Mr. McCORMACK. "To express privately their opinion," under that language is it beyond the realm of probability or possibility that a man could only be protected if he expressed his opinions to his own wife? In other words, if he expressed them to anyone else politically, and if he occupies an official position, he would come within the purview of the language as now contained in the bill?

Mr. HOBBS. I think so, sir. I think also that you are right in saying that the courts could interpret that in any way they might see fit. I also submit that both the words "privately" and "active" are utterly stupid and have no place in any legislation, because of the impossibility of clear definition. I could say, "Well, I am only making a political speech in my own behalf, but I am not active. I am not actively espousing my cause. I am simply, soberly, and clearly submitting the issues to my constituents." And who could condemn me for political activity if the courts agreed with me, and they might? What you should do is what is done in the rest of this bill—shoot squarely at the abuses of liberty. Shoot squarely at those things which disgrace our democratic processes. We have systematically in this bill interdicted all forms of coercion, intimidation, threats, bribery, by promise of a job, or by threat of deprivation. [Applause.]

I submit that my amendment ought to be passed. Let us all rise to this occasion. [Applause.]

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I rise in favor of the amendment.

Mr. MICHENER. Mr. Chairman, do I understand the acting chairman of the committee is for the amendment?

Mr. CELLER. We will support that amendment.

Mr. MICHENER. I am opposed to it. I want to be heard in opposition at some time.

Mr. CELLER. I will yield to the gentleman now.

Mr. MICHENER. No. Just so I am not shut off.

The CHAIRMAN. The gentleman is entitled to recognition, if he wishes to be recognized at this time.

Mr. MICHENER. No; just so I am not shut off.

The CHAIRMAN. The gentleman from New York [Mr. CELLER] is recognized.

Mr. CELLER. Mr. Chairman, as acting chairman of the Judiciary Committee, I wish to state that after brief consultation with other members of the committee I feel that we should accept this amendment offered by the gentleman from Alabama [Mr. HOBBS]. We feel it is a good amendment.

On the subject generally of political activity of non-civil-service Federal employees, let me point out what a very famous Republican once said about the impracticality of trying to enforce these strict rules as far as these nonclassified employees are concerned. I refer to Theodore Roosevelt, who had the following to say on this subject:

I had become convinced that it was undesirable and impossible to lay down a rule for public officers not in the classified service which should limit their political activity as strictly as we could rightly and properly limit the activity of those in whose choice and retention the element of political considerations did not enter; and afterward I became convinced that in its actual construction, if there was any pretense of applying it impartially, it inevitably worked unevenly, and, as a matter of fact, inevitably produced an impression of hyprocrisy in those who asserted that it worked evenly. Officeholders must not use their offices to control political movements, must not neglect their public duties, must not cause public scandal by their activity; but outside of the classified service the effort to go further than this had failed so signally at the time when the eleventh report, which you have quoted, was written, and its unwisdom had been so thoroughly demonstrated that I felt it necessary to try to draw the distinction therein indicated.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. DUNN. In my opinion, the Hobbs amendment is a very democratic amendment and should be voted for unanimously by the House.

Mr. THORKELSON. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. THORKELSON. Is it not a fact that the people themselves reserved the right in the tenth amendment to do as they pleased in regard to voting and expressing their opinions?

Mr. CELLER. I think that is right.

Mr. CREAL. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. CREAL. Unless the word "privately" is stricken out, just when is an expression made in private and in public? Is a hotel lobby with six men present public or private, or

do you have to take them around behind the house and whisper to them privately?

Mr. CELLER. Well, it is hard to tell.

I am revising these remarks after this bill was passed, and am making this statement more or less in retrospect after what has happened in the House and which led to the passage of this measure. I particularly wish to point out two factors: In the excitement of debate the House accepted an amendment providing that no one can remain in the employ of the Government if he advocates the overthrow of the Government. The words usually used are "overthrow of the Government by force and violence." The words "by force and violence" were omitted, apparently advisedly. What does all this mean? This can be construed to give some very unusual results. It may mean that anyone who believes that the Government should not remain static and unchanged can be dismissed from service, in pursuance of the terms of this bill, or can have his salary withheld from him by the Comptroller General. It means, further, that anyone in the employ of the Government who advocates a constitutional amendment, who advocates the overthrow or the change of our Government by legal means—that is, by a change in the Constitution—would suffer these aforementioned penalties.

Just what is meant by the "overthrow of the Government"? I presume the author of this amendment intended it to mean a sort of revolution; a change from a democracy to a dictatorship—a dictatorship of communism, fascism, or nazi-ism. But the language does not say that. Intent may be one thing, but the actual words used may be quite different from the intent.

The other factor I wish to point out is this: In the excitement of debate an amendment was permitted to include control of primaries within the provisions of the bill. We cannot control primaries. That is a matter purely within the jurisdiction of the various States. The Supreme Court has thrown out bills as unconstitutional when they attempt to affect or control primaries. Yet here we include a clause as an amendment which is wholly unconstitutional.

Of course, in a way, the Government, as an employer, can lay down conditions precedent to govern employment through conditions relating to age, intelligence and experience. The Government cannot, however, govern the right to participate in a primary, of either a State official or a Federal official. Any such restriction is unconstitutional.

Section 9, as it was originally written and as it came from the Senate, placed greater burdens on a nonclassified administrative or supervisory officer than on anyone in the civil-service classification. I have before me a sheet entitled, "Warning—Political Activity of Classified Employees Prohibited." Referring to Presidential officials and appointees, this notice says:

> Presidential appointees are forbidden by statute to use their official authority or influence to coerce the political action of any person or body, to make any contribution for a political object to any other officer or employee of the United States, or to solicit or receive contributions for political purposes from other Federal officers or employees.

This would not preclude such appointee's contributing to a political party or his going to a Jackson Day dinner. But under section 9, as originally written and which, as originally written, was so ardently supported by many newspapers, a Presidential appointee would not be able to make a contribution to a political party or to participate in a Jackson Day dinner. This civil-service announcement further states:

> A Presidential appointee will be allowed to take such a part in political campaigns as is taken by any private citizen.

Under the bill as originally drawn, section 9 and section 2 would have made it utterly impossible for a Presidential appointee to take part in a political campaign on parity with a private citizen.

Because of my protests and those of my colleagues on the Judiciary Committee we were responsible for at least getting amendments to the bill which were offered by Congressman DEMPSEY and which Senator HATCH finally accepted. Without our fight the bill would have been rushed through the House as it was rushed through the Senate—with all the obnoxious provisions intact.

Under the civil-service rules, employees in the executive civil-service branch of the Government working in the District of Columbia are now permitted to run for local office in those municipalities adjacent to the District of Columbia. Under the Hatch bill all this is changed and made impossible. I herewith insert the order of the Civil Service Commission permitting such local political activity:

> Employees residing in municipalities near the District of Columbia: Employees of the executive civil service permanently residing in the following incorporated municipalities adjacent to the District of Columbia will not be prohibited from becoming candidates for or holding municipal office in such corporations:
>
> In Maryland—Takoma Park, Kensington, Garrett Park, Chevy Chase, Glen Echo, Hyattsville, Mount Rainier, Somerset, North Beach, Capitol Heights, Laurel, Riverdale, Bladensburg, Brentwood, Berwyn Heights, Cottage City, North Brentwood, Edmonston, Colmar Manor, Fairmont Heights, Eagle Harbor, Cobb Island, Seat Pleasant, Cheverly, District Heights.
>
> In Virginia—Falls Church, Vienna, Herndon, Potomac.
>
> In the exercise of the privilege granted by this order, officers and employees must not neglect their official duties and must not engage in National, State, or county political activity in violation of the civil-service rules, and if there is such violation, the head of the department or independent office in which the person is employed shall inflict such punishment as the Civil Service Commission shall recommend.
>
> The Civil Service Commission may extend the privilege of this order to other incorporated municipalities in Maryland and Virginia when it shall deem it necessary to the domestic interests of the Government employees resident therein.

All of the above is now prohibited under the terms of the new Hatch bill.

I also give you another order from the Civil Service Commission concerning employees of the navy yards, arsenals, and military establishments.

> Employees of navy yards, arsenals, and military establishments: Whenever in the opinion of the Secretary of the Navy or the Secretary of War a strict enforcement of the provisions of section 1, rule I, of the civil-service rules would influence the result of a local election the issue of which materially affects the local welfare of the Government employees in the vicinity of any navy yard or station or of any arsenal or other military establishment, the Civil Service Commission may, on recommendation of the Secretary of the Navy or the Secretary of War, and after such investigation as it may deem necessary, permit the active participation of the employees of the yard, station, arsenal, or other military establishment in such local election. In the exercise of the privilege which may be conferred hereunder, persons affected must not neglect their official duties nor cause public scandal by their activity.

The above order is utterly nullified by the new Hatch bill.

All of the above appears strange indeed. But stranger still is the fact that the Senate swallowed these provisions hook, line, and sinker, without even a debate, when the matter was presented a second time to the Senate. These are strange happenings. This bill was not considered with the dry light of reason. There were many selfish motives which actuated the Members of both Houses. The fight centers around the control of delegates to the next Democratic Convention. The work of the House Judiciary Committee, which committee worked fearlessly and judiciously, was primarily impaired.

I should like sometime to tell the whole story concerning this measure; it would make very interesting reading. But this is neither the time nor the place.

As the bill originally came from the Senate, even our secretaries could not have aided us in our campaigns. See how ridiculous that was. Only because of our remonstrances in the Judiciary Committee did the authors of the bill permit changes in the operating and penalty sections of the bill. Only because of our insistence were the policy-making appointees of the President exempted from the provisions of this measure. Also, only because of our insistence were the members of the President's Cabinet excluded. Just imagine, the President endeavoring to test out some theory, measure, plan, or policy, and being unable to permit one of his trusted lieutenants to sound out public opinion by making a political speech!

This Hatch bill delivers a telling blow against our party system. Jefferson said:

> The party has a great useful nationalizing influence, creating national opinion and judgments as over against local interests and preferences. The greater the centralization of government the greater becomes the necessity of opposition party.

To the extent that this bill strikes at these pronouncements, it is an unmitigated evil.

[Here the gavel fell.]

Mr. MICHENER. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from Alabama.

The Clerk read as follows:

> Amendment offered by Mr. MICHENER as a substitute for the amendment offered by Mr. HOBBS: Page 5, line 1, after the word "shall", strike out the rest of the line and all of line 2 and line 3, including the word "shall"; so that the paragraph will read "all such persons shall take no active part in political management or in political campaigns."

Mr. MICHENER. I say to the Members that I offered this same amendment in the committee. There is no question about the constitutionality. What the gentleman from Alabama [Mr. HOBBS] has said is largely true so far as constitutionality is concerned, because we cannot deny, under our Constitution, any individual in this country the right to vote as he pleases, and the right to express privately his own opinion on public subjects. So I attempted to eliminate that in the committee, and I think it would have been eliminated if the whole sentence had not been eliminated.

By eliminating what I have suggested, by accepting this substitute, you eliminate useless words.

There is no question about the constitutionality of the substitute which I have offered. If you want something to talk about, if you want an excuse, then you may toy with words; but if you want to get right down to substance and accomplishment, then accept this substitute. [Applause.]

[Here the gavel fell.]

Mr. HOBBS. Mr. Chairman, I rise in opposition to the amendment.

There is no Member of this House who has a higher regard than I for the distinguished gentleman from Michigan. When he speaks on legal matters I always give ear; but I am so bold as to accept his challenge and to say that I think his amendment, which is helpful as far as it goes, has not corrected the unconstitutionality of even that part of section 9 to which it is addressed. I want to say before I pass on that his invoking of the precedent of the civil-service law has no application whatsoever, for the reasons I have attempted to give, namely, those men have taken the veil voluntarily and with full knowledge of those regulations which restrict their freedom in exchange for the assurance that they cannot be separated from the pay roll, whereas the officers we are now talking about have accepted their commissions for full terms with no such knowledge; hence it would be absolutely an ex post facto law as to them, if ex post facto applied to purely civil matters.

Along this same line let me say that, whether or not it be unconstitutional, in view of the presumption indulged in favor of every congressional enactment, I advance the argument that if I were one of these iniquitous—and that is how they class Federal officials—iniquitous Federal officials in an administrative or supervisory capacity, and a political campaign were in progress, I believe there is no constitution ever written by man, I believe there is no principle of divine justice that would say that I should be deprived of the privilege of defending my own administration. That is what you do here, however; you say that my mouth shall be closed if I am active. What does "active" mean? No one can define it. It is, therefore, upon its face an absurdity. I maintain that I can be within my legal rights and just as active as a bee in a tar bucket and violate no law of God or man. The Congress of the United States, in view of the context of section 9, ought not to seek—even without any question of constitutionality being raised—to interdict that kind of action, for the preceding part of section 9 has absolutely forbidden me as a Federal official to use my official authority or influence for the purpose of interfering with an election or affecting the results thereof. All that the succeeding portion of section 9 undertakes to do, therefore, is to deprive me, not of the prestige of my office in exercising my political influence, but of my own personal right under the Constitution and the laws of the United States of pure, clean action, no matter how active I may be, in defense of my own administration.

This is simply highway robbery; and you men, no matter on which side of the aisle you sit, by your oath are bound, as I am, to support the Constitution and the laws of the United States and her proud traditions. You are not, therefore, going to condemn unheard that big group of Federal officeholders who are just as clean as you are, and who will conduct themselves in the future as they have in the past—with the highest morality. That is the salvation of this or any other democracy, and when you destroy it you have set to work the forces of dissolution. I, therefore, ask you to vote down this well-intentioned substitute and to vote up my amendment. [Applause.]

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am happy to yield.

Mr. PARSONS. Does the gentleman not seek to do throughout this bill just the very thing he is describing this legislation does in principle?

Mr. HOBBS. Thank you for that question, sir. No, sir; I do not believe so. I do not for 1 minute think that Congress has not the power to interdict and inhibit all fraud, corruption, use of official power for coercion, intimidation, threats, or what not, interfering with the fairness of free elections. I believe that the sanctity of our homes, the perpetuity of our Government, depends upon the utmost limit of eradication of all evil influences in our elections, and not until we do that have we done our duty; but when we go beyond that point we have transcended the bounds of legitimate legislation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the substitute offered by the gentleman from Michigan [Mr. MICHENER] for the amendment offered by the gentleman from Alabama [Mr. HOBBS].

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 114, noes 152.

So the substitute was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. HOBBS].

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 191, noes 3.

So the amendment was agreed to.

Mr. DEMPSEY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

> Amendment offered by Mr. DEMPSEY: On page 4, strike out lines 20 to 25, inclusive, and on page 5, strike out lines 1 to 9, inclusive, and insert in lieu thereof the following:
>
> "SEC. 9. (a) It shall be unlawful for any person employed in the executive branch of the Federal Government or any agency or department thereof to use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. No officer or employee in the executive branch of the Federal Government or any agency or department thereof shall take any active part in political management or in political campaigns. All such persons shall retain the right to vote as they may chose and to express their opinion on all political subjects. For the purposes of this section the term "officer or employee" shall not be construed to include (1) the President and Vice President of the United States, (2) persons whose compensation is paid from the appropriation for the office of the President, (3) heads and assistant heads of executive departments, (4) officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in the Nationwide administration of Federal laws.
>
> "(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person."

Mr. DEMPSEY. Mr. Chairman, it is not my intention to speak for 5 minutes, because I have explained this amendment several times.

Section 9, as reported by the Senate, was rather confusing in that the author of the bill, Senator HATCH, and those who sposored the bill with him—Senators SHEPPARD and AUSTIN—did not propose to put a restriction on the executive branch of the Government to the extent that the bill may do in its present form.

The amendment I have sent to the Clerk's desk, which has just been read, clearly exempts the President and Vice President of the United States, as well as the staff of the President and those who obtain their salaries from the appropriation made for White House purposes. It also exempts all heads of executive departments, Cabinet members and their assistants, and all policy-making officials that have a national scope, such as, for instance, the head of the Work Relief Agency. That has a national scope.

Mr. WALTER. Will the gentleman yield?

Mr. DEMPSEY. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Does not the gentleman realize his amendment permits the people who are mentioned in the amendment to use their official authority to influence elections?

Mr. DEMPSEY. No; I do not so construe the amendment.

Mr. WALTER. Whether the gentleman does or not, that is exactly what it says.

Mr. DEMPSEY. I do not agree with the gentleman.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. DEMPSEY. I yield to the gentleman from California.

Mr. VOORHIS of California. The gentleman does not concede that his amendment would deprive people working on public-works projects or on relief projects of their political rights and activities?

Mr. DEMPSEY. Not at all. They may express their political preference as they see fit.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. DEMPSEY. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. I would like to secure a little information from the gentleman right along the line suggested by the gentleman from California. Many provisions of this bill seek to protect the W. P. A. worker from being exploited by politicians; is that correct?

Mr. DEMPSEY. Yes.

Mr. WOODRUM of Virginia. Is there anything in the bill that will protect a Congressman from being hung in effigy in the public square at the hands of W. P. A. workers for doing his duty?

Mr. DEMPSEY. As I look at the distinguished gentleman from Virginia, I am quite sure he would be able to protect himself in case of attack.

Mr. PARSONS. Will the gentleman yield?

Mr. DEMPSEY. I yield to the gentleman from Illinois.

Mr. PARSONS. I notice the gentleman's amendment exempts Cabinet officers and certain other officials.

Mr. DEMPSEY. Yes.

Mr. PARSONS. Why is it a worse crime for the poor fellow who is out in the open somewhere, drawing $100 or $150 a month, to engage in political campaigns any more than a Cabinet officer?

Mr. DEMPSEY. The sin that attaches to that is this: He engages in political campaigns in most instances as he is directed, as he is forced to engage in it. That is the difference. [Applause.]

Mr. BANKHEAD. Will the gentleman yield?

Mr. DEMPSEY. I yield to our distinguished Speaker.

Mr. BANKHEAD. The Committee by its recent action on the Hobbs amendment practically voted in favor of the adoption of the Hobbs amendment, did it not?

Mr. DEMPSEY. Yes.

Mr. BANKHEAD. The Hobbs amendment struck the following provision in the bill: "They shall take no active part in political management or in political campaigns." The gentleman's amendment still retains that language. Is there not a conflict between the recent action of the Committee and the gentleman's amendment?

Mr. DEMPSEY. This amendment would eliminate the Hobbs amendment, and my amendment would be the entire section 9 if adopted.

Mr. BANKHEAD. But it is in opposition to the recent action of the Committee when it agreed to the Hobbs amendment?

Mr. DEMPSEY. This permits any person to express his political preference as he may see fit. It does not permit people in the executive branch, except those specifically exempt, to manage a campaign or to be politically active in a campaign.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Does the gentleman realize that by his amendment he places the Congress in the ridiculous position of permitting the President of the United States and the Vice President to express their opinions on political questions?

[Here the gavel fell.]

Mr. DUNN. Mr. Chairman, I ask unanimous consent that the gentleman from New Mexico may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DEMPSEY. Mr. Chairman, I desire no additional time.

Mr. HOBBS. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New Mexico.

The Clerk read as follows:

Amendment offered by Mr. HOBBS to the amendment offered by Mr. DEMPSEY: Strike out of the Dempsey amendment the following words: "No officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns."

Mr. PATRICK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATRICK. If the Dempsey amendment is adopted, does not that entirely dispose of section 9 as amended by the gentleman from Alabama? If so, how does the gentleman from Alabama now come back with an amendment to the Dempsey amendent, which is to abrogate the entire action just taken by the Committee in sustaining the position of the gentleman from Alabama?

The CHAIRMAN. The gentleman from Alabama is now offering an amendment to the substitute which was offered by the gentleman from New Mexico. In answer to the parliamentary inquiry of the gentleman the Chair will state that if the Dempsey substitute amendment, whether amended or not, is adopted, it will abrogate the previous proceedings taken by the Committee as to section 9.

Mr. DUNN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DUNN. In other words, the Dempsey amendment is an amendment to the Hobbs amendment?

The CHAIRMAN. No. The amendment offered by the gentleman from New Mexico is in the nature of a substitute for the entire section, which was amended a little while ago by the amendment offered by the gentleman from Alabama [Mr. HOBBS].

The gentleman from Alabama is recognized for 5 minutes.

Mr. HOBBS. Mr. Chairman, I do not propose to take the 5 minutes allotted me. I simply wish to take this opportunity to explain as clearly as I can in a minute or two the parliamentary situation.

The Committee amendment was voted down. That left in the section the words that were proposed to be stricken by the Committee amendment. By the adoption of my amendment the Committee of the Whole House, by an almost unanimous vote, struck out the word "privately" and the other offensive words from the latter part of section 9.

The gentleman from New Mexico [Mr. DEMPSEY] now offers a substitute for section 9 which has many good qualities. It may be more desirable than the present section 9, provided we again strike out those same offensive words which he has again employed. My amendment simply seeks to strike out those offensive words which 5 minutes ago we struck out of old section 9. I hope we will strike them out of the Dempsey amendment and then decide between the section as it had been amended before the introduction of the Dempsey substitute amendment, and the remainder of the Dempsey amendment.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am very happy to yield to the distinguished gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. The gentleman's amendment practically nullifies the Dempsey amendment.

Mr. HOBBS. No; the Dempsey amendment now offered would nullify my amendment, but the amendment which I am now offering to his amendment will improve his amendment and make it acceptable legislation, whereas now it is not so.

Mr. MARTIN of Massachusetts. The gentleman's amendment would nullify the purpose of the Hatch bill.

Mr. HOBBS. No; not at all. I believe that the Hatch bill, as I have stated repeatedly today, is aimed at abuses of liberty, at corruption, at fraud, at coercion, at intimidation, and at interference with the free electorate of America. Those things I espouse wholeheartedly, and so do the vast majority of the Members of this House. However, this is something that strikes at the root of our fundamental liberties as we have them stated in our Bill of Rights. I do not believe we are injuring the Dempsey amendment in the slightest degree when we strike out this part which I am seeking to have stricken out by my amendment.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I yield to the gentleman from New York.

Mr. CELLER. If I understand the parliamentary situation correctly, the amendment of the gentleman from Alabama strikes out certain words from the Dempsey amendment, namely:

> No officer or employee of the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns.

But when the question recurs on the Dempsey amendment, I take it the gentleman will oppose the Dempsey amendment because of the overwhelmingly favorable attitude shown to the gentleman's amendment. The gentleman prefers his own amendment to the Dempsey amendment, I take it.

Mr. HOBBS. If the Committee adopts my amendment and strikes those words from the Dempsey amendment, then I believe that everyone would be free to vote for the present section 9 as now amended and in the bill, or for the Dempsey amendment as amended by my amendment, whichever way he might see fit, and I would have no quarrel with him; but unless my amendment is adopted, striking those offensive words from the Dempsey amendment, I respectfully submit that none of us can safely vote for the Dempsey amendment.

Mr. CELLER. But if those words are stricken out of the Dempsey amendment, the gentleman would still prefer his own amendment as against the Dempsey amendment?

Mr. HOBBS. I have answered that, sir.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am happy to yield to the gentleman from Texas.

Mr. RAYBURN. I think the questions of the gentleman from New York [Mr. CELLER] and the answers thereto are perhaps confusing. If the amendment the gentleman has pending now to the Dempsey substitute is adopted, then the gentleman will not be going back on the previous amendment that was adopted to section 9 as it stands now because, whatever is passed, either the gentleman's amendment to the Dempsey substitute or section 9, as amended, the bill would not have in it the words that the gentleman is talking about.

Mr. HOBBS. That is right.

Mr. RAYBURN. I do not know how others may feel, but it appears to me that with those words stricken out the Dempsey substitute will certainly be preferable to section 9 as it now stands in the bill.

Mr. HOBBS. In answer to the question of the distinguished majority leader, that was exactly why I declined to pass judgment on that matter. I am not here fighting windmills; I am fighting for what I conceive to be vital principles of Americanism; and when this bridge is crossed and these words are stricken from the Dempsey amendment, then I have no further zeal as to whether the Members of this House may prefer the bill as now written or as it would be changed by the Dempsey amendment.

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I ask unanimous consent that the gentleman from Alabama may proceed for 5 additional minutes.

Mr. KNUTSON. I object, Mr. Chairman.

Mr. MICHENER. Mr. Chairman, there need be no misunderstanding about this matter. The Hobbs amendment offered a minute ago in substance strikes out the language "but they shall take no active part in political management or in political campaigns." That strikes at the purpose of the Hatch bill. When you take that out you have ruined it, and no one familiar with it at all will contradict what I say; surely no member of the Judiciary Committee.

You have now ruined section 9 by adopting the Hobbs amendment to that section. I think there were three or four of us who realized what it was about and did not vote for it, but that is the situation in which you find yourselves now. The gentleman from Alabama [Mr. HOBBS] knew the effectiveness of his amendment. His amendments are not idle gestures.

This amendment which the gentleman from Alabama [Mr. HOBBS] has offered to the Dempsey amendment will be just as deadly to the Dempsey amendment as it was to section 9. What I ask you to do is to accept this part of the Dempsey amendment and restore to the bill the eliminated part which was vital in the last sentence of section 9.

Now, the gentleman from Alabama [Mr. HOBBS] left this much of the last sentence of section 9:

> All such persons shall retain the right to vote as they please and to express their opinions on all political subjects.

This is perfectly harmless, and I ask that that be stricken out. That is what Mr. HOBBS leaves, and he strikes out the vital part. You cannot take away from a person the right to vote as he pleases, under our Constitution, yet the gentleman from Alabama [Mr. HOBBS] stressed that and left it in the bill, and you voted for it. You listened to a good speech and voted for form and not substance.

I now say to you that the Dempsey amendment does what I attempted to do, so far as this phase of it is concerned. It restores what was stricken out.

We discussed this thoroughly in committee, and I dare say there is no member of the committee, because it certainly was not partisan, who will deny what I have said. There is not any question about it.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. Yes; I yield to the gentleman.

Mr. HOBBS. The gentleman is making a very clear statement and every word he says is correct, except his intimation that I put those foolish words into the bill. I simply did not move to strike them out because I knew that they amounted to nothing.

Mr. MICHENER. I will answer the gentleman by saying that he is absolutely correct. The gentleman is a splendid lawyer, he is a good legislator, and he knew exactly what he was doing. Because he left a few meaningless words in the sentence some of the Members applauded and voted for his speech without much reference to his amendment. The things he left in the bill, as every man knows who knows anything at all about this bill, are guaranteed by the Constitution anyway, and we could not take these rights away.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. My time is going, and I just have not the time to yield.

Now, may I say in conclusion that if you believe in the principles of the Hatch bill, if you believe that these people employed by the Government should take no active part in political management or in political campaigns—and if this bill has not that purpose in mind, then it has no purpose whatever—then you will vote against the Hobbs amendment when the time comes in the House, if there is a roll call, and you will now vote against the Hobbs amendment to the Dempsey substitute. [Applause.]

Mr. McLAUGHLIN. Mr. Chairman, I rise in opposition to the Hobbs amendment. I think it is in order to explain the parliamentary situation and clarify the existing situation with relation to this amendment. As the bill came before this Committee of the Whole, all of lines 1 to 4, reading—

> All such persons shall retain the right to vote as they please and to express privately their opinions on all political subjects, but they shall take no active part in political management or in political campaigns—

It carried a committee amendment of the Committee on the Judiciary to strike out these words. That is to say, a committee amendment was proposed to strike those words out. When the committee amendments were submitted to the Committee of the Whole for consideration, this body voted down that committee amendment, which left in the bill all of those words to which I have referred. The gentleman from Alabama [Mr. HOBBS] then moved as a substitute for the words which were left in the bill as a result of voting down the committee amendment, the words—

> All such persons shall retain the right to vote as they please and to express their opinion on all political subjects—

That motion was agreed to. There never was a definite, positive motion made to present to the House the question as to whether or not we should retain the words—

> but they shall take no active part in political management or in political campaigns.

Those words were stricken out of the bill by negation. They were not stricken out positively and definitely, so that the statement that has been made on the floor that the Committee of the Whole has already passed on this amendment proposed by Mr. HOBBS is, I submit, incorrect. The Committee of the Whole has never had an opportunity to pass squarely upon the question of whether those words shall be retained or rejected, except that when the Committee of the Whole voted down the committee amendment its vote had the incidental effect of retaining them, and the vote on the Hobbs substitute had the incidental effect of striking them out. The question before us right now on the Hobbs amendment is whether we shall strike out the words:

> No officer or employee in the executive branch of the Federal Government or any agency or department thereof shall take any active part in political management or in political campaigns.

On this motion we have before us for the first time squarely the question as to whether or not we shall retain those words in this bill. I submit that those words are the heart of this bill. I proposed an amendment earlier in the proceedings this afternoon which was adopted; that is, a substitute amendment was adopted which had the effect in another part of the bill of keeping in the bill the very thing that is now sought by this amendment to be stricken out.

I submit that it may reasonably be contended that the House has already passed inferentially on the question now before us and has voted in favor of retaining a provision that the holders of these executive offices shall not have the right to engage in political management or in political campaigns. I submit that this record demonstrates that this body has not passed squarely and directly on this question, and that it now has that opportunity. I trust that the Committee of the Whole will vote down the Hobbs amendment to the Dempsey amendment.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. WHITE of Ohio. Will the leaving out of the Hobbs amendment and the adoption of the amendment of the gentleman from New Mexico make this prohibition to which the gentleman refers apply to a more limited group of people than it would have done originally?

Mr. McLAUGHLIN. The Hobbs amendment strikes out this prohibition entirely.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for 2 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. BARRY. Does the gentleman seriously believe that a Cabinet member or an executive head of a department is any more free from pressure from the higher ups than is the small fry down in the lower ranks, whose right the Dempsey amendment seeks to take away?

Mr. McLAUGHLIN. I think the Dempsey amendment is designed to protect the small employee, that is to say, the small employee in the ranks.

Mr. BARRY. Why not protect the Cabinet members?

Mr. McLAUGHLIN. Oh, the Cabinet members can protect themselves.

Mr. McCORMACK. Does the gentleman feel that a United States attorney should not be permitted to engage in a political campaign for his own party?

Mr. McLAUGHLIN. I am perfectly willing that all United States attorneys, both of my party and the other party, should not engage in political activity.

Mr. McCORMACK. The gentleman does not think they should so engage?

Mr. McLAUGHLIN. That is perfectly agreeable to me.

Mr. McCORMACK. Do you think Cabinet officers should be?

Mr. McLAUGHLIN. This amendment does not apply to Cabinet officers.

Mr. McCORMACK. I know, but do you think Cabinet officers should be?

Mr. McLAUGHLIN. With all deference to the gentleman from Massachusetts, I am not answering academic questions. We are discussing the provisions of the amendment.

Mr. DEMPSEY. Will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. DEMPSEY. I want to ask the gentleman from Nebraska if the Hobbs amendment is adopted, if it does not entirely destroy the purpose of this bill?

Mr. McLAUGHLIN. I have already stated that in my humble opinion it would weaken the bill very materially.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. NICHOLS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLS. Am I correct in assuming that the Hobbs amendment is a substitute for the Dempsey amendment?

The CHAIRMAN. The motion by the gentleman from Alabama [Mr. HOBBS] is an amendment to the Dempsey substitute. It is not a substitute of itself.

Mr. NICHOLS. Now, if the Hobbs amendment to the Dempsey substitute is voted down, unless time is limited, will debate be permitted on the Dempsey amendment after the Hobbs amendment is voted down, if it is voted down?

The CHAIRMAN. It will until the Committee closes debate.

Mr. HEALEY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have no desire to prolong this debate. We have been here a long time, and I know the Members are very restive at this time. But I wanted to refute the statement made by the gentleman from Michigan and my colleague from Nebraska, that the heart of this bill is the words that have been sought to be stricken out by the Hobbs

amendment. If you will read the bill, the first section makes it unlawful for any person to intimidate, threaten, or coerce any person in the manner they will vote. We also have another section which prohibits the use of a person's political position to influence votes. Certainly, the objective, insofar as making persons on W. P. A. untouchable has been accomplished, and I think that is the heart of this bill. I believe that is the reason we have this legislation. That is the genesis of this legislation. It was because in the State of the gentleman from New Mexico, Senator HATCH, and the gentleman from New Mexico, Mr. DEMPSEY, where there was some scandal in the administration of W. P. A., this legislation was inspired. I do not say it was improperly or unjustifiedly introduced. I think it is properly and rightfully here.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. DEMPSEY. The gentleman is entirely mistaken. The Hatch bill was offered in the last session of Congress and was defeated in the Senate long before we had any W. P. A. trouble in New Mexico. This bill grew out of an investigation made by the Sheppard committee, of which Senator HATCH was a member. The investigation did not go into New Mexico, but in other States.

Mr. HEALEY. Well, the principal purpose of this bill was to cure abuses and ills that were found to exist in the administration of W. P. A. in many of the States of this Union. There are many other abuses, as has been so well argued by my colleague on the committee [Mr. HOBBS] that have been prohibited by this bill. I think it is a splendid bill if you take out this language as Mr. HOBBS has endeavored to do. He is an able lawyer and an able legislator. If you adopt his amendment, you will then have an excellent bill, and a bill which accomplishes the purposes and objectives which we have sought from the outset.

[Here the gavel fell.]

Mr. MARTIN J. KENNEDY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is now 10 minutes after 9. In New York City it is 10 minutes after 10. We have been here since 11 o'clock this morning. If an employer detained an employee as long as we have been held here today he would probably be arrested under the National Labor Relations Act. [Applause.]

I think there should be another amendment to this bill, and that amendment should provide a lawyer for every W. P. A. worker, because I do not know how any citizen could be expected to know his rights if we pass this bill. I suggest at this late hour to the leadership of the House that the Committee rise and take this bill up for consideration tomorrow. I do not know how any member who has been in the Chamber as we all have been this day listening to the debate and the many amendments can possibly understand what is now in this bill. I am opposed to the amendment, and I am going to vote against the bill. I think the whole bill is just tommyrot and a waste of the time of Congress. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Illinois [Mr. DIRKSEN] is recognized.

Mr. PARSONS. Mr. Chairman, a preferential motion. I move that the Committee do now rise.

Mr. DIRKSEN. Mr. Chairman, I do not yield for a preferential motion.

The CHAIRMAN. The gentleman from Illinois [Mr. DIRKSEN] has been recognized.

Mr. DIRKSEN. Mr. Chairman, you are about to witness, after 9 or 10 hours of effort on this floor today, the disemboweling of this bill. Make no mistake about that. A little while ago when the Hobbs amendment was written in I let it go by default, because, like all of you, I was anticipating that the Dempsey amendment would be offered. It is before you at the present time. Now comes the Hobbs amendment to the amendment, to take out the second sentence of the Dempsey amendment. What does it provide? First, let us refresh ourselves on the Dempsey amendment. The first paragraph of the first sentence provides that it shall be unlawful for anybody to use his official authority.

The second sentence provides that no person in the executive department shall be active in political campaigns and political management, and then it makes some exceptions—and this is in answer to the question of the gentleman from Massachusetts [Mr. MCCORMACK]: It excepts the President, it excepts the Vice President, it excepts the heads of the departments, it excepts those who are in policy-making jobs with relation to foreign affairs, it excepts those administrators who are administering in a Nation-wide capacity. It applies, then, to everybody else. That, gentlemen, is the guts of the bill, and they are trying to take it out at this late hour. I admonish you not to let them do it, for if they do there will be raucous laughter over on this side, and there should be, for after 10 hours of effort we will have wasted every moment of labor in order to put upon the statute books of this country a bill that would outlaw pernicious political activity. Mark you well, that is the proposition that is before us. You must vote down the Hobbs amendment. We must preserve the Dempsey amendment intact or we will have lost all the labor of this day. Make no mistake about it. [Applause.]

[Here the gavel fell.]

Mr. DUNN. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, this will be the first time that I have spoken through the microphone, and I want to say that I do not intend to consume the 5 minutes allotted to me because I can see that the Democrats, as well as the Republicans, are hungry and tired.

Mr. Chairman, I will not support any legislative measure, no matter who sponsors it, if it deprives citizens of the right to advocate the political philosophy in which they believe. I have high regard for the gentleman from New Mexico [Mr. DEMPSEY]. However, I think his amendment is undemocratic.

I desire to make the following statement, which I consider very important. I have been informed by Members of the House that if it were not for the newspapers attacking them they would not support the Dempsey amendment to the Hatch bill because they believe the adoption of the Dempsey amendment would be very undemocratic.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. DUNN. Yes.

Mr. SCHAFER of Wisconsin. The gentleman makes a charge. I suggest that the gentleman name the Members, rather than indict all of them.

Mr. DUNN. I recognize the voice of the gentleman interrogating me. It is the gentleman from Wisconsin [Mr. SCHAFER]. If the gentleman doubts my word I will put up $100 to his $25, the money to be given for the benefit of Catholic, Protestant, and Hebrew orphans in Washington, D. C., if he can prove that my statement is incorrect.

Mr. Chairman, one of the basic principles of our Constitution is the freedom of speech and when we pass legislation which deprives our citizens of the right to express their opinion regarding politics, or any other subject, we are getting away from the democratic form of government. A citizen should have the right to advocate any kind of philosophy in which he believes whether it be communism, socialism, nazi-ism, fascism, or any other kind of ism. We are not compelled to subscribe to these philosophies or any other doctrine. Do not let us pass legislation which will obstruct freedom of speech, freedom of the press, and freedom of assemblage. [Applause.]

Thank you, Mr. Chairman.

[Here the gavel fell.]

Mr. WHITE of Ohio. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, a few moments ago I voted with good conscience for the Hobbs amendment as it applied to the original language of section 9A. That original language covered "any person employed in any administrative or supervisory capacity

by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress." When you say that all people covered by this language shall take no active part in political management or political campaigns you are going a step too far; you are denying that right to some officials who must retain it if you are going to continue the two-party system upon which our Government rests. A President of the United States should have the right to defend his record in the arena of politics, and the same thing is true of a Cabinet member or policy-making officials, who naturally must defend the policies for which they are responsible in the field of political activity. But when you take the Hobbs amendment and apply it to the Dempsey amendment for section 9, the proposition is not the same at all. It produces a different result—a result to which I am opposed. The reason is perfectly clear, because the Dempsey amendment for section 9 exempts—

(1) The President and Vice President of the United States; (2) persons whose compensation is paid from the appropriation for the office of the President; (3) heads and assistant heads of executive departments; (4) officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in Nation-wide administration of Federal laws.

By these exemptions now before the House the Hobbs amendment is no longer necessary or justified.

May I also refer to the language on page 5, which previously restricted a political opinion from an administrative or supervisory employee to "private" expression. That was a denial of free speech, and it was in conflict with constitutional rights. The word "privately" has been killed, and it should stay killed.

In conclusion, I say that it would have been wrong to prohibit all of the persons described in the original language of section 9 from taking part in political management or political campaigns, but that it is right, in view of all the abuses we have witnessed in recent years, to apply such a ban with the limitations of coverage described in the pending Dempsey amendment. I voted for the application of the Hobbs amendment to the first set of circumstances. I shall vote against its application to the entirely different set of circumstances which now prevail.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I move that all debate on the Hobbs amendment to the Dempsey substitute close in 10 minutes.

Mr. NICHOLS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLS. If the gentleman's motion prevails, will that cut off debate on the Dempsey amendment?

The CHAIRMAN. It will not. The question is on the motion of the gentleman from New York [Mr. CELLER].

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, I believe this is the first time in the 15 years I have served here that I have come face to face with a proposition where the minority party is writing our election laws for the country. What my constituency desires is less regulation, less Federal discipline, and more freedom and more liberty.

The purpose of this bill, Mr. Chairman, is not to liberate or free the American voter, but it has as its purpose the denial of political freedom and the right to vote to the rank and file of the American people.

Whom does this regulate? Does it regulate the Governors? No. Does it prohibit the President from making his speeches? No. How about Members of Congress, can they speak? Yes. How about Senators? Yes. Those who are confirmed by the Senate and draw large Federal salaries can participate in political activities.

To whom is this bill directed? It is directed at the weak and underpaid Federal employee. It is not to remove from him the fear of casting his vote properly, but it is to put in his heart the fear that if he defends his political right, defends a principle in which he believes, defends an administration of which he is a part, attends a public dinner with the leaders of his party, contributes 5 cents for an advertisement for his political party, or engages in any kind of political activity, he will be branded as a Federal law violator.

Mr. Chairman, if you are going to place this handicap upon the weak of our Nation, why do you not place it on the rich and politically powerful? Is it right and proper to place upon the W. P. A. employee a penalty and burden that you would not place upon the chairman of your party?

I think it is wrong and un-American for this Congress to legislate to curtail the political right and the political freedom of the W. P. A. employee in my district, who is laboring with a spade for $26 per month.

Mr. Chairman, I choose not to say anything about this bill, but it is apparent that about 10 percent of the Democratic Members of the House will join with the Republican Members of the House and pass this Republican measure. You are going to do it in order to eliminate from the freedom of casting their ballot and attending their little 50-cent dinners given in their own cause the underpaid $26-a-month W. P. A. employees in my district.

Mr. Chairman, I shall vote for the Hobbs amendment, and unless this bill is materially changed I shall vote against its passage. I shall vote to uphold the political rights of the meekest of Federal employees. [Applause.]

Mr. PARSONS. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes 68, noes 158.

So the motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Chairman, I am pleased to know that the Members of the House recognize the fact that I was correct when I contended that this bill was unconstitutional and violated the Constitution of the United States. Yes; you on the Republican side can become noisy, but your leaders on that side have had to admit that I was right when I pointed out its unconstitutionality. It is hard to swallow, is it not? Now, you are attempting to remedy the mistake and bring it within the provisions of the Constitution. You have not yet, nor will you, accomplish that most impossible feat.

You cannot make this bill constitutional while you are depriving people of their rights. You are now trying to make the bill constitutional by adopting the Hobbs amendment. You tried to make it constitutional by attempting to adopt the Michener amendment, but that was pointed at the flagrant violation of the first amendment to the Constitution of the United States. How about the violation of the fifth amendment to the Constitution of the United States? I would like to have you think that over, because this bill is unconstitutional, even though you adopt the Hobbs amendment or the Dempsey amendment, or even if you would have adopted the Michener amendment. It is absolutely unconstitutional in all its phases because it is obnoxious to the principles of a free people as handed down to us through the sacrifice of our patriots.

Let me call your attention to the fact that you are now considering what is known as the Hobbs amendment, and then you will consider the Dempsey amendment. That is to section 9. If you will refer to section 4 of the bill, you will find that it states:

Except as may be required by the provisions of subsection (b) of section 9 of this act, it shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, a person of a position—

And so forth. Now, why are there any exceptions? You may say, "We are going to put an amendment in this bill, but we are going to except certain individuals and allow them to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit." You are going to

try to stop that coercion. Why have any exceptions? If it is unlawful for one person to deprive another of his position, work, or compensation, then it is just as unlawful for another person to do so, even though he holds high office in this Government. Since when is a right determined by the amount of salary a person receives? Is it any more unlawful for a supervisor or another employee to do the threatening than it is for a high official in the Government service to do the threatening?

I think you ought to stop, look, and listen. I think we should vote this whole bill down and stand on the principles of the Constitution of the United States as laid down by our founding fathers. This bill is absolutely unconstitutional. You have admitted it by your own actions. I hope you will stand by the Constitution and vote this bill down. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. HOBBS] to the amendment offered by the gentleman from New Mexico [Mr. DEMPSEY].

The question was taken; and on a division (demanded by Mr. CELLER) there were ayes 122, noes 148.

Mr. CELLER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HOBBS and Mr. MICHENER.

The Committee again divided, and the tellers reported that there were—ayes 124, noes 200.

So the amendment was rejected.

Mr. PARSONS. Mr. Chairman, I offer an amendment to the substitute amendment offered by the gentleman from New Mexico [Mr. DEMPSEY].

The Clerk read as follows:

Amendment offered by Mr. PARSONS as an amendment to the amendment offered by Mr. DEMPSEY: At the end of the Dempsey amendment, add a new paragraph, as follows:

"It shall be unlawful for any newspaper, magazine, or other printed periodical, or any printing organization, to accept funds in payment for political advertisements. It shall also be unlawful for any editor of any publication, or any writer, to express editorially or otherwise an opinion with reference to the candidacy of any person for an elective office of the United States or to attend any meeting or conference where the candidacy of any person is to be discussed. The right to vote as one sees fit shall not be abridged by this section."

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

Mr. HANCOCK. Mr. Chairman, I make the point of order that the proposed amendment is not germane.

Mr. PARSONS. Mr. Chairman, I believe I have been recognized by the Chair.

Mr. MARTIN of Massachusetts. But the gentleman has not spoken on the amendment yet.

Mr. HANCOCK. Mr. Chairman, I was on my feet making the point of order. Nothing is contained in this whole bill with reference to newspapers or newspaper writers.

The CHAIRMAN. Does the gentleman from Illinois desire to be heard on the point of order?

Mr. PARSONS. Yes, Mr. Chairman.

This bill is a bill to prevent pernicious political activity. This amendment to the Dempsey amendment seeks to prevent pernicious political activity both by the candidates who run for Federal office and, of course, by the newspapers of the country. Therefore, the amendment is perfectly germane to the bill in every respect.

The CHAIRMAN (Mr. BUCK). The Chair is ready to rule.

The Chair has no doubt as to the germaneness of the amendment to the bill. However, the Chair is of the belief, and will rule accordingly, that this amendment is not germane to the substitute which has been offered by the gentleman from New Mexico [Mr. DEMPSEY]. The Chair, therefore, at this time will sustain the point of order.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the Dempsey amendment.

Mr. Chairman, I presume that every member of the Committee has read the Dempsey amendment, but in the event you have not I would like to have your attention for a minute in order that I may read it to you.

It shall be unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof. No officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns. All such persons shall retain the right to vote as they may choose and to express their opinions on all political subjects.

For the purposes of this section—

Now, listen—

the term "officer" or "employee" shall not be construed to include (1) the President and Vice President of the United States; (2) persons whose compensation is paid from the appropriation for the office of the President—

Which includes his secretaries, the Budget officers, and a few other fortunate people—

(3) heads and assistant heads of executive departments; (4) officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relation with foreign powers or in the Nation-wide administration of Federal laws.

These people are exempt from the provisions of this amendment. Why? I have heard no one assign a reason, so I am constrained to believe that they are exempt simply because they are a preferred class of officeholders in the United States.

Why should you deprive the man who wants to take part in his Government, who lives in my congressional district, who holds an unimportant Federal job, from the right of expressing his opinion on things vitally affecting this Nation and in the same bill give that right, which you deny him, to those people who have an important enough position that they must be confirmed by the Senate of the United States? In the name of common sense, has it come to the place where this Congress is going to say that the test of a man's being honorable and honest and upright is the amount of salary that he draws from the Federal Government?

Is this Congress ready to say that we cannot trust you, Mr. Citizen, if you are on the Federal pay roll and do not make over five or six thousand dollars a year? This sets off by itself, in a class preferred, Federal employees, the test of their honor, honesty, and integrity being the amount of money they draw as compensation from the Federal Government.

I do not believe this House is going to agree to any such amendment and then go home and face their country politicians and their constituents and say "I was willing to give the right to be politically active to a man who was appointed by the President, to the Cabinet and to all men who must be confirmed by the United States Senate, but you, you little wart, are not important enough for the Congress of the United States to assume that you are honorable, honest, and upright in your political intentions."

I shall not prescribe to such a philosophy, because the man or woman who holds the lowliest Federal position in my congressional district is just as honest, sincere, and conscientious in their political viewpoint as is the President of the United States or any member of his Cabinet, and I shall not vote to make fish of one and fowl of the other.

A nonrelief W. P. A. timekeeper on X project in X county in my district can be possessed of as much political integrity and honesty as can the President, you, me, or any one of the people given preferred status by this amendment, and I shall never support an amendment to any bill which attempts to discriminate against the political opinion and viewpoint of my W. P. A. timekeeper in favor of the President or any other officeholder within the United States.

[Here the gavel fell.]

Mr. MARCANTONIO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am seriously concerned with the danger to the right of the man or woman who has been forced on W. P. A. to exercise his rights as an American citizen, and I

am very apprehensive over the effect that the Dempsey amendment will have on these rights. It is my opinion that if this amendment is adopted in its present form, it will definitely say to the W. P. A. worker that he cannot actively participate in a political campaign. It will deprive him of his constitutional right to work actively for or against any candidate that he may see fit to support or oppose. This type of legislation is legislation which punishes the American men and women who have been forced on the relief rolls of this country through no fault of their own, and I submit that a vote for the Dempsey amendment is a vote which will absolutely establish that the unemployed of this country who are on W. P. A. shall have no right whatsoever to actively participate in any political campaign.

Mr. HANCOCK. Mr. Chairman will the gentleman yield?

Mr. MARCANTONIO. Yes; I yield.

Mr. HANCOCK. Does the gentleman regard those on W. P. A. as holding administrative positions?

Mr. MARCANTONIO. This amendment covers everybody on W. P. A., from the administrator who receives $5,000 a year to the unemployed who receive $55 a month in the city of New York.

This particular amendment is in line with the political philosophy advanced by General Harbord, who advocated that those on relief or on W. P. A. should be deprived of their right to vote. This amendment is a step in that direction. It is a step in seven-league boots toward disenfranchising the unemployed of this country. It is a step in the direction of government by the rich and well-born, and I say, in the name of American democracy, we do not want a patrician form of government. We want that democratic form of government which our forefathers and Abraham Lincoln gave us, which gives the right of franchise to every man and woman in this country who is an American citizen.

Mr. ALLEN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. ALLEN of Pennsylvania. Will the gentleman refer particularly to that part of the Dempsey amendment which would deprive a W. P. A. worker of the rights he refers to?

Mr. MARCANTONIO. It is all-inclusive. The Dempsey amendment includes anyone receiving compensation from the Federal Government, and that includes the W. P. A. worker. If that is not true, then let us clarify that point by adopting an amendment to the Dempsey amendment, exempting the W. P. A. workers so that they do not lose their right to engage in political activity.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. VOORHIS of California. I asked the gentleman from New Mexico that very question, because I certainly would not vote for the amendment if I thought it would do what the gentleman thinks it will, and the gentleman from New Mexico stated it would not do that.

Mr. MARCANTONIO. With all due respect to the gentleman from New Mexico, I think he is mistaken. I believe a W. P. A. worker cannot participate in a political campaign under the provisions of the Dempsey amendment.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I ask unanimous consent that all debate upon the Dempsey amendment close in 10 minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent that all debate upon the Dempsey amendment close in 10 minutes. Is there objection?

There was no objection.

Mr. PATRICK. Mr. Chairman, Will Rogers, I think, said about the Ten Commandments, as produced by David Wark Griffith, that you could tell most easily where Griffith started and God stopped. There are few things that are sweeter to an American than life itself, and one of those is the right to vote and express himself politically, and the moment you step over the line there is a consciousness of it. Why is the sharp line drawn and felt today between the Dempsey amendment and the Hobbs amendment? Because Americans realize that while we are resentful of pernicious political activities, that we cross over the line when we are abridging the rights of American citizens to do that which every citizen has not only the constitutional right to do but has the fundamental right as a descendant of those who crossed the seas to do as freemen do and of such is his right to express his opinion.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. PATRICK. No. What light could you possibly shed on a subject like this, big boy? There is a subconscious realization of it whenever we cross over the sacred line and get into the field beyond our proper bounds. That we are about to assume to do. There is a certain class of people who will rush in where angels fear to tread; and even this body is not always safe from rashness.

Mr. BOLLES. Will the gentleman yield?

Mr. PATRICK. No; I cannot yield. I thank the gentleman for the courtesy. Politics, when properly employed, is the very life of liberty itself; and whenever we go further than is commensurate with human rights, we place a stoppage on the very thing that gives us to public life, and it was the voice and vote of political activity that placed you and me here to represent the people. Those votes expressed their opinion, no matter from what walk of life they came, and when we abridge the right to freely express the sentiments that actuate the vote, we strike down that which is dearer to an American than life itself. We got our poise here for a moment this afternoon when we adopted the Hobbs amendment. Let us get solemn and thoughtful for a change this evening and support sanity, or we may get away from being fully Americans.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. THORKELSON. Mr. Chairman, I am very grateful to the Chairman of the Committee and to the Members of the House in that they have extended the privilege to me of speaking to the Committee for a few minutes. I am not going to support the amendment, and I am not going to support the bill, and my reason for it is this: The Constitution clearly provides that the powers not delegated to the United States by the Constitution or denied by it to the States are reserved to the States respectively or to the people. In the ninth amendment we find that the enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people. The people have reserved the right to themselves to vote. They have reserved the right to themselves to express their opinion, and Members of Congress have no right to pass any law that restricts the rights of the people. After all, the Constitution belongs to the people and it is their mandate to Congress, and you are supposed to follow that document. We are not supposed to make our own laws to tell the people what they ought to do or restrict their rights.

Mr. Chairman, I am very glad that I have had this time, and I hope that the Members will vote down the bill. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. ALLEN].

Mr. ALLEN of Pennsylvania. Mr. Chairman, I have studied the Dempsey amendment carefully, and I cannot find where in that amendment the right of a W. P. A. worker is abridged in any way. I am for the Dempsey amendment, and I am for it because I sincerely believe that it is restoring to millions of W. P. A. workers who have been coerced and abused in recent years their rights as American citizens. [Applause.]

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Pennsylvania. Not now. If there was anything unequal or discriminatory about this bill, I would be against it. It applies equally to Republicans and to Democrats. In any political campaign I, as one candidate, will start from scratch with my opponent. There is no favoritism shown. I, for one, am perfectly willing, under equal conditions and where decency is trying to be restored, to face any

opponent. [Applause.] In the long run I do not believe that it is spoils or patronage which perpetuates a man or a party in office. In the final analysis it is his record of achievement which he must stand on, all of the patronage in the world notwithstanding. [Applause.]

I doubt if any W. P. A. worker will go to court to recover the privilege of contributing his money to any candidate for political office.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, it is now after 10 o'clock and the House has been in continuous session since 11 o'clock this morning. Many of us have not been out of the Chamber, and many of us have not had luncheon or dinner. In these circumstances the House is decidedly not in the proper mood to give deliberate consideration to the details necessary in drafting legislation. In short, the House is now in that mood where it is for the Hatch bill or against the Hatch bill, for the Dempsey amendment or against the Dempsey amendment, without much regard as to draftsmanship or detail.

I have prepared a clarifying amendment to the Dempsey amendment which I believe to be most vital and necessary. I realize that the bill passing the House tonight will go to conference unless the Senate agrees to the House amendments, and that a bill composing the differences between the two Houses will be returned to the House by the conferees. Therefore my proposed amendment can be given consideration by the conferees and if it is a worthy amendment may be included in the conference report and the House given an opportunity to vote on it at a later date.

The amendment which I have sent to the Clerk's desk reads as follows:

After the word "President" in (2) of the exemptions in the Dempsey amendment, insert the following: As classified prior to the Reorganization Act of 1939 (Public, No. 19, 76th Cong. 1st sess.).

The Dempsey amendment is best understood if divided into four parts:

First. It makes it unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of affecting an election.

Second. It provides that no officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall "take any active part in political management or in political campaigns."

Third. It reiterates that all persons shall still retain their constitutional right to vote as they choose and to avail themselves of the free speech clause of the Constitution. Up to this point the amendment is much the same as section 9 of the Hatch bill.

Fourth. Certain exemptions from the law are specifically provided.

In (1) the President and Vice President of the United States are exempted from the law. This seems fair and reasonable.

I feel sure that the gentleman from New Mexico [Mr. DEMPSEY], believes that in (2) he is exempting from the law the President's secretariat and incidental employees in the White House office. I am informed by Mr. Sheild, clerk of the House Committee on Appropriations, that the moneys appropriated for these functions are: salaries, $136,500; contingent, $50,000. I do not know what information the drafters of the Dempsey amendment had, but I fear that the gentleman from New Mexico [Mr. DEMPSEY], has overlooked the fact that under the Reorganization Act, referred to in my amendment, the President has submitted to the Congress two plans of Government reorganization, by both of which the method of appropriation for certain agencies of the Government is changed. For instance, under plan No. 1, the Bureau of the Budget is transferred to the "executive office of the President" and in the future will be "under the direction and supervision of the President." The same is true of the Central Statistical Board, while the duties of the Central Statistical Committee are transferred to the Bureau of the Budget and are to be under the "direction and supervision of the President." The same is true of the National Resources Planning Board. There was appropriated for these activities in current appropriation bills, $750,000.

Under plan No. 2 all functions of the National Emergency Council, other than those relating to radio and film services, are transferred to the Executive Office of the President and are to be administered under the direction and supervision of the President. For this activity current appropriations carry $850,000 for the Executive Office of the President.

Possibly other agencies or activities of the Government have also been or will be transferred to the Executive Office of the President.

Now, under (2) of the Dempsey amendment, all persons whose compensation is paid from the appropriation of the Office of the President are exempt from the operation of the Hatch bill. If I am correct in this conclusion, then the Dempsey amendment not only exempts the President's secretariat, and so forth, but exempts hundreds of other employees who receive their pay through appropriations made for the Executive Office of the President. The most credulous among us must realize the vast propaganda agency which the National Emergency Council really is. The Dempsey amendment provides a fertile field for the National Emergency Council to do the very thing that the Hatch bill is attempting to stop. I hope that the conferees will see to it that the purpose of the Hatch bill, as it passed the Senate, are effectuated in the legislation as finally drafted.

Subdivision (3) of the Dempsey amendment exempts Cabinet officers and all their assistants.

Subdivision (4) exempts all officers who are appointed by the President by and with the advice and consent of the Senate and who determine policies to be pursued by the United States in relation to the foreign powers or in a Nation-wide administration of Federal laws. Here is a lot of language, and no one here at the moment is able to contemplate just who will be exempted, but there will certainly be sufficient political supporters of the party in power to make a showing in any campaign or national party convention. This provision will make safe the positions of Mr. Farley, as Postmaster General, and, at the same time, Mr. Farley, chairman of the Democratic National Committee. This provision will make it possible for Mr. McNutt, the recently appointed head of the Federal Securities Administration, to pursue his own Presidential aspirations or to use his fine Italian hand in behalf of his political party and his chief. This provision will not, however, exempt postmasters, because they are not policy-fixing officials.

The Dempsey amendment is intended as a liberalization of the Hatch bill. It undoubtedly is a compromise and, I fear, an effort to weaken the Hatch bill as much as possible.

The people of the country are for the Hatch bill. They do not know what is in the Hatch bill other than they do know that Senator HATCH attempted to take politics out of relief before the last election. They do know that the Sheppard committee investigation proved beyond all doubt that relief funds were used to influence primaries and elections in the 1938 campaign, with particular reference to Kentucky, Pennsylvania, and many other States. This nonpartisan investigating committee recommended the Hatch bill as a specific against political corruption as practiced in the 1938 campaign. The Senate accepted the view of the committee, and the bill is now in our lap. The objectionable amendments incorporated in the bill in the Committee on the Judiciary have been largely removed. Section 9, however, has been sterilized by the Hobbs amendment and will be of no force or effect if adopted as amended. The Dempsey amendment will provide a substitute for section 9. It has its faults. It has its uncertainties. It is better than section 9 with the Hobbs amendment, however, and I shall vote for it and hope that it will prevail when the roll is called.

Subdivision (b) of the Dempsey amendment provides a penalty for violation of the amendment, but sets up no effective machinery for enforcement. Those guilty of violation of the amendment are to be removed "from the position or office held." I ask, by whom? This language should be

clarified and specific direction should be provided making effective the contemplated removal. A statute without a penalty which is enforceable is of little value. Possibly the psychology of the Dempsey amendment will be helpful.

I hope that this penalty clause is not the joker in the amendment. One can hardly imagine the Chief Executive or the political officer in a department removing from office a lieutenant because, perchance, he is out electioneering for the chief. If this amendment is as stringent as it has been pictured, we will hear about it when the bill goes back to the Senate. If it is not so severe after all, possibly the Senate will accept it.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California to the amendment offered by Mr. DEMPSEY: At the end of subsection (a) of the amendment strike out the period, insert a semicolon and the following:

"(5) Employed workers on public works or work-relief projects."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California to the amendment offered by the gentleman from New Mexico.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Mexico in the nature of a substitute.

The question was taken; and on a division (demanded by Mr. NICHOLS) there were ayes 187 and noes 103.

Mr. BARRY. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. PARSONS and Mr. NICHOLS rose.

The CHAIRMAN. For what purpose does the gentleman from Illinois rise?

Mr. PARSONS. To offer an amendment.

The CHAIRMAN. Is the gentleman's amendment to this section?

Mr. PARSONS. I am offering the amendment adding a new section.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. PARSONS: At the end of section 9 insert a new section, to read as follows:

"SEC. 10. It shall be unlawful for any newspaper, magazine, or other printed periodical, or any printing organization, to accept funds in payment for political advertisements. It shall also be unlawful for any editor of any publication or any writer to express editorially or otherwise an opinion with reference to the candidacy of any person for an elective office of the United States or to attend any meeting or conference where the candidacy of any person is to be discussed. The right to vote as one sees fit shall not be abridged by this section."

Mr. RAMSPECK. Mr. Chairman, I make the point of order that the amendment is in violation of the Constitution of the United States and therefore is not germane.

Mr. PARSONS. Mr. Chairman, I wish to be heard on the point of order.

The CHAIRMAN. The Chair does not pass on constitutional questions. The point of order raised by the gentleman from Georgia is not a proper point of order.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. AUGUST H. ANDRESEN. Would it be in order to give the gentleman the right to proceed for 3 hours?

The CHAIRMAN. It would if the gentleman desired to submit such a request.

Mr. PARSONS. I thank the gentleman from Minnesota for his good intentions to give me plenty of time, but we have been here some 11 hours and I do not desire to consume that much time.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Illinois yield for a parliamentary inquiry?

Mr. PARSONS. I do not, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois will proceed.

Mr. PARSONS. Mr. Chairman, I am rather certain that the gentlemen to my left will not support this amendment, although they have become so holy and pure in the protection of the rights of the American electorate today that if they are to be consistent they should accept this amendment.

By the language you have incorporated into this bill today you have destroyed the material value of the effort of some 3,000,000 people of the electorate, voters in this country. Why should they be tied and not permitted to engage in expressing their opinion upon political matters while the newspapers of this country are turned loose like leeches upon the people who are candidates for office to criticize in every manner and form, intimidate, and coerce as the Scripps-Howard papers have been intimidating and attempting to intimidate and coerce Congressmen on the floor of this House in the performance of their duty during the last few days?

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. PARSONS. I cannot yield.

It is also evident, Mr. Chairman, that if no one is to be allowed to participate actively in campaigns, then no candidate for office should be called upon or permitted to advertise in any newspaper in the United States with a political advertisement. Then there would be some equality of opportunity between the competitors, and at the same time the public press would not be enriched from political party contributions such as are made to the press every 2 and 4 years, respectively.

I hope the Committee will accept the amendment. [Applause.]

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment. There should be no misunderstanding but that my colleague from Illinois [Mr. PARSONS] offered this amendment in a facetious spirit. Unfortunately, my Republican friends may not choose to accept it in that spirit, as it is their practice to minimize and ridicule important legislation while lending importance to frivolous and inconsequential proposals such as are contained in the bill before us.

It is indeed a cause of regret to me to observe that Democrats, including some of the leaders, are being made accessories to an ingenious piece of Republican political strategy when they give their support to this bill sponsored by the gentleman from New Mexico. Some day these Democrats will realize that they have been used by the Republicans as catspaws in an attempt to tie the hands of this administration. For that reason, Mr. Chairman, I desire to address myself to my Democratic colleagues.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question before he speaks to the Democrats?

Mr. SABATH. No. I do not wish to be interrupted at this time by any Republican. I am speaking directly to my Democratic colleagues.

Fellow Democrats, you who were elected by Democrats, with the aid of Democratic organizations in your districts, and with the great prestige of President Roosevelt's popularity behind you, are you blind to the fact that you were sent here to represent your constituents and to support the administration? Will those voters consider this unholy alliance with the Republicans, in a bold attempt to strait jacket millions of those same voters, as the kind of representation you promised them?

Here you have a bill absolutely contrary to the spirit of the Bill of Rights and the fundamental liberties guaranteed under the Constitution. Transgressing upon those liberties, it is in the direction of despotism and dictatorship, an opening wedge for a form of government contrary to that founded by our forefathers.

Here you have a bill that not only prohibits Government employees from expressing political opinions, but even goes

so far as to decree that when an American citizen accepts Federal aid to keep from starving, when it becomes necessary that his name appear on a relief roll, he must thereafter forever be forbidden to express his political opinions. Remember, fellow Democrats, the millions who are accepting one form or another of relief were forced to do so through no fault of their own. Eighteen millions of them saw the factory doors closed to them because of the misrule of a Republican administration. Today there are still millions without employment because finance and industry would blackmail and browbeat them into voting another Republican into power. These vested interests, of course, would like to stifle the opinions of the masses, because these masses learned from hunger and privation that their salvation does not lie with the Republican Party, that the Republican way is the way of economic slavery and starvation.

It may be pointed out that the bill restricts the intimidation of employees by powerful industrialists. But I am not so naive as to believe that these employers will not find a way to let their workers know how they want them to vote, and what an independent vote will bring by way of discharge slips as punishment. Neither am I so optimistic as to imagine for a minute that the penalties provided for violation of the bill will ever be applied, except perhaps in the case of some poor W. P. A. or P. W. A. worker, or some minor Federal employee.

Here is a bill denying groups of citizens the right to discuss or openly consider in convention outside of the sanctum of their own homes—and even that right is questioned—the merit or lack of merit of any candidate's platform, or the platform of any political party. It obviously attempts to deny those in Government service the right of participating in the selection of candidates for delegates to national conventions, in the hope that by so restricting their rights they may choke the next national Democratic convention, to defeat the nomination of a liberal and the drafting of a liberal platform. I am in agreement with the gentleman from Alabama [Mr. HOBBS] in believing that this bill is unconstitutional. Never in our history has such an attempt been made to discriminate and legislate against groups or classes.

Is it not a pathetic situation when the Republicans, with the yearly thousands and thousands in donations from the Rockefellers, the Morgans, and the Du Ponts to count upon, even go so far as to try to deny to the Democratic Party the voluntary contributions of Government workers? The Democratic Party has always had to depend upon small donations, and the Federal worker has usually been a regular contributor to a party which he recognized as best serving the interests of the common people. The Republicans would deny the right of these people to voluntarily contribute to a candidate whose election would insure a fair deal to the poor as well as the rich. This bill is the first step to destruction of political liberty and freedom of speech and opinion.

The next step will be the secret police rapping on the door. A man denied the right to express political opinion is a slave. For Democrats to support such enslavement is a travesty on the name.

In concluding let me recall to my Democratic friends the year of 1896, when a few so-called gold Democrats betrayed the party. History records their reward. And not to be forgotten is the year 1904, when the reactionaries nominated for President a man named Parker. In 1920 and 1924 they nominated John W. Davis and James M. Cox. The result was the same in each instance. The Democratic Party is the party of the people. If we for a moment forget that and attempt to foist upon the people a reactionary or a representative of the vested interests, the people will reject us. The Democratic Party must remain the party of the people. I have served in public life for over 50 years, and in speaking to you as I have done I speak not for myself but for a party I have tried to serve well, a party to which you also belong, and a party I sincerely pray you will not betray. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. PARSONS].

The amendment was rejected.

Mr. NICHOLS. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS: Page 5, after section 9, insert a new section as section 9 (a).

"SEC. 9. (a) (1) It shall be unlawful for any person employed in any capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress, to have membership in any political party or organization which advocates the overthrow of our constitutional form of government in the United States.

"(2) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person."

Mr. NICHOLS. Mr. Chairman, I presume it will not be long now until this bill will have passed the House of Representatives and when that has happened we will have limited, I believe, to the complete satisfaction of the most severe critic the activities of the citizen of the United States who happens to be employed by the Federal Government.

My amendment proposes to do a little limiting of citizens who are dissatisfied with our form of government. We have spent a day legislating to place limitations upon American citizens in their right to vote and participate in political activities. Maybe that was necessary and maybe it is good. But I want to tell you that the time is here when we of this body had better begin to give a little concern to the cankerous infection within the vitals of this Government which is being nurtured and fed by those of foreign birth who advocate European "isms" as a substitute for our form of government.

My amendment simply provides that any man or woman on the Federal pay roll who advocates the overthrow of our constitutional form of government shall be separated from the pay roll.

Of course, no one will vote against this amendment. I am very serious about this thing. I think we have gone far enough in our smug complacency in furnishing police protection to Communists, Fascists, and members of the German bund as they in the public square and in public places openly advocate the overthrow of this, the greatest Government in the world.

I think we have probably gone too far in our constitutional guaranties in protecting freedom of speech, and freedom of assemblage for those people who openly advocate the overthrow of this Government and propose to substitute in its place a dictatorship or some other form of government under Communist or Fascist principles. Of course, this amendment will be adopted without a dissenting vote. I know there is not a man or woman here who would dare vote against the amendment. I expect that the committee, even, will accept the amendment.

I say that the time is ripe when we better begin to think seriously about this thing which has grown up in our Government and which is among us, and which day after day proposes the overthrow of this Government. The adoption of my amendment is only a short step in that direction and not a close approach to what we should do by legislation to protect our Government.

No person who is not satisfied with our form of government should be permitted to draw compensation from that Government; and if we are to continue to protect such people while they glibly advocate the overthrowing of this Government, it is my opinion that they should have all of their time to devote to the spreading of this poison and not be hampered by having to devote some of their time to labor for the Government which they propose and hope to destroy.

I am advised that we have many people on the Federal pay roll in the Nation's Capital here in Washington who glibly admit that they are connected with either the Communist, Fascist, or German Bund parties. If this be the case, surely after the adoption of this amendment the executive heads of our various governmental agencies will have

the intestinal fortitude, if in the past they have been so lacking in American patriotism that they have failed to do so heretofore, to discharge these traitors from the Federal pay roll.

My amendment also provides for the imposition of a fine of $1,000 and imprisonment for not to exceed 1 year, or both, upon conviction of being associated with such party or organization. No God-fearing, patriotic American citizen can fail to support this amendment.

To my amazement at the conclusion of the vote on this amendment, 92 Republicans and 2 Democrats had voted against the amendment on a teller vote in the Committee.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. NICHOLS].

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 94, noes 97.

Mr. NICHOLS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. NICHOLS and Mr. MICHENER to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 151, noes 96.

So the amendment was agreed to.

Mr. CELLER. Mr. Chairman, I ask unanimous consent that all debate on section 9 and all amendments thereto do now close.

The CHAIRMAN. The Chair may state to the gentleman from New York that debate on section 9 has closed and there is no section of the bill now pending before the Committee. The last amendment was to add a new section.

The Clerk read as follows:

SEC. 10. All provisions of this act shall be in addition to, not in substitution for, any other sections of existing law or of this act.

With the following committee amendments:

Page 5, line 11, strike out "any other sections of."
Page 5, line 12, strike out "or of this act."

The committee amendments were agreed to.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that the bill may be amended in line 11 on page 5 by striking out the word "for" and substituting therefor the word "of."

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. HOOK. I object, Mr. Chairman.

Mr. SACKS. I object, Mr. Chairman.

The Clerk read as follows:

SEC. 11. If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Mr. HEALEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is not my purpose to delay the Committee very long, but I thought that I ought to make this statement. As one who sincerely believes in the principles and the objectives of this bill, I want to say that, in view of the fact that the Dempsey amendment has been adopted by the Committee of the Whole, and the amendment offered by the Judiciary Committee, which was presented after a great deal of careful and deliberate consideration, has been rejected, I believe we have exceeded our authority and have deprived many employees of the Government of their very precious and sacred rights and prerogatives. These persons are not in the same position as the classified civil-service employees, because they have not been compensated for the loss of such privileges by the benefits and protection enjoyed by the classified civil-service employees. I believe that we have gone beyond our constitutional right in so amending this bill and have deprived thousands of persons of inherent rights. Therefore, as a member of the committee and one who has worked on this bill sincerely and earnestly, I cannot vote for the bill in its present form and wish to announce that I intend to vote against it. [Applause.]

Mr. ROBSION of Kentucky. Mr. Chairman, I ask unanimous consent to revise and extend the remarks I made today.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. GREEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN: On page 5, line 17, after the period, insert the following: "*Provided*, That this act shall not apply to primary elections."

Mr. GREEN. Mr. Chairman, some members of the Judiciary Committee believe this bill will apply to primary elections. I do not believe the Federal law will supersede the right of a State to have its own primaries; but I believe on this we can all agree: That the Federal Government should not undertake to direct, control, or police State primary elections. The purpose of this amendment is to exempt from the provisions of this bill State primary elections. The primary election is clearly a State right.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that the primary elections in many States are tantamount to the general elections in the Northern States?

Mr. GREEN. That is very true. In such States as Maine, Vermont, and Alabama, for instance, the primary nomination is tantamount to election.

Mr. SABATH. And the gentleman wants to exempt certain States but does not want to exempt others.

Mr. GREEN. Practically all States have primary elections. I believe it is fair to the party sponsoring this bill, to my left, and also to my friends on the right who are in favor of this bill, that we should have our States' rights preserved and that our State primaries should be held under existing State laws and under the present Federal corrupt-practice laws.

I cannot be a party to disfranchising or beginning the first disfranchisement of the weak and the poor people of my congressional district. This bill is the first wedge in the crack to disfranchise the poor people of America. Comment is now common for property qualification for the right to vote. I hold there should be no property requirement.

If you will trace the history of dictators you will find their first ascent to power—and I wish to remind my Republican colleagues of this—was by taking over and controlling the elections in their empires.

In our country when this bill becomes law you will find the police power extended over our elections, and the poor people of our country, I mean the Federal employees in the lower brackets, will not be able to participate like the high-salaried employees. It is a discrimination, a differential, if you please, between the low-paid Federal employee and the high-paid member of the executive branch. The $26-per-month W. P. A. employee has the same sacred right of political freedom as the President. His rights must be preserved.

This is the first successful effort—and it is about to be successful—to disfranchise the poor people of this country. After all, may I say to you Republicans, sometime you may get in power, you cannot tell. I trust I may not live to see the Republican Party ever ascend to power again in this country, but yet there is such a possibility.

May I say to my friends on the Democratic side, members of the great Democratic Party, that haven of the rank and file, the party that has always protected the meek and the weak of our land, let it not be put upon us that we are the ones who started this class legislation by giving the high-paid Federal employee the right to participate, to contribute, to speak, to attend public meetings, and to run for public office, when the one who is in the $25 or $26 class of Federal employment is denied that right and, if he does participate, is committing a crime and can be taken before a Federal judge and convicted and sent to prison. Such legislation is fundamentally unsound and wrong in principle.

Mr. CREAL. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to my colleague.

Mr. CREAL. Speaking about the possibility that the Republicans might be in power, does not the gentleman know that they would repeal this law in 60 days if they were in power?

Mr. GREEN. I remember back under former Republican Presidents what they did with respect to laws that were not of their choice. I recall that the Government had collected large funds by way of income taxes and I recall very well that about $4,000,000,000 was, by law, if you please, passed by a Republican Congress, refunded to those barons of industry who had contributed to the campaign expenses of the Republican Party.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield.

Mr. PATRICK. I will ask the gentleman from Florida whether or not the fact that the Republicans are standing in a solid phalanx is an indication of the fact that they realize that?

[Here the gavel fell.]

Mr. HANCOCK. Mr. Chairman, I rise in opposition to the amendment.

I wish to remind the House that some time ago, when section 2 was under consideration, an amendment was adopted making that section applicable to nominations, which, of course, makes it applicable to primaries. If we understood what we were doing then, and I think we did, we will vote down this amendment.

As the gentleman from Florida has said, in many States nomination is equivalent to election and if it is wrong to use undue pressure through the use of political authority and power in an election, by the same token it is wrong to use such power in a primary where the nomination is equivalent to election. This amendment ought to be defeated.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. RAYBURN. Does the gentleman think the Congress has the power to do that?

Mr. HANCOCK. It is merely a limitation on the activities of the Government's own officials. It was offered and adopted as an amendment to section 2 which deals with Federal officials. I do think we have some control over the political activities of those on our pay rolls, especially in primaries for the nomination of Presidential electors or Members of Congress.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose, and the Speaker having resumed the chair, Mr. BUCK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (S. 1871) to prevent pernicious political activities, pursuant to House Resolution 251, he reported the same back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment.

Mr. PARSONS. Mr. Speaker, I demand a separate vote on each amendment.

The SPEAKER. The gentleman from Illinois demands a separate vote on each amendment.

The Clerk will report the first amendment.

The Clerk read as follows:

Amendment offered by Mr. IGLESIAS: On page 2, line 5, after the word "Representatives", strike out the period, insert a comma and the words "Delegates or Commissioners from Territories and insular possessions"; the same to be inserted on page 2, section 2, line 16, after the word "Representatives", insert a comma and the words "Delegates or Commissioners from Territories and insular possessions."

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT as a substitute for the committee amendment: On page 2, line 16, after the word "Representatives", as amended, change the colon to a period and strike out the remainder of the section.

The question was taken; and on a division (demanded by Mr. PARSONS) there were—ayes, 213, noes 14.

So the amendment was agreed to.

The following amendments adopted in the Committee of the Whole were severally reported by the Clerk and severally agreed to:

Page 2, line 14, amendment offered by Mr. HANCOCK: At the beginning of the line, before the word "of", insert "or the nomination."

Page 2, line 24, after the word "possible", insert the words "in whole or in part."

Page 3, line 13, after the word "solicit", insert the words "or received."

Page 2, line 14, after the word "soliciting", insert "or receiving."

Page 3, line 21, after the word "person", insert the words "for political purposes."

Page 4, line 17, after the word "Act", strike out "shall be deemed guilty of a felony."

Page 4, line 18, after the word "conviction", insert the word "thereof."

The Clerk read as follows:

On page 4, strike out lines 20 to 25, inclusive, and on page 5, strike out lines 1 to 9, inclusive, and insert in lieu thereof the following:

"SEC. 9. (a) It shall be unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof. No officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns. All such persons shall retain the right to vote as they may choose and to express their opinions on all political subjects. For the purposes of this section the term "officer" or "employee" shall not be construed to include (1) the President and Vice President of the United States; (2) persons whose compensation is paid from the appropriation for the office of the President; (3) heads and assistant heads of executive departments; (4) officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in the Nation-wide administration of Federal laws.

"(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person."

The SPEAKER. The question is on agreeing to the amendment.

Mr. PARSONS. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The gentleman from Illinois demands the yeas and nays on the amendment just read. As many as favor ordering the yeas and nays will rise and stand until counted. [After counting.] The Chair will now count the number of Members present to determine whether or not a sufficient number have arisen to order the yeas and nays. [After counting.] Sixty-five Members rose in favor of ordering the yeas and nays. The Chair counted 365 Members present, which would require 73 Members rising to order the yeas and nays. Not a sufficient number rose and the yeas and nays are refused.

Mr. CREAL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CREAL. When the Chair takes the vote of those present and then counts again after they come in from the cloakrooms, is that number counted that comes in after the first number had risen?

The SPEAKER. One-fifth of the Members present in the Chamber are required to order the yeas and nays in the House. When the demand is made, the Chair counts those who rise in favor of taking the vote by the yeas and nays, and it is then the duty of the Chair to determine the total number of Members present in the Chamber and divide that count in order to determine whether or not one-fifth have seconded the demand for the yeas and nays.

The question is on agreeing to the amendment.

Mr. KELLER. Mr. Speaker, I demand a division.

The House divided; and there were—ayes 243, noes 117.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS: Page 5, after section 9, insert a new section as section 9 (a):

"SEC. 9 (a). (1) It shall be unlawful for any person employed in any capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress, to have membership in any political party or organization which advocates the overthrow of our constitutional form of government in the United States.

"(2) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person."

The SPEAKER. The question is on agreeing to the amendment.

Mr. HOOK and Mr. KRAMER demanded the yeas and nays.

The SPEAKER. The gentleman from Michigan and the gentleman from California demand the yeas and nays. [After counting.] Thirty-eight Members have arisen; not a sufficient number. The yeas and nays are refused.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will read the next amendment.

The Clerk read as follows:

Committee amendment: On page 5, in line 11, after the word "for", strike out the words "any other sections of."

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Committee amendment: On page 5, in line 12, after the word "law", strike out the words "or of this act."

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

Mr. MICHENER. Mr. Speaker, my attention has been called to the fact that the amendment on lines 14 and 18 of section 5, page 3, was not voted upon.

The SPEAKER. The Chair is advised that the amendment on page 3, line 14 and line 18, was rejected in Committee of the Whole. Therefore it was not reported.

The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. HEALEY. Mr. Speaker, I offer a motion to recommit the bill to the Committee on the Judiciary.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HEALEY. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion of the gentleman from Massachusetts.

The Clerk read as follows:

Mr. HEALEY moves to recommit the bill to the Committee on the Judiciary.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. HEALEY) there were—ayes 153, noes 245.

Mr. HEALEY. Mr. Speaker, I request the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 146, nays 232, answered "present" 1, not voting 50, as follows:

[Roll No. 141]

YEAS—146

Arnold	Bland	Bulwinkle	Chandler
Barden	Bloom	Burgin	Clark
Barnes	Boland	Caldwell	Coffee, Wash.
Barry	Boykin	Cannon, Fla.	Collins
Bates, Ky.	Bradley, Pa.	Cannon, Mo.	Colmer
Beam	Brown, Ga.	Casey, Mass.	Creal
Bell	Buck	Celler	Crowe
Cullen	Hill	May	Satterfield
D'Alesandro	Hobbs	Merritt	Schaefer, Ill.
Delaney	Hook	Mills, Ark.	Schuetz
Dickstein	Izac	Mitchell	Scrugham
Dingell	Jacobsen	Moser	Shanley
Doughton	Jarman	Murdock, Ariz.	Shannon
Duncan	Johnson, Lyndon	Murdock, Utah	Sheppard
Dunn	Johnson, Okla.	Myers	Sirovich
Durham	Johnson, W. Va.	Nelson	Smith, Wash.
Eberharter	Kee	Nichols	Snyder
Edmiston	Keller	Norton	Somers, N. Y.
Elliott	Kennedy, Md.	O'Connor	Sparkman
Ellis	Kennedy, Michael	O'Day	Spence
Faddis	Keogh	O'Leary	Steagall
Fay	Kirwan	O'Neal	Sutphin
Flaherty	Kocialkowski	O'Toole	Tarver
Flannagan	Kramer	Parsons	Tenerowicz
Folger	Larrabee	Patrick	Vincent, Ky.
Ford, Thomas F.	Leavy	Patton	Vinson, Ga.
Fries	Lesinski	Peterson, Fla.	Wallgren
Gavagan	McAndrews	Peterson, Ga.	Walter
Gibbs	McArdle	Pierce, Oreg.	Weaver
Grant, Ala.	McGranery	Rabaut	Whelchel
Green	McKeough	Rankin	White, Idaho
Gregory	McMillan, John L.	Richards	Williams, Mo.
Hart	McMillan, Thos. S.	Robinson, Utah	Wood
Havenner	Maciejewski	Rogers, Okla.	Zimmerman
Healey	Marcantonio	Romjue	The Speaker
Hendricks	Martin, Colo.	Sabath	
Hennings	Martin, Ill.	Sacks	

NAYS—232

Alexander	Dowell	Jones, Tex.	Reed, Ill.
Allen, Ill.	Doxey	Kean	Rees, Kans.
Allen, La.	Drewry	Keefe	Rich
Allen, Pa.	Dworshak	Kennedy, Martin	Risk
Andersen, H. Carl	Eaton, N. J.	Kilday	Robertson
Anderson, Mo.	Elston	Kinzer	Robsion, Ky.
Andresen, A. H.	Engel	Kitchens	Rockefeller
Angell	Englebright	Kleberg	Rodgers, Pa.
Arends	Fenton	Knutson	Rogers, Mass.
Ashbrook	Fish	Kunkel	Routzohn
Austin	Flannery	Lambertson	Rutherford
Ball	Ford, Leland M.	Landis	Sandager
Barton	Gamble	Lanham	Schafer, Wis.
Bates, Mass.	Garrett	LeCompte	Schiffler
Beckworth	Gartner	Lemke	Seccombe
Bender	Gathings	Lewis, Colo.	Seger
Blackney	Gearhart	Lewis, Ohio	Shafer, Mich.
Boehne	Gehrmann	Luce	Short
Bolles	Gerlach	Ludlow	Simpson
Bolton	Gilchrist	McCormack	Smith, Conn.
Bradley, Mich.	Gillie	McDowell	Smith, Ill.
Brewster	Gore	McGehee	Smith, Maine
Brooks	Gossett	McLaughlin	South
Brown, Ohio	Graham	McLean	Springer
Byrns, Tenn.	Grant, Ind.	McLeod	Starnes, Ala.
Carlson	Griffith	Maas	Stearns, N. H.
Carter	Gross	Mahon	Stefan
Cartwright	Guyer, Kans.	Maloney	Sumner, Ill.
Case, S. Dak.	Gwynne	Mapes	Sweeney
Chapman	Hall	Marshall	Taber
Chiperfield	Halleck	Martin, Iowa	Talle
Church	Hancock	Martin, Mass.	Taylor, Tenn.
Ciason	Harness	Mason	Terry
Claypool	Harrington	Michener	Thill
Clevenger	Harter, N. Y.	Miller	Thomas, N. J.
Cochran	Harter, Ohio	Mills, La.	Thomas, Tex.
Coffee, Nebr.	Hartley	Monkiewicz	Thomason
Cole, Md.	Hawks	Monroney	Tibbott
Cole, N. Y.	Heinke	Mott	Tinkham
Cooper	Hess	Mouton	Treadway
Corbett	Hinshaw	Mundt	Van Zandt
Costello	Hoffman	Murray	Voorhis, Calif.
Courtney	Holmes	Norrell	Vorys, Ohio
Cox	Hope	O'Brien	Vreeland
Crawford	Horton	Oliver	Wadsworth
Crosser	Houston	Osmers	Ward
Crowther	Hull	Pace	Welch
Culkin	Hunter	Pearson	West
Curtis	Jarrett	Pierce, N. Y.	Wheat
Darden	Jeffries	Pittenger	White, Ohio
Darrow	Jenkins, Ohio	Plumley	Whittington
Dempsey	Jenks, N. H.	Poage	Wigglesworth
DeRouen	Jensen	Polk	Williams, Del.
Dirksen	Johns	Powers	Winter
Disney	Johnson, Ill.	Ramspeck	Wolcott
Ditter	Johnson, Ind.	Randolph	Wolverton, N. J.
Dondero	Johnson, Luther A.	Rayburn	Woodruff, Mich.
Douglas	Jones, Ohio	Reece, Tenn.	Youngdahl

ANSWERED "PRESENT"—1

Thorkelson

NOT VOTING—50

Anderson, Calif.	Cluett	Fitzpatrick	Mansfield
Andrews	Connery	Ford, Miss.	Massingale
Boren	Cooley	Fulmer	Patman
Bryson	Cummings	Geyer, Calif.	Pfeifer
Buckler, Minn.	Curley	Gifford	Reed, N. Y.
Buckley, N. Y.	Dies	Hare	Ryan
Burch	Eaton, Calif.	Kelly	Sasscer
Burdick	Evans	Kerr	Schulte
Byrne, N. Y.	Ferguson	Lea	Schwert
Byron	Fernandez	Magnuson	Secrest

Smith, Ohio	Sullivan	Tolan	Wolfenden, Pa.
Smith, Va.	Sumners, Tex.	Warren	Woodrum, Va.
Smith, W. Va.	Taylor, Colo.		

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BANKHEAD and he answered "yea."

Mr. BOLLES changed his vote from "yea" to "nay."

So the motion to recommit was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. Thorkelson (for) with Mr. Reed of New York (against).
Mr. Pfeifer (for) with Mr. Wolfenden of Pennsylvania (against).
Mr. Byron (for) with Mr. Andrews (against).
Mr. Woodrum of Virginia (for) with Mr. Ford of Mississippi (against).
Mr. Sasscer (for) with Mr. Mansfield (against).
Mr. Kelly (for) with Mr. Anderson of California (against).
Mr. Burch (for) with Mr. Smith of Ohio (against).
Mr. Magnuson (for) with Mr. Gifford (against).
Mr. Sullivan (for) with Mr. Cluett (against).

General pairs:

Mr. Warren with Mr. Eaton of California.
Mr. Cooley with Mr. Burdick.
Mr. Smith of Virginia with Mr. Buckler of Minnesota.
Mr. Fitzpatrick with Mr. Boren.
Mr. Cummings with Mr. Geyer of California.
Mr. Patman with Mr. Buckley of New York.
Mr. Lea with Mr. Smith of West Virginia.
Mr. Fulmer with Mr. Bryson.
Mr. Kerr with Mr. Secrest.
Mr. Hare with Mr. Tolan.
Mr. Dies with Mr. Ryan.
Mr. Schulte with Mr. Evans.
Mr. Massingale with Mr. Connery.
Mr. Ferguson with Mr. Schwert.
Mr. Sumners of Texas with Mr. Byrne of New York.
Mr. Fernandez with Mr. Taylor of Colorado.

Mr. THORKELSON. Mr. Speaker, I was paired with the gentleman from New York, Mr. REED. Had he been here he would have voted "nay." I therefore withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. HANCOCK. Mr. Speaker, on final passage I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 241, nays 134, answered "present" 1, not voting 52, as follows:

[Roll No. 142]

YEAS—241

Alexander	Corbett	Grant, Ind.	Kleberg
Allen, Ill.	Costello	Griffith	Knutson
Allen, La.	Courtney	Gross	Kunkel
Allen, Pa.	Crawford	Guyer, Kans.	Lambertson
Andersen, H. Carl	Crosser	Gwynne	Landis
Anderson, Mo.	Crowther	Hall	Lanham
Andresen, A. H.	Culkin	Halleck	LeCompte
Angell	Curtis	Hancock	Lemke
Arends	Darden	Harness	Lewis, Colo.
Ashbrook	Darrow	Harrington	Lewis, Ohio
Austin	Dempsey	Harter, N. Y.	Luce
Ball	DeRouen	Harter, Ohio	Ludlow
Barton	Dirksen	Hartley	McCormack
Bates, Mass.	Disney	Hawks	McDowell
Beckworth	Ditter	Heinke	McGehee
Bender	Dondero	Hess	McLaughlin
Blackney	Douglas	Hinshaw	McLean
Boehne	Dowell	Hoffman	McLeod
Bolles	Doxey	Holmes	Maas
Bolton	Drewry	Hope	Mahon
Bradley, Mich.	Dworshak	Horton	Maloney
Brewster	Eaton, N. J.	Houston	Mapes
Brooks	Elston	Hull	Marshall
Brown, Ohio	Engel	Hunter	Martin, Iowa
Burgin	Englebright	Jacobsen	Martin, Mass.
Byrns, Tenn.	Fenton	Jarrett	Mason
Carlson	Fish	Jeffries	Michener
Carter	Flannery	Jenkins, Ohio	Miller
Cartwright	Ford, Leland M.	Jenks, N. H.	Mills, La.
Case, S. Dak.	Fulmer	Jensen	Monkiewicz
Chapman	Gamble	Johns	Monroney
Chiperfield	Garrett	Johnson, Ill.	Mott
Church	Gartner	Johnson, Ind.	Mouton
Clason	Gathings	Johnson, Luther A.	Mundt
Claypool	Gearhart	Johnson, Okla.	Murray
Clevenger	Gehrmann	Jones, Ohio	Nichols
Cochran	Gerlach	Jones, Tex.	Norrell
Coffee, Nebr.	Gilchrist	Kean	O'Brien
Cole, Md.	Gillie	Keefe	Oliver
Cole, N. Y.	Gore	Kilday	Osmers
Colmer	Gossett	Kinzer	Pace
Cooper	Graham	Kitchens	Patton
Pearson	Rodgers, Pa.	Stefan	Wadsworth
Pierce, N. Y.	Rogers, Mass.	Sumner, Ill.	Walter
Pittenger	Routzohn	Sutphin	Ward
Plumley	Rutherford	Sweeney	Welch
Poage	Sandager	Taber	West
Polk	Schafer, Wis.	Talle	Wheat
Powers	Schiffler	Taylor, Tenn.	Whelchel
Ramspeck	Seccombe	Terry	White, Ohio
Randolph	Seger	Thill	Whittington
Rankin	Shafer, Mich.	Thomas, N. J.	Wigglesworth
Rayburn	Short	Thomas, Tex.	Williams, Del.
Reece, Tenn.	Simpson	Thomason	Winter
Reed, Ill.	Smith, Conn.	Tibbott	Wolcott
Rees, Kans.	Smith, Ill.	Tinkham	Wolverton, N. J.
Rich	Smith, Maine	Treadway	Woodruff, Mich.
Risk	South	Van Zandt	Youngdahl
Robertson	Springer	Voorhis, Calif.	
Robsion, Ky.	Starnes, Ala.	Vorys, Ohio	
Rockefeller	Stearns, N. H.	Vreeland	

NAYS—134

Arnold	Dunn	Keogh	Peterson, Ga.
Barden	Durham	Kirwan	Pierce, Oreg.
Barnes	Eberharter	Kocialkowski	Rabaut
Barry	Edmiston	Kramer	Richards
Bates, Ky.	Elliott	Larrabee	Robinson, Utah
Beam	Ellis	Leavy	Rogers, Okla.
Bell	Faddis	Lesinski	Romjue
Bland	Fay	McAndrews	Sabath
Bloom	Flaherty	McArdle	Sacks
Boland	Flannagan	McGranery	Satterfield
Boykin	Ford, Thomas F.	McKeough	Schaefer, Ill.
Bradley, Pa.	Fries	McMillan, John L.	Schuetz
Brown, Ga.	Gavagan	McMillan, Thos. S.	Scrugham
Buck	Gibbs	Maciejewski	Shanley
Bulwinkle	Grant, Ala.	Marcantonio	Shannon
Caldwell	Green	Martin, Colo.	Sheppard
Cannon, Fla.	Gregory	Martin, Ill.	Sirovich
Cannon, Mo.	Hart	May	Smith, Wash.
Casey, Mass.	Havenner	Merritt	Snyder
Celler	Healey	Mills, Ark.	Somers, N. Y.
Chandler	Hendricks	Mitchell	Sparkman
Clark	Hennings	Moser	Spence
Coffee, Wash.	Hill	Murdock, Utah	Steagall
Collins	Hobbs	Myers	Tarver
Cox	Hook	Nelson	Tenerowicz
Creal	Izac	Norton	Vincent, Ky.
Crowe	Jarman	O'Connor	Vinson, Ga.
Cullen	Johnson, Lyndon	O'Day	Weaver
D'Alesandro	Johnson, W. Va.	O'Leary	White, Idaho
Delaney	Kee	O'Neal	Williams, Mo.
Dickstein	Keller	O'Toole	Wood
Dingell	Kennedy, Martin	Parsons	Zimmerman
Doughton	Kennedy, Md.	Patrick	
Duncan	Kennedy, Michael	Peterson, Fla.	

ANSWERED "PRESENT"—1

Thorkelson

NOT VOTING—52

Anderson, Calif.	Cummings	Kelly	Schwert
Andrews	Curley	Kerr	Secrest
Boren	Dies	Lea	Smith, Ohio
Bryson	Eaton, Calif.	Magnuson	Smith, Va.
Buckler, Minn.	Evans	Mansfield	Smith, W. Va.
Buckley, N. Y.	Ferguson	Massingale	Sullivan
Burch	Fernandez	Murdock, Ariz.	Sumners, Tex.
Burdick	Fitzpatrick	Patman	Taylor, Colo.
Byrne, N. Y.	Folger	Pfeifer	Tolan
Byron	Ford, Miss.	Reed, N. Y.	Wallgren
Cluett	Geyer, Calif.	Ryan	Warren
Connery	Gifford	Sasscer	Wolfenden, Pa.
Cooley	Hare	Schulte	Woodrum, Va.

So, the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Reed of New York (for) with Mr. Thorkelson (against).
Mr. Wolfenden of Pennsylvania (for) with Mr. Pfeifer (against).
Mr. Andrews (for) with Mr. Byron (against).
Mr. Ford of Mississippi (for) with Mr. Woodrum of Virginia (against).
Mr. Mansfield (for) wth Mr. Sasscer, (against).
Mr. Anderson of California (for) with Mr. Kelly (against).
Mr. Smith of Ohio (for) with Mr. Burch (against).
Mr. Gifford (for) with Mr. Magnuson (against).
Mr. Cluett (for) with Mr. Sullivan (against).

General pairs:

Mr. Warren with Mr. Eaton of California.
Mr. Cooley with Mr. Burdick.
Mr. Smith of Virginia with Mr. Buckler of Minnesota.
Mr. Fitzpatrick with Mr. Boren.
Mr. Cummings with Mr. Geyer of California.
Mr. Patman with Mr. Buckley of New York.
Mr. Lea with Mr. Smith of West Virginia.
Mr. Kerr with Mr. Secrest.
Mr. Curley with Mr. Bryson.
Mr. Hare with Mr. Tolan.
Mr. Dies with Mr. Ryan.
Mr. Schulte with Mr. Evans.
Mr. Massingale with Mr. Connery.
Mr. Ferguson with Mr. Schwert.

Mr. Sumners of Texas with Mr. Byrne of New York.
Mr. Fernandez with Mr. Taylor of Colorado.
Mr. Folger with Mr. Wallgren.

Mr. THORKELSON. Mr. Speaker, I am paired with the gentleman from New York, Mr. REED. If he had been here he would have voted "yea." I voted "nay." I withdraw my vote of "nay" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed without amendment joint resolutions of the House of the following titles:

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 188) entitled "An act to provide for the administration of the United States courts, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATCH, Mr. LOGAN, Mr. BURKE, Mr. AUSTIN, and Mr. DANAHER to be the conferees on the part of the Senate.

AMENDMENT TO INTERSTATE COMMERCE ACT

Mr. SABATH, from the Committee on Rules, submitted the following privileged resolution (Rept. No. 1232), which was referred to the House Calendar and ordered to be printed.

House Resolution 262

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2009, an act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and quote briefly from the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a radio address I made last night and a short schedule of the program.

The SPEAKER. Is there objection to the request of the gentleman from Maryland [Mr. D'ALESANDRO]?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island [Mr. SANDAGER]?

There was no objection.

Mr. SANDAGER. Mr. Speaker, last week, while my colleague from Rhode Island, Mr. RISK, was here in Washington his home was picketed by a group of people. The reason for the picketing, according to the placards carried by people in the line, was his vote in favor of the so-called 1940 W. P. A. bill.

Because of the distress this picketing caused Mrs. Risk and her little children, my colleague was forced to return to his home. At the present time he has arranged for his family to stay with friends, having been driven from home by fear of harm. This happening should be of interest to every Member of this House, because it involves the question of whether or not a Representative in Congress or members of his family should be subjected to annoyance or intimidation as a result of any vote cast here.

That the good people of Rhode Island are with him in this fight, including W. P. A. workers, is evident from the following editorials from two of the leading newspapers in the State, the Providence Journal and the Pawtucket Times:

[From the Pawtucket Times of July 19, 1939]

BRUTAL AND INDECENT

Within the past few days the people of this community have witnessed a cowardly and un-American attack on an American official who is their neighbor and a friend of many of them.

The demonstration against Congressman CHARLES F. RISK was cowardly because those who participated in it depended on the weight of numbers to evade the ordinary courses of law. The Woonsocket incident, the hanging in effigy of Congressman RISK, was an outrage which revolted all sense of decency, was un-American in conception and execution. This orgy of rowdyism affronted decent people of all political beliefs because the methods and tactics were utterly out of keeping with the American way of dealing with public matters.

Moreover, it is worthy of note—and this fact should be kept in mind—that the demonstrators showed that they lacked even the most elemental understanding of the matters with which they were dealing. Mr. RISK did not vote against the ideals they advocate. He supported them. But they, blindly, without acquainting themselves with the facts, proceeded to assail him in a manner so disgraceful and outrageous as to bring on themselves the condemnation of all Rhode Island.

Those who disagree with Mr. RISK have a perfect right to disagree, but there is an orderly, an American way of expressing disapproval of a public official's course. The mob, the pickets, demonstrators who have paraded in front of his home, causing discomfort to his family, have ignored all his rights and his family's rights. The conduct of these radical demonstrators is condemned by this newspaper and we believe it is condemned by the community as a whole.

Men with no right to interfere with his personal affairs have invaded the privacy of his home life. They have sought to frighten his family in his absence and if there is any credit in frightening women and children they are entitled to that credit.

They have indulged in vituperation and abuse because a public man has done his duty as he saw it.

They have acted, not as American citizens making their protest on a political issue, but as mobsmen promoting deeds of near violence.

We have differed with CHARLES F. RISK in the past, have taken issue with him, and called attention to what, we believe, was a mistaken vote cast by him in the National House of Representatives. But we have done this in the orderly, constitutional manner which is the right of every American.

We do not contend that Mr. RISK as a Member of Congress should never be criticized, but we condemn—and the people of the whole congressional district condemn—the ugly, insulting, brutal methods used by these demonstrators.

They have departed from the rule of decent citizenship; they have trespassed on his rights as a citizen and a holder of high public office.

They have indulged in a cheap exhibition of lawlessness and any shred of right that is in their original argument is destroyed by their brutal methods.

The people of the First Rhode Island Congressional District do not believe in mob law. They have no sympathy with a crowd of demonstrators using the tactics of mob rule.

[From the Providence (R. I.) Journal of July 16, 1939]

INEXCUSABLE TACTICS

The picketing of Congressman RISK's home in Saylesville as a protest against his vote on the Federal Relief Act should promote

public support of the proper stand he took in favor of the new W. P. A. regulations.

Those who subject Mr. RISK and his family to this annoyance and unjust discrimination fail utterly to understand that he cast no vote to decrease the appropriation for relief. That was not the issue. Congressman RISK did not seek to deprive W. P. A. workers of the amounts they have been receiving. He sided with the congressional majority which enacted the Federal law eliminating the prevailing wage schedules, establishing the 18-month rotation, and requiring a 130-hour monthly working period at security wages sufficient to provide as large a payment as before under the previous system of shorter hours and prevailing wages.

Federal W. P. A. officials, though unable to link the picketing with present W. P. A. employees in Rhode Island, indicated unmistakable opposition to such tactics. Any partisan political attempts to embarrass Mr. RISK by ill-advised conduct would most certainly arouse indignation among all good citizens of Rhode Island. As it is, Mr. RISK's constituents and fellow citizens, irrespective of party affiliation, should inform him of their distaste for the picketing and of their approval of his vote on the Relief Act.

EXTENSION OF REMARKS

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include two editorials, one from the Providence Journal and the other from the Pawtucket Times, commenting on the occasion I just referred to.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island [Mr. SANDAGER]?

There was no objection.

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement from the Economist of July 1.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TINKHAM]?

There was no objection.

ANNOUNCEMENT

Mr. COLE of New York. Mr. Speaker, my colleague the gentleman from New York, Mr. ANDREWS, was called out of the city to attend the funeral of a prominent citizen of New York. If present, he would have voted for the so-called Dempsey amendment and for the passage of the bill.

EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, in the June issue of the Sugar Journal there is an article entitled "An Ache in the Nation's Sweet Tooth," written by the gentleman from Montana [Mr. O'CONNOR]. I ask unanimous consent to extend my own remarks in the RECORD and to include therein this article.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. SCHAFER]?

There was no objection.

ANNOUNCEMENT

Mr. D'ALESANDRO. Mr. Speaker, my colleague the gentleman from Maryland, Mr. BYRON, was necessarily detained from the House this afternoon. Had he been present he would have voted for the Smith resolution and against the so-called Hatch bill.

EXTENSION OF REMARKS

Mr. BRADLEY of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter from the American Zionist Bureau and also from the gentleman from New York [Mr. FAY].

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. BRADLEY]?

There was no objection.

The SPEAKER. Under a previous special order, the gentleman from Michigan [Mr. HOFFMAN] is entitled to recognition.

THE C. I. O. WILL DESTROY THE LIBERTY OF THE FARMER UNLESS HE AWAKENS TO HIS PERIL

Mr. HOFFMAN. Mr. Speaker, if in America there is one man upon whom more than any other rests the foundation of our Government that man is the farmer.

As a rule the farmer owns the land upon which he lives. From out of it, by hard and constant toil, he digs his livelihood. He is thrifty; he is frugal; he is industrious. Because he desires to retain his independence, he denies himself many things which others consider necessities. He lives within his income. He attends to his own business; interferes little or not at all in the problems which confront others. He has his home, his family, and his church.

As from the soil which he owns he wrests his living, he is one step farther removed in times of depression from absolute want than the city dweller. When prices are low and business bad, when markets are gone, the farmer turns to the farm which his ancestors carved from the wilderness or which he, by practicing self-denial, has acquired.

Toiling from early morning until late at night, doing without, existing upon what many a city man might consider a starvation diet, in some way he manages to keep body and soul together, while the industrial worker, the city man, out of a job and his resources swept away, is forced to seek relief or starve.

BUT DISASTER THREATENS

City men, industrial workers, dependent wholly upon a daily wage, crowded together in town or city, have for years received a higher cash compensation for their services than has the farmer. Town and city dwellers have come to regard as necessities many things which the farmer is forced to consider as luxuries and is unable to obtain.

While the prices received by the farmer for the things he grows and has to sell have for the most part been limited by the law of supply and demand, while the prices of the things he buys are in many cases artificially fixed by wage scales, union demands, and regulations, the town and city worker has been demanding and has been receiving an ever-increasing hourly compensation for the services he renders.

Industrial workers formed unions which insisted upon and obtained an ever-increasing wage and ever-shortened workweek, both of which necessarily added to the cost of the things produced, and were reflected in the price charged the farmer, who had no means of evading or of correcting the ever-widening difference between the price he received for the things he had to sell and the price he paid for the things he must purchase.

THE FARMER HAS BEEN PATIENT

Being generous, patient, and long-suffering, the farmer, subscribing in part to the theory that a high industrial wage created a market for his products, has long submitted to injustice, to discrimination, which has made it more and more difficult for him to carry on a successful enterprise. He has submitted so long that today he lacks many of the conveniences of, is unable to enjoy many of the pleasures of, is forced to live upon a much lower scale than, the majority of city workers.

AN ADDED BURDEN UPON THE FARMER

In addition to the increase in wages and the shortened hours of the mine, mill, and factory worker which has come through the demands of the legitimate unions, an additional and a far greater danger threatens not only the economic welfare but the independence of the farmer.

RACKETEERS HAVE TRANSFERRED THEIR ACTIVITIES

Racketeers who profited enormously during the prohibition era, with the repeal of that amendment have in large numbers transferred their activities to union organizations, and, like the leeches, the parasites which live upon plants, trees, and the lower animals, are exploiting not only the employee but are blackmailing the employer.

Styling themselves labor leaders, by the aid of money collected from honest toilers through efficient organization, a disregard for law and the rights of others; by intimidation and ruthless violence, in violation of every principle of justice, in defiance of every legal and moral right of Federal and State constitutional guaranty that no man shall be deprived of his property without due process of law; ignoring the self-evident truth that, among the inalienable rights endowed to all men by their Creator are those to life, liberty, and the pursuit of happiness—these men now demand that all employers, all those who give jobs and pay wages, shall hire only those who belong to their organization.

They demand that all employees, all men and all women, who earn their livelihood, shall join and pay tribute to an

organization named by them. They demand the right to fix the terms, to determine the amount of the initiation fee, the amount of monthly dues, which shall be paid to them for the privilege of working, and they exercise the authority of collecting and spending the tribute so levied without hindrance, accounting, or supervision.

In short they claim and they assert, in many instances by force, the right in ancient days exercised only by king, czar, or emperor.

DICTATORS OVER LABOR

John L. Lewis, whose telegram on June 19, 1922, to members of his union at Herrin, Ill., was followed on June 21 by the death by beating, shooting, and hanging of 25 workers, sought through his United Mine Workers, aided by the National Labor Relations Board, to force soft-coal operators in Harlan, Ky., to agree in writing that they give employment only to those miners who first join and pay tribute to Lewis' organization.

He demanded that no miner in that county follow his daily occupation until that miner signed a membership card in Lewis' organization, paid an initiation fee, and agreed to meet such special assessments as the organization to which Lewis belongs shall make.

The statement of the proposition is an insult to every liberty-loving American. Nevertheless, by force and in direct violation, as many believe, of the National Labor Relations Act, Lewis has forced a large majority of coal operators, a majority of soft-coal miners, in this country to meet his demands.

On July 9, 1939, in Harlan County, an official of one of Lewis' organizations publicly called upon members of Lewis' organization to do two things: To vote for John Young Brown, Lewis' candidate for Governor, undoubtedly with the idea that with Brown as Governor protection of property and of individuals in Harlan County would be withdrawn by the State of Kentucky and that Lewis would have in the executive mansion a man who would do his bidding. In addition, Lewis' lieutenant told his hearers to "get" out of the Harlan mines those miners who were exercising their God-given right to work.

Three days later an attempt was made to carry out those orders; as a result two men died—not as many as at Herrin, Ill., in 1922—and several have been wounded and the battle undoubtedly will continue.

MOTOR INDUSTRY

In 1937, the C. I. O., many of its leaders Communists, using Communist methods, with armed forces invaded Michigan, took possession of the city of Flint, of the motor industry there; drove thousands of men and women from their places of employment. With the aid of the Governor of that State, who violated his oath of office, by force they held possession of that city and some of its factories for 44 long days, causing a loss to the wage earners alone of $44,000,000.

Again, 2 years later, and there were more than a thousand strikes in between, a strike is on in the motor industry in Michigan, but this time—and thank God for it—Michigan has a Governor who has declared that the law will be enforced; that men will be permitted to work and, when violence threatened during the past week, a squad of 10 or less State police told 700 pickets to cease their lawlessness, to leave the factory gates. The pickets, knowing that the law would be enforced, that men would be permitted to work, left, and this without violence.

In the motor industry the demand today is the same as it is in the coal industry—that before men may work they shall be required to acknowledge allegiance to Lewis' organization, to pay tribute to him.

PACKING INDUSTRY

Today Lewis' affiliates, his lawless organization, is demanding that in Chicago the great packing industry, the men who buy the farmers' cattle, hogs, and poultry, who process those products and redistribute them throughout the Nation, shall agree that no one shall work in that industry until he, too, has acknowledged Lewis as the ruler over labor—has paid the tribute demanded by him.

There is no doubt in the mind of any man who thinks and reasons but that these membership fees, these dues and special assessments collected by Lewis, who was voted a salary of $25,000 a year and who at times has had an expense account of $1,000 a month; who rides with a chauffeur in an expensive limousine; who lives in comparative luxury, adds to the cost of the manufactured article which the farmer must buy; lessens the cost of the produce which the farmer sells to the packer, to the automobile manufacturer.

IT MIGHT WORK BOTH WAYS

Have been wondering what those who insist that only members of their particular organization be permitted to work, for example, in the motor industry, in the packing plants, would say, should all others who do not belong to that organization and hence who cannot work in those industries, refuse to buy any of the products manufactured by the members of that particular organization.

What a yell John L. Lewis would let out if all those who do not belong to the C. I. O. or its affiliated organizations refused to purchase any of those things which members of his organization assisted in manufacturing.

THE RED MENACE IS COMING TO THE HOME OF THE FARMER

Not only does the farmer pay in added cost of what he buys, in lessened price for what he sells, for these activities of Lewis, who each year, according to the reports of his own organization, collects millions of dollars from the workers, but it is the purpose of Lewis and his coworkers to compel the farmers themselves to pay tribute to him.

Long have farmers been indifferent to the activities of these labor racketeers, but ever nearer to their homes and farms has this red menace been coming. Communists have inserted themselves into the leadership of this movement. They have dictated many of its methods and practices, and it is well that the home-loving, God-fearing American farmer should realize at last, and before it is too late, the meaning of the creed of these Communists that Lewis and his C. I. O. are using, and who are using Lewis and his C. I. O.

In a circular put out by a Communist organization in Michigan during an election, we find these quotations:

> To all who hate the smug priests of the Catholic Church, and the slimy hypocritical ministers of the Protestant churches. * * * To all who are opposed by this damnable Government, we address this message. Vote for our candidate.
>
> Close the churches and make these buildings into shelters for homeless men and women. Down with religion, which is opium which the ruling class feeds you to keep you satisfied with the miserable existence which you lead. There is no God.

Read the above again. Then read it to your wife and read it to your children. Then sit down and think it over. It is a part of the creed of those who are working hand in glove with John L. Lewis' organization. That organization has boldly asserted that it intends to bring the farmer within its folds. Already in various parts of the country this organization has asserted its authority.

In California it demands that poultry and farm products put on city markets shall bear a union label. It demands that dairy products, milk, butter, cream, and cheese, shall be sold by the farmer only when he can show that they have been hauled to market by a union teamster; that the cows which gave the milk have been fed on hay and grain hauled by a union teamster.

In Wisconsin, it has demanded that employees of farmers' cooperatives join its ranks and pay tribute to it: that otherwise they shall not process the farmer's milk; they shall not can nor handle the farmer's fruit and vegetables which he has for sale.

In the South it demands that berries before shipment bear a union label; be handled by union labor.

When Michigan farmers ship their eggs to New York, again this organization would levy tribute, although their product has passed State and Federal inspection.

Ever closer to the home, to the daily activities of the American farmer, this organization is coming. It is not too late, if the farmer now awakens to his peril and at the polls repudiates all those who bear the label of and owe allegiance to this organization, which would completely wreck him, finan-

cially destroy his independence, and make him subject to the orders of a racketeering so-called union-labor leader.

Unless he meets and defeats this force at the polls, the American farmer will either surrender his independence, acknowledge his serfdom, or by force do physical battle with those who are seeking to bring him under the yoke so successfully imposed upon many of the industrial workers.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SMITH of Ohio, indefinitely, on account of illness.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. Under a previous order of the House the gentleman from North Carolina [Mr. BARDEN] is recognized for 30 minutes.

Mr. BARDEN. Mr. Speaker, due to the lateness of the hour I will forego the pleasure of addressing the House at this time.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 6. An act to return a portion of the Grand Canyon National Monument to the public domain; to the Committee on the Public Lands.

S. 21. An act relating to the citizenship of Harry Ray Smith; to the Committee on Immigration and Naturalization.

S. 101. An act to regulate the issuance of commemorative coins; to the Committee on Coinage, Weights, and Measures.

S. 432. An act to provide for the public auction of certain town lots within the city of Parker, Ariz.; to the Committee on the Public Lands.

S. 506. An act relating to mileage tables for the United States Army and other Government agencies and to mileage allowances for persons employed in the offices of Members of the House and Senate; to the Committee on Expenditures in the Executive Departments.

S. 521. An act for the incorporation of the Ladies of the Grand Army of the Republic; to the Committee on the Judiciary.

S. 522. An act to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 75 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes; to the Committee on Invalid Pensions.

S. 805. An act for the relief of George S. Geer; to the Committee on War Claims.

S. 1008. An act to provide for the reincorporation of the National Woman's Relief Corps, auxiliary to the Grand Army of the Republic; to the Committee on the Judiciary.

S. 1033. An act for the relief of Albert P. Dunbar; to the Committee on Military Affairs.

S. 1108. An act to restrict the exportation of certain Douglas fir peeler logs and Port Orford cedar logs, and for other purposes; to the Committee on Ways and Means.

S. 1128. An act to regulate the practice of professional engineering and creating a board for licensure of professional engineers in and for the District of Columbia; to the Committee on the District of Columbia.

S. 1211. An act for the relief of Jesse Claud Branson; to the Committee on Claims.

S. 1239. An act for the relief of Priscilla M. Noland; to the Committee on Claims.

S. 1282. An act to extend the privilege of retirement for disability to judges appointed to hold office during good behavior; to the Committee on the Judiciary.

S. 1328. An act for the relief of Lena Hendel, nee Lena Goldberg; to the Committee on Immigration and Naturalization.

S. 1376. An act for the relief of Cothran Motors, Inc.; to the Committee on Claims.

S. 1478. An act for the relief of Haim Genishier, alias Haim Satyr; to the Committee on Immigration and Naturalization.

S. 1649. An act for the relief of Alan C. Winter, Jr., and Elizabeth Winter; to the Committee on Claims.

S. 1677. An act to make better provision for the government of the Army and the Navy of the United States by the suppression of attempts to incite the members thereof to disobedience; to the Committee on Military Affairs.

S. 1708. An act to amend the Employers' Liability Act; to the Committee on the Judiciary.

S. 1850. An act to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges; to the Committee on Agriculture.

S. 1906. An act for the relief of William H. Rouncevill; to the Committee on Military Affairs.

S. 1919. An act to provide for the acquisition by the United States of the estate of Patrick Henry, in Charlotte County, Va., known as Red Hill; to the Committee on the Public Lands.

S. 1949. An act for relief of Indian war veterans who were discharged from the Army because of minority or misrepresentation of age; to the Committee on Military Affairs.

S. 1977. An act for the relief of John A. Farrell; to the Committee on the Public Lands.

S. 1989. An act to provide for the alteration of certain bridges over navigable waters of the United States, for the apportionment of the cost of such alterations between the United States and the owners of such bridges, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 1996. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1998. An act for the relief of Ernestine Huber Neuheller; to the Committee on Immigration and Naturalization.

S. 2038. An act for the relief of George H. Taylor; to the Committee on Military Affairs.

S. 2048. An act authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 2139. An act to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes; to the Committee on the District of Columbia.

S. 2156. An act for the relief of Walter Petersen; to the Committee on Claims.

S. 2188. An act granting the consent of Congress to the Providence, Warren & Bristol Railroad Co. to construct, maintain, and operate a railroad bridge across the Warren River at or near Barrington, R. I.; to the Committee on Interstate and Foreign Commerce.

S. 2234. An act for the relief of Walter R. Maguire; to the Committee on Claims.

S. 2242. An act creating the Memphis and Arkansas Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Memphis, Tenn.; and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 2250. An act for the relief of Joseph F. Tondre; to the Committee on Claims.

S. 2252. An act for the relief of Louis Simons; to the Committee on Claims.

S. 2262. An act to provide for a change in the time for holding court at Rock Hill and Spartanburg, S. C.; to the Committee on the Judiciary.

S. 2288. An act for the relief of John H. Balmat, Jr.; to the Committee on World War Veterans' Legislation.

S. 2306. An act relating to the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa; to the Committee on Interstate and Foreign Commerce.

S. 2348. An act relating to allowances to certain naval officers stationed in the Canal Zone for rental of quarters; to the Committee on Naval Affairs.

S. 2392. An act to legalize a bridge across Bayou La Fourche at Cut Off, La.; to the Committee on Interstate and Foreign Commerce.

S. 2407. An act granting the consent of Congress to the counties of Valley and McCone, Mont., to construct, maintain, and operate a free highway bridge across the Missouri River at or near Frazer, Mont.; to the Committee on Interstate and Foreign Commerce.

S. 2465. An act to authorize the consideration of recommendation of an award of a decoration to George J. Frank for distinguished service; to the Committee on Military Affairs.

S. 2469. An act relating to the exchange of certain lands in the State of Oregon; to the Committee on the Public Lands.

S. 2478. An act to limit the operations of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases; to the Committee on the Judiciary.

S. 2482. An act authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy; to the Committee on Naval Affairs.

S. 2484. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Interstate and Foreign Commerce.

S. 2500. An act authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce and John K. Quackenbush; to the Committee on Claims.

S. 2502. An act authorizing the county of Howard, State of Missouri, to construct, maintain, and operate a toll bridge across the Missouri River at or near Petersburg, Mo.; to the Committee on Interstate and Foreign Commerce.

S. 2511. An act to correct the military record of John W. Bough; to the Committee on Military Affairs.

S. 2513. An act for the relief of certain persons whose property was damaged or destroyed as a result of the crashes of two airplanes of the United States Navy at East Braintree, Mass., on April 4, 1939; to the Committee on Claims.

S. 2548. An act to amend an act entitled "An act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes," approved June 29, 1938; to the Committee on the District of Columbia.

S. 2563. An act to legalize a free highway bridge now being constructed across the Des Moines River at Levy, Iowa; to the Committee on Interstate and Foreign Commerce.

S. 2564. An act granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Red Rock, Iowa; to the Committee on Interstate and Foreign Commerce.

S. 2574. An act authorizing the construction of a highway bridge across the Chesapeake & Delaware Canal at St. Georges, Del.; to the Committee on Interstate and Foreign Commerce.

S. 2577. An act authorizing an appropriation for completing the mural decorations in the Senate reception room; to the Committee on the Library.

S. 2589. An act to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind.; to the Committee on Interstate and Foreign Commerce.

S. 2599. An act to amend the Naval Reserve Act of 1938 (Public, No. 732, 52 Stat. 1175); to the Committee on Naval Affairs.

S. 2611. An act authorizing the purchase of a site and the erection of a building in the State of Massachusetts for use as a radio-monitoring station, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 2619. An act to provide a measure of damages for trespass involving timber and other forest products upon lands of the United States; to the Committee on the Public Lands.

S. 2739. An act to amend section 45 of the United States Criminal Code to make it applicable to the outlying possessions of the United States; to the Committee on the Judiciary.

S. 2740. An act to amend section 9a, National Defense Act, as amended, so as to provide specific authority for the employment of warrant officers of the Regular Army as agents of officers of the finance department for the disbursement of public funds; to the Committee on Military Affairs.

S. 2769. An act to amend section 55, National Defense Act, as amended, to provide for enlistment of men up to 45 years of age in technical units of the Enlisted Reserve Corps; to the Committee on Military Affairs.

S. 2784. An act to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936; to the Committee on Insular Affairs.

S. 2805. An act to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair; to the Committee on Naval Affairs.

S. J. Res. 130. Joint resolution referring the claims of the Kiowa, Comanche, and Apache tribes of Indians in Oklahoma to the Court of Claims for finding of fact and report to Congress; to the Committee on Indian Affairs.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 153. An act to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights;

H. R. 161. An act to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended;

H. R. 542. An act for the relief of Anna Elizabeth Watrous;

H. R. 985. An act to authorize the Secretary of War to furnish certain markers for certain graves;

H. R. 1883. An act for the relief of Marguerite Kuenzi;

H. R. 1982. An act to amend the act entitled "An act to classify officers and members of the Fire Department of the District of Columbia, and for other purposes";

H. R. 2168. An act to authorize the Secretary of War to make contracts, agreements, or other arrangements for the supplying of water to the Golden Gate Bridge and Highway District;

H. R. 2234. An act for the relief of W. E. R. Covell;

H. R. 2413. An act for the protection of the water supply of the city of Ketchikan, Alaska;

H. R. 2480. An act for the relief of the estate of John B. Brack;

H. R. 2687. An act for the relief of Elbert R. Miller;

H. R. 2903. An act for the relief of Virginia Guthrie, Jake C. Aaron, and Thomas W. Carter, Jr.;

H. R. 2967. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation;

H. R. 3081. An act for the relief of Margaret B. Nonnenberg;

H. R. 3248. An act authorizing a per capita payment of $15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation;

H. R. 3305. An act for the relief of Charles G. Clement;

H. R. 3314. An act to provide shorter hours of duty for members of the fire department of the District of Columbia, and for other purposes;

H. R. 3321. An act to provide allowances for uniforms and equipment to certain officers of the Officers' Reserve Corps;

H. R. 3364. An act to transfer the control and jurisdiction of the Park Field Military Reservation, Shelby County, Tenn., from the War Department to the Department of Agriculture;

H. R. 3614. An act for the relief of Frank M. Croman;

H. R. 3623. An act for the relief of Capt. Clyde E. Steele, United States Army;

H. R. 3673. An act for the relief of the Allegheny Forging Co.;

H. R. 3730. An act for the relief of John G. Wynn;

H. R. 3796. An act to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes;

H. R. 3834. An act to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended;

H. R. 4155. An act for the relief of Mary A. Brummal;

H. R. 4391. An act for the relief of H. W. Hamlin;

H. R. 4440. An act for the relief of Mr. and Mrs. John Shebestok, parents of Constance and Lois Shebestok;

H. R. 4617. An act for the relief of Capt. Robert E. Coughlin;

H. R. 4762. An act for the relief of William S. Huntley;

H. R. 5036. An act authorizing the State highway departments of North Dakota and Minnesota and the counties of Grand Forks, of North Dakota, and Polk, of Minnesota, to construct, maintain, and operate a free highway bridge across the Red River near Thompson, N. Dak., and Crookston, Minn.;

H. R. 5064. An act to amend the act approved June 25, 1910, authorizing establishment of the Postal Saving System;

H. R. 5494. An act for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos;

H. R. 5523. An act authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn.;

H. R. 5525. An act to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes;

H. R. 5660. An act to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930;

H. R. 5781. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala.;

H. R. 5785. An act granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss.;

H. R. 5786. An act granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss.;

H. R. 5963. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 5964. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;

H. R. 5984. An act granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania;

H. R. 6045. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon;

H. R. 6070. An act to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.);

H. R. 6079. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near the town of Black Rock, Ark.;

H. R. 6111. An act to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation, from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17;

H. R. 6502. An act granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn.;

H. R. 6527. An act granting the consent of Congress to the Commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio;

H. R. 6577. An act to provide revenue for the District of Columbia, and for other purposes;

H. R. 6578. An act granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River;

H. R. 6672. An act to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747);

H. R. 6748. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.;

H. R. 6834. An act authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia;

H. R. 6870. An act to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the General Clarence R. Edwards Memorial Bridge, bridging Watershops Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass.;

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States;

H. R. 6928. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes;

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy;

H. J. Res. 247. Joint resolution to provide minimum national allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 5 minutes a. m. Friday, July 21, 1939) the House adjourned until 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

There will be a meeting of the Committee on Naval Affairs at 10 a. m., Friday, July 21, 1939, for the consideration of H. R. 2406, to provide for the adjustment of the status of planners and estimators and progressmen of the field service of the Navy Department.

COMMITTEE ON INVALID PENSIONS

The Committee on Invalid Pensions will hold hearings on Friday, July 21, 1939, at 10:30 a. m., room 247 House Office Building, of S. 522, Senate Report 414; H. R. 75, H. R. 1828, H. R. 2765, H. R. 3953, and H. R. 5977, proposed legislation with reference to veterans who rendered service during peacetime.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1023. A letter from the Secretary of War, transmitting a copy of the report of the Board of Engineers for Rivers and Harbors, and a copy of a letter from the Chief of Engineers to the Committee on Commerce; to the Committee on Flood Control.

1024. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Federal Security Agency for the fiscal year 1940 amounting to $17,750 (H. Doc. No. 434); to the Committee on Appropriations and ordered to be printed.

1025. A communication from the President of the United States, transmitting draft of a proposed provision affecting two existing appropriations for the War Department (H. Doc. No. 435); to the Committee on Appropriations and ordered to be printed.

1026. A communication from the President of the United States, transmitting supplemental provision pertaining to the appropriation "Replacement of naval vessels, armor, armament, and ammunitions," Navy Department, for the fiscal year ending June 30, 1940 (H. Doc. No. 436); to the Committee on Appropriations and ordered to be printed.

1027. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the National Capital Park and Planning Commission, for the fiscal year 1940, amounting to $150,000 (H. Doc. No. 437); to the Committee on Appropriations and ordered to be printed.

1028. A communication from the President of the United States, transmitting a draft of a proposed provision affecting an appropriation for the War Department, for construction at Fort Clayton, C. Z., contained in the Military Appropriation Act for 1940 (H. Doc. No. 438); to the Committee on Appropriations and ordered to be printed.

1029. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, for the fiscal year 1940, to remain available until expended, amounting to $8,431,300, for the construction of buildings, utilities, and appurtenances at military posts, required in connection with the Air Corps expansion program; in addition, this estimate provides a contract authorization for $8,500,000 (H. Doc. No. 439); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 7299. A bill to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair; without amendment (Rept. No. 1230). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 367. Joint resolution to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes; without amendment (Rept. No. 1231). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 262. A resolution providing for the consideration of S. 2009, an act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes; with amendment (Rept. No. 1232). Referred to the House Calendar.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. House Resolution 256. Resolution requesting information from the Secretary of the Navy (Rept. No. 1229). Laid on the table.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 5369) for the relief of Maj. Noe C. Killian, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FLANNERY:

H. R. 7310. A bill to reduce interest rates on loans on veterans' life insurance; to the Committee on World War Veterans' Legislation.

By Mr. MAY:

H. R. 7311. A bill to promote the efficiency of the national defense; to the Committee on Military Affairs.

By Mr. SMITH of Washington:

H. R. 7312. A bill to amend an act entitled "The Anti-Dumping Act of 1921" (May 27, 1921, ch. 14, sec. 212, 42 Stat. 15; June 17, 1930, ch. 497, title 4, sec. 651 (d), 46 Stat. 762); to the Committee on Ways and Means.

By Mr. STARNES of Alabama:

H. R. 7313. A bill to give honorably discharged veterans, their widows, and the wives of disabled veterans, who themselves are not qualified preference in employment when Federal funds are disbursed; to the Committee on the Civil Service.

By Mr. NICHOLS:

H. R. 7314. A bill to amend the act of Congress known as the District of Columbia Alcoholic Beverage Control Act, as amended, to permit the sale of beer to persons seated in automobiles parked upon the premises of the permittee in the District of Columbia; to the Committee on the District of Columbia.

By Mr. GREEN:

H. R. 7317. A bill to appropriate $100,000 for use in the eradication of screw worms; to the Committee on Appropriations.

By Mr. MICHAEL J. KENNEDY:

H. J. Res. 373. Joint resolution to determine the nature and effect of economic conditions or statutory provisions tending to produce unfair or inequitable discrimination on the basis of age in obtaining and retaining employment in public service and private industry; to the Committee on Labor.

By Mr. SMITH of Virginia:

H. Res. 265. Resolution providing for the expenses authorized in House Resolution 258; to the Committee on Accounts.

By Mr. STEAGALL:

H. Res. 266. Resolution for the consideration of Senate bill 591; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COFFEE of Washington:

H. R. 7315. A bill for the relief of William Reese; to the Committee on Military Affairs.

By Mr. HART:

H. R. 7316. A bill for the relief of John Pascale; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4811. By Mr. CHURCH: Petition of Gertrude L. Hammersmith and 30 others, of Chicago, Ill., urging the enactment of the General Welfare Act, H. R. 5620, at this session of Congress; to the Committee on Ways and Means.

4812. Also, petition of Olivia Walker and 89 others, of Evanston; Charles Schmidt and 30 others, of Chicago; and

Nettie M. Steele, and 29 others, of Wilmette, Ill., all urging the enactment of the General Welfare Act, House bill 5620, at this session of Congress; to the Committee on Ways and Means.

4813. By Mr. HART: Petition of the West New York Board of Trade, protesting against any new legislation permitting the importation of refined sugar in excess of 600,000 tons; to the Committee on Agriculture.

4814. By Mr. HAVENNER: Petition of the Labor's Non-Partisan League of California, stating that labor in California has no objection to necessary or helpful congressional investigation; but the proposal for a special committee to investigate the National Labor Relations Board is absolutely unnecessary; both House and Senate committees have been hearing testimony about the Board's activities for weeks—those investigations are still in progress and Congress can gain any desired information therefrom—and that Labor's Non-Partisan League urges opposition to House Resolution 258 calling for special board investigation; to the Committee on Labor.

4815. Also, petition of the American Newspaper Guild, Local 52, San Francisco, Calif., strongly objecting to the Smith resolution (H. Res. 258) authorizing investigation of Labor Board; to the Committee on Labor.

4816. By Mr. KEOGH: Petition of the Pennsylvania Bar Association, Harrisburg, Pa., concerning House bill 6324, the administrative law bill; to the Committee on the Judiciary.

4817. Also, petition of the New York Joint Council of the United Office and Professional Workers of America, New York City, concerning proposed amendments to the Work Relief Act; to the Committee on Appropriations.

4818. Also, petition of the Drivers, Chauffeurs, and Helpers, Local No. 816, New York City, urging continuation of the prevailing wage of Works Progress Administration projects; to the Committee on Appropriations.

4819. Also, petition of the Adult Elementary Students Workmens Circle School and Immediate Students Workmens Circle School, of Brooklyn, N. Y., concerning amendments to the Work Relief Act; to the Committee on Appropriations.

4820. Also, petition of the International Brotherhood of Blacksmiths, Drop Forgers, and Helpers, Chicago, Ill., urging enactment of Senate bill 2009, the Transportation Act of 1939; to the Committee on Interstate and Foreign Commerce.

4821. Also, petition of the Merca Traffic Service Bureau, New York City, concerning House bill 4862; to the Committee on Interstate and Foreign Commerce.

4822. Also, petition of the Mallory Transport Lines, New York City, concerning the Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

4823. Also, petition of the Sperry Products, Inc., Brooklyn, N. Y., concerning the O'Mahoney bill (S. 2719) to amend the antitrust laws; to the Committee on the Judiciary.

4824. Also, petition of the International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers of America, Kansas City, Kans., concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4825. Also, petition of the Dravo Corporation, Pittsburgh, Pa., concerning the Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

4826. By Mr. MERRITT: Resolution of the International Longshoremen's Association of the American Federation of Labor, New York City, opposing the Lea bill (H. R. 4862), or any similar legislation that proposes placing water carriers under the jurisdiction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

4827. Also, resolution of the New Rochelle (N. Y.) Clearing House, objecting to the passage of the Mead bill, which provides for the extension of Government lending; to the Committee on Banking and Currency.

4828. By Mr. PFEIFER: Petition of the Dravo Corporation, Pittsburgh, Pa., opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4829. Also, petition of the Merca Traffic Service Bureau, New York City, concerning amendment to the present House transportation bill; to the Committee on Interstate and Foreign Commerce.

4830. Also, petition of the International Brotherhood of Boiler Makers, Iron Ship Builders, and Helpers of America, Kansas City, Mo., urging support of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4831. Also, petition of the Brotherhood of Locomotive Firemen and Enginemen, Cleveland, Ohio, urging support of the House transportation bill; to the Committee on Interstate and Foreign Commerce.

4832. Also, petition of the Southern Transportation Co., Philadelphia, Pa., concerning the Transportation Act of 1939; to the Committee on Interstate and Foreign Commerce.

4833. Also, petition of the International Brotherhood of Blacksmiths, Drop Forgers, and Helpers, Chicago, Ill., urging support of the Transportation Act of 1939; to the Committee on Interstate and Foreign Commerce.

4834. Also, petition of the Sperry Products, Inc., Brooklyn, N. Y., opposing the O'Mahoney bill (S. 2719); to the Committee on the Judiciary.

4835. Also, petition of the National Grange, Washington, D. C., urging adoption of the Dempsey amendment to the Hatch bill (S. 1871); to the Committee on the Judiciary.

4836. Also, petition of workers on project No. 665–973–44, New York City, concerning the relief appropriation bill; to the Committee on Appropriations.

4837. Also, petition of the Drivers, Chauffeurs, and Helpers, Local No. 816, New York City, urging continuation prevailing wage of Works Progress Administration projects; to the Committee on Appropriations.

4838. Also, petition of the Pennsylvania Bar Association, Harrisburg, Pa., endorsing Senate bill 915 and House bill 6324; to the Committee on the Judiciary.

4839. By Mr. REED of Illinois: Petition of Fred M. Wells and 46 others, requesting congressional action on Works Progress Administration prevailing wage, 130-hour provision, 18-month clause, and the geographical wage differential; to the Committee on Appropriations.

4840. By Mr. REES of Kansas: Petition of A. H. Jacobs, of Delavan, and 107 other citizens of Morris County, Kans.; to the Committee on Interstate and Foreign Commerce.

4841. By Mr. WADSWORTH: Petition of Lizzie Hutchinson and others of Batavia, N. Y., urging Federal legislation to prohibit the advertising of alcoholic beverages in the press and over the radio; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, JULY 21, 1939

(Legislative day of Tuesday, July 18, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O Lord our God, Father of mankind: We beseech Thee to grant Thy blessing upon the President of the United States, the President of the Senate, and all Thy servants assembled here in solemn session. Upon them and their families and all the families of the Nation pour forth Thy grace; that their homes may be havens of faithfulness and patience, wisdom and true godliness, blessings and peace, till strife and discord, intolerance, and every misunderstanding shall be done away, and our land shall be filled with the glory of God as the waters cover the sea. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. MINTON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, July 20, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 1871) to prevent pernicious political activities, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

H. R. 153. An act to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights;

H. R. 161. An act to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended;

H. R. 542. An act for the relief of Anna Elizabeth Watrous;

H. R. 985. An act to authorize the Secretary of War to furnish certain markers for certain graves;

H. R. 1883. An act for the relief of Marguerite Kuenzi;

H. R. 1982. An act to amend the act entitled "An act to classify officers and members of the fire department of the District of Columbia, and for other purposes";

H. R. 2168. An act to authorize the Secretary of War to make contracts, agreements, or other arrangements for the supplying of water to the Golden Gate Bridge and Highway District;

H. R. 2234. An act for the relief of W. E. R. Covell;

H. R. 2413. An act for the protection of the water supply of the city of Ketchikan, Alaska;

H. R. 2480. An act for the relief of the estate of John B. Brack;

H. R. 2687. An act for the relief of Elbert R. Miller;

H. R. 2903. An act for the relief of Virginia Guthrie, Jake C. Aaron, and Thomas W. Carter, Jr.;

H. R. 2967. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation;

H. R. 3081. An act for the relief of Margaret B. Nonnenberg;

H. R. 3248. An act authorizing a per capita payment of $15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation;

H. R. 3305. An act for the relief of Charles G. Clement;

H. R. 3314. An act to provide shorter hours of duty for members of the fire department of the District of Columbia, and for other purposes;

H. R. 3321. An act to provide allowances for uniforms and equipment to certain officers of the Officers' Reserve Corps;

H. R. 3364. An act to transfer the control and jurisdiction of the Park Field Military Reservation, Shelby County, Tenn., from the War Department to the Department of Agriculture;

H. R. 3614. An act for the relief of Frank M. Croman;

H. R. 3623. An act for the relief of Capt. Clyde E. Steele, United States Army;

H. R. 3673. An act for the relief of the Allegheny Forging Co.;

H. R. 3730. An act for the relief of John G. Wynn;

H. R. 3796. An act to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes;

H. R. 3834. An act to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended;

H. R. 4155. An act for the relief of Mary A. Brummal;

H. R. 4391. An act for the relief of H. W. Hamlin;

H. R. 4440. An act for the relief of Mr. and Mrs. John Shebestok, parents of Constance and Lois Shebestok;

H. R. 4617. An act for the relief of Capt. Robert E. Coughlin;

H. R. 4762. An act for the relief of William S. Huntley;

H. R. 5036. An act authorizing the State highway departments of North Dakota and Minnesota and the counties of Grand Forks, of North Dakota, and Polk, of Minnesota, to construct, maintain, and operate a free highway bridge across the Red River near Thompson, N. Dak., and Crookston, Minn.;

H. R. 5064. An act to amend the act approved June 25, 1910, authorizing establishment of the Postal Savings System;

H. R. 5494. An act for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos;

H. R. 5523. An act authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn.;

H. R. 5525. An act to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes;

H. R. 5660. An act to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930;

H. R. 5781. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.;

H. R. 5785. An act granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss.;

H. R. 5786. An act granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss.;

H. R. 5963. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 5964. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;

H. R. 5984. An act granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania;

H. R. 6045. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon;

H. R. 6070. An act to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.);

H. R. 6079. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near the town of Black Rock, Ark.;

H. R. 6111. An act to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation, from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17;

H. R. 6502. An act granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn.;

H. R. 6527. An act granting the consent of Congress to the Commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio;

H. R. 6577. An act to provide revenue for the District of Columbia, and for other purposes;

H. R. 6578. An act granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, main-

tain, and operate a pipe-line bridge across the Missouri River;

H. R. 6672. An act to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas," approved May 26, 1928 (45 Stat. 747);

H. R. 6748. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.;

H. R. 6834. An act authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia;

H. R. 6870. An act to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the General Clarence R. Edwards Memorial Bridge, bridging Watershops Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass.;

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States;

H. R. 6928. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes;

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy;

H. J. Res. 247. Joint resolution to provide minimum national allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Russell
Andrews	Ellender	La Follette	Schwartz
Ashurst	Frazier	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	Logan	Shipstead
Bankhead	Gibson	Lucas	Stewart
Barbour	Gillette	Lundeen	Taft
Barkley	Glass	McCarran	Thomas, Okla.
Bone	Green	McKellar	Thomas, Utah
Borah	Guffey	McNary	Tobey
Bridges	Gurney	Maloney	Townsend
Bulow	Hale	Mead	Truman
Burke	Harrison	Miller	Tydings
Byrd	Hatch	Minton	Vandenberg
Byrnes	Hayden	Murray	Van Nuys
Capper	Herring	Norris	Wagner
Chavez	Hill	O'Mahoney	Walsh
Clark, Idaho	Holman	Overton	Wheeler
Clark, Mo.	Holt	Pepper	White
Connally	Hughes	Pittman	Wiley
Danaher	Johnson, Calif.	Radcliffe	
Davis	Johnson, Colo.	Reed	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from West Virginia [Mr. NEELY], and the Senator from Illinois [Mr. SLATTERY] are absent on important public business.

The Senator from Ohio [Mr. DONAHEY] is unavoidably detained.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to law, the Annual Report of the Federal Bureau of Narcotics for the year ended December 31, 1938, which, with the accompanying report, was referred to the Committee on Finance.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolution of the Young Men's Business Club, of New Orleans, La., favoring continuation and expansion of present investigations relative to alleged graft, corruption, misappropriation of moneys, and malfeasance in office of certain officials in connection with the handling of public funds in the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution of the twenty-first annual convention of the Michigan Federation of Post Office Clerks, praying for the appointment of a joint congressional commission to investigate conditions surrounding the employment of substitute post-office clerks in first- and second-class post offices, and clerks in third-class post offices, with a view of recommending necessary and desirable legislation, which was referred to the Committee on Post Offices and Post Roads.

REPORTS OF COMMITTEES

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2261) for the relief of the Western or Old Settler Cherokees, and for other purposes, reported it without amendment and submitted a report (No. 889) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which were referred the following bills and joint resolutions, reported them severally without amendment and submitted reports thereon:

S. 2609. A bill to reimpose the trust on certain lands allotted to Indians of the Crow Tribe, Montana (Rept. No. 890);

H. R. 4965. A bill for the relief of J. Harry Walker (Rept. No. 891);

H. R. 5506. A bill to authorize the Secretary of the Interior to contract with the State Water Conservation Board of Montana and the Tongue River Water Users' Association for participation in the costs and benefits of the Tongue River Storage Reservoir project for the benefit of lands on the Tongue River Indian Reservation, Mont. (Rept. No. 892);

S. J. Res. 153. Joint resolution to approve the action of the Secretary of the Interior in deferring the collection of certain irrigation charges against lands under the Blackfeet Indian irrigation project (Rept. No. 893); and

H. J. Res. 264. Joint resolution to approve the action of the Secretary of the Interior deferring the collection of certain irrigation construction charges against lands under the San Carlos and Flathead Indian irrigation projects (Rept. No. 894).

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 2709) to limit the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain cases, reported it with amendments and submitted a report (No. 895) thereon.

ENROLLED BILLS PRESENTED

Mr. TRUMAN (for Mrs. CARAWAY), from the Committee on Enrolled Bills, reported that on July 20, 1939, that committee presented to the President of the United States the following enrolled bills:

S. 504. An act to provide a right-of-way;

S. 770. An act to authorize the addition to Glacier National Park, Mont., of certain property acquired for the establishment of a fish hatchery, and for other purposes;

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States;

S. 1155. An act to provide for probationary appointments of officers in the Regular Army;

S. 1725. An act relating to the acquisition of the site for the post-office building to be constructed in Poplarville, Miss.; and

S. 1878. An act to provide for the distribution of the judgment fund of the Shoshone Tribe of the Wind River Reservation in Wyoming, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MEAD:

S. 2848. A bill to amend the act entitled "An act to adjust the compensation of certain employees in the Customs Service," approved May 29, 1928; to the Committee on Finance.

By Mr. BYRD:

S. 2849. A bill granting an increase of pension to Mary W. Osterhaus; to the Committee on Pensions.

S. 2850. A bill to prohibit the exportation of tobacco seed, except for experimental purposes; to the Committee on Agriculture and Forestry.

By Mr. LEE:

S. 2851. A bill for the relief of Sherman Hardrick; to the Committee on Finance.

S. 2852. A bill authorizing the appointment and retirement of Edgar C. Hill as a captain, United States Army; to the Committee on Military Affairs.

By Mr. TYDINGS:

S. 2853 (by request). A bill to amend the act of Congress known as the District of Columbia Alcoholic Beverage Control Act, as amended, to permit the sale of beer to persons seated in automobiles parked upon the premises of the permitee in the District of Columbia; to the Committee on the District of Columbia.

By Mr. ADAMS:

S. 2854. A bill to authorize the lease or sale of certain public lands in Alaska, and for other purposes;

S. 2855. A bill to authorize the Secretary of the Interior to withdraw public-domain lands for the protection of watersheds; and

S. 2856. A bill to authorize the Secretary of the Interior to sell or lease for park or recreational purposes, and to sell for cemetery purposes, certain public lands in Alaska; to the Committee on Public Lands and Surveys.

By Mr. BARBOUR:

S. 2857. A bill to extend the amortization period and reduce the interest rate on Home Owners' Loan Corporation mortgages; to the Committee on Banking and Currency.

S. 2858. A bill to provide for an appeal to the Supreme Court of the United States from the decision of the Court of Claims in a suit instituted by George A. Carden and Anderson T. Herd; to the Committee on the Judiciary.

By Mr. BAILEY:

S. 2859. A bill to perfect the consolidation of the Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard, of certain officers and employees of the Lighthouse Service, and for other purposes; to the Committee on Commerce.

By Mr. WAGNER (for himself, Mr. PEPPER, and Mr. DOWNEY):

S. 2860. A bill to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the Federal arts projects; to the Committee on Appropriations.

By Mr. WAGNER:

S. 2861. A bill to record the lawful admission to the United States for permanent residence of Solomon Kreitman; to the Committee on Immigration.

S. 2862. A bill to provide compensation for disability or death resulting from injury to employees of interstate carriers, and for other purposes; to the Committee on Interstate Commerce.

By Mr. ELLENDER:

S. 2863. A bill for the relief of Clarence Stanley Williams; to the Committee on Immigration.

LOANS FOR SELF-LIQUIDATING PROJECTS—AMENDMENT

Mr. MALONEY submitted an amendment intended to be proposed by him to the bill (S. 2759) to provide for the construction and financing of self-liquidating projects, and for other purposes, which was referred to the Committee on Banking and Currency, and ordered to be printed.

AUTHORIZATION OF WORKS ON RIVERS AND HARBORS—AMENDMENT

Mr. DOWNEY submitted an amendment intended to be proposed by him to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed.

INVESTIGATION OF IMMIGRATION PROBLEM

Mr. HOLMAN submitted the following resolution (S. Res. 168), which was referred to the Committee on Immigration:

Resolved, That the Committee on Immigration, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the immigration of aliens into the United States with a view to determining, among other things, (1) the extent to which aliens have been permitted to enter the United States in violation of the immigration laws, (2) whether any deficiencies exist in the immigration laws or in the administration thereof which permit entry into the United States of undesirable aliens or aliens who compete with citizens of the United States in securing employment, and (3) necessary steps to be taken in order to correct any such deficiencies and to prevent the continuation of any violation or circumvention of the immigration laws. The committee so appointed shall report to the Senate, at the earliest practicable date, the results of its investigation together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate in the Seventy-sixth and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

NEW ENGLAND FISHING INDUSTRIES—INVESTIGATION BY TARIFF COMMISSION

Mr. LODGE. Mr. President, I ask consent to submit a resolution for appropriate reference directing the United States Tariff Commission to investigate and report, as soon as practicable, the facts with respect to the importation of fresh and frozen fish. I offer this resolution, which is a companion piece to one presented by Representative BATES in the House of Representatives, because I am advised that imports of fish fillets from Canada have multiplied more than five times during the last 5 years under the reciprocal trade program, and the last figures from the Department of Commerce show another large increase during the first 6 months of 1939 as compared with the same period of 1938.

The resolution directs a special study of this situation, involving the destruction of the New England fishing industries, and a full report as soon as possible. I am hopeful that when such figures are available to Congress there will be corrective action.

The city of Gloucester, Mass., one of our largest fishing centers, whose citizens have been following the sea for generations, is the hardest hit by these foreign imports. In fact, on Sunday, July 30, they are to have "a remonstrance day" to protest against these imports of fish.

I may say, in conclusion, that under the Tariff Act of 1930 imports of fresh and frozen fish fillets were taxed 2½ cents a pound. Under the reciprocal-trade treaty the rate was reduced to 1⅞ cents a pound. A tariff of at least 4 cents a pound would be required to equalize production costs.

There being no objection, the resolution (S. Res. 169) was referred to the Committee on Finance, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 332 of the Tariff Act of 1930, to investigate and report to the Senate as soon as practicable the facts with respect to the importation of fresh and frozen food fish, except shellfish, during the fiscal year ending June 30, 1939, and the effect of such importations and any foreign trade agreements entered into under section 350 of such act upon the domestic fishing industry.

SPEECHES BY AND EDITORIAL COMMENTS CONCERNING SENATOR ASHURST

[Mr. ASHURST asked and obtained leave to have printed in the RECORD certain letters written by him and speeches made

by him and, also a number of editorials, which appear in the Appendix.]

NEW PROBLEMS OF GOVERNMENT—ADDRESS BY SENATOR TAFT

[Mr. McNARY asked and obtained leave to have printed in the RECORD an address on the subject of New Problems of Government, delivered by Senator TAFT before the Institute of Public Affairs of the University of Virginia, at Charlottesville, Va., July 14, 1939, which appears in the Appendix.]

ADDRESSES IN HONOR OF THOMAS A. EDISON AND MRS. MINA M. EDISON HUGHES

[Mr. BARBOUR asked and obtained leave to have printed in the Appendix of the RECORD addresses in honor of the late Thomas A. Edison and Mrs. Mina M. Edison Hughes delivered at a dinner held at the Newark Athletic Club on Wednesday, May 31, 1939, which appear in the Appendix.]

NEUTRALITY—ARTICLE BY DAVID LAWRENCE

[Mr. MINTON asked and obtained leave to have printed in the RECORD an article in the Washington Star written by David Lawrence under the headline "Senate Spikes United States Guns of Trade," which appears in the Appendix.]

ADDITIONAL CIRCUIT AND DISTRICT JUDGES

Mr. ASHURST. Mr. President, asking pardon of the Senate for discussing a subject not now before the Senate, I advert to an editorial printed in the New York Times of July 20, entitled "Help Sorely Needed." There is implied, if not expressed, in the editorial a criticism of Congress for its delay in providing an additional district judge for the southern district of New York. I rise, not to complain against the editorial but rather to join my criticism with that contained in the editorial. There is now pending on the Senate calendar a bill, S. 2185, which, after months of careful investigation, has been reported from the Senate Committee on the Judiciary, proposing to create an additional circuit judge for the sixth circuit and an additional one for the eighth circuit, and also additional district judges for the southern district of California, the district of New Jersey, the western district of Oklahoma, the eastern district of Pennsylvania, the southern district of New York, and one for the northern and southern districts of Florida. I shall at the appropriate time move that the Senate proceed to the consideration of that bill after the pending unfinished business shall have been concluded.

Mr. McNARY. Mr. President, my attention was diverted. May I inquire what bill the Senator from Arizona has in mind?

Mr. ASHURST. I refer to Senate bill 2185 to provide for the appointment of additional district and circuit judges, which is No. 716 on the calendar. I will repeat what I said.

Mr. McNARY. I do not ask the Senator to do that.

Mr. ASHURST. My remarks arose because of an editorial printed in yesterday's New York Times in which criticism was made of Congress for its delay in providing an additional district judge for the southern district of New York. The criticism is just. I wish to bear my share of the blame, and as much of the blame as other Senators may feel it irksome for them to bear. I gave notice that as soon as the pending bill shall have been concluded, I shall, if I secure the floor, ask the Senate to consider the bill which has been reported from the Judiciary Committee and which proposes to create two additional circuit judgeships and six additional district judgeships.

This bill is not a "flash in the pan." It is the result of 1 year's careful investigation. The special committee sent some of its members to the various States to investigate and ascertain personally the need of such additional judges. The Senate Committee on the Judiciary has reported a bill proposing an additional circuit judge in the sixth circuit, one in the eighth circuit, and one additional district judge in each of the following States: California, New Jersey, Oklahoma, Pennsylvania, New York, and Florida.

Mr. McNARY. If the Senator will pardon me, may I inquire if it is proposed that the judgeship to be created in California is a district judge or a circuit judge?

Mr. ASHURST. It is a district judge.

Mr. McNARY. No new circuit is created?

Mr. ASHURST. No new circuit is created. An additional judge for the sixth circuit and an additional judge for the eighth circuit are provided, but no change in the circuits or districts is proposed in this particular bill.

Mr. McNARY. May I ask the able Senator is there any controversy over the bill? Will it lead to any debate?

Mr. KING. I may say I think it will. I shall oppose it.

Mr. ASHURST. Some Senators are opposed to the bill, and I very much respect their judgment, but I am of the opinion that the Senate should, before it adjourns, pass the bill.

TRUTH IN FABRIC

The Senate resumed the consideration of the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. THOMAS of Oklahoma. I submit two amendments to the pending bill and ask that they lie upon the table until the proper time formally to offer them.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table.

The pending question is on the first amendment of the committee, which was stated yesterday.

Mr. SCHWARTZ. Mr. President, yesterday the senior Senator from Vermont [Mr. AUSTIN] was giving a résumé of the testimony with reference to the brief of the Consumers' League for Honest Wool Labeling, and particularly the testimony of Mr. Wilson; and the Senator stated, as the RECORD shows, that he asked that Mr. Wilson furnish the names of the members of that association and file them with the committee, Mr. Wilson having stated that the league was a Wyoming organization.

Under date of March 9 Mr. Wilson filed with the committee a statement of the Wyoming members, and I desire to introduce it in the RECORD at this point.

The VICE PRESIDENT. Without objection, the statement will be printed in the RECORD.

The statement is as follows:

MEMBERS OF CONSUMERS LEAGUE FOR HONEST WOOL LABELING

Douglas, Wyo.: Wesley K. Wiker, H. J. Bolln, E. H. Potter, R. L. Swan, Cash Wadsworth, Archie Alexander, Heywood Picklesimer, Harry A. Gillispie, Edward F. Edwards, Fred Jenne, Rhea Tillard, H. C. Reese, H. F. Esmay, William J. Smith, T. U. Slonaker, Mrs. Sarah E. Morton, John R. Morton, J. W. Williams, V. H. Knisely, George Cross, Jr., William R. Moore, Dr. J. R. Hylton, Charles Saul, Fred Dilts, Louis Cook, Jr., Douglas Cook.

Ross, Wyo.: Herman Werner, Lee Moore, Delbert Pierce, Alex Cunningham, LeRoy Moore.

Midwest, Wyo.: Robert B. Moore, W. E. Taylor, J. S. Parsons, J. W. McPhillamey.

Bear Creek, Wyo.: E. W. Manning, Harold Carson, M. G. Hardy, Robert Hardy, Wheeler Eskew.

Turnercrest, Wyo.: Floyd Reno, S. A. Archibald, Rex Haas.

Beulah, Wyo.: Annajean Andrews.

McKinley, Wyo.: J. B. Wilson, Bess M. Wilson, S. M. Petersen.

Laramie, Wyo.: Mrs. G. H. Ernwine, Mrs. C. C. Falkenstein, Mrs. R. P. Gottshalk, Mrs. Sigrid B. Anderson, Mrs. Sarah Haskins, Miss Christine McDonald, Mrs. Lena F. Hecht, Mrs. Richard Hecht, Mrs. F. S. Hultz, Miss Mary Callapy, Miss Evangeline Jennings, Miss Gladys Oller, Miss Bernice Forrest, Mrs. R. S. Idle, Mrs. J. H. King, Mrs. S. H. Knight, Mrs. A. W. McCollough, Mrs. Elizabeth McVicar, Mrs. H. C. Prahl, Mrs. O. C. Schwiering, Mrs. S. S. Wheeler, Miss Margery Hewell, Miss Ruth Bumpus, Mrs. Evelyn Hill, Mrs. H. T. Person, Mrs. Carl Arnold, Mrs. W. E. Stevens, Mrs. Tom H. Barratt, Mrs. W. B. Owen, Miss Rita Jain, Miss Rita Ridings, Mrs. F. A. Halliday, Miss Viola Beery, Mrs. Robert Blair, Mrs. D. M. Blair, Mrs. J. E. Contrell, Mrs. Hugh Moreland, Mrs. R. C. Contrell, Mrs. H. E. Dailey, Mrs. J. A. Hill, Miss Sally Hill, Mrs. Boyd G. Carter, Mrs. Paul H. Crissman, Mrs. Verna J. Hikcock, Mrs. Howard Hall, Mrs. May R. Jewell, Mrs. Lula J. Bumpus.

Evanston, Wyo.: Alice Heward.

Cheyenne, Wyo.: Grace S. Tod, Elizabeth Reiff, Frances Brodie, Nellie Gowes, Wilhelmina Miller, Nell Shrewsbury, Ethel McMannama, Margaret Jones, M. D., Stanley C. Hanks, Ruth Hassed, Ruth H. Kingham, Lucy Caras, Josephine S. Connelly, Margarete Wilms, Dan W. Greenburg, Leah R. Brill, Julia Bartlett Freeborn, Fraye McGwenn, Laura B. True, Mary L. Denoute, H. D. Port, Russell Thorp, Myrna T. Agee, Mary Ohlund, Hazel Olsen, Mrs. Walter T. More, Mrs. R. J. Boesel, Mrs. Charles Husig, Mrs. William C. Wolcott, Mrs. Galen A. Fox, Mrs. S. P. Wallin, Mrs. J. M. Garnett, Mrs. J. A. Greenwood, W. F. Nelson, Jack Shafer, Walter Halle, Warren Live Stock Co.

Consumer-Buyer Group of the Cheyenne Branch of the American Association of University Women: Mrs. John W. Scott (leader),

400 West Twenty-seventh Street; Mrs. John E. Jussila, 2410 House Avenue; Mrs. C. W. Skinner, 220 East First Avenue; Mrs. Lowell H. Hurt, 3025 Cribbon Avenue; Mrs. H. D. Port, 402 West Twenty-eighth Street; Mrs. E. C. Andrew, 3512 Central Avenue; Mrs. James Powers, 3421 Central Avenue; Mrs. George T. Cunningham, 308 East Twenty-seventh Street; Mrs. Lester Bagley, 2122 House Street; Laura V. Richardson, 2220 Capitol Street; Mrs. A. M. Etter, 406 West Twenty-eighth Street; Mrs. Lester Garton, 322 West Twenty-eighth Street; Mrs. Hattie Port, 402 West Twenty-eighth Street; Mrs. Paul Allright, 3517 Central Avenue; Mrs. H. C. Klein, 3000 Central Avenue; Mrs. Clara Raife Comly, 2822 Captol Avenue; Mrs. Walter Park, 3020 Capitol Avenue; Warren Richardson, 2220 Capitol Avenue; Mrs. C. N. Kinney, 422 West Twenty-ninth Street; Mrs. W. F. Nelson, 2815 Thomes Avenue (all in Cheyenne, Wyo.).

Rawlins, Wyo.: J. R. Engstrom, Howard J. DeLude, Stella Cooley, J. C. Budu, Mike Sumare, Charles McChesny, H. M. King, W. E. France, C. W. Kildeer, Newt Doggett, Skermer Rasmussen, Bill Helbertius, M. A. Bauer, K. Kazmerchok, E. W. Green, O. J. Seaverson, Kleber H. Hadsell, D. R. Higley, Anthony Stratton, Margery Stratton, Thomas Stratton, Mrs. Helen Bogren, Roy R. Bogner, D. L. Rusk, Robert Ogilvie, Maud M. Bonds, Vera C. McCoy, John S. Childs, Reynold A. Seaverson, Kudt Thuys, W. A. Thuys, Isadore Bottin, F. W. Mattas, Rawlins Thuys, J. R. Cully, W. L. Alwin, Ross Alcorn, Will F. Daley, Bea Alcorn, James A. Sheahan, Vina K. Sheahan, Helen Doggett, J. P. Shrahms, W. B. Humphreys, R. C. McLain, Fannie Rendle, B. G. Higgins, Laura Brown, Freda Wolgren, W. B. Atchison, C. F. Margusett, Ann Hangard, Mrs. Fred Milam (Bairoil, Wyo.), F. F. Kraft, Lester Seaverson, Eva Gilell, S. A. H. Charald, Nina H. Ferris, Mabel Pilger, Alice Kenney, Elmer Albertson, Ida Annacon, Nelse Holmhing, Dorothy Boldman, Frank J. Meyers, Glen Walker, Tyler Hays, M. E. Pickett, John F. Gooldy, Mrs. Dennis Omelia, Mrs. Willet Robertson, Mrs. Frank Cullen, Fred C. Spring (Laramie, Wyo.), Masley Johnson, J. E. Turney, W. L. Nelum, Bert Hanks, W. L. Robertson, J. G. Mathiesen, C. L. Alsop, M. M. Tunny, O. B. Gilbert, Wesley F. Johnson, Homer Hughes, Glenn Penland, H. W. Thompson, Leland A. Luke, Harold M. Johnson, John Johnson, Martha Gustafson, Arnold J. Nielsen, W. W. Daisy, P. B. Dailey, W. A. Whelan, R. M. Hulme, Robert P. Peterson, Mrs. J. P. Arnott, Mrs J. C. Tweed, Mrs. Mabel King, Mrs. Dorrace Kaufman, Fred Kelly, B. S. Price, F. E. Froling, Ed Peterson, Paul Isom, Mrs. Victoria Froling, Chris Brown, George R. Weddle, Katrine M. Hadsell.

Kemmerer, Wyo.: John A. Reed.

Mr. WALSH. Mr. President, I should like the attention of the Senator from Vermont [Mr. AUSTIN].

Unfortunately, because of my being a member of an important conference committee, I have not had an opportunity to listen to the entire debate on the pending bill; but there are some features of it about which I should like to be informed.

First of all, I desire to ask the Senator from Vermont a practical question. If the bill is enacted into law, what will be the marking on a piece of woolen cloth which is made in part from so-called virgin wool and in part from reclaimed wool?

Mr. AUSTIN. Mr. President, if the product contains wool which has been made into a fibrous state after having been spun, woven, knitted, felted, or otherwise manufactured, it must have a label "Reclaimed wool."

If, however, it contains, purports to contain, or in any way is represented as containing wool, it shall have a mark "wool product."

However, if the fabric is of material which has never been reclaimed from any spun, woven, knitted, felted, or otherwise manufactured product, and is wool from the back of a sheep—that is, not wool which has been pulled from the pelt of a dead sheep but wool which comes from a live sheep—it must have a mark "virgin wool."

There is also a very comprehensive mark which is as follows: The mark "wool" and the term "wool" under this bill would mean the fiber from the fleece of the sheep or lamb, or hair of the angora or cashmere goat, and may include the so-called specialty fibers, namely, the hair of the camel, alpaca, llama, rabbit, and vicuna.

Does that answer the Senator's question?

Mr. WALSH. Yes; in part. Does the label have to show the percentage of virgin wool or reclaimed wool?

Mr. AUSTIN. Mr. President, it does; and if an error is made, it is an unfair practice.

Mr. WALSH. What is the penalty?

Mr. AUSTIN. There is not a penalty for a mere error; but if there is a willful misrepresentation, there may be two consequences: One is the civil action of an injunction, and the other is the criminal one of imprisonment or fine.

Mr. WALSH. That is, if there is fraud or deliberate misrepresentation of the contents of a material required to be labeled under this bill, the manufacturer would be subject to a civil injunction and a criminal process?

Mr. AUSTIN. Mr. President, not only the manufacturer but also the person who knowingly receives from the manufacturer and resells, or attempts to resell, the misbranded article.

Mr. WALSH. So that the wholesaler and the retailer who had knowledge that the brand was not correct would be subject to the same penalty as would the manufacturer?

Mr. AUSTIN. Yes.

Mr. WALSH. If they knowingly dealt in a misbranded article?

Mr. AUSTIN. Yes.

Mr. WALSH. Now, I should like to ask the Senator if it is not a well-known fact that wool varies to a very large and extensive degree in its fineness, in its durability, in its quality, and in the price it commands in the open market?

Mr. AUSTIN. Mr. President, my understanding is that there are many different degrees of quality in wool that could be marked "virgin wool"; therefore that the consumer, on seeing a piece of goods marked "virgin wool," may not know from that mark alone whether he is getting a high quality of goods or a very low quality. The label "virgin wool" could truthfully represent a fleece that came from a live sheep, and yet it might be a fleece that was poor in textile strength; it might be a fleece that was long or it might be one that was short. It might be a fleece that had been painted; for where sheep are allowed to graze a range it is customary to identify them with paint, and the place that has been painted may have had to be cleaned to such an extent and in such a manner as to reduce the quality of the fleece. So it is possible to have within the term "virgin wool" many grades of quality and of durability of wool.

Mr. WALSH. Can the Senator give us some information in reference to the variation in prices of these different qualities of wool? My recollection is that it ranges from a few cents to almost a dollar, or perhaps over a dollar, per pound, according to the different grades.

Mr. AUSTIN. Mr. President, I could not answer the question from memory. I think the prices appear in the RECORD.

Mr. WALSH. But the price does increase very rapidly and very extensively in proportion to the fineness and quality of the fleece. Is not that correct?

Mr. AUSTIN. Yes; I believe that to be a correct statement.

Mr. WALSH. What troubles me about the bill is not so much the requirement to label or to show what proportion of reused wool and what proportion of wool that is not reused is contained in a suit of clothes or a piece of woven cloth. It is the matter to which the Senator has referred, that if this is a bill to require the label to inform the consumer, and to give him some information as to the quality, and to be a protection to the consumer as to the quality or kind of wool he is purchasing, there should be in the bill some provision requiring the label to designate the low value or the inferior quality of some of the wool, and there ought to be some information on the label as to the fineness and the better quality of reclaimed wool.

Mr. AUSTIN. Mr. President, in answer to the question, let me say that inadvertently the distinguished Senator from Massachusetts has used a new term not heretofore spoken of between us; that is, the term "reused wool." Reused wool differs from reprocessed or reclaimed wool or wool product, as spoken of in the pending bill. Reused wool is really secondhand wool; that is, wool which has been used by the ultimate consumer and then reduced to a fiber.

The question of the Senator from Massachusetts is whether the bill indicates quality in any way; that is, warmth, durability——

Mr. WALSH. Strength.

Mr. AUSTIN. And style, all those characteristics which go into a garment. It is my opinion that it does not in any way require the label to identify the difference between a finished product which is really poor in quality and a finished product

which is really good in quality, because there may be a garment made of virgin wool that is not as good in quality as a garment made of the virgin wool and the reprocessed wool combined.

Mr. WALSH. My next question to the Senator relates to that subject. Is it not a fact that there are many woolen textiles, so-called, of which the quality and the fineness and the usefulness and the style are much better, in a cloth or garment in which there are both so-called virgin wool and so-called reprocessed wool?

Mr. AUSTIN. Yes.

Mr. WALSH. And is it not a fact that many textiles combining reprocessed wool with so-called virgin wool are often very much better in quality and in usefulness than cloths made of the inferior or cheaper so-called virgin wool?

Mr. AUSTIN. Yes.

Mr. WALSH. Is there anything in the pending bill which would compel to be indicated to a consumer the difference in merit between garments and cloths containing low-grade wool and those made of the best quality of reprocessed and virgin wool?

Mr. AUSTIN. Mr. President, I would answer that question in this way: There is nothing in the bill which would help the consumer to know, from the use of the label "virgin wool," that he is getting a better product on the merit basis than he would have if the label bore the words "reused wool", or any other label whatever, for the simple reasen that merit does not depend solely upon the use of virgin wool in a fabric, but depends upon many other factors; and for the additional reason that there may be a high percentage of reworked wool in a garment and a low percentage of virgin wool in it, and it may still be the finest type of fabric from the merit point of view.

Mr. WALSH. I appreciate that.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. SCHWARTZ. The short-fiber wool, or the low grade of virgin wool, is used in certain kinds of manufacture, we will say, in stockings, or to give an extra gloss to the nap of some sort of garment. When reclaimed wool is used for the same purposes, of course, it must be reclaimed from the same class of wool, so that the comparison is that a given grade of virgin wool will come in competition with a given grade of reworked wool made from the same grade of virgin wool. So if there is immature fiber in the virgin wool it does not come in competition with the better grades of reworked wool and longer fibers.

Mr. WALSH. I appreciate having the Senator's statement.

Mr. AUSTIN. May I amplify my answer just a moment?

Mr. WALSH. Before the Senator does that, permit me to say that we have been discussing the variation in the fineness and quality of so-called virgin wool and even in the price. Does not the same situation apply to reprocessed wool?

Mr. AUSTIN. Yes.

Mr. WALSH. Is there anything in the bill to compel anyone to show that the reprocessed wool is of a high quality, the most expensive on the market, in contrast with the inferior or low-quality reprocessed wool?

Mr. AUSTIN. No. If the Senator will permit me, in discussing and answering his question, when I used the word "merit" in relation to a garment, I assumed these factors: First, strength, weight ratio; second, fiber length, to which the Senator from Massachusetts referred; and, third, the percentage of frayed and broken fibers in the piece, all of which enter into making the test whether one garment has more merit than another, so far as fabric goes.

Mr. WALSH. There would be nothing on the labels to indicate any of the factors to which the Senator has referred in arriving at the value of wool, or the durability of it, or the fineness of it?

Mr. AUSTIN. That is correct.

Mr. SCHWARTZ. Mr. President, will the Senator from Massachusetts yield at that point?

Mr. WALSH. I gladly yield to the Senator from Wyoming.

Mr. SCHWARTZ. The Senator has brought out that the bill requires the labeling of woolens. Let me read from subdivision (b) on page 7:

> In addition to information required in this section, the stamp, tag, label, or other means of identification, or substitute therefor under section 5, may contain other information not violating the provisions of this act or the rules and regulations of the Commission.

Mr. WALSH. I assume, from what the Senator has read, that authority is given to some official to amplify further the requirement on the tags.

Mr. SCHWARTZ. In an explanatory manner, other information may be put on the label which will not violate the statement of percentages and the different classes of fibers required elsewhere in the bill.

Mr. WALSH. Who will administer that?

Mr. SCHWARTZ. The whole act is to be administered by the Federal Trade Commission.

Mr. AUSTIN. Mr. President, will the Senator from Massachusetts yield further?

Mr. WALSH. I yield.

Mr. AUSTIN. That is one of the most deceptive things about the bill. Let me read the paragraph just prior to that read by the Senator from Wyoming:

> In the case of a wool product represented as virgin wool, if the percentages by weight of the virgin-wool content thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying such wool product is virgin wool, or if the total fiber weight of such wool product is not 100 percent virgin wool, exclusive of ornamentation not exceeding 5 percent of said total fiber weight.

Mr. WALSH. That is not the paragraph to which the Senator from Wyoming referred.

Mr. SCHWARTZ. I referred to subdivision (b).

Mr. AUSTIN. Let me complete my statement on the assumption that the Senator was following the question of the Senator from Massachusetts.

The section to which I have referred shows that all one gets from the label which bears the words "virgin wool" is the knowledge that, within this tolerance of 5 percent, the wool came off the back of a living sheep, and that it was manufactured by Mr. Forstmann, or by a man similarly situated. I say that for the reason that on pages 8 and 9 will be found section 5, which puts back of the trade name "virgin wool" the obligation that the man who will take the product must keep the label, the very label, which came on the goods, and if no one can make the virgin wool product except Forstmann, or some man similarly situated, the merchant and everyone else who handles such a piece of goods must advertise Mr. Forstmann's product and may not have the benefit of creating his own good will, his own good name, by putting his label on the goods. When he cuts the fabric to be made into a suit of men's clothing or a coat for a woman, he must so cut the fabric that he will not eliminate the tag or mark of the manufacturer.

Mr. President, this is the cutest bill that ever was devised to give to a small coterie, a small group of men, the highest type of advertising, the advertising a great government creates by saying to the purchaser, "You cannot take the label of the manufacturer off these goods and put on your own label. The manufacturer who has made these goods of virgin wool is entitled, under the law, to have you protect him all the way down the line, and keep his label on the goods."

Mr. WALSH. Let me see if I follow the Senator. When the manufacturer labels a piece of cloth that is many yards in length, having gone through the loom, must he put the label in a sufficient number of places to have it appear on every suit into which that cloth is cut?

Mr. AUSTIN. Yes.

Mr. WALSH. How can he do that?

Mr. AUSTIN. I do not know. If the Senator will read the testimony which I heard given he will encounter objections based on the ground of impracticability of so marking the goods, when in commerce, that they may go through with the label of the manufacturer on every piece.

Mr. WALSH. Take the illustration I used, of a suit of clothes. Some suits of clothes take only a few yards and others twice or three times as many yards, and the labels must appear so frequently on the woven cloth that they will reappear in every suit of clothes.

Mr. AUSTIN. I answer by reading section 5, beginning at line 24, on page 8 of the bill:

> Any person manufacturing for introduction, or first introducing into commerce a wool product shall affix thereto the—

Notice that word "the"—

> the stamp, tag, label, or other means of identification required by this act, and the same containing identical information with respect to content of the wool product, and other information required under section 4, or substitutes therefor shall be and remain affixed to such wool product, whether it remains in its original state or is contained in garments or other articles made in whole or in part therefrom, until sold to the consumer.

Mr. WALSH. To emphasize that will the Senator now read the last sentence again?

Mr. AUSTIN. "Shall be and remain—"

That is the tag——

Mr. WALSH. Yes; that is the tag or the label.

Mr. AUSTIN. "The stamp," the "tag," the "label, or" the "other means of identification * * * shall be and remain affixed to such wool product, whether it remains in its original state"——

Mr. WALSH. That is the woven cloth, for instance.

Mr. AUSTIN. Yes. I continue: "Or is contained in garments"——

Mr. WALSH. The suit of clothes.

Mr. AUSTIN. The suit of clothes—"or other articles"—such as a scarf for the neck—"made in whole or in part therefrom until sold to the consumer."

Imagine what the manufacturer of a strip of virgin wool cloth, or reprocessed wool cloth, or reused wool cloth will have added to his cost of production by this bill.

Mr. WALSH. The Senator says there is no such provision in the bill, but is there any amendment which the Senator knows of that would provide the consumer with knowledge as to the type, fineness, or quality of the so-called virgin wool and of the so-called reclaimed wool?

Mr. AUSTIN. Mr. President, that must be answered "No."

Mr. WALSH. I suppose it would be most difficult in a measure of this kind to define and to specify such details in a label, and it would add largely to the difficulty of administration and result in increasing the cost to the consumer?

Mr. AUSTIN. Mr. President, I would answer, first, "Yes," so that it may be clear that I mean to make an affirmative answer to that question. Let me say that the distinguished Senator from Massachusetts introduced a bill which, in a very simple, and, I think, enforceable way, identifies fabrics sufficiently to take care of all the questions that have been presented in connection with the study of this bill. There is a House bill, introduced by Representative MARTIN, which, I think, is a great improvement in the respect that it does not create or try to create a monopoly for anyone. But the points made by the Senator from Massachusetts, respecting the durability or quality of the finished product, respecting its style and its fabric, would have to be taken up in an entirely new manner and a new bill written.

Mr. WALSH. Mr. President, it seems to me that the deception which is claimed now by reason of nonlabeling reclaimed wool would be augmented and increased by a label on a garment which was simply marked "virgin wool," that was less durable, less reliable, and cheaper than a garment made of virgin wool and reclaimed wool.

Mr. AUSTIN. Mr. President, I have put in the RECORD statements by consumers, women, to the effect that it is only a delusion to them as consumers to find a product marked "virgin wool" and nothing more, or to find a product marked "reprocessed wool," for that matter, and nothing more.

Mr. WALSH. Personally I think I should be willing to vote for a bill which contained provisions for marks, labels, and tags that showed the cheapness of the virgin wool and the fineness and durability of the virgin wool, and that showed the cheapness of the reworked wool—I think that is a word which the Senator says is not in this bill—"reprocessed" wool perhaps is better. If such information could be given to the consumers they would have a proper picture of the quality of the fleece that has been woven into a cloth and made into garments and into other textiles. But in the absence of information as to the grade, character, quality, durability, and fineness of wool or the reclaimed wool, the deception which is claimed to exist now is augmented and increased, it seems to me.

Mr. AUSTIN. Mr. President, my reply to the Senator from Massachusetts is that not only is what he has stated true, in my opinion, but there is also this affirmative effect of Senate bill 162, namely, that by setting up this supposed superior garment by putting a label of "virgin wool" on it, which is no representation of the merits of the garment, other garments bearing the label "reprocessed" or "reclaimed" wool and wool products are anathematized. They are put down in a low class. The psychological and the sales effect is to ruin the market for them. And of course the repercussion of that travels clear back to the wool grower on the farm.

Mr. WALSH. And that quality of cloth and of garment is often of a very high grade and high quality, and has much more merit than garments which are made of the cheapest grade of virgin wool.

Mr. AUSTIN. Yes.

Mr. WALSH. Mr. President, I should like to amplify the colloquy we have had by reading from a book called Fables in Labels, written by LYLE H. BOREN, a distinguished Member of the House. I do not know whether or not the Senator has read the book. It deals with the very subject we have been discussing. After I shall have read from it I should like to ask the Senator some questions on another phase of the bill. I read now from page 22 of the book I have mentioned:

> Virgin wool is wool which has never before been fabricated. Such wool comes from two sources. One is the wool shorn from live animals. This may be of good or poor quality. The other is what is known as "pulled wool," which is taken from the animal after it has died or been slaughtered. This also can be of good or poor quality but is generally inferior to shorn wool. If the fleece is removed from the hide by chemicals, as is usually the case with pulled wools, the fiber may lose some of its elasticity, ability to take dyes and spinning qualities if the process is not carefully carried out. Nevertheless, it can truthfully and honestly be labeled "virgin wool."
>
> Certain wool wastes are also considered as virgin wool, although some believe these wastes should be classed as "reclaimed wool." The line as to what should and what should not be so classified has never been accurately drawn.
>
> Reclaimed wool is wool which has been processed before. Like virgin wool, it may be divided into two kinds, wool wastes and shoddy. Shoddy is the term applied to wool recovered from garments and rags. Wool wastes are the byproducts produced in the process of converting fibers into fabrics and garments and include such things as top waste, yarn waste, fabric waste, tailors' clippings, etc. Coming from such a variety of sources, reclaimed wool must of necessity be of many grades and varying qualities. It may not rank with the best grade of virgin wool, since usually the fibers are shorter and certain of them may perhaps have suffered. However, a good grade of reclaimed wool is preferable to a poor grade of virgin wool and, properly used in proper proportion, can be fabricated into serviceable and satisfactory fabrics which can be sold at reduced prices. The important consideration in selecting a fabric is not whether it is virgin or reclaimed wool but whether the resulting quality, irrespective of the kind of wool used, is good. The paramount question is one of satisfactory service (satisfactory performance).

I think that sums up what we have been trying to develop in the colloquy.

Mr. AUSTIN. Mr. President, let me call the attention of the Senator from Massachusetts to a letter which is characteristic of the sentiments of many families. I put the letter in the RECORD yesterday. The mother of five children, in circumstances not adequate to buy the highest-price garments, fears the consequences of the bill because it may

deprive her of financial ability to clothe her children properly with garments made from reprocessed wool, which she can now buy at prices within her means. She fears this consequence because she has every reason to believe that the prices of the garments she now buys would be increased by the necessary supervision, bookkeeping, and time spent in marking the material from which the garments are made. I think she has reason to believe she may ultimately lose the opportunity to buy such garments at any price whatever, by reason of the type of competition which would be created by the bill, forcing out of business the manufacturers who make goods of reprocessed wool.

Mr. WALSH. Along that very line, let me read again from the same book. By the way, LYLE H. BOREN is a Member of Congress from the Fourth District of Oklahoma. Let me read further from the book:

Processing is of the utmost importance in the production of a satisfactory fabric. In fact, proper processing is of greater importance in obtaining good performance value than the fiber content in terms of virgin or reclaimed wool. To most of us the term "virgin wool" conveys the idea of good quality and good performance value.

That is important. The term conveys a false idea.

Mr. AUSTIN. That is one of the troubles.

Mr. WALSH. That is correct. Reading further:

When we go into a store to buy a child's suit, the label on a particular one may read "virgin wool." We would probably assume that the garment would prove satisfactory. Probably it would be virgin wool, for, as a rule, such labels are accurate. The trouble with them is that they do not tell enough. If we buy the suit, in 2 weeks' time it might begin to fall apart. If held up to the light, we might be able to see through the loosely woven fabric. When pulled the yarns might slip and separate. From such experiences comes the often-heard remark, "I just can't understand. It was labeled 'virgin wool.'" And that is right. It was labeled "virgin wool" and it was virgin wool, but it did not have satisfactory performance value.

That supports what we have been contending.

Mr. AUSTIN. Yes. I think we have all seen the condition of fabric to which the Senator has referred.

Mr. WALSH. I should now like to read another paragraph or two from the same book:

The terms "virgin" or "reclaimed," as applied to products containing these materials, are meaningless because both terms cover such a wide range of values and qualities and because in point of actual market value materials covered by the two terms overlap.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. WALSH. I yield.

Mr. BARKLEY. After conferring further with the Senator from Vermont [Mr. AUSTIN] and the Senator from Oregon [Mr. MCNARY] yesterday in an effort to obtain an arrangement for limitation of debate, I ask unanimous consent that after the conclusion of the address of the Senator from Massachusetts [Mr. WALSH], during the further consideration of the bill no Senator shall speak more than once or longer than 15 minutes on the bill, and no Senator shall speak more than once or longer than 10 minutes on any amendment thereto.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

Mr. WALSH. I wish to continue reading from the book from which I have been reading, because it is very informative. The title of the book is apropos the subject under discussion, namely, Fables in Labels.

Mr. AUSTIN. Mr. President, I could not add any authority to that author. I appreciate very much the reading by the Senator from Massachusetts, because I think it is an excellent statement.

Mr. WALSH. Again reading:

This proposed "virgin wool" term is an apt illustration of a label which becomes a fable.

A strong sentence! It is a label which becomes a fable.

Mr. AUSTIN. That is a bon mot.

Mr. WALSH. Yes. Reading further:

The term "virgin" really refers to a fiber's history, not its quality. Not only is a fiber's history no necessary index of its value characteristics, but, since the fiber is wool, there is no test of either a chemical or mechanical nature which will substantiate any claim to its relative newness.

Even if you could tell virgin or new wool from wool which had been used, there are other valid reasons why emphasis on that point is misleading. As was pointed out earlier, there are so many types and grades of wool that it means nothing to say it is "virgin." The term suggests quality, when as a matter of fact some of the wools to which the term might apply are of distinctly inferior quality, and some, even though of better grade, are totally unsuited for certain purposes.

Another strong sentence.

In other words, the term infers a virtue which the wool may not actually possess and which may not be present in the fabric, even though the raw material is excellent.

What is most important is that the consumer does not buy wool, but buys wool fabrics, or garments made from those fabrics. Authorities agree that quality in a fabric depends upon the manufacturing processes to a much greater degree than upon the raw materials used. No good fabric can be made of poor stock, but the real difference between a quality product and a mediocre one lies in the way it is fabricated rather than in the material of which it is made. Any label which calls undue attention to the raw material depreciates the importance of workmanship and deceives the purchaser by inferring a quality in manufacturing which may not exist.

That is the end of the quotation from a public official who apparently is very well informed on the subject under discussion.

I wish to close by making an inquiry as to a different aspect of this question. Letters and communications have come to me from various sources pointing out that it is impossible, from the examination of a piece of cloth, whether made in a foreign factory or made in this country, to determine what percentage of the material is so-called virgin wool and what percentage is so-called reprocessed wool. Are there any authorities who claim that any chemical or accurate analysis can be made to determine that question?

Mr. AUSTIN. Mr. President, I do not recall any scientist who professes to be able to identify in a finished fabric the relative quantities of virgin wool as defined in the bill and of reprocessed wool. They are both pure wool. The Bureau of Standards has definitely and affirmatively stated that no such method has ever been discovered. Of course, the answer is made that the manufacturer knows and that resort can be had to the manufacturer to ascertain the fact.

Mr. WALSH. What about the importers?

Mr. AUSTIN. That is one of the difficulties. Can we afford to be traveling around the world examining every piece of goods manufactured and imported? The question answers itself.

Mr. WALSH. As a matter of fact, do not some of the best so-called woolen cloths imported into this country, which come from England, contain reprocessed wool?

Mr. AUSTIN. I should say from the British Isles.

Mr. WALSH. From the British Isles.

Mr. AUSTIN. Yes.

Mr. WALSH. How is the law to be administered?

Mr. AUSTIN. I do not think it could be administered. I do not believe it could be administered as to foreign goods or domestic goods, partly for the reason to which the Senator from Massachusetts refers.

Mr. WALSH. I thank the Senator.

Mr. SCHWARTZ. Mr. President, I should like to ask the Senator if he is familiar with a couple of provisions of the bill in reference to what was said about the label carrying the name of the manufacturer down the line?

Mr. WALSH. Will the Senator read those provisions?

Mr. SCHWARTZ. Yes. I read from section 4, paragraph (C), page 7:

The name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product.

The thought I have in mind there is to prevent anyone getting the goods after they leave the manufacturer putting on a substitute label.

At the bottom of page 8, section 5 refers to the attaching of labels; and at the bottom of page 8 and the top of page 9 it is provided:

Or other means of identification required by this act.

Which applies also to substitutes which may be used.

There is another provision in the bill, the one which I endeavored to call to the attention of the Senator from Vermont, who misunderstood me and thought I was reading another section. I refer to the paragraph on page 7, beginning in line 19. Earlier the section refers to the label itself and then it says in paragraph (b):

In addition to information required in this section, the stamp, tag, label, or other means of identification, or substitute therefor under section 5, may contain other information not violating the provisions of this act or the rules and regulations of the Commission.

What I had in mind in that respect was that there would be nothing under the provisions of this bill, of course, except that it would be a matter for the Federal Trade Commission, which would prevent anybody from saying on the particular label, if that was the fact, that his product contained the finest grade of reworked wool.

The other section referred to is the section which provides that if the product is represented as virgin wool the amount of virgin-wool content shall be "shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying such wool product is virgin wool." That, as a matter of fact, was put in because some people advertise a product as being made of virgin wool and put on the label a picture of a lamb and the words "virgin wool." That provision is put in the bill so as to require, when that kind of representation is made, a statement on the label showing what percentage of virgin wool is in the garment.

Mr. WALSH. Mr. President, I desire to take this occasion to commend the Senator in his efforts to protect and to increase the production of wool in this country. I think we would accomplish more along that line if we would take steps to prevent such rapid increase in the importations of woolen goods into this country as we have had in recent months than by the passage of the pending bill. I do not know whether the Senator has in mind the table I introduced into the RECORD some days ago showing the rapid and extensive increase in the importation of wool and wool products into this country since the recent trade agreement with Great Britain.

The trouble with the Senator's bill is that it claims to protect the consumers by affording them an opportunity to demand virgin wool textile products rather than mixed reprocessed and virgin-wool products.

The discussion we have had here this morning seems to me to destroy the value of that line of reasoning, or at least the conclusions reached, because it seems to me that the result of this bill will be to deceive more extensively the consumer by not giving him the proper information as to the exact quality of the fabric which he purchases.

The Senate will recall that the passage which I read from the book in question clearly points out that the processing is even more important than the raw material, and that the raw material has a wide and varied value, depending upon a good many factors.

I wish to close now by saying that I have no quarrel with the Senator about his objective to try to increase the use of domestic wool, but it seems to me it should be done by giving the consumer clearer and more definite information as to the grades of virgin wool and as to the grades of the reprocessed wool, and I do not think this bill does it. In my opinion, this bill will result in lessening virgin-wool consumption. I thank the Senator and now yield the floor.

Mr. SCHWARTZ. Mr. President, before the Senator yields the floor, I regret very much that the Senator has been unable to be present here for the last 3 or 4 days.

Mr. WALSH. That was due to my being in conference on the social-security bill.

Mr. SCHWARTZ. Yes. Many questions that arose in the minds of various Senators have been answered in great detail. I am merely now going to call attention to one—namely, what the Senator said about the importation of woolen goods from abroad.

I should be glad at any time to join the Senator in endeavoring to secure the enactment of legislation——

Mr. WALSH. That would benefit both our woolen and garment industries and wool producers.

Mr. SCHWARTZ. Yes; and those who work in the mills by limiting in a proper manner importations; but, so far as we can do so under this bill, we have provided a procedure by which there must be a disclosure of wool content in the case of importations. We have tied it in with the tariff, and jurisdiction of the matter is placed with the Secretary of the Treasury. We have letters from the Secretary of the Treasury as to how it will be handled.

Mr. WALSH. Can the Senator give me any information as to the variation in the price of different grades of wool? It varies from a few cents up to almost a dollar, does it not?

Mr. SCHWARTZ. I would not put it in that way.

Mr. WALSH. I mean imported wool and domestic wool.

Mr. SCHWARTZ. Yes. I put the figures in the RECORD yesterday.

Mr. WALSH. In a general way, what is the spread?

Mr. SCHWARTZ. In a general way, the lowest grade of wool—which, by the way, is not used in the manufacture of cloth but is used in felt and materials of that kind—at this time is probably as low as 20 cents, and from there the price goes to 85 cents. Reclaimed wool runs at this time from a similar low price up to 36 or 40 cents.

Mr. WALSH. May I ask the Senator if there is any provision in the bill which would permit markings to be used to indicate to any purchaser of wool when it is fabricated the relative quality and kind of wool contained in the fabric?

Mr. SCHWARTZ. There are trade terms, of course. Wool is divided by trade terms into perhaps 15 or 20 classifications. That is true also of reworked wool.

Mr. WALSH. Why could we not put in this bill those 15 or 20 terms, so that when one bought a piece of cloth he would have before him the trade term for reprocessed wool and the trade term for the grade of virgin wool? That would help the consumer. It would permit the consumer to determine the relative merit of woolen goods.

Mr. SCHWARTZ. That would be impracticable. Here is a further proposition. The point I want to get across, and attempted to get across but which seems to have escaped some of the Senators, is that the different grades of virgin wool and reworked wool in the comparable scales are used in the same kind of manufacture, but a low grade of virgin wool is not used where a high-grade reclaimed wool is used. So the important thing, after all, is not that there are used some reclaimed wools at a higher price than some grades of virgin wool because they do not compete with each other in manufacture.

Mr. WALSH. Does the Senator agree with some of us that a garment made largely of reprocessed wool may be better than a garment made wholly of virgin wool so far as durability is concerned?

Mr. SCHWARTZ. Yes; but let me add that the same kind of garment is not made, on the one hand, from high-grade reclaimed wool and, on the other hand, from low-grade virgin wool. If that were possible, it would have been done long ago, and there could have been produced cheaper garments made, say, of cheap virgin wool and good virgin wool, but cheap virgin wool is not competitive with good virgin wool.

Mr. WALSH. Is the Senator seeking to have more cloth or textile fabrics made of virgin wool than of reprocessed wool? Is that one of the objectives?

Mr. SCHWARTZ. No. What we are seeking to do is to make provision so that the consumer may know what he is buying.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield the floor.

The PRESIDENT pro tempore. The Chair understands the Senator from Massachusetts has the floor.

Mr. WALSH. I yield.

Mr. WHITE. I should like to ask the Senator a question. The Senator stated a moment ago that the purpose of the bill, or one of the purposes of the bill, was to let the consumer know what he buys. I assume that there is not one person in a million in these United States who hears the term "virgin wool" without understanding that it is wool made from the fleece of a sheep. What I want to know is whether, under the terms of the bill, I could label a fabric "virgin wool" even though it were made from the hair of a rabbit?

I understand that under the terms of the bill I could label a fabric or an article "virgin wool" even though it were made from the hair of a rabbit. Am I correct in that understanding?

Mr. SCHWARTZ. Such a provision is in the bill; but we have that part of the bill marked for an amendment, and the Senator from Oklahoma [Mr. THOMAS] is going to offer an amendment to have the word "rabbit" stricken out.

Mr. WHITE. As the bill stands, however, what I have said is true, is it not?

Mr. SCHWARTZ. Oh, yes; because a small amount of rabbit fur is sometimes woven in with wool so as to give it a gloss, or something of the kind.

Mr. HAYDEN. Mr. President, if the Senator will yield, I have always heard that in order to make a rabbit pie it was necessary first to catch the rabbit. [Laughter.]

Mr. SCHWARTZ. That is true.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. DAVIS. If I correctly recall, the Senator has introduced a bill to protect manufacturers and consumers from the unrevealed presence of substituted mixtures in garments.

Mr. WALSH. Yes.

Mr. DAVIS. What is the difference between the Senator's bill and the bill now under discussion?

Mr. WALSH. My bill is the better bill. It could be administered with less difficulty and be more informative to the consumer.

Mr. DAVIS. I think so.

Mr. WALSH. My bill attempts to carry out what is assumed to be the objective of this bill, but with the purpose and objective of removing the inconsistencies and the inequities which appear to be in the pending bill.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. CLARK of Missouri in the chair). Does the Senator yield, and, if so, to whom?

Mr. WALSH. Just a minute.

Mr. DAVIS. Would not the Senator's bill be less burdensome on agriculturists and manufacturers and merchants, and be far better in every way than the pending bill?

Mr. WALSH. In my opinion, decidedly so.

Mr. DAVIS. I desire to ask the Senator, he being a noted constitutional lawyer——

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor. Does he yield, and, if so, to whom?

Mr. O'MAHONEY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. Who has the floor?

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. O'MAHONEY. I understood that the Senator from Massachusetts had yielded the floor.

Mr. WALSH. But the Senator from Pennsylvania rose and said he would like to ask me a question; and I rose and took the floor so that I could answer the question.

Mr. O'MAHONEY. Then the Senator from Massachusetts took the floor again, having relinquished the floor?

Mr. WALSH. No; the Senator from Pennsylvania is still asking questions.

Mr. DAVIS. Mr. President, I now desire to ask the distinguished Senator from Massachusetts a constitutional question about a matter that seems to me rather strange. Does the Senator think the provision of the bill I am about to read would be constitutional? I quote from the bill on page 4, line 2:

> Or who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver to any other person.

Mr. WALSH. That question was discussed yesterday during the debate, and I think the distinguished constitutional lawyer from Vermont [Mr. AUSTIN] expressed some doubt as to the constitutionality of that provision of the bill.

Mr. THOMAS of Oklahoma. Mr. President, I have on the table two amendments which I shall call up at the proper time; but before calling up the amendments I desire to make a very brief statement.

In the body at the other end of the Capitol this bill was given rather extensive hearings. One of the Representatives from my State is a member of the committee which conducted the hearings, he being a member of the subcommittee. After the hearings had been concluded, the subcommittee made a report. The subcommittee was divided, and the main committee likewise was divided. In the main Committee on Interstate and Foreign Commerce of the other body I think some 10 members joined in a minority report upon this bill.

I offer for the RECORD, as a part of my remarks, the text of the minority report submitted by my colleague from Oklahoma [Mr. BOREN] and his nine colleagues on the committee.

The PRESIDING OFFICER. Without objection, the report will be printed in the RECORD.

The report (No. 907, pt. 2) is as follows:

> The undersigned members of the Committee on Interstate and Foreign Commerce of the House of Representatives believe that H. R. 944 should not be recommended to the House, holding that it is unnecessary and undesirable regulatory legislation which cannot possibly achieve its avowed objectives. The folly of the label provisions of this bill are evident. A label on your stocks carrying the percentage of each different fiber that goes into it, on your tie, your underwear, your hat; garments such as a suit would require a minimum of seven labels. All of these labels would start out with the manufacturer and would have to be replaced in turn by every subsequent handler of the product and the percentages would vary according to the weight of the various materials that were combined into a finished product. The sponsors of the measure would saddle this great burden on the industries to give the ultimate purchaser a label which would be meaningless and misleading. The label does not tell how long the garment will last. It does not tell the abrasion strength, the color fastness, the shrinkage, the tensile strength of the fiber, the length or quality of the fiber, the insulation value of the fabric against heat or cold, the workmanship in the garment, the strength in the weave of the cloth, or any of the many things which would be helpful to a purchaser. Instead, it arbitrarily divides wool fiber into two classes and places a label of apparent superiority on seedy wool, burry wool, dead wool, vat wool, shank wool, tags, etc., which range in price from 3 to 15 cents a pound, which utterly refutes their labeled claim of superiority. At the same time the bill compels the labeling of slubbing, laps, rovings, thread waste, and card fly wool as reworked (they are all new wool in the process of manufacture) though they are today selling on the market at 10 times the price per pound as the virgin wool previously listed.
>
> The sponsors of this bill maintain that it is designed to cure the manifest evils of misrepresentation which exist in the sale of articles of apparel. These evils are being curbed and gradually cured by the Federal Trade Commission which is issuing cease and desist orders in all cases of misrepresentation brought to its attention. The sponsors of this bill, however, insist that there are other misrepresentation practices with which the Federal Trade Commission is not able to deal. It is obvious that if such further misrepresentation does exist, the Federal Trade Commission is fully able to deal with it, since it is specifically given such power. But it is further obvious from a study of the record of the hearings that the sole type of misrepresentation which has been shown to exist is the type with which the Commission is already dealing, namely, the substitution of cotton and rayon fiber for wool or silk without proper disclosure of the fact. The essence of this bill lies in the fact that it attempts to make a distinction between wool fiber which has never been previously processed and fiber which has been subjected to certain manufacturing operations or, in some cases, to a certain amount of service. There can be no question of misrepresentation here, since there is not, and cannot be, a representation of the extent to which any particular fiber has been subjected to various manufacturing processes. Insofar as any such representation is in part made or implied, the Federal Trade Commission is adequately empowered to compel truthful representation.
>
> The question, then, is in no sense one of fraud or misrepresentation but one of possible benefit to the consumer. The alleged benefit to the consumer lies in the attempt to confine the use of the term "wool" to wool fiber which has never before reached the

fabric stage, hitherto referred to as "virgin wool." The promulgation of such a distinction in wool products—as distinguished from the fibers from which they are made—immediately gives an undeserved quality status to products made of "wool" (if that term is to be understood to mean "virgin wool") and a connotation of definite inferiority to products made in part of "reprocessed" or "reused" wool. The testimony indicates that the highest-priced products are usually made of new wool but likewise indicates quite clearly that many poor products are made of new wool and many superior products are made of reprocessed or reused wool. Were it possible to apply the superior-sounding term only to superior products, there might be something to be said for the distinction, but the bill proposes the application of the term "wool" or virgin wool not only to quality fabrics and other quality products but also to very inferior fabrics which happen to be made of new wool, no matter how inferior or unsuitable that wool may be or how carelessly or improperly it may be processed.

It is obvious from the testimony presented that propaganda which the proponents of the bill admit they have disseminated has already influenced consumers to such an extent that (if this bill is enacted into law) we can expect that those consumers will be victimized by poorly constructed and carelessly processed materials made from new wool of an inferior grade which, however, could technically qualify as entitled to use a label supposedly indicating quality, certainly the Government should not be a party to establishing a quality distinction between wool fibers unless the distinction is of such a nature that those products enjoying the quality designation are in reality quality products. In this connection it is a matter of prime importance to appreciate that not only is there no absolute relation between the newness of a wool fiber and its quality but the bill does not propose to apply the distinction to such fibers but to fabrics manufactured therefrom. Even if all new fibers were always superior to all reprocessed or reused fibers, the same relationship would not of necessity hold as to fabrics made from both types. Both proponents and opponents have testified that the processes of manufacture are of greater import in the determination of fabric quality than is the selection of the raw material. The raw material is naturally of substantial import, but to imply that it is the sole element in determining quality as is done by this bill is deception of the very type the Federal Trade Commission is seeking diligently to prevent.

Thus the bill not only does not prevent the only type of misrepresentation which various witnesses have alleged to exist but the bill actually provides Government sanction of a more subtle and misleading type of misrepresentation by giving a quality designation to products which do not of necessity merit such a quality rating.

This conclusion seems inescapable from an unbiased reading of the record. Nevertheless, even if it could be shown that there were valid arguments for making a distinction between new wool, reprocessed wool, and reused wool, there are compelling arguments against the passage of this bill.

Foremost among these is the fact that there is no physical or chemical test by which the newness of fibers can be ascertained after they have been processed and intermingled in a fabric. No expert could analyze within reasonable limits the wool fiber content of finished wool textile fabrics. If there is no discernible physical or chemical difference between a new and a remanufactured fiber in a fabric, there can be no possible advantage to the consumer in stating the percentage of either which may be present.

The second administrative objection to the bill lies in the impossibility of enforcement except by the establishment of a policing and enforcement agency of burdensome proportions. Since analysis of products would not indicate compliance or lack of it, there could be no enforcement except through a comprehensive supervision of records. There are some 400 wool textile mills and perhaps 400 additional establishments classified as cotton mills, hosiery, underwear, upholstery manufacturers, etc., who use wool fiber. This, however, is only a beginning since the product of these mills goes to thousands of manufacturers who make the articles into which these wool products go. These again are distributed through hundreds of thousands of separate retail establishments. To check and follow the multitudinous products of these hundreds of mills through these outlets would be an undertaking of the first magnitude requiring a field force which would certainly aggregate several thousands. Not even the exaggerated benefits claimed by the most ardent supporters of this bill would justify the creation of such a body of inspectors and investigators. This bill would in fact encourage the "bootlegging" of inferior fibers.

Another administrative difficulty lies in the fact that we would have no control over imported cloth and could not check the accuracy of the representations made by the manufacturers of imported cloth. The records of foreign manufacturers are not available to our agents, and it is obvious that foreign manufacturers, secure in the knowledge that their misrepresentations could not be detected, would claim that all their products were entitled to be labeled as composed exclusively of new wool. This would result in unfair and destructive competition for our own manufacturers if enforcement here were attempted on a scale which constituted a threat to a nonconforming domestic manufacturer or would force our own manufacturers to misrepresent in order to meet the importer on his own ground if enforcement proved to be the farce which we believe it would soon become. It is most unfair to place American manufacturers in a position where they must either cheat or see their own markets won by foreign manufacturers who are not obliged to observe the same standards.

The wool growers apparently desire this legislation because of their sincere belief that it would raise the price of wool and will thus add to their income. We are convinced this hope would not be realized if this bill were enacted but that the public would be required to pay more for their clothing, or rather compelled to buy less clothing because the quantity of wool bought depends on the consumer's ability to buy. If a man now buys a $20 suit because that is what he can afford to pay, you cannot legislate him into buying $30 suits.

This bill would be injurious to the cotton producer because 100,000,000 pounds of lint cotton is used annually in the manufacturing of mixed fabrics. This bill would lose that market to the cotton farmer.

We cannot conscientiously recommend the disruption of large and important industries, the arbitrary destruction of employers, the consequent unemployment of labor, and the harmful misleading of consumers on the doubtful chance that the price of wool might fractionally increase thereby.

Therefore, we believe that H. R. 944 should not pass.

Lyle H. Boren, Pehr G. Holmes, Carroll Reece, Martin J. Kennedy, Donald L. O'Toole, James Wolfenden, James P. McGranery, James W. Wadsworth, A. L. Bulwinkle, Carl Hinshaw.

Mr. THOMAS of Oklahoma. Mr. President, recently I have received numerous communications relative to this bill. Notwithstanding the fact that my State produces wool, I think the RECORD should show the objections to the bill as submitted by representatives of some of the leading mills of the country.

I first submit a letter from the Talbot Mills, of North Billerica, Mass., which I ask may be printed in the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection; the letter will be included in the RECORD.

The letter is as follows:

TALBOT MILLS,
North Billerica, Mass., June 27, 1939.

(S. 162 and H. R. 944.)

Hon. Senator ELMER THOMAS,
Senate Office Building, Washington, D. C.

DEAR SIR: I wish to respectfully record with you my objections to the legislation proposed by the above bills. Briefly, my objections are:

1. The attempt to distinguish between virgin wool and reclaimed or reworked wool will give an advantage to much unserviceable virgin-wool fiber, and will put at a disadvantage much worthy and serviceable reclaimed or reworked wool fiber.

2. Information as to the virgin or reclaimed content cannot be of value to the consumer, will mislead the consumer, and will cause the consumer to pay higher prices for fabrics or garments which may be even less serviceable.

3. The provisions of the bills cannot be enforced except at enormous expense to the Government, and it is extremely doubtful if they can be enforced at all.

I am heartily in favor of a law which will compel the labeling of fabrics and garments as to their content of wool, cotton, silk, and rayon. Such a law would be of value to the consumer and could be easily enforced.

Respectfully yours,

THOMAS T. CLARK, *Treasurer.*

Mr. THOMAS of Oklahoma. Second, I submit a letter from the Noyes-Gebhard Co., of Taunton, Mass.

The PRESIDING OFFICER. Without objection, the letter will be included in the RECORD.

The letter is as follows:

NOYES-GEBHARD CO.,
Taunton, Mass., June 28, 1939.

Hon. ELMER THOMAS,
Senate Office Building, Washington, D. C.

DEAR SIR: As members of the National Association of Wool Manufacturers, we have been requested to make known to you our objection to the wool labeling measures, S. 162 and H. R. 944. We are glad to do this. While we are in favor of supplying the public with the fullest information concerning products which it buys, we do believe that any labeling law so far suggested will result in a certain degree of deception to the public. Because the law will be obeyed by a majority of manufacturers and be violated by a small crooked fringe of the industry, we feel quite certain that the law will work a hardship to honest manufacturers.

With all due respect to the various experts who have testified at hearings, we do not know and do not believe that there is any very definite way of determining the wool, reworked wool, and wool waste content of various fabrics. This belief on our part is somewhat supported by the increased tolerance which is allowed for reworked wool, etc., as compared with the tolerance allowed for cotton and rayon content, which is very definitely determinable. In other words, what is the use trying to protect the American public in a matter which is not susceptible to very accurate determination?

Also, we doubt if there is any very worthy purpose to be served by a labeling law which distinguishes between wool, wool waste, and

reworked wool for the reason that a great many grades of reworked wool and wool waste are superior to some grades of virgin wool. There are whole classes of vat wool and tanners wool (virgin wools) that would satisfy a labeling act but which are infinitely inferior to many grades of select reworked wool and waste that are comparable in quality and price to virgin wool. Again, a labeling device distinguishing between the indistinguishable virgin wool, reworked wool, and wool waste would have a very definite tendency to increase the cost of clothing to the American public which we think would be a very great disservice by the Congress of the United States.

An admixture of various wool fibers would be about as indistinguishable one fiber from another as a pint of brewed tea mixed with a pint of water. That might be slightly exaggerated, but it is so much a parallel that you can readily see that fraud could not be easily detected, and in our industry, as in other lines, there is a crooked fringe that will do anything to make money.

It seems to us that the labeling bills are promoted primarily by the wool growers of the United States to increase the use and hence the value to them of virgin wool. Of late years they have been operating through consumers leagues, which are sincere in their efforts to promote labeling. The labeling proposals have been supported by at least one prominent manufacturing concern in the East, which has been keeping its mills afloat with Government money and which hopes to do a better job if the Government will further help them to kill competition by Government fiat. Government loans to industry have already retarded recovery and have rewarded the inefficient as against the efficient. The sooner most of this monkey business is cut out and the American people go back to work the sooner we will have some measure of prosperity.

It would seem to us that if the Congress wanted to do something constructive in behalf of the buying public, it might pass a labeling law calling for the approximate percentages of wool, silk, cotton, and rayon, and other fibers, if any. This would definitely protect the public and would be enforcible.

Very truly yours,

NOYES-GEBHARD CO.
L. N. GEBHARD.

Mr. THOMAS of Oklahoma. The third communication is a letter from W. J. Dickey & Sons, of Oella, Baltimore County, Md. I ask that the letter be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

OELLA, BALTIMORE COUNTY, MD., *June 28, 1939.*

Hon. Senator ELMER D. THOMAS,
Senate Office Building, Washington, D. C.

DEAR SIR: In behalf of our own business and in behalf of more than 400 employees whose livelihood depends largely upon the manufacture of fabrics containing reworked wool, we desire to register our opposition to the so-called truth-in-fabric bill, S. 162.

In the first place, there is no practical method, either by chemical analysis or by microscopic test, of ascertaining whether or not a given fabric contains reworked wool. Consequently to enforce the law would require an army of Government employees to police the mills of this country, while the absence of such an army would put a premium on fraud. Furthermore, it would be impossible to enforce the law against foreign manufacturers, who would thus be given an unfair advantage by being free to label their fabrics any way they chose.

Second, inasmuch as some reworked wools are superior to some virgin wools, labeling would confuse the customer and frequently prejudice him against a superior fabric.

Third, there is, of course, a wide range in the quality of fabrics made in this country, purposely, to suit a wide range of pocketbooks. The consumer's only interest, however, is that he should receive full value for his dollar, and this protection competition automatically provides him.

Very truly yours,

W. J. DICKEY & SONS, INC.,
By WM. A. DICKEY, Jr., *President.*

Mr. THOMAS of Oklahoma. The next letter is from the Colonial Woolen Mills Co., of Cleveland, Ohio. I ask that the letter be printed in the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

THE COLONIAL WOOLEN MILLS CO.,
Cleveland, Ohio, June 26, 1939.

Hon. Senator ELMER THOMAS,
Senate Office Building, Washington, D. C.

DEAR SENATOR THOMAS: With reference to the wool-labeling bill measures, S. 162 and H. R. 944, which to date has not become a law, we wish to express our serious opposition of the passage of this bill for several good reasons.

We are manufacturers of bed blankets, automobile motor robes, men's overcoating and topcoating fabrics; also have made ladies' wear fabrics in the medium-price field. The reason for our strong opposition to this bill is that in most of our fabrics we use in the neighborhood of from 40 to 80 percent of all-wool reworked stocks, which enables us to put out this fabric so they can be made into garments, and the blankets and robes can be sold to the middle-class people at a price to fit their pocketbooks. If we were to manufacture an all-virgin-wool blanket, motor robe, or civilian fabrics from 100 percent virgin wool, it would be impossible for the medium class trade to pay the price. Nevertheless, we can give them practically the same wear a virgin-wool product will give them and at the same time make it possible for them to purchase same when they need them.

If a complete survey were made before passing on this bill of how many overcoats, top coats in both men's and women's wear garments, you would find that the percentage of virgin-wool fabrics would be less than 5 percent of the entire total. This 5 percent is being purchased by people of means, and if we were forced to make nothing but virgin-wool fabrics we would be forced to shut down our plant.

A fabric made of 50 percent of virgin wool and 50 percent of reworked wool in some instances makes a better fabric—will wear longer and retain its shape better than a virgin-wool fabric that is made of a fair quality of virgin wool. There are some virgin wools coming from various sections of the country that are poorer in quality than reworked wools. For your information we sight the following cases:

Short 6-months California wools, which are virgin wools, would not make as good a fabric as a white worsted thread waste garnett, as the white worsted thread waste is made from long-staple wool and the fiber, after being reworked, is from three to four times as long in staple as some of the virgin wools grown throughout the United States. The wearing qualities of a fabric made from this reworked wool would outlast any fabric that would be made from a short-staple virgin wool, and naturally be a better value.

This deception alone, if these fabrics were labeled according to the suggested bill, would be deceptive to the public and would invite chiseling. Furthermore, it would be impossible for any human being to be able to define a fabric and state whether there is any percentage of reworked wool in a fabric that is made of virgin wool and a good quality of reworked wool.

We think it would be very unfair to approve this bill, as there would be much chance for deception on the part of unbusinesslike and unethical manufacturers. Furthermore, after a fabric is made it is sold to clothing manufacturers and jobbers of materials, who are apt to sell to the small manufacturer coat lengths that they in turn will guarantee all-virgin wool, even though in the original sale the manufacturer of the cloth may have sold it to them labeled with a certain percentage of reworked wool. It would be impossible to trace all these sales, which naturally would invite full deception.

We sincerely believe that if this bill is adopted we would be forced to buy large quantities of foreign wools, as this country does not grow enough virgin wool to manufacture a major production of fabrics manufactured in this country.

It is very essential that reworked wool be used in order to consume the byproducts, and we should do everything possible to keep these byproducts from being shipped abroad and sold at ridiculously low prices for the benefit of foreign countries, when they can be put to good use for the benefit of ourselves.

When conditions are normal in this country we find that our inventories on virgin wool are very low, which means that they are being consumed practically at the rate they are grown. Statistics has proof of this, as practically no domestic wools are shipped abroad.

We earnestly request that you oppose this bill for the good of every United States citizen.

Sincerely yours,

THE COLONIAL WOOLEN MILLS CO.,
CARL J. HAHN, *President.*

Mr. THOMAS of Oklahoma. The next letter I offer is from M. T. Stevens & Sons Co., of North Andover, Mass.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

M. T. STEVENS & SONS CO.,
North Andover, Mass., June 26, 1939.

Senator ELMER THOMAS,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The concern which the writer represents, operating 9 mills in the New England States and giving employment at the present time to approximately 4,300 men and women, is definitely opposed to the wool-labeling bills S. 162 and H. R. 944. These bills attempt to define virgin wool. Because there is no method of determining virgin wool from reworked wool it would be impossible to decide whether any mill was not living up to the regulations.

We use a large amount of new wool, and in certain fabrics in order to meet a reasonable price, we blend reworked wool with the new wool. Many fabrics are improved in strength and wearing qualities by this mixture of wool fibers.

We are not opposed to the wool labeling of fabrics and believe that the customer is entitled to know the percentage of other fibers; such as, cotton, rayon, and silk, which might be mixed with wool. At the same time, we believe that the customer will be deceived into thinking he is buying a better garment if we are required to mark the percentage of virgin wool and other wool fibers.

We would definitely like to be recorded as vigorously opposed to the wool-labeling bill S. 162 because it attempts to describe the

difference between virgin wool and reworked wool, and there is no method known of determining this distinction.

Yours very truly,

M. T. STEVENS & SONS CO.,
ABBOTT STEVENS, *Treasurer.*

Mr. THOMAS of Oklahoma. The last letter I offer for the RECORD is one from the Appleton Woolen Mills, of Appleton, Wis. I ask also that this letter be printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

APPLETON WOOLEN MILLS,
Appleton, Wis., June 27, 1939.

In re S. 62, truth-in-fabrics bill.
Hon. ELMER THOMAS,
Senate Office Building, Washington, D. C.

DEAR SIR: We have noticed from various sources that this labeling regulations subject is again up in Congress. When the bill comes up for action we would appreciate your giving weight to the following items:

(1) No fair manufacturer objects to a practical truth-in-fabric bill if such can be worked out.

(2) The impracticability lies in the fact that research laboratories are unable to distinguish virgin from reworked wool.

(3) This statement is acknowledged by all reliable laboratories, including the Bureau of Standards.

(4) Because identification is impossible, such a law invites rather than stops unfair labeling of fabrics by those manufacturers who take advantage of this situation.

(5) Therefore the honest manufacturer is punished through being compelled to compete against an unfair fabric.

(6) Also there are two sources of wool:

(a) As clipped from the sheep;

(b) As pulled from the pelt of slaughtered animals.

(7) Proposed bill unfairly excludes pulled wool from being labeled virgin wool.

(8) Fair-practice rules must be workable or they are a decided detriment rather than a help.

(9) Although the high-quality wool wastes make a better fabric than low-quality virgin wool, public opinion feels that anything marked "virgin wool" is of superior quality.

(10) Manifestly American manufacturers would be subject to unfair foreign competition. A foreign manufacturer with impunity could avail himself of the virgin-wool label falsely, implying superior quality to wool fabrics, irrespective of the fiber content. This because there is no method of checking the truth of the statement as to fiber content by examination or test of the fabric, and the Commission has no access to the records of foreign manufacturers.

Yours very truly,

APPLETON WOOLEN MILLS,
A. H. WICKESBERG, *Treasurer.*

Mr. THOMAS of Oklahoma. Mr. President, I think everyone sympathizes with the effort to enact legislation which will afford the consumer an opportunity to know what he is buying. It is true that if we go to buy a piece of jewelry we must take the recommendation of the jeweler. If we go to buy a suit of clothes we must take the recommendation or the word of the clothing salesman. This bill, as I understand, is an effort to afford information to the consumer, the person who desires to buy a garment, as to what the garment is made of. So the bill is labeled "truth in fabric." The report submitted by the committee on the bill is headed "truth in fabric."

Mr. President, that being true, it seems to me that the Congress should try, if possible, to enact a law which would give the customer accurate information about the matter to which the bill pertains, and that is woolen products. I call the attention of the Senate to section 2 of the bill, which relates to definitions.

Subsection (b) of section 2 attempts to define wool. As defined, wool is "the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat and may include the so-called specialty fibers, namely, the hair of the camel, alpaca, llama, rabbit, and vicuna."

In subsection (c) of section 2, the term "virgin wool" is defined as "wool which has never been reclaimed from any spun, woven, knitted, felted, or otherwise manufactured product"; hence, goat hair, camel hair, alpaca hair, llama hair, rabbit hair, and vicuna hair, as defined in subsection (b), if same had not been reclaimed and had not been woven, knitted, felted, or otherwise manufactured, would be defined as "virgin wool."

Subsection (e) of section 2 attempts to define wool products, and such wool products are defined as "any product or portion of a product which contains, purports to contain, or in any way is represented as containing wool, but does not include carpets, rugs, and mats."

Mr. President, if these subsections remain in the bill, the Congress will have declared by a solemn enactment, first, that the hair of an Angora or Cashmere goat is wool—not virgin wool, but wool. Second, we shall have declared by virtue of a solemn statute that camel hair is wool, that alpaca hair is wool, that llama hair is wool, that rabbit hair is wool, and likewise that vicuna hair is wool.

Mr. President, I am not willing to cast my vote in favor of a section of law which declares that these articles—the hair of the goat, camel's hair, rabbit hair—are wool, and at the proper time I shall offer an amendment striking from this subsection all the portions of such subsection which seek to define the hair of the goat, the camel, and the rabbit as wool.

Subsection (e) is as follows:

> The term "wool product" means any product or portion of a product which contains, purports to contain, or in any way is represented as containing wool, but does not include carpets, rugs, and mats.

Mr. President, if this section stands, it means that any portion of a garment being wool, the whole garment becomes a wool product. It means that if someone even represents a portion of a garment to be wool, that garment is, under the law, a wool product. It means that advertising a garment to be wool, under this proposed law, makes of such garment a wool product.

Mr. President, I do not believe that is the intent of the Senate in enacting this piece of legislation. Subsection (c) defines virgin wool as follows:

> The term "virgin wool" means wool which has never been reclaimed from any spun, woven, knitted, felted, or otherwise manufactured product.

If these three sections should be enacted into law it would be possible for anyone to take an old pair of worn-out overalls and put on those overalls at least one patch of rabbit fur, and thereafter he could legally advertise that garment as a virgin-wool garment. [Laughter] That cannot be denied, because the sections are clear. Under subsection (e) of section 2 any garment which contains any wool is a wool garment; and rabbit hair, being classified under this bill as wool—and obviously the rabbit hair still on the skin could not have been processed—such rabbit hair could not have been spun into yarn or woven into cloth. I am sure the proponents of the bill did not mean to have this bill so loosely drawn that such an interpretation could possibly be made.

Mr. President, I call up an amendment I have lying on the table, and offer it as a substitute for the first amendment of the committee. It is an amendment to subsection (b) of section 2. The amendment of the committee is to strike out the word "shall" and to insert the word "may." I offer a substitute amendment to strike out the language containing both the words "shall' and "may," and I think it is in order at this place.

Mr. O'MAHONEY. Let the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated, but the Chair is of the opinion that the amendment will not be in order as in the nature of a substitute for the first amendment of the committee.

Mr. THOMAS of Oklahoma. Technically, the committee would have the right to perfect the section by having the amendment adopted striking out the word "shall" and inserting the word "may." Then I would have an opportunity to offer an amendment to strike out the portion of the section, as amended. The Chair is correct.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oklahoma.

The LEGISLATIVE CLERK. On page 2, line 2, after the word "lamb", it is proposed to insert a period and to strike out the remainder of the subsection, as follows, "or hair of the Angora or Cashmere goat and shall include the so-called specialty fibers, namely, the hair of the camel, alpaca, llama, rabbit, and vicuna."

Mr. SCHWARTZ. Does the Chair rule that the amendment is in order?

The PRESIDING OFFICER. The Chair cannot rule until a point of order is made. The Chair has stated that he does not believe it is in order as a substitute.

Mr. SCHWARTZ. I make the point of order, not for the purpose of delaying, but merely for the purpose of getting a decision of the Chair.

The PRESIDING OFFICER. The point of order is sustained.

Mr. THOMAS of Oklahoma. The Chair is correct, and I shall adhere to the decision of the Chair. At a later time I will offer my amendment.

The PRESIDING OFFICER. The clerk will state the first amendment of the committee.

The first amendment of the Committee on Interstate Commerce was, under the heading "Definitions", on page 2, line 3, after the word "and", to strike out "shall" and insert "may," so as to read:

Be it enacted, etc., That this act may be cited as the "Wool Products Labeling Act of 1939."

DEFINITIONS

SEC. 2. As used in this act—

(a) The term "person" means an individual, partnership, corporation, association, or any other form of business enterprise, plural or singular, as the case demands.

(b) The term "wool" means the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat and may include the so-called specialty fibers, namely, the hair of the camel, alpaca, llama, rabbit, and vicuña.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, unanimous consent has not been given to pass upon committee amendments first, I understand.

The PRESIDING OFFICER. The Chair is informed that that order has not been entered.

Mr. THOMAS of Oklahoma. Would it not be in order now for me to offer my amendment to subdivision (b) as amended?

The PRESIDING OFFICER. That would be in order.

Mr. THOMAS of Oklahoma. I offer the amendment at this time.

The PRESIDING OFFICER. The amendment will again be stated.

The LEGISLATIVE CLERK. On page 2, line 2, after the word "lamb", it is proposed to insert a period and to strike out the remainder of the subsection.

Mr. SCHWARTZ. Mr. President, I hope the amendment will not be agreed to, because the inclusion of these different words under the designation "wool" is in order to bring them within the term "wool product," which occurs later, and thereby require that they may be labeled. Of course, some of these fibers, such as the wool of alpaca, the wool of the camel, and especially the wool of the vicuña, are fine grades of wool, although they are generally called "hair." The hair of the camel is frequently made into overcoats and garments of that kind, and the garments are then sold as wool garments.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. O'MAHONEY. Is it not the intention of the Senator to move to strike out the word "rabbit," and with that amendment will not the language cover the whole wool trade as it should be covered?

Mr. SCHWARTZ. That is my thought. We will ask to have the word "rabbit" stricken out, because as a result of the hearings we have been able to determine that rabbit hair, or fur, is used almost exclusively in hats, and it is not a fiber which is woven, spun, or otherwise made into cloth, as a rule.

Mr. FRAZIER. Mr. President, will the Senator from Wyoming yield?

Mr. SCHWARTZ. I yield.

Mr. FRAZIER. The Senator from Wyoming stated that the purpose of the inclusion of these various words in the amendment of the committee was in order to have them applied in a definition later in relation to the labeling. Will the goods be labeled to include camel's hair and the other things?

Mr. SCHWARTZ. No. I think I made my statement a little too broad. The purpose is to bring them within the term "wool product" as it appears in subparagraph (e), on page 2, line 14. The paragraph provides that a wool product is "any product or portion of a product which contains, purports to contain, or in any way is represented as containing wool." By including the fibers set out, it will result in their being classified as wool products.

Mr. FRAZIER. From the standpoint of the wool grower, I cannot see the advantage of having those products included.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. SCHWARTZ. I ask for a division.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment of the committee was, on page 2, in line 8, after the word "product", to strike out the comma and "but does not include wool wastes as defined herein"; in line 12, after the word "manufactured", to strike out the comma and "and includes wool wastes as defined herein", so as to read:

(c) The term "virgin wool" means wool which has never been reclaimed from any spun, woven, knitted, felted, or otherwise manufactured product.

(d) The term "reclaimed wool" means wool which has been made into a fibrous state after having been spun, woven, knitted, felted, or otherwise manufactured.

The amendments were agreed to.

The next amendment was, on page 2, in line 16, after the word "wool", to insert a comma and "but does not include carpets, rugs, and mats", so as to read:

(e) The term "wool product" means any product or portion of a product which contains, purports to contain, or in any way is represented as containing wool, but does not include carpets, rugs, and mats.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, since subdivision (e) has been amended by the adoption of the committee amendment, I now call up my second amendment, and offer it as a substitute for subdivision (e).

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 14, it is proposed to strike out all of paragraph (e), lines 14 to 17, inclusive, as follows:

(e) The term "wool product" means any product or portion of a product which contains, purports to contain, or in any way is represented as containing wool, but does not include carpets, rugs, and mats.

And to insert the following:

(e) The term "wool product" means any product made from the fiber of the fleece of the sheep or lamb and containing the percentage of wool as provided in subsection (A) of paragraph (2) of section (4) of this act.

Mr. SCHWARTZ. Mr. President, I should like to have an opportunity to read the amendment, as it was stated very rapidly. I may be able to accept it.

Mr. THOMAS of Oklahoma. While the Senator is reading the amendment, I desire to make a statement as to what it provides.

Subsection (e) as printed in the bill, and as amended by the committee amendment, provides that any garment containing any part of wool is to be regarded as a wool product. It makes no difference how small a portion of wool the garment may contain, the fact that it contains some wool, any quantity of wool, makes the garment a wool product. But that is not all. Under the provision as it now stands before the Senate any product which purports to contain wool, or in any way is represented as containing wool, is a wool product.

I am not willing to go on record as declaring by law that an article which may be advertised as a wool product is a wool

product, or that one which contains a small portion of wool is thereby made a wool product.

On page 5 of the bill, subdivision (A) of subparagraph (2) attempts to define the percentage of wool which entitles a product to become a wool product. Subdivision (A) reads in part, as follows:

The percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 percent of said total fiber weight.

That provision requires that a wool product must contain 95 percent of wool in order to entitle it to be a wool product, and if it does not contain that much, and is labeled as a wool product, it is a misbranded product.

I attempt in my amendment to apply the definition contained in lines 14, 15, and 16, on page 5, and the definition of a wool product in subsection (e) of section 2. If my amendment should be agreed to, it would simply mean that in order for a product to be labeled a wool product it must contain 95 percent of some kind of wool.

Mr. SCHWARTZ. Mr. President, the principal effect of the amendment would be to require that any product represented as a wool product would have to contain some wool.

We provide that a wool product shall be "any product or portion of a product which contains, purports to contain" wool, and so forth. Of course, if a product is represented as a wool product and has no wool in it at all, we want it to come within the provisions of the bill so that it will have to be labeled as to what is in it. I hope the amendment will not be agreed to.

The PRESIDING OFFICER (Mr. MILLER in the chair). The question is on agreeing to the amendment offered by the Senator from Oklahoma.

Mr. SCHWARTZ. I ask for a division.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 2, after line 17, to strike out down to and including line 22, as follows:

(f) The term "wool wastes" means brush waste, burr waste, card waste, fly waste, woolen lap waste, oily waste, spinners' waste, yarn waste, woolen ring and roving wastes, so-called card strips, droppings, flocks, paint wool, tanners' wool, sweepings, and wool extract.

The amendment was agreed to.

The next amendment was, on page 4, in line 19, after the word "country", to strike out "if said wool product is not thereafter sold, or offered for sale, in the United States or any Territory thereof."

The amendment was agreed to.

The next amendment was, on page 4, after line 22, to strike out:

SEC. 4. For the purpose of this act a wool product shall be misbranded if not stamped, tagged, labeled, or otherwise identified in accordance with the following provisions of this section, and such rules and regulations hereunder and pursuant hereto as the Commission may prescribe, or if falsely or deceptively stamped, tagged, labeled, or otherwise falsely or deceptively identified, advertised, or represented.

(a) Each stamp, tag, label, or other means of identification shall be on or affixed to the wool product and shall show—

And to insert in lieu thereof:

SEC. 4. (a) A wool product shall be misbranded—

(1) If it is falsely or deceptively stamped, tagged, labeled, or otherwise identified.

(2) If a stamp, tag, label, or other means of identification, or substitute therefor under section 5, is not on or affixed to the wool product and does not show—

Mr. THOMAS of Oklahoma. Mr. President, there are a number of minor amendments on page 3 of the bill which I thought were to be acted upon. I desire to offer a new subsection to section 2, if that be in order.

Mr. O'MAHONEY. Mr. President, may I suggest that the more orderly procedure would be to go through with the committee amendments first and then consider any amendments that may be offered from the floor? May I suggest to the Senator in charge of the bill that he ask for unanimous consent to proceed with the committee amendments first?

Mr. THOMAS of Oklahoma. Mr. President, I have the floor and I have not yielded for that purpose.

Mr. O'MAHONEY. I beg the Senator's pardon. I thought the Senator had yielded.

Mr. THOMAS of Oklahoma. I have only one more amendment, and after that I shall offer none.

The PRESIDING OFFICER. Does not the Senator desire to have his amendment stated?

Mr. THOMAS of Oklahoma. Yes; but I wish first to make a very short statement. Section 2 contains a number of definitions of wool products. The first subdivision defines wool. The second subdivision defines virgin wool. Another subdivision defines wool products. The bill at no place defines virgin-wool products, and I desire at this time to offer a new subsection to section 2 attempting to define virgin-wool products.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The CHIEF CLERK. On page 2, after line 17, it is proposed to insert the following new subsection:

The term "virgin-wool product" means any product which contains the percentage of virgin-wool fiber as required for wool products as defined in paragraph (A) of subsection (2) of section 4 of this act.

Mr. THOMAS of Oklahoma. Mr. President, just a word of explanation. On page 5, section 4, paragraph (2), in clause (A) the bill seeks to define the percentage necessary to entitle a product to be a wool product. I apply the same percentage to a virgin-wool product; and if the amendment should be adopted, it would simply mean that in order for a product to be labeled "virgin-wool product" it must have 95 percent of virgin wool in the product, the same as required of a wool product under section 4 of the bill.

Mr. SCHWARTZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Russell
Andrews	Ellender	La Follette	Schwartz
Ashurst	Frazier	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	Logan	Shipstead
Bankhead	Gibson	Lucas	Stewart
Barbour	Gillette	Lundeen	Taft
Barkley	Glass	McCarran	Thomas, Okla.
Bone	Green	McKellar	Thomas, Utah
Borah	Guffey	McNary	Tobey
Bridges	Gurney	Maloney	Townsend
Bulow	Hale	Mead	Truman
Burke	Harrison	Miller	Tydings
Byrd	Hatch	Minton	Vandenberg
Byrnes	Hayden	Murray	Van Nuys
Capper	Herring	Norris	Wagner
Chavez	Hill	O'Mahoney	Walsh
Clark, Idaho	Holman	Overton	Wheeler
Clark, Mo.	Holt	Pepper	White
Connally	Hughes	Pittman	Wiley
Danaher	Johnson, Calif.	Radcliffe	
Davis	Johnson, Colo.	Reed	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. AUSTIN. Mr. President, I oppose the amendment offered by the Senator from Oklahoma [Mr. THOMAS] for the following reasons:

It adds to the bill some more of the old fallacy relating to virgin wool as a trade-mark or trade label. Let me read it:

Add a new subsection to section 2:

"The term 'virgin wool product' means any product which contains the percentage of virgin-wool fiber as required for wool products as defined in paragraph (a) of subsection (2) of section 4 of this act."

That percentage is 95 percent. Therefore there is a new control, an additional control, over the product handled by the manufacturer, the merchant, and the consumer, namely, the label, "virgin-wool product." I think the bill was bad enough as it was before with the label "virgin wool." However, with the proposed amendment hitched on to it I think the monopoly of the manufacturers of virgin-wool products would be consolidated and strengthened.

I ask the Senator from Oklahoma if he will not please consider the wisdom of withdrawing his amendment?

Mr. THOMAS of Oklahoma. Mr. President, this bill is a most important piece of legislation. The bill was introduced early in the present session. The very able and active subcommittee held hearings. As a result of those hearings some 30 amendments were made to the bill as introduced. That is obviously evidence of the fact that the original bill had not been well considered. If 30 amendments resulted from the few brief hearings that were held, it is obvious to me that further consideration of the measure would bring forth some additional amendments.

I could not agree to vote for a legislative enactment that rabbit's hair is wool, and possibly virgin wool, and that camel's hair and goat's hair are wool, and possibly virgin wool. The Senate, by a vote earlier in the day, has declared that such products should not be labeled as wool at all, and that wool should be limited to fiber made from the fleece of a sheep or lamb. My understanding of wool is that it is something grown on the back of a sheep or lamb.

Mr. President, the committee brought forth a bill which did not clearly define a wool product; and at no place in the bill is it attempted to define a virgin-wool product. The purpose of the bill is to afford the consumer some knowledge of the article he is buying. If the consumer wants to buy an overcoat or a suit, he should know or have an opportunity to know the contents of the garment. Nowhere in the bill are the contents even sought to be defined.

It occurs to me that much progress has been made on this piece of legislation. I am of the opinion that much more progress could be made, and that the bill could be perfected by further consideration at the hands of the committee. So, at the request of a member of the subcommittee, I shall be only too glad to ask unanimous consent to withdraw the amendment; and I suggest to the minority member of the subcommittee the advisability of affording the Senate an opportunity to have the bill recommitted to the committee for further consideration, the committee to report back to the Senate within a week, or even less time.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. AUSTIN. I have not the right to speak in my own time. If I speak at this time, it will have to be in the time of the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. I shall be glad to have my time used for that purpose as long as the Chair will permit.

Mr. AUSTIN. Mr. President, I entirely agree with the Senator from Oklahoma that the education on this bill is not sufficient. I asked the author of the bill [Mr. SCHWARTZ], when he first asked the Senate to proceed to consider the bill, whether or not he was contemplating substituting the provisions of the House bill for those of the Senate bill. I regret that he said "No." My impression is that the House has advanced a step farther than has the Senate in the study of this subject. I think if we could only have an opportunity to put the two measures together, with the measure introduced by the distinguished Senator from Massachusetts [Mr. WALSH], and the suggestions which have crept out in the discussion, we might be able to frame a better bill.

Mr. President, I think every Member of the Senate will agree that we should proceed to the enactment of some such legislation, in the principle of which we all agree. The difficulty is that some of us think we have before us a bill which goes too far, a bill which is excessively regimenting in its character and exceptionally special in its privileges, and which benefits the wrong parties. As we see it, the bill is not well conceived to benefit the producer of wool. So I hope it may be possible to recommit the bill to the committee for further consideration.

The PRESIDING OFFICER. The Senator from Oklahoma [Mr. THOMAS] has withdrawn his amendment to section 2. The question now is on agreeing to the committee amendment to section 4, beginning in line 23, on page 4.

Mr. AUSTIN. Mr. President, may we have the amendment stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, after line 22, it is proposed to strike out:

SEC. 4. For the purpose of this act a wool product shall be misbranded if not stamped, tagged, labeled, or otherwise identified in accordance with the following provisions of this section, and such rules and regulations hereunder and pursuant hereto as the Commission may prescribe, or if falsely or deceptively stamped, tagged, labeled, or otherwise falsely or deceptively identified, advertised, or represented.

(a) Each stamp, tag, label, or other means of identification shall be on or affixed to the wool product and shall show—

And insert:

SEC. 4. (a) A wool product shall be misbranded—

(1) If it is falsely or deceptively stamped, tagged, labeled, or otherwise identified.

(2) If a stamp, tag, label, or other means of identification, or substitute therefor under section 5, is not on or affixed to the wool product and does not show—

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. When the absence of a quorum was suggested, there was pending an amendment offered by the Senator from Oklahoma [Mr. THOMAS]. Has that amendment been withdrawn?

The PRESIDING OFFICER. The Senator from Oklahoma withdrew his amendment.

Mr. O'MAHONEY. And the Senate is now proceeding to consider committee amendments?

The PRESIDING OFFICER. The Senate is now proceeding to consider committee amendments.

Mr. O'MAHONEY. I ask unanimous consent that the Senate may proceed to the consideration of committee amendments before any other amendments may be offered from the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming? The Chair hears none, and it is so ordered.

The question recurs on the amendment of the committee last stated.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 6, after line 5, to strike out:

(3) In the case of yarn, the name of the manufacturer thereof, and in the case of other wool products, the name of the manufacturer of the woven, knitted, or felted product.

(b) Where the term "wool," "woolen," or "worsted," or any trade name, pictorial representation, term, or descriptive name suggesting or implying the presence of wool is used in connection with a wool product containing a fiber other than wool, the percentages by weight of the separate wool contents thereof shall be shown in words and figures equally conspicuous: *Provided*, That nothing herein shall limit other provisions of this section.

(c) No trade name, term, descriptive name, or other representation, suggesting or implying that a wool product is made of virgin wool shall be used in connection with any wool product unless the percentage by weight of the virgin wool content thereof is set forth in words and figures equally conspicuous, or unless the total fiber weight of such wool product is 100 percent virgin wool, exclusive of ornamentation not exceeding 5 percent of said total fiber weight.

The amendment was agreed to.

The next amendment was, at the top of page 7, to insert:

(C) The name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product.

(3) In the case of a wool product containing a fiber other than wool, if the percentages by weight of the wool contents thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying the presence of wool, used in connection with such wool product.

(4) In the case of a wool product represented as virgin wool, if the percentages by weight of the virgin-wool content thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying such wool product is virgin wool, or if the total fiber weight of such wool product is not 100 percent virgin wool, exclusive of ornamentation not exceeding 5 percent of said total fiber weight.

(b) In addition to information required in this section, the stamp, tag, label, or other means of identification, or substitute therefor under section 5, may contain other information not violating the provisions of this act or the rules and regulations of the Commission.

(c) If any person subject to section 3 with respect to a wool product finds or has reasonable cause to believe its stamp, tag, label, or other means of identification, or substitute therefor under section 5, does not contain the information required by this act, he may replace same with a substitute containing the information so required.

Mr. SCHWARTZ. Mr. President, I understand the Senator from Illinois [Mr. LUCAS] desires to offer a substitute for the first three lines which the committee amendment proposes to insert. Would it be in order now for him to do so?

The PRESIDING OFFICER. It would be in order if it is an amendment to the committee amendment.

Mr. LUCAS. Mr. President, I offer an amendment to the committee amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 7, it is proposed to strike out lines 1 to 3, inclusive, and in lieu thereof to insert:

(C) Either the name of the manufacturer of the wool product, or the name of one or more persons subject to section 3 with respect to such wool product, or the name of said manufacturers, and the names of one or more of such other persons.

Mr. LUCAS. Mr. President, this is more or less of a clarifying amendment and does not change, in my opinion, the objective of the committee amendment. I understand the amendment is satisfactory to the Senator from Wyoming.

Mr. SCHWARTZ. It is satisfactory to me.

Mr. AUSTIN. Mr. President, I ask that the amendment again be stated.

Mr. BARKLEY. Mr. President, before that shall be done, as I have to leave the Chamber for a committee meeting, I wish to make merely a brief statement regarding the pending bill.

The statement has been made within the past few minutes on the floor that the education of Congress on legislation of this character is incomplete. That statement may be made perhaps with as much propriety 10 years or 20 years from now as it can be made today. Some 20 years ago, when I was a Member of the House of Representatives, I was chairman of the subcommittee of the Committee on Interstate and Foreign Commerce to consider truth-in-fabrics legislation, misbranding legislation, and various kinds of similar legislation designed to bring about labeling of merchandise so that the purchaser would know what it contained. There were introduced pure-silk bills, pure-leather bills, pure-wool bills, pure-cotton bills, and various other bills dealing with single subjects and dealing with the question of misbranding generally. I held hearings for many weeks and obtained a great deal of information on the subject of misbranding and on the relative merits of reworked products of various kinds.

I recall that there was testimony showing that a shoe, for instance, made of all leather was not so good as a shoe made mainly of leather, but with the heel and toe made of fabric that would hold up the shoe. The testimony showed, I think, that a heel and toe made of leather would not be so satisfactory because it would not hold up the toe and it would not hold up the heel. The question of whether certain types of virgin wool are inferior to reworked wool, called shoddy, was gone into at some length, but there was no agreement, there is not now agreement, and probably there never will be full agreement, as to whether certain types of reworked wool may be superior in wearing quality to certain types of wool taken from a certain portion of the sheep, which may be called virgin wool, and as to whether, if we require the labeling of any garment so as to show the proportion of reworked wool and of virgin wool, it would create a prejudice against the article in the minds of the consumer. Probably it would. If I went downtown to buy a suit of clothes and it was labeled "reworked wool," I would probably be prejudiced against it in favor of another suit made entirely of virgin wool, although the virgin wool might be taken from a portion of the sheep which would make it inferior in quality to the reworked wool, depending entirely upon the quality of the reworked wool, its fiber, and many other factors. So the time will never come, I fear, when there will be universal agreement on what kind of legislation is wise and on the relative merits of certain inferior qualities of virgin wool and certain superior qualities of reworked wool. So that the process of investigation and argument probably will go on forever until we have a test of some kind by the enactment of a law on the subject.

I rose merely to say that I intend to support the pending bill, in order that there may be enacted by the Congress a statute which will afford a test in determining how far we can and should go in notifying the public what it is buying and what constitutes the fiber that goes into a garment.

I remember years ago I introduced, and undertook to secure the passage of, a bill punishing all manner of misbranding. It was my theory that we cannot require the labeling of all articles in commerce such as a piano, or many other things—women's garments, for instance. It might even disfigure them to put a label on them stating what they are made of. But I think we have got to make a start; we have got to test this idea at some time; and I am going to vote for this bill because, if enacted, I believe that it will afford a test which will assist in determining the fallacy or wisdom of the passage of such legislation on its merits with respect to wool. I wanted to make this statement now because I have to leave the Chamber.

Mr. AUSTIN and Mr. CHAVEZ addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Kentucky yield; and, if so, to whom?

Mr. BARKLEY. I yield first to the Senator from Vermont, who first rose.

Mr. AUSTIN. Mr. President, I know of the extensive period of study the Senator from Kentucky has given on this subject. I was aware of the fact that, as an honorable and distinguished Member of the House of Representatives, the bill to which he has referred and of which he was the author was reported favorably by the House Commerce Committee in 1916, and I have already called attention to the fact that Congress has been intermittently studying the subject ever since. I wish to know whether the Senator can tell us, out of his abundant knowledge and experience, how much, if any, the market for cotton would be impaired if one of the effects of the operation of this bill should be to reduce the production of goods made of mixtures of cotton and wool?

Mr. BARKLEY. That is a speculative question, of course, and I will have to give a speculative answer; I cannot be definite about it. The reaction against the sale of goods of mixed fibers comes about because of psychological reasons. Anybody would prefer, theoretically and on the surface, to have a suit of clothes or any other garment made of wool to one made of cotton. Wool is supposed to be superior. There is a certain wearing quality, a certain appearance, a certain resiliency about wool that is not so apparent in the case of cotton. Of course, if there is a large proportion of cotton as compared to wool used in providing the mixture, it would undoubtedly detract from the salability of the mixed garment; and, of course, the ability to buy, purchasing power, enters into the equation as well as the matter of pride which goes along with the purchase of garments, reflected in our appearance when we wear them. How far the operation of this prejudice against mixed garments would interfere with the market for cotton I do not know. Prejudice is, perhaps, the chief element, for, although I might know that a garment made altogether of cotton might last me longer and wear longer than one made of wool, the thought of having a suit of clothes made of cotton or even of a large proportion of cotton, is something against which we naturally and, I suppose, by inheritance and also because of pride and prejudice, to some extent, revolt. Due to those circumstances, the sale of cotton, to some extent, would probably be affected.

Mr. AUSTIN. May I ask the Senator if he can state whether it is correct that a hundred million pounds of cotton go into mixtures with wool annually?

Mr. BARKLEY. It has been a long time since I gathered the figures, but I would not in any way dispute the figures

given by the Senator. A very large quantity of cotton goes into the manufacture of garments that are made of mixed wool and cotton.

I now yield to the Senator from New Mexico.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired on the bill.

Mr. BARKLEY. I will take 10 minutes on the amendment and yield to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I want to make a brief observation. As I understand, the purpose of the bill is not to prohibit the manufacture of any fabric rebuilt or remade or whatever it may be desired to call any fabric made from nonvirgin wool. The only object is to make the manufacturers and sellers tell the truth about what is in a fabric. That is not at all contrary to what we have done in the past. If any housewife in Washington goes to a grocery store and asks for a bottle of grape jelly, the law now provides that on the label on the jar it shall be stated how much grape there is in the particular jelly and also whether it contains any other ingredients. Any housewife, when she goes to a grocery store and buys a bottle of ketchup, knows just exactly how much tomatoes the bottle of ketchup contains.

There is nothing out of the ordinary in the provisions of this bill. It does not even prohibit or inhibit the manufacture of shoddy cloth or made-up cloth; but we want those who make it to tell the truth about it.

Yesterday afternoon I heard a Senator say that the bill was only for the benefit of the wool grower. If we protect the grape producer or any other producer, there is no reason whatever why the wool growers in Arizona and other States should not be protected in the same way. We do it every day in the week. When a housewife goes to a grocery store she knows whether a bottle labeled "grape jelly" contains grapes or contains some other kind of material.

Mr. BARKLEY. There are, and have been for a long time, two theories about legislation of this character. One is the theory that we should prevent the actual misbranding of articles without requiring them to be branded, so that if they are branded, they shall be properly and truthfully branded. The other theory is that we should require branding, and stipulate that in the brand there shall be stated just what goes into the manufacture of the product. There has been a debate between those two theories, I know, for 25 years, ever since I came to Congress.

There is another thing that I think we have to keep in mind in order to be fair, and that is that there is not sufficient wool produced in this country to provide all the clothing the people need. In order to provide the necessary amount of clothing there must be some mixture, and some reworked wool must be used in the product. The testimony before the subcommittee in the House, of which I happened to be chairman years ago, showed that the annual production of wool was not sufficient, if all other materials were excluded, to provide the clothing for the American people.

Mr. CHAVEZ. Mr. President, will the Senator further yield?

Mr. BARKLEY. Yes.

Mr. CHAVEZ. Does the Senator think that in order to create a market for the other materials which are absolutely necessary, it would be necessary to deceive the people about what they are buying?

Mr. BARKLEY. No; I do not think so, and that is why I am going to vote for this bill. Much may be said in favor of positively notifying the purchaser what is in a garment he is contemplating purchasing; but I think we also should admit, in fairness, that when we go into a store to buy a garment, if the word "shoddy" is written on it, the chances are that prospective purchasers will hesitate to buy it. They may even be willing to buy an inferior garment, if they think it is all virgin wool, rather than to buy one that is made up partly of virgin wool and partly of reworked wool.

Mr. CHAVEZ. Mr. President——

Mr. BARKLEY. I yield.

Mr. CHAVEZ. Would not a housewife be prejudiced if she saw on the label that what purported to be jelly contained gelatin instead of grape juice?

Mr. BARKLEY. I will say to my friend from New Mexico that that is a different type of product. Anyone who goes to buy catsup wants to know and does know that it is made up very largely of tomatoes. Gelatin, of course, is not a vegetable product. It is an animal product. It is not taken from any vegetable that I know anything about, except in a very indirect way, after it has produced fat and hoof and other things on an animal of some sort.

Mr. CHAVEZ. But is not gelatin a substitute for a vegetable product?

Mr. BARKLEY. It is.

Mr. CHAVEZ. Just as shoddy is a substitute for virgin wool.

Mr. BARKLEY. Undoubtedly it is a substitute, but I think most American housewives know the difference between gelatin and jelly, or jam, or preserves, or any similar product.

Mr. CHAVEZ. Should they not know whether they are getting real wool or something else?

Mr. BARKLEY. I think so. I think the preponderance of the argument is in favor of notifying the public what they are buying; but for a while there undoubtedly will be some unfavorable reactions toward certain commodities, especially wearing apparel, which may adversely affect the market for them until the public is even further educated than at present. Nevertheless, I am going to vote for the bill, because I think there is more to be said for it than can be said against it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. LUCAS] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment was, under the heading "Affixing of stamp, tag, label, or other identification", on page 8, line 24, after the word "person", to strike out "introducing, or"; in line 25, after the word "introduction", to insert "or first introducing"; on page 9, line 2, after the word "same", to insert "containing identical information with respect to content of the wool product, and other information required under section 4"; after line 7, to strike out:

> Such substitutes shall contain the identical information required by this act to be on the original stamp, tag, label, or other means of identification, and may contain other information not violating the terms of this act or rules and regulations of the Commission.

And in line 15, after the word "product", to strike out "as required by this act, except in accordance with the provisions of this section" and insert "with intent to violate the provisions of this act", so as to make the section read:

> SEC. 5. Any person manufacturing for introduction, or first introducing into commerce a wool product shall affix thereto the stamp, tag, label, or other means of identification required by this act, and the same containing identical information with respect to content of the wool product, and other information required under section 4, or substitutes therefor shall be and remain affixed to such wool product, whether it remains in its original state or is contained in garments or other articles made in whole or in part therefrom, until sold to the consumer.
>
> Any person who shall cause or participate in the removal or mutilation of any stamp, tag, label, or other means of identification affixed to a wool product with intent to violate the provisions of this act, is guilty of an unfair method of competition, and an unfair and deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act.

Mr. SCHWARTZ. Mr. President, through an error in preparing the copy for the printer, the words "containing identical information with respect to content of the wool product, and other information required under section 4" were placed in lines 2, 3, and 4. Those words should have been inserted after the word "therefore" in line 4.

The PRESIDING OFFICER. Without objection, the transposition will be made. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The next amendment was, under the heading "Condemnation and Injunction Proceedings," on page 11, line 15, after the word "Any", to strike out "misbranded"; in line 19,

after the word "if", to insert "the Commission has reasonable cause to believe", and in line 22, after the word "commerce", to insert "in violation of the provisions of this act, and if after notice from the Commission the provisions of this act with respect to said products are not shown to be complied with", so as to make the section read:

SEC. 7. (a) Any wool products shall be liable to be proceeded against in the district court of the United States for the district in which found, and to be seized for confiscation by process of libel for condemnation, if the Commission has reasonable cause to believe such wool products are being manufactured or held for shipment, or shipped, or held for sale or exchange after shipment, in commerce in violation of the provisions of this act, and if after notice from the Commission the provisions of this act with respect to said products are not shown to be complied with. Proceedings in such libel cases shall conform as nearly as may be to suits in rem in admiralty, and may be brought by the Commission.

If such wool products are condemned by the court, they shall be disposed of, in the discretion of the court, by destruction, by sale; by delivery to the owner or claimant thereof upon payment of legal costs and charges and upon execution of good and sufficient bond to the effect that such wool products will not be disposed of until properly stamped, tagged, labeled, or otherwise identified under the provisions of this act; or by such charitable disposition as the court may deem proper. If such wool products are disposed of by sale, the proceeds, less legal costs and charges, shall be paid into the Treasury of the United States.

(b) Whenever the Commission has reason to believe that—

(1) Any person is violating, or is about to violate, sections 3, 5, 8, or 9 of this act, and that

(2) It would be to the public interest to enjoin such violation until complaint is issued by the Commission under the Federal Trade Commission Act and such complaint dismissed by the Commission or set aside by the court on review, or until order to cease and desist made thereon by the Commission has become final within the meaning of the Federal Trade Commission Act, the Commission may bring suit in the district court of the United States or in the United States court of any Territory, for the district or Territory in which such person resides or transacts business, to enjoin such violation, and upon proper showing a temporary injunction or restraining order shall be granted without bond.

The amendment was agreed to.

The next amendment was, under the heading "Guaranty," on page 14, after line 11, to strike out:

SEC. 9. No person shall be guilty of misbranding under this act if he establishes an acceptable guaranty, signed by the manufacturer, wholesaler, jobber, or other person residing in the United States, from whom a wool product was received, that said wool product, designated in the guaranty, is not misbranded under the provisions of this act, and also if he shows the exercise of due diligence and good faith with respect to said wool product and said guaranty.

Said guaranty, to be acceptable, shall contain the name and address of the manufacturer, wholesaler, jobber, or other person residing in the United States, from whom the said wool product was received; and the said manufacturer, wholesaler, jobber, or other person shall be amenable to prosecution and penalty which would attach in due course to any person violating the provisions of this act.

Any person who willfully furnishes a false guaranty under this section with reason to believe the wool products to which the false guaranty refers may be introduced, sold, transported, or distributed in commerce is guilty of an unfair method of competition and an unfair and deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act.

And in lieu thereof to insert the following:

SEC. 9. (a) No person shall be guilty under section 3 if he establishes a guaranty received in good faith, signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, that said wool product is not misbranded under the provisions of this act.

Said guaranty shall be either (1) a separate guaranty specifically designating the wool product guaranteed, in which case it may be on the invoice or other paper relating to said wool product; or (2) a continuing guaranty filed with the Commission applicable to all wool products handled by a guarantor in such form as the Commission by rules and regulations may prescribe.

(b) Any person who furnishes a false guaranty, except a person relying upon a guaranty to the same effect received in good faith, signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, with reason to believe the wool product falsely guaranteed may be introduced, sold, transported, or distributed in commerce, is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act.

Mr. SCHWARTZ. Mr. President, I desire to offer an amendment to the committee amendment. On page 15, line 14, after the word "manufactured", I move to insert "for introduction into commerce", and in line 15, after the word "received", I move to add "in commerce."

The amendment to the amendment was agreed to.

Mr. SCHWARTZ. The same words should be inserted on page 16. In line 5, page 16, after the word "manufactured", I move to insert "for introduction into commerce", and in line 6, after the word "received", I move to insert "in commerce."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, under the heading "Criminal Penalty", on page 16, line 13, after the word "who", to insert "willfully"; in line 14, after the numeral "9", to insert "(b)"; and after line 18, to strike out:

Whenever the Commission has reason to believe any person is liable to penalty under this section, it shall certify all pertinent facts to the Attorney General, whose duty it shall be to have appropriate proceedings brought for the enforcement of the provisions of this act.

And insert:

Whenever the Commission has reason to believe any person is guilty of a misdemeanor under this section, it shall certify all pertinent facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of this section against such person.

So as to make the section read:

SEC. 10. Any person who willfully violates sections 3, 5, 8, or 9 (b) of this act shall be guilty of a misdemeanor and upon conviction shall be fined not more than $5,000, or be imprisoned not more than 1 year, or both, in the discretion of the court: *Provided*, That nothing herein shall limit other provisions of this act.

Whenever the Commission has reason to believe any person is guilty of a misdemeanor under this section, it shall certify all pertinent facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of this section against such person.

The amendment was agreed to.

The PRESIDING OFFICER. That concludes the committee amendments.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall the bill pass?

Mr. THOMAS of Oklahoma. I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FRAZIER (when Mr. NYE's name was called). My colleague [Mr. NYE] is absent. If he were present he would vote "yea."

Mr. LUCAS (when Mr. SLATTERY's name was called). My colleague the junior Senator from Illinois [Mr. SLATTERY] is unavoidably detained from the Senate on important business. If he were present he would vote "yea."

The roll call was concluded.

Mr. AUSTIN. The Senator from Minnesota [Mr. SHIPSTEAD] is paired with the Senator from Virginia [Mr. GLASS]. The Senator from Minnesota would vote "yea" if present and permitted to vote, and the Senator from Virginia would vote "nay."

Mr. McNARY. On this bill I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from South Dakota [Mr. NYE], and vote "yea."

Mr. BRIDGES. I have a pair with the Senator from North Carolina [Mr. REYNOLDS]. Not knowing how he would vote, I withhold my vote.

Mr. MINTON. I announce that the Senator from Michigan [Mr. BROWN], the Senator from Ohio [Mr. DONAHEY] and the Senator from West Virginia [Mr. NEELY] are un-

avoidably detained from the Senate. I am advised that if present and voting, they would vote "yea."

The Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are absent because of illness in their families.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Iowa [Mr. GILLETTE], the Senators from Virginia [Mr. BYRD and Mr. GLASS], the Senator from Mississippi [Mr. BILBO], and the Senator from West Virginia [Mr. HOLT] are absent on important public business.

The Senator from Mississippi [Mr. HARRISON], the Senator from New York [Mr. MEAD], the Senator from Utah [Mr. KING], the Senator from Louisiana [Mr. OVERTON], and the Senator from Georgia [Mr. RUSSELL] are detained in committee meetings.

Mr. WAGNER (after having voted in the negative). I am paired on this vote with the senior Senator from West Virginia [Mr. NEELY]. I inquire if the Senator from West Virginia has voted?

The PRESIDING OFFICER. The Chair is informed that the Senator from West Virginia has not voted.

Mr. WAGNER. I am told that if he were present he would vote in the affirmative. Therefore I withdraw my vote.

Mr. McKELLAR (after having voted in the affirmative). I inquire if the senior Senator from Delaware [Mr. TOWNSEND] has voted?

The PRESIDING OFFICER. The Chair is advised that the Senator from Delaware has not voted.

Mr. McKELLAR. I have a pair with the Senator from Delaware, which I transfer to the senior Senator from New Jersey [Mr. SMATHERS], and allow my vote to stand. I am advised that, if present and voting, the Senator from New Jersey would vote "yea."

Mr. THOMAS of Oklahoma (after having voted in the negative). I change my vote from "nay" to "yea."

The result was announced—yeas 48, nays 23, as follows:

YEAS—48

Adams	Connally	La Follette	Pepper
Andrews	Downey	Lee	Pittman
Ashurst	Ellender	Logan	Schwartz
Barbour	Frazier	Lucas	Schwellenbach
Barkley	Green	Lundeen	Sheppard
Bone	Guffey	McCarran	Stewart
Borah	Hatch	McKellar	Thomas, Okla.
Bulow	Hayden	McNary	Thomas, Utah
Burke	Herring	Minton	Tobey
Capper	Holman	Murray	Vandenberg
Chavez	Hughes	Norris	Van Nuys
Clark, Idaho	Johnson, Colo.	O'Mahoney	Wheeler

NAYS—23

Austin	Davis	Hill	Truman
Bailey	George	Lodge	Tydings
Bankhead	Gerry	Maloney	Walsh
Byrnes	Gibson	Miller	White
Clark, Mo.	Gurney	Radcliffe	Wiley
Danaher	Hale	Taft	

NOT VOTING—25

Bilbo	Glass	Nye	Smathers
Bridges	Harrison	Overton	Smith
Brown	Holt	Reed	Townsend
Byrd	Johnson, Calif.	Reynolds	Wagner
Caraway	King	Russell	
Donahey	Mead	Shipstead	
Gillette	Neely	Slattery	

So the bill (S. 162) was passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 2805) to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair.

The message also announced that the House insisted upon its amendment to the bill (S. 188) to provide for the administration of the United States courts, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CELLER, Mr. CHANDLER, Mr. HOBBS, Mr. MICHENER, and Mr. GWYNNE were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H. R. 4646) to provide means by which certain Filipinos can emigrate from the United States.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States; and

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 2170) to improve the efficiency of the Coast Guard, and for other purposes, and it was signed by the Vice President.

ORDER OF BUSINESS

Mr. BARKLEY. Mr. President, I wish to make a very brief statement for the information of the Senate, inasmuch as I will have to leave the Chamber in a few moments to attend a committee meeting.

The Senator from Texas [Mr. SHEPPARD] desires to have a bill on the calendar taken up, and will move in a moment that the Senate proceed to its consideration. I do not think consideration of that bill will take long. The senior Senator from Arizona [Mr. ASHURST] desires to have a bill providing for some additional judges considered, following the disposition of the bill in which the Senator from Texas is interested, and it is entirely agreeable that that shall be done, with the understanding that if the consideration of that bill has not been concluded by the time the Committee on Banking and Currency reports the so-called lending bill, it may be set aside temporarily for consideration of the lending bill, because, that being a major piece of legislation, it is desired that it shall be considered as soon as it is possible to get it out of the committee. Whether the committee can report this week I am not certain, but I think it will report either tomorrow or early next week.

Mr. ASHURST. Mr. President, will the Senator yield so that I may make a statement?

Mr. BARKLEY. I yield.

Mr. ASHURST. Mr. President, the able Senator from Kentucky is entirely correct. After the measure which the Senator from Texas [Mr. SHEPPARD] desires to have considered shall have been disposed of I shall try to secure recognition to have Senate bill 2185 made the unfinished business. That is a bill providing for the appointment of several additional judges.

Mr. President, I am in honor bound to say that I promised the Senator from Utah that I would not ask for the consideration of the bill today or tomorrow; that I would not ask for its consideration until Monday. Am I correct about that?

Mr. KING. The Senator is correct, as he usually is.

Mr. ASHURST. But on Monday I should like, with the Senate's kind indulgence, to commence consideration of that bill, with the understanding that it will be laid aside for the lending and spending bill at any time any Senator demands that it may be laid aside.

Mr. BARKLEY. Mr. President, I should like to see whether action can be had on the judicial bill at a session tomorrow, which is Saturday, in order that we may take no chances on delaying the final adjournment of Congress. I was wondering whether it would not be possible to proceed tomorrow to consider this judicial bill. Could we not have a session tomorrow to dispose of that?

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I do not have the floor.

Mr. ASHURST. I will yield in a moment. Let me say that there is no disposition on my part to crowd any Senator, even if I had the power to do so, but it seems to me that if the able Senator from Utah would be so gracious as to allow a session to be held tomorrow in order that we may

consider and finish the bill having to do with the appointment of judges, it could be acted upon in, perhaps, less than 3 hours.

Mr. KING. I may say to the Senator that the disposition of the bill, in my opinion, will not take very much time. It is a bill which ought not to pass, but undoubtedly it will be passed. I think perhaps in an hour, or 2 hours at the most, it will be disposed of next Monday.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. ASHURST. I yield to the Senator from New Mexico.

Mr. HATCH. Mr. President, it occurred to me that perhaps I should make a statement in connection with some business which may come before the Senate; in fact, I have made the request of the Senator from Texas [Mr. SHEPPARD] that as soon as his bill is made the unfinished business he yield to me in order that I may ask to have laid before the Senate certain amendments which were adopted by the House of Representatives on yesterday to Senate bill 1871. I intend to move to concur in those House amendments. In view of certain maneuvers which I have seen on the floor in the last few minutes, I am inclined to think that that motion might evoke at least some discussion. So I wish to say that I plan to make the motion just as soon as I possibly can do so.

Mr. ASHURST. I will say to the Senator from New Mexico that it is my purpose to ask him to assume the management of Senate bill 2185, providing for the appointment of new judges, because he was chairman of the subcommittee which considered the measure, and for the further reason that I was not able to give a great deal of attention to the bill. So I anticipate the Senator will have a pretty full day Monday.

Mr. BARKLEY. Mr. President, can we not take up the bill for consideration this afternoon and discuss it but not have a vote on it? It is now 20 minutes to 3 o'clock, and we should not quit at this time of the day and go over until tomorrow. The Senator from Arizona can bring up the bill to which he referred, and the Senator from Maryland [Mr. TYDINGS] has a matter to bring up. It may be that some part of the discussion on the judicial bill may be disposed of this afternoon.

Mr. ASHURST. Mr. President, let me say in answer to the Senator's statement that my attitude will be controlled entirely by the Senator from Utah [Mr. KING]. If he should object to the consideration of the bill this week, I am honor bound to respect his wishes. I hope the Senator from Utah will allow us to proceed this afternoon with the discussion of the bill. Time is getting short. The Senator from Utah is an able public servant. Frequently he and I do not agree, but I hope he will be gracious enough in these expiring hours of the Congress to permit discussion of the bill this afternoon.

Mr. BARKLEY. Mr. President, there is no more gracious and considerate Senator on the floor than is the Senator from Utah——

Mr. ASHURST. I think that is true.

Mr. BARKLEY. We sometimes disagree on legislative matters, but the Senator from Utah is always gracious and kind and considerate, and I would almost be willing to nominate him candidate No. 1 as being the most generous Member of this body.

Mr. ASHURST. After all those expressions of esteem, will not the Senator from Utah allow us to proceed with a consideration of the bill this afternoon?

Mr. KING. Waiving the question of graciousness and coming to the question at issue, I will say that I have no objection to the consideration of the bill this afternoon, with the understanding, because I have been assured that it will not come up until next week, that a vote will not be taken upon it until tomorrow or Monday.

Mr. ASHURST. Very good.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. ASHURST. I yield the floor.

Mr. DANAHER. Mr. President, will the Senator from Arizona tell us the legislative status of the bill to create an administrator for the United States courts?

Mr. ASHURST. That bill, as the Senator knows, passed the Senate and was sent to the House of Representatives. The House struck out all after the enacting clause of the Senate bill and inserted different language. The chairman of the Senate Committee on the Judiciary moved to concur in the House amendment, but, after a more careful investigation, he was convinced that such a motion should not have been agreed to, whereupon the able Senator from Nebraska [Mr. BURKE] moved to reconsider the vote by which the amendment was agreed to, to disagree to the amendment of the House, request a conference with the House thereon, and that conferees on the part of the Senate be appointed. The motions were agreed to, and conferees have been appointed. I am glad to say that the able Senator from Connecticut [Mr. DANAHER] is one of the conferees on that bill.

Mr. DANAHER. I thank the Senator from Arizona, but I asked the question because I feel that that bill has a very definite bearing on the matter of whether we should create additional Federal judges.

Mr. ASHURST. That may be. I yield the floor.

DISCRIMINATION AGAINST GRADUATES OF CERTAIN SCHOOLS

Mr. SHEPPARD. I move that the Senate proceed to the consideration of Calendar No. 574, Senate bill 1610.

The PRESIDING OFFICER. The title of the bill will be read for the information of the Senate.

The CHIEF CLERK. A bill (S. 1610) to prevent discrimination against graduates of certain schools and those acquiring their legal education in law offices in the making of appointments to Government positions the qualifications for which include legal training or legal experience.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Is the motion debatable?

The PRESIDING OFFICER. The motion is debatable.

Mr. THOMAS of Oklahoma. Mr. President, I desire to debate the motion.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. No; I will not yield now.

Mr. HATCH. Mr. President, a parliamentary inquiry.

Mr. McNARY. Mr. President, a parliamentary inquiry.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. McNARY. I rise to a point of order. I object to any further proceedings until there is order in the Senate and the various Senators occupy their seats.

The PRESIDING OFFICER. The point of order is well taken. The Chair will recognize Senators as they address the Chair.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. HATCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATCH. Who has the floor?

The PRESIDING OFFICER. The Senator from Texas [Mr. SHEPPARD] has the floor.

Mr. HATCH. Mr. President, will the Senator from Texas yield?

Mr. SHEPPARD. I will yield for a moment in a moment. The Senator from Massachusetts desires to introduce a measure. I yield to him for that purpose, if there is no objection.

Mr. BARKLEY. Will the Senator yield before that is done?

Mr. SHEPPARD. I yield.

Mr. BARKLEY. I think in the interest of orderly procedure the Senate ought to dispose of the motion of the Senator from Texas to take up the bill before any unanimous-consent request is made for the introduction of bills or for the insertion of matters into the RECORD, or other matters. I believe that action should be taken before the Senator yields.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. McNARY. Mr. President, I ask for order.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas. Without objection——

Mr. CLARK of Missouri. Mr. President, one moment. Reserving the right to object, I ask the Senator if he will yield?

Mr. SHEPPARD. I yield first to the Senator from Oklahoma [Mr. THOMAS].

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. I was advised that the motion was debatable.

The PRESIDING OFFICER. It is.

Mr. THOMAS of Oklahoma. I gave notice that I desired to debate the motion. A little while ago in the consideration of the truth-in-fabric bill the statement was made——

Mr. TYDINGS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. I do not want to take the Senator from Oklahoma from the floor, but who has the floor?

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. TYDINGS. Has the Senator from Texas relinquished the floor?

The PRESIDING OFFICER. The Senator from Texas did not indicate any desire to retain the floor after the Chair stated the motion, and the Senator from Oklahoma is now recognized by the Chair.

TRUTH IN FABRIC—MOTION TO RECONSIDER

Mr. THOMAS of Oklahoma. Mr. President, I realize it is a rule of the Senate that a Senator must debate the question at issue, but the rule likewise provides that the Senator himself is the judge of the issue. In this particular I presume I may assume to be the judge of the issue I desire to discuss.

Mr. President, a little while ago the statement was made in connection with the debate on the truth-in-fabric bill that the passage of that bill would destroy a large demand for cotton. That argument has not been made heretofore. My State is a cotton-producing State. My State also produces wool. I do not know to what extent the enactment of this bill and its operation will destroy the demand for cotton; neither do I know how much it will destroy the demand for wool; and in order that I may for my satisfaction obtain some information about this matter I now enter a motion to reconsider the vote by which the so-called truth-in-fabric bill was passed.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Let the Chair first make an inquiry. Does the Senator from Oklahoma make the motion to reconsider, or serve notice that he will make the motion?

Mr. THOMAS of Oklahoma. I enter the motion.

The PRESIDING OFFICER. The motion will be entered.

Mr. THOMAS of Oklahoma. I cannot ask for disposition of the motion until I obtain some information, and as yet I have had no chance to obtain it.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. The RECORD will show that the Senator from Oklahoma is entering the motion.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. The parliamentary inquiry which I desire to address to the Chair is whether or not it will be possible, immediately after the motion is made, to move to lay the motion of the Senator from Oklahoma on the table.

The PRESIDING OFFICER. Not at this time, because another motion is pending before the Senate.

Mr. O'MAHONEY. I understand. I mean, at the time the motion is made.

The PRESIDING OFFICER. The entry of the motion is privileged. As soon as the motion now before the Senate is disposed of——

Mr. O'MAHONEY. Should notice now be given of an intention to move to lay on the table the motion of the Senator from Oklahoma?

The PRESIDING OFFICER. It is not necessary.

Mr. O'MAHONEY. That motion may be made when the motion of the Senator from Oklahoma is actually made?

The PRESIDING OFFICER. It may be made at any time, under the rules.

Mr. HATCH. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from New Mexico wishes to make a parliamentary inquiry, which he will state.

Mr. HATCH. Was the motion of the Senator from Texas [Mr. SHEPPARD] agreed to; and is his bill now the pending business?

Mr. TYDINGS. It has not been agreed to.

Mr. SHEPPARD. The bill has not been taken up by the Senate.

Mr. HATCH. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HATCH. Senate bill 1871 was passed by the House of Representatives yesterday with certain amendments. I am advised that a message from the House in that connection is now on the desk. Is it in order that that message be laid before the Senate for consideration at this time?

The VICE PRESIDENT. It is if the Senator from Texas [Mr. SHEPPARD] will yield for that purpose. Does the Senator from Texas yield?

ADDITIONAL CLERK HIRE—CONFERENCE REPORT

Mr. SHEPPARD. Mr. President, I ask for a vote on my motion.

Mr. BARKLEY. Mr. President, I suggest to the Senator from New Mexico that if the Senate is ready to vote on the motion of the Senator from Texas, it should do so before taking up the other matter.

Mr. HATCH. That is perfectly agreeable to me. I simply did not understand why there was so much commotion and desire to obtain the floor.

The VICE PRESIDENT. Let the Chair state the parliamentary situation.

The Senator from Texas [Mr. SHEPPARD] has made a motion to take up a certain bill. That motion is pending. It is subject to debate. Does any Senator desire to debate that motion?

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. The Senator from Maryland is recognized.

Mr. TYDINGS. In the present state of the parliamentary situation, is the consideration of a conference report in order?

The VICE PRESIDENT. It is.

Mr. TYDINGS. I submit the conference report on House bill 6205 and ask for its immediate consideration.

The VICE PRESIDENT. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6205) to provide for additional clerk hire in the House of Representatives, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 3.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 2. Section 1 of the Legislative Pay Act of 1929 (U. S. C., title 2, sec. 60 (a)), is amended by adding two new paragraphs under the caption 'Clerical Assistance to Senators,' as follows:

" 'Ninety-six additional clerks at $1,800 each, one for each Senator, in lieu of the assistant clerks now authorized by S. Res. 144, agreed to August 15, 1935, which resolution is hereby repealed as of January 1, 1940.

" 'Each Senator shall have one additional clerk at $1,500 per annum, and in addition thereto each Senator from any State which has a population of 3,000,000 or more inhabitants shall be entitled, in addition to the one clerical assistant provided for in this paragraph, to one additional clerk at the rate of $1,500 per annum.' "

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree

to the same with an amendment, as follows: In lieu of the figure "5" insert "4"; and the Senate agree to the same.

M. E. TYDINGS,
ALVA B. ADAMS,
JOHN H. OVERTON,
HARRY S. TRUMAN,
FREDERICK HALE,
STYLES BRIDGES,
Managers on the part of the Senate.
LINDSAY C. WARREN,
JOHN J. COCHRAN,
JAMES WOLFENDEN,
Managers on the part of the House.

The VICE PRESIDENT. Without objection, the conference report——

Mr. BARKLEY. Mr. President, I wish to make an inquiry of the Senator from Maryland with respect to the conference report.

As I understand, the bill originated in the House. The bill increased by one the number of clerks of Members of the House.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. The Senate adopted an amendment to the bill which made permanent the employment of one clerk now temporarily allotted to each Senator.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. And added another permanent clerk at the rate of $1,500 per year.

Mr. TYDINGS. That is correct; commencing in January 1940.

Mr. BARKLEY. Commencing next January.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. In addition to that, the Committee on Appropriations of the Senate adopted an amendment providing for a research assistant, or clerk, or whatever he may be called, for the minority leader, and one for the majority leader.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. As I understand, that provision was stricken out on the demand of the House conferees. What was the reason?

Mr. TYDINGS. I will say to the Senator from Kentucky that the word "demand" is rather strong.

Mr. BARKLEY. I will say on the insistence of the House conferees. I wish merely to state that it seems a little unusual for the House to take it upon itself to say that those amendments, amounting to $10,000 a year——

Mr. TYDINGS. And relating purely to Senate business.

Mr. BARKLEY. Relating purely to Senate business, and in the interest of efficiency, should not be agreed to. I am satisfied that the Senator from Oregon will corroborate my statement that it would be in the interest of efficiency on both sides of this Chamber if the Senator from Oregon [Mr. MCNARY] and I each had someone not connected with our offices whose only duty it would be to look after legislation, gather material, and put on our desks every day a brief, memorandum, or syllabus with respect to all the bills on the calendar, which would enable us to understand the legislative situation more intimately and thereby enable both of us the better to perform our duties. The Senate probably would be surprised to know that neither of us has any clerical assistance in addition to that allowed every other Senator.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. My work has multiplied four times; and there are many occasions when I need information, when I cannot go to the Library or to one of the Departments to obtain it, due solely to physical lack of time. Because of that fact, I am wondering why the House conferees insisted that the Senate could not retain a little amendment of that kind for the assistance of the Senator from Oregon and myself in undertaking to perform efficiently our duties in the Senate.

Mr. TYDINGS. Will the Senator allow me to answer his question?

Mr. BARKLEY. In a moment. In that connection, I will say that for years the majority leader of the House has had an assistant. He came to me and told me personally that ever since the days when Representative Tilson, of Connecticut, was majority leader of the House, clerical assistance had been provided for the majority leader, and I think also for the minority leader. I recall that when I was in the House the minority leader was Hon. James R. Mann, of Illinois; and he was the most efficient legislator I have ever seen in any body. Every morning he had on his desk a résumé of every bill likely to come up, and every bill on the calendar. All the other Members were amazed that he should be able to obtain that information. We learned how he obtained it. He had a corps of assistants who did nothing except furnish him with such information. The majority leader of the House now has an assistant whose only duty is to brief and look after proposed legislation, and to put on his desk every day an outline of the bills which are likely to come up, so that he will know what is in them. I must say that I cannot quite understand why the House was not willing to accord to the Senate the same privilege.

Mr. TYDINGS. I think the Senator's observations are quite reasonable and sound. I will say to the Senator that the conferees who represented the Senate in this matter took the point of view he has expressed, first of all, that according to custom the Senate has a right to provide for its own employees without interference from the House, and that the House has a right to provide for its own employees without interference from the Senate. That has been the universal rule.

However, in the closing days of Congress there was a human factor involved with which the committee had to deal as a practical matter.

The bill originated in the House. It had to do only with the personnel employed by the House; and the House took the position that the Senate ought not to add such amendments to a bill having to do purely with a House matter. However, the Senate had already acted on the bill; and, of course, that complaint had to be dealt with in the light of realities.

Those who opposed the measure in the House did not particularly oppose any of the Senate amendments, but did object to the use of a bill having to do purely with a House matter, and dealing with the personnel of the House alone, as a vehicle to provide assistance in the transaction of Senate business. So when the conferees met we had that obstacle to overcome. The House would not have objected to any of the Senate proposals if the bill had been purely a Senate bill; but it did object to the Senate adding something to a House bill which dealt entirely with House personnel.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. TYDINGS. I shall be glad to yield in a moment, if the Senator will permit me to finish my statement.

Mr. BURKE. Perhaps the Senator's statement will cover the matter I have in mind.

Mr. TYDINGS. There was some opposition in the House to the whole proposal, both to the increase in House personnel and to the increase in Senate personnel. The conference committee on the part of the Senate naturally wanted to save everything it could for the Senate. It was suggested to us that while the House had no right to object to any action taken by the Senate, if we should make the Senate amendments a separate matter the House would not object. We would then be in the position of providing only extra clerical assistance for the Senate, and the House would provide extra clerical assistance for the House. It was suggested that extraneous things such as assistants to the majority and minority leaders should be excluded from the bill, and that if we did not do so, as a practical matter we might run into opposition in the House which might defeat the entire proposal.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. Just one more sentence.

In view of the fact that Senators have been pressing me for 3 months to obtain the passage of some measure which would give them some additional clerical assistance, I had to be governed by the practical equations which existed in the conference; and I told the House conferees that, while it was outrageous that they should in this indirect manner

attempt to dictate to the Senate, I would accede to their request only because I could not accomplish anything without acceding to it; and that when the measure came over it would be the understanding that the House conferees would go along to provide the majority and minority leaders each with an assistant, to which they are entitled.

Mr. BARKLEY. Mr. President, may I ask the Senator another question?

Mr. TYDINGS. Certainly.

Mr. BARKLEY. The bill provides one additional clerk for each Senator, in addition to making permanent the employment of one clerk whose status is now temporary.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. Also, in the offices of Senators from States whose population is 3,000,000 or more, provision is made for still another clerk.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. I have not been able to find from an examination of the report the basis for determining whether or not a State has a population of 3,000,000 or more. Is the determination to be based upon the last census?

Mr. TYDINGS. The 1930 census. There will be a new census next year, and the 1940 census then will govern. The measure would become permanent law.

This matter did not originate with the present speaker. It originated with a group of Senators who represent large States, and who claim that with uniform office forces they cannot cope with the volume of mail coming into their offices. I remember that the Senator from California [Mr. DOWNEY] said that because of his activity in the Townsend old-age pension plan program he was the recipient of thousands upon thousands of letters which he could not even acknowledge with a postal card, due to his small office force. I recall that the Senator from Pennsylvania [Mr. GUFFEY] likewise gave figures as to the volume of his correspondence and asked that some relief be given to him. I recall, likewise, that the late Senator Copeland, of New York, for a number of years paid a part of his office force out of his own pocket in order to take care of his correspondence.

So when this matter was brought before the Committee on Appropriations the bill introduced, I think, by the Senator from Pennsylvania, was modified and the modified bill was in line with that described by the Senator from Kentucky. It became, therefore, my duty, as chairman of the subcommittee on the legislative appropriation bill, to do the best I could with it in conference. I rescued about 90 percent of it from complete slaughter, and, in view of all the circumstances, while I hated to let the majority and minority leaders down, we were on the battlefield, and, as a "better 'ole" was not to be found any place, that is the one we got into. [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

The VICE PRESIDENT. The Chair would like to make a statement in connection with the conference report and this proposed legislation. Every Member of the House and every Member of the Senate has had his allowance for clerk hire increased except the Vice President. He was left off by his own consent. [Laughter.]

PROHIBITION OF PERNICIOUS ACTIVITIES

The VICE PRESIDENT. The question is on the motion of the Senator from Texas [Mr. SHEPPARD].

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK of Missouri. If the motion of the Senator from Texas should be adopted, making the school bill the unfinished business, would it then be in order at any time when any Senator could gain the floor to move to displace that measure and take up the House amendments to Senate bill 1871?

The VICE PRESIDENT. That is a privileged matter. It can be taken up now or after the vote on the motion of the Senator from Texas, either one. Being a privileged matter, if no Senator objects, the Chair will lay before the Senate the amendments of the House of Representatives to Senate bill 1871.

The amendments of the House of Representatives to the bill S. 1871, an act to prevent pernicious political activities, were, on page 2, line 2, after "Representatives", to insert "Delegates or Commissioners from the Territories and insular possessions"; on page 2, line 10, after "election", to insert "or the nomination"; on page 2, line 13, after "Representatives", to insert "Delegates or Commissioners from the Territories and insular possessions"; on page 2, line 13, to strike out all after "Representatives" down to and including "choose" in line 16; on page 2, lines 19 and 20, after "possible", to insert "in whole or in part"; on page 3, line 9, after "solicit", to insert "or receive"; on page 3, line 10, after "soliciting", to insert "or receiving"; on page 3, line 16, after "person", to insert "for political purposes"; on page 4, lines 11 and 12, to strike out "shall be deemed guilty of a felony"; on page 4, line 12, after "conviction", to insert "thereof"; on pages 4 and 5, to strike out all of section 9 and insert:

SEC. 9. (a) It shall be unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof. No officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns. All such persons shall retain the right to vote as they may choose and to express their opinions on all political subjects. For the purposes of this section the term "officer" or "employee" shall not be construed to include (1) the President and Vice President of the United States; (2) persons whose compensation is paid from the appropriation for the office of the President; (3) heads and assistant heads of executive departments; (4) officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in the Nationwide administration of Federal laws.

(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person.

On page 5, after line 3, to insert:

SEC. 9A. (1) It shall be unlawful for any person employed in any capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress, to have membership in any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.

(2) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person.

On page 5, line 5, to strike out "any other sections"; and on page 5, line 6, to strike out "or of this act."

Mr. HATCH. I move that the Senate concur in the House amendments.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MINTON. Mr. President, wait a moment.

The VICE PRESIDENT. Is there objection?

Mr. MINTON. There is.

The VICE PRESIDENT. The Senator from Indiana.

Mr. HATCH. Mr. President——

Mr. MINTON. I yield to the Senator from New Mexico.

Mr. HATCH. Mr. President, in view of the objection of the Senator from Indiana [Mr. MINTON], perhaps I should explain briefly just what the House amendments are.

On April 13 this year the Senate passed, without a dissenting vote, on the regular call of the calendar, Senate bill 1871, introduced by the Senator from Texas [Mr. SHEPPARD], the Senator from Vermont [Mr. AUSTIN], and myself. On the day that vote was taken many Senators were on the floor, and they knew and understood what that bill concerned.

The next day the Senator from Pennsylvania [Mr. GUFFEY], who had been absent on the day the bill was passed, entered a motion to reconsider the vote by which the bill was passed. Later I was informed of the motion and of the action of the Senate and made some remarks upon the floor of the Senate. Still later the Senator from Pennsylvania, upon my

assurance that I was perfectly willing to go before the House committee and ask that policy-making officials be exempted from the prohibition of the bill, withdrew his motion to reconsider. Following that I met with the subcommittee of the House Judiciary Committee. I myself drew an amendment to section 9 of the bill which did exactly what I told the Senator from Pennsylvania I would do. It specifically exempted all policy-making officials of the United States from the prohibition of section 9.

The subcommittee of the House Judiciary Committee unanimously, Mr. President, adopted that proposed amendment. The chairman of that subcommittee was Mr. HEALEY, of Massachusetts, and one of the leading members was the Representative from Alabama [Mr. HOBBS]. With other members of the subcommittee, they so reported to the full Judiciary Committee of the House of Representatives. That report of the subcommittee, Mr. President, for some reason unknown to me, for the full committee met in executive session, was rejected by the full committee, and in lieu of the recommendation of their subcommittee the full committee eliminated from section 9 every vital part of that section. There can be no dispute about that. They completely, as I have said before, and now repeat, emasculated section 9, and they reported the bill to the House in that form.

On last night the House of Representatives, by decisive votes—not one, but several—rejected the philosophy of the House Committee on the Judiciary and accepted, Mr. President, the philosophy of the Senate of the United States as contained in section 9, and wrote almost identically, so far as meaning is concerned, the provisions which the Senate had accepted without a dissenting vote. That being the only matter of importance on which the House acted, the House of Representatives having accepted the bill which the Senate passed, today I have moved, Mr. President, not in order to carry out my will but to carry out the will of the Senate of the United States, to concur in the House amendments, which restate and do that which the Senate said was the right and proper thing to do.

I am advised, Mr. President, this day that there is now a move on foot in the Senate of the United States to assemble Senators and to pledge them to vote to send this bill to conference. For what? To carry out the will of the Senate? No, Mr. President; not to carry out the will of the Senate, but to kill and destroy section 9 of the Senate bill. Is there a Senator on the floor of the United States Senate who wants to take issue with that statement? If so, let him take issue, for the well-known fact is that practically every member of the House Committee on the Judiciary—and I cast no reflection on the honorable Members of the House of Representatives, who were exercising their rights, as they had to exercise them and which I have never denied or sought to deny—practically every member of the House Committee on the Judiciary, including members of the subcommittee, voted against the particular amendment which their subcommittee themselves had recommended.

Am I to be asked to go into conference on a matter about which there is no difference with a committee who have already voted against it and some of whom voted against the final passage of the bill?

Mr. President, let us not be misled by anything that may be said on the floor of the Senate today; let nobody be deceived by the issue that is confronted if it is sought to send this bill back to conference, for there is nothing to confer about. A vote to send it back to conference means simply this: It is a vote to send the bill to the graveyard.

We might just as well draw the issue plainly and make it certain right here. Let there be no hiding behind good intentions. Let there be no pious declarations of being for the noble objectives of the bill, but we are going to send it to conference, where we know it will die.

Mr. CHAVEZ. Mr. President, will my colleague yield?

Mr. HATCH. I yield.

Mr. CHAVEZ. Without any intention of being pious about the matter, my colleague knows that on the 13th of April, when the bill was passed, I was not on the floor of the Senate. I am not afraid to take the responsibility of voting as I please today, and not being bound by action the Senate took at a time when I was not here.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. CLARK of Missouri. I should like to ask the Senator from New Mexico if there is any substantial difference between the bill as it passed the Senate of the United States without opposition, without a dissenting voice in this body, and the bill with the amendments as it passed the House of Representatives on yesterday, overruling the House Committee on the Judiciary.

Mr. HATCH. Yes, Mr. President; I must answer in the affirmative the question of the most distinguished and able Senator from Missouri. In answering the question in the affirmative I want to point out just what the differences are.

After the bill had passed the Senate a great many unwarranted, unfair, unjust, and unreasonable criticisms were made. It was said that the Senate bill would prevent a Member of Congress from making a speech in his own behalf—a most ridiculous construction. It was said that no Jackson Day dinners could be held, and a great many things of that sort. So, as I told the Senator from Pennsylvania [Mr. GUFFEY] I was willing to do, I met with the House committee and agreed on language which would remove any doubt as to what the bill meant, and would make it perfectly clear and certain.

For instance, in order that the legislative branch of government might not be inflicted with this ban, the new section which the House adopted applies only to the executive branch of government. In that respect, if the criticisms were anywhere just or well founded, the bill as it passed the House is not so strong as when it passed the Senate. To make it more clear and certain it was provided, inasmuch as the bill now relates specifically to the executive branch of the Government, that the President and the Vice President should not be affected by its terms, and that members of the President's Cabinet should not be affected; and there is a very sound reason for that. As I have often said, when policy-making officials of the Government such as the President and members of the Cabinet inaugurate and carry on great policies of government, they must necessarily frequently go before the country and the people and explain their polices, and often it is true that they must defend them when they are assailed. It is but right and proper that they should have the full privilege of doing so, and the bill now so provides.

It is also provided that persons paid from the appropriation for the Executive Office, the staff of that office, are not affected by the bill, which should be the case.

Finally, in order to make certain that I had kept faith with the Senator from Pennsylvania and carried out the word that I pledged to him about policy-making officials, I inserted another provision which is, in substance, that the prohibition shall not extend to any official of the United States appointed by the President by and with the advice and consent of the Senate, and—mark the conjunction "and"—who determines policies to be pursued by the Government in the Nation-wide administration of laws or in the relations of this country with foreign countries; a provision designed to make it certain that no policy-making official is included within the prohibitions of the bill.

What more I could do I do not know, Mr. President. We have met the will of the Senate of the United States, as the legislation was enacted here. If anything, the House has made it better legislation, in that specific persons are excepted. The Senate of the United States today may concur in the action of the House if it wants legislation of that kind, if it was sincere and honest and meant what it said when it passed the bill. The action of the House may be concurred in, and the bill may go to the Executive for his approval or veto. Or, if the Senate shall say, "We did not mean what we said," then let the bill go to conference, and permit it to die. But, Mr. President, I much prefer that if Senators do not believe in this philosophy they stand on the floor of the Senate of the United States and say forthrightly, "I do

not believe in it; it is wrong, it is bad, it is vicious legislation; it ought to be killed, and I am voting to kill it." If it is to die, let it die an honorable death.

Mr. CLARK of Missouri. Mr. President, will the Senator further yield?

Mr. HATCH. I yield.

Mr. CLARK of Missouri. Let me ask the Senator from New Mexico if it is not an absolute fact that so far as the entire spirit and structure of the two bills are concerned the bill as it passed the Senate and the bill as it passed the House last night are in entire conformity?

Mr. HATCH. There is no difference at all.

Mr. CLARK of Missouri. As opposed to the effort which has been made in both bodies—not very strongly in this body, but very strongly by a committee in the body at the other end of the Capitol—to emasculate the whole measure. In other words, the bill as it passed the Senate and the bill as it passed the House are bills with teeth in them to prevent the use of Federal patronage for political purposes in this country.

Now let me ask the Senator from New Mexico a further question, if I may. Does not the Senator believe that to send the bill to conference over a quibble concerning something which does not exist, without any real difference between the will of the two Houses as expressed in the legislation, is to kill the bill?

Mr. HATCH. Oh, certainly. I have no doubt of it.

Mr. MINTON obtained the floor.

Mr. CHAVEZ. Mr. President, will the Senator from Indiana yield to me for just a moment?

Mr. MINTON. I yield.

Mr. CHAVEZ. My purpose in rising a little while ago to ask a question of my colleague was not with the idea of disagreeing with his philosophy. It was with the idea of keeping the record straight, and stating that I, for one, was not on the floor of the Senate at the time the bill was acted on, and that I, for one, am not afraid to state my position on the floor of the Senate. If I had been here at that particular time, I would have voted against the bill. There is no question whatever about that position of mine. The other position is that if the Senate has acted on the bill, this Senator is willing to abide by whatever the Senate did.

Mr. MINTON. Mr. President, the Senator from New Mexico [Mr. HATCH], with a great deal of heat and very little light, has taken up the bill known as Senate bill 1871 and the amendments of the House to it. He has made a number of gratuitous accusations that have no foundation at all in fact.

I suppose I have no better friend in the United States Senate than the Senator from New Mexico [Mr. HATCH]. I would not question his sincerity. I would not question his integrity. I would not accuse the Senator of wanting to do anything against me in any matter that came before the United States Senate. I would not accuse the Senator from New Mexico of wanting to take advantage of his colleagues. I would not be guilty of accusing the Senator from New Mexico of the things he accused his colleagues of a while ago.

Mr. President, I have just looked over for the first time this bill as it came from the House. I venture to say there are not six Senators on the floor of the United States Senate who have seen the bill as amended in the House. It came before the Senate of the United States in due course upon the calendar—everybody knows what that means—and it received not a moment's consideration on the floor of the United States Senate. It went through, as we all know bills sometimes do go through, unnoticed and unheeded. Nobody said a word about it. The bill was not debated. It was not considered at all by the Senate.

It went over to the House; and they had a very heated session on the bill, according to the newspapers. I do not know about that personally; I was not there; but from what I read in the newspapers they put teeth in the bill in the House. I understood that the Senator from New Mexico had all of its teeth in over here, and that he was well satisfied with the bill; but I understand from the Senator from New Mexico and the Senator from Missouri that the teeth were put in over in the House.

Mr. CLARK of Missouri. Mr. President, if the Senator will yield, so far as the teeth in the bill are concerned, they were in the bill when it passed the Senate, and they were taken out by the House committee but were put back by a majority of 100 in the House of Representatives last night. What we are trying to do is to pass a bill with teeth in it, as teeth were in the bill when it passed the Senate and when it passed the House, not running any further risk of a committee taking them out.

Mr. MINTON. I had not had a chance to examine the teeth of the bill when the Senator from Missouri made his statement, but he did say that the House put teeth in the bill.

Mr. CLARK of Missouri. Put them back. [Laughter.]

Mr. MINTON. Whether it put them back or put them in originally makes no difference, so far as I am concerned, because I had not had a chance to tell whether they put them in originally or put them back.

I have just had a chance to look at the bill and the amendments which are attached to it. I myself do not know whether or not this is the same bill the Senate sent over to the House. It was a little difficult here, while trying to listen to the heated discussion of the Senator from New Mexico, to read the bill and understand what happened to it in the House. As I have said, the news came to me only through the newspapers, but the newspapers have reported to us that the House made important changes in the bill—that they put additional provisions into it. None of us had ever had a chance to check on that statement, none of us had even had a chance to look at either bill; and the Senator from New Mexico rises here in his place and takes a bill which never received a moment's consideration on the floor of the Senate, but was sent to the House of Representatives, where they held a heated session yesterday, and were reported to have put teeth into the bill, and he asks us to take it without even looking at it.

I was just objecting to the attempt of the Senator from New Mexico to compel me to take this bill without, at least, looking at its teeth. I will say to the Senator from New Mexico that I have looked at the bill briefly, and very sketchily, and, so far as I can make out, as in a good many other cases, the reports in the newspapers are very much exaggerted. I do not find much change in the bill as it was amended by the House from the form in which it passed the Senate. It comes back to the Senate with its teeth back in it. I think if it were an original proposition some of us would like to be heard again on the bill, but this baby has grown up now, it has lots of teeth in it, it is a full-grown, lusty chap, and its father has defended it valiantly.

As I have said, from a hasty examination of the bill, I wish to say to the Senator from New Mexico that I do not see much difference between the bill which comes back from the House and the one that went to the House. All the denunciation of the Senator from New Mexico of me because I wanted to take a look at the bill, and of some of my friends who wanted time to consider it, is beside the point. I wanted the bill to go to conference in order that we might consider whether or not the bill had been materially changed in the House, as the newspapers had reported it had been.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. CLARK of Missouri. Does the Senator consider that the Senate would have a greater opportunity to consider this matter as a result of a conference report being brought in, which, when it came in, would have to be voted up or down without amendment or without change, than on the motion of the Senator from New Mexico to concur in the House amendments, which motion is open to debate, and is itself subject to amendment? In other words, if we railroad this bill to conference, any conference report that comes in must be voted up or down without change; there will be no opportunity for the Senate to consider amendments which have been put in the conference report or put into the bill in the House. On the motion of the Senator from New Mexico

to concur in the House amendments, the Senate has the fullest opportunity it will ever have at any parliamentary stage of the proceedings to consider the entire subject, to consider the House amendments, and either to vote to concur, to reject, or to concur with amendments.

Mr. MINTON. Mr. President, I think that if the bill went to conference, the conference committee would probably have five Senators on it, and that would mean more Senators considering it than have ever previously considered it. So I believe the Senate would have a little time and a little chance, certainly a little more than it has heretofore had, to consider it. At least it would have a chance to look at it and see whether or not it was the Senate bill or the House bill, or whether it was the Senate bill very materially changed by the House. At least we would have that chance. But, of course, the only purpose I had in my desire that it go to conference was that there might be a chance for the first time for at least five Members of the United States Senate to determine whether or not it was the kind of a bill we sent over to the House a short time ago.

I say to the Senator from Missouri, therefore, that it would have gotten a little more consideration from Senators than it had received up to that time, because, as I have stated, at least five of them would have had an opportunity to look at it.

Mr. President, after examining the bill and the amendments I see no material change from the measure we sent to the House. As I have stated, if this matter were starting anew, some of us might like to have a good deal to say about it, but in the present condition of the record I think the bill is in as good shape as it comes back to us as when it went to the House—perhaps in better shape. That I observed from a hasty examination of the bill, under the denunication of the Senator from New Mexico, because I wanted to take a look at it.

Mr. President, there is only one change which seems to be material, and far be it from me to raise that question. I think it was debated in the House yesterday. It is a constitutional question, and I shall not detain the Senate a second in attempting to discuss it, but I merely call attention to the fact that they have added to the word "election" the words "or nomination," which simply gives the Congress of the United States something to say about the method under which candidates shall be nominated, and the Supreme Court of the United States has stated that we have not anything to do with nominations. So far as I am concerned, therefore, the Senator from New Mexico may be at ease. I have no dagger up my sleeve for his beloved bill. I have no intention to knife my friend in the back. I want him to have his bill; his heart is set upon it, and I am for him. I do not think the House did anything to him and I do not think it did anything to the Senate. So far as I am concerned, the Senator may have his bill, and God bless him.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from New Mexico that the Senate concur in the amendments of the House.

The motion was agreed to.

DISCRIMINATION AGAINST GRADUATES OF CERTAIN SCHOOLS

Mr. SHEPPARD. Mr. President, I renew my motion that the Senate proceed to the consideration of Senate bill 1610, to prevent discrimination against graduates of certain schools.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1610) to prevent discrimination against graduates of certain schools, and those acquiring their legal education in law offices, in the making of appointments to Government positions the qualifications for which include legal training or legal experience, which was read, as follows:

Be it enacted, etc., That in appointing, or fixing requirements with respect to the appointment of, persons to any position in the Government service, if the qualifications required of applicants for such position include legal training or legal experience, no officer or employee of any executive department, independent establishment, or agency (including Government-owned Government-controlled corporations) of the United States shall discriminate against any applicant, or deny to any applicant the privilege of taking any competitive examination held for the purpose of determining the qualifications of applicants for such position, because such applicant (1) has not been graduated from a particular law school; (2) has not been graduated from a law school which is of a particular class or which has been approved or accredited by any association, organization, or group; or (3) has not had college training in addition to law-school training, or who acquired his legal education in a law office.

SEC. 2. No sums appropriated or allocated for the payment of salaries and expense accounts of officers and employees of the executive departments, independent establishments, and agencies of the United States shall be available to pay the salary or expense account of any such officer or employee who violates the first section of this act.

Mr. SHEPPARD. Mr. President, my views on this measure were set forth fully in the Senate recently, and as far as I am concerned I am ready for a vote. I think the measure is clearly understood. It is my information that the Senator from Rhode Island [Mr. GREEN] desires to enlarge upon his views of a few days ago.

Mr. GREEN. Mr. President, in the first place, let me state again that I am in sympathy with what I understand to be the occasion for the introduction of this bill. If any department in the United States Government has limited the selection of its legal advisers to the graduates of one, two, or three law schools, the head of that department is open to just condemnation for the unfair use of the discretion placed in him. However, such an abuse of discretion does not justify the Congress in passing a bill such as S. 1610.

The bill is entitled

A bill to prevent discrimination * * *.

It is, however, really a bill to require discrimination. The bill in effect prevents any department from setting up qualifications for its personnel on the basis of education and training. This is bad in principle. The bill provides that in appointing persons to positions which call for legal training or legal experience, the applicant may not be required to have been graduated from a particular law school. This provision is all right and would meet the evil which is sought to be corrected. But the bill goes further and provides that the applicant may not be required to have been graduated from a law school of a certain kind. This is not all right. There are good law schools and bad law schools, law schools which give a student proper training, and law schools which do not properly train a student.

The wording in the bill is undoubtedly aimed at the list of law schools approved by the American Bar Association. There are now 102 law schools so approved by it, a decided majority of the law schools in the United States. These law schools are not only examined by competent examiners before they are approved, they are from time to time examined afterward to see that they keep up the standards.

These standards are not arbitrary. They are quite definite. They require that a regular student must have a minimum of general education, defined as 2 years of college work, though a limited number of special students may also be admitted. The school must have at least one full-time teacher for each 100 students or fraction thereof, and at least three such teachers. There are minimum requirements for the library. The course for the degree must be not less than 3 years for full-time students and not less than 4 years for part-time students; that is, those students who have outside employment and so can attend classes only in the late afternoon or evening. Provision is made for students, who because of lack of funds, must work their way through law schools.

These standards are set both in the interest of the students themselves, so that they may be adequately prepared for the exacting profession they have chosen, and also in the interest of the general public so that those who go to a lawyer admitted to the bar may do so in confidence that he has had adequate preparation. It is as wrong to let a man hold himself out as a lawyer who has not had adequate training, as it is for a man to hold himself out as a doctor who has not had adequate training. In the one case, he may wreck a man's life by giving wrong advice which may result in the loss of his liberty or fortune. In the other, he may wreck a man's life by giving wrong advice as to how to treat some physical ailment. The approval of certain schools is, therefore, a help to prospective students and to the pub-

lic. It gives public notice that these schools have the necessary educational facilities and apply the necessary standards in amount and quality of work to give their students adequate legal training.

Objection has been made to the requirement that 2 years of general college education shall be a prerequisite, but it has been found that at least this amount of general education is necessary to enable a student to profit by a strictly technical legal education. There are now 41 States, including Maryland, which has just acted, which either now or in the near future require for admission to the bar these 2 years of college education in addition to the legal education. These 41 States include the most populous States, where the need for trained lawyers has been most felt and appreciated. Here in the District of Columbia, both the District Bar Association and the Federal Bar Association have gone on record in favor of this step, and in the District both the court of appeals and the district court have gone on record as in favor of this step at a future fixed time.

These standards of the American Bar Association were adopted in 1921 and were later approved by a convention of State and local bar associations. They have had the fullest discussion of their merits and have been given wide publicity. The movement for higher standards in legal education has been going forward fast during the last 10 years and has behind it the support of the leaders of the bench and bar. These standards have been set as a result of long experience, because it has been found that very few men can do the work of a lawyer nowadays without this long-directed application to legal study. Of course, in former days law students did not have such opportunity for study, nor were the requirements of the profession so exacting. Of course, too, no rules of the sort are applicable to a genius, who may surmount every obstacle and without special training surpass the best-prepared student.

It has also been found that examinations alone do not take the place of prolonged study. A man may cram for an examination and make a good showing, and not long afterward sink back to the state of legal unpreparedness he was in before his cramming. At any rate, 41 States have concluded that examinations are not alone sufficient and that previous preparation of a required amount and kind is necessary.

The pending bill, however, prohibits the requirement of any such adequate preparation as has been fixed either by the American Bar Association, or by the Association of American Law Schools, or by these 41 States. Why should departments of the Federal Government, who need the best-trained lawyers in the defense of the rights of the Nation and its citizens, have lower standards than the great majority of the States of the Union? We might justify a bill which fixed minimum requirements. It is hard to justify a bill which provides maximum requirements and penalizes public officials who require more than this low maximum.

It must be remembered that this bill does not apply to the District of Columbia alone. It applies to all executive departments of the Federal Government, and to all its independent establishments, and even to Government-owned and Government-controlled corporations, wherever they may be. Yet if a State has a high standard for admission to the bar, and a Government department there fixes the same standard for admission to its legal department, under the provisions of the bill the officer or any employee of that department helping it to establish that standard would forfeit his salary and expense account.

Even if some position required the highest degree of legal training, the Department cannot require that he has graduated from a law school of any particular class, or a law school approved by the supreme court of the State in which the Department is situated. It cannot even require that he shall have had any college training or shall have been to a law school at all. This is certainly a bill fixing too low requirements for the Federal service. What we need is high requirements, not low requirements.

The bad effects of the bill go still further. Let us suppose that, of two applicants who passed equally good examinations, one has been to college and the other has not, one has been to a law school and the other has not; if a Federal official should select the man who had had a college education and a law-school training in addition to the training his rival had, the Federal official would probably be accused of breaking the law and discriminating against the less well prepared applicant. But we all know that on the average and in the long run the student with the longer and better preparation would probably render better service.

Think, too, how difficult it would be to enforce such a law. The Department head might say that in making the appointment he had done it for other reasons than those enumerated in the bill, and there might well be other reasons which affected his selection. Yet this could well be the basis of an accusation that he had broken the law. Sometimes an official who had intentionally evaded the law would go unpunished. Sometimes an official who had not been conscious of evading the law would be punished by the loss of his salary and expense account. The only way in which a Federal official selecting legal help could avoid the chance of being accused of violating the law would be for him to select as his legal assistants the lowest grade of law students—those who had never been to college or attended a law school. Then, and then only, would he be safe.

One of the reasons why it is difficult for Federal laws to be enforced is that the salaries paid by the Government are low in comparison with the payment for similar services by those who have broken the law. It is difficult enough at present for the Federal Government to obtain the best law students. Why should we pass a bill which would make it still more difficult? The Federal Government is now at a disadvantage in its fight against lawbreakers. Why should we make it still harder for the Federal Government? It is wrong to think of the Government as an instrumentality contending against citizens to deprive them of their rights. The Government is the organized citizenry fighting against an individual lawbreaking citizen to maintain the rights of all citizens. Government officials need the best legal help they can obtain. We should not have a lower standard than that set for admission to the bar in the great majority of the States of the Union. The bill would set a lower standard.

Democracy needs to be efficient. The bill would promote inefficiency. Inefficiency in the administration of the law means that the masses of the citizens are not protected in their legal rights. In our American democracy we promise them that they will be so protected. The bill would weaken and break down that protection.

Mr. SHEPPARD. I feel that I need but to read the regulation of one Department on this subject to convince the Senate that the bill ought to pass. This is the regulation:

> In order to be eligible for appointment as an attorney the applicant must be a graduate of a school accredited by the Association of American Law Schools or approved by the American Bar Association, and he must be a member of the bar.

Of course, there is no quarrel with the last qualification; but with reference to the other requirement, let me say that applicants may have qualified themselves through home study or other forms of study outside the schools mentioned, not having the funds to attend a college. They may have passed a bar examination and may have shown, through actual practice, that they are competent and successful lawyers; and yet under this rule they would be barred from an appointment by this Department.

The bill does not establish a lower standard than that of a majority of the States. A majority of the States require for admission to a bar examination prelegal college education or training or the equivalent thereof. Who will say that study at home by certain types of earnest, capable, ambitious, and determined men and women would not be the equivalent, or in some instances more than the equivalent, of college education or college training? This bill carries out the principles I have announced.

Mr. ANDREWS. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield to the Senator from Florida.

Mr. ANDREWS. I should like to ask the distinguished Senator, if the present regulations had been in effect all during the history of the United States, whether or not Patrick Henry, Abraham Lincoln, or John Marshall could have qualified to hold a position under the United States?

Mr. SHEPPARD. They could never have qualified under regulations such as I have quoted, and they were among the best lawyers in the history of the country.

Mr. President, I ask for a vote.

Mr. MINTON. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The CHIEF CLERK. On page 2, line 9, after the word "office", it is proposed to strike out the period and insert a semicolon and the following: "or (4) is a member of any particular racial or religious group or organization."

Mr. SHEPPARD. Mr. President, I have no objection to that amendment.

The amendment was agreed to.

Mr. BRIDGES. Mr. President, I should like to inquire of the Senator who is sponsoring the bill, if his bill is passed with the amendments which have been submitted, just what the minimum requirements would be in the District of Columbia. Can he tell us in a word?

Mr. SHEPPARD. Requirements for admission to the bar of the District of Columbia do not call as yet for any prelegal college training.

Mr. BRIDGES. Must he be a member of the bar of the District of Columbia?

Mr. SHEPPARD. That is not a requirement for legal places in the Government service.

Mr. BRIDGES. Assume, for the moment, that there is an opening in the Department of Agriculture for an attorney, and that there is a nonpolitical appointment of an applicant from Indiana. Provided the applicant is a member of the bar of Indiana, is that all that would be necessary?

Mr. SHEPPARD. If he has the necessary ability as a lawyer, all that would be necessary, I take it, would be the fact that he had passed a bar examination.

Mr. BRIDGES. In his home State?

Mr. SHEPPARD. In any State.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. GREEN. Is it not true that in Indiana, Maine, New Hampshire, Vermont, or any other State under the terms of the bill, a lawyer could be appointed who had less training than is required for a member of the bar in the State?

Mr. SHEPPARD. Please restate the question.

Mr. GREEN. The bill so states.

Mr. SHEPPARD. No; the Senator is mistaken.

Mr. GREEN. The bill sets up certain maximum requirements, and those maximum requirements are not as high as the minimum requirements for admission to the bar in 41 States of the Union.

Mr. SHEPPARD. I differ with the Senator. In only 14 States is a prelegal college training required, without qualification. Most of the other States require formal prelegal college training or its equivalent.

Mr. GREEN. The requirements of the bill are lower than those of the States.

Mr. SHEPPARD. The bill provides that the candidate shall not be discriminated against because he has not had a particular form of training.

Mr. GREEN. Instead of providing minimum requirements, the bill provides maximum requirements.

Mr. SHEPPARD. It provides that the appointing power shall be satisfied as to the ability of the applicant to perform the work, and that the applicant shall not be discriminated against because he is not a graduate of a particular law school or particular group of law schools or has not had a formal prelegal education.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1610) was ordered to be engrossed for a third reading, read the third time, and passed.

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

Mr. ASHURST. Mr. President, in accordance with a statement I made a couple of hours ago, I now move that the Senate proceed to the consideration of Senate bill 2185, to provide for the appointment of additional district and circuit judges. If my motion shall prevail I do not expect to discuss the bill this afternoon. I do not expect action on the bill today or tomorrow, but shall ask the Senate to consider the bill next Monday. So far as I have the right to do so, I agree that the bill may be laid aside at any time to consider the lending-spending bill, or the motion of the Senator from Oklahoma [Mr. THOMAS] to reconsider the vote by which the truth-in-fabric bill was passed.

Mr. KING. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. KING. With the understanding implied in the statement of the Senator, I have no objection. Is it understood that the Senate may proceed to the consideration of the bill, and that it may be laid aside until next Monday?

Mr. ASHURST. Yes, Mr. President.

Mr. KING. I am compelled to leave the Chamber by reason of a committee meeting.

Mr. ASHURST. I ask the attention of the Senator from Vermont [Mr. AUSTIN]. I do not expect to discuss the bill this afternoon, or to refer to it. I merely wish to have it made the unfinished business.

Mr. AUSTIN. Mr. President, will the Senator consent to my putting in the RECORD, for the benefit of study over the week end, certain tables and statistics which I have prepared, which will be helpful in considering the bill when it comes up?

Mr. ASHURST. Mr. President, I think that is a valuable consideration; and, if my motion is agreed to, I hope the Senator from Vermont will do as he suggests.

Mr. KING. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. KING. I shall be very happy if the Senator from Vermont will also have placed in the RECORD—and if he does not, I shall be happy to offer it for the RECORD—a very illuminating article written by Judge Otis, of Kansas City.

Mr. AUSTIN. I shall be glad to place it in the RECORD, because it fits in with the logic of my tables.

Mr. KING. Judge Otis has made a study of the question of judicial needs; and I shall be very happy to have his table put in the RECORD, because it will prove very helpful to Senators who desire the facts with regard to the necessity or lack of necessity of any increase in the number of judges.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arizona to proceed to the consideration of Senate bill 2185.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges, which had been reported from the Commitee on the Judiciary with amendments.

Mr. ASHURST. Mr. President, before we proceed to another matter, emulating the good example, I think it is, of the Senator from Vermont [Mr. AUSTIN], I ask to have printed at this point in my remarks a letter from the Attorney General of the United States setting forth the need for the additional judges who are provided for in this bill.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

APPOINTMENT OF ADDITIONAL DISTRICT AND CIRCUIT JUDGES

DEPARTMENT OF JUSTICE,
Washington, D. C., July 6, 1939.

Hon. HENRY F. ASHURST,
Chairman, Committee on the Judiciary,
United States Senate, Washington, D. C.

MY DEAR SENATOR: This refers to the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

I trust that the bill will become law at this session of the Congress, as the additional judicial positions proposed by the bill as reported by the Committee on the Judiciary, are greatly needed in order to assist in bringing the dockets of the Federal courts to a current condition.

Detailed data in support of each of the provisions contained in the bill are found in the printed hearings relating to this legislation. I desire, however, to call attention to some of the more salient and outstanding considerations indicating the necessity for each of the proposed additional judicial positions.

SIXTH CIRCUIT

The bill proposes to authorize the appointment of an additional circuit judge for the Sixth Circuit.

This course was recommended by the judicial conference in September 1938. Its report contains the following observation on this subject:

"The Circuit Court of Appeals for the Sixth Circuit has a large accumulation of cases and it is apparent that in order to secure the prompt disposition of its work an additional judge will be needed even after the existing vacancy is filled."

EIGHTH CIRCUIT

The bill proposes to authorize the appointment of one additional circuit judge for the eighth circuit. This is a very modest proposal, as the judicial conference in September 1938 urged the creation of two additional judicial positions for the eighth circuit. The report of the conference contains the following statement regarding this matter:

"The Circuit Court of Appeals for the Eighth Circuit has been able to keep abreast of its work only through the aid of retired judges. It now appears that dependence cannot be placed upon their continued ability to render this service and provision should be made for two additional circuit judges there."

SOUTHERN DISTRICT OF CALIFORNIA

The bill proposes to authorize the appointment of an additional district judge for the southern district of California. This action was recommended by the judicial conference in September 1938. It is observed in the report of the conference that further judicial assistance is needed in that district in view of the heavy dockets. Studies made in this Department indicate that the dockets in this district are considerably behind, and that new business is coming in at such a rate that no inroad is made into the arrears.

DISTRICT OF NEW JERSEY

The judicial conference of 1938 recommended that provisions be made for an additional district judge for the district of New Jersey. The volume of new business has been considerably increasing in this district, as is strikingly indicated by the fact that while during the fiscal year ending June 30, 1937, the number of civil actions filed was 768 and the number of criminal proceedings instituted was 336, during the following year the numbers rose to 900 and 439, respectively.

WESTERN DISTRICT OF OKLAHOMA

The Judicial Conference of 1938 recommended that provision be made for the appointment of an additional district judge for the western district of Oklahoma. This district has a very heavy load of cases as compared with the average case load per judge throughout the country and the new business has been growing from year to year.

EASTERN DISTRICT OF PENNSYLVANIA

The Judicial Conference of 1938 recommended the creation of an additional judicial position in the eastern district of Pennsylvania. This district, which is composed of 10 counties and includes the city of Philadelphia, has a very large volume of business. The trial dockets are considerably in arrears, and the new business has been increasing from year to year. During the year ending June 30, 1938, the number of new cases filed was 33⅓ percent larger than the number for the preceding year.

SOUTHERN DISTRICT OF NEW YORK

The judicial conference of 1938 recommended the creation of an additional judicial position in the southern district of New York. The following observations on this point are contained in its report:

"In the southern district of New York there has been reliance upon the assistance furnished through the assignment of judges from other circuits, but inquiry shows that it is impracticable to obtain this relief to the extent needed."

There are 11 judges in this district. The appointment of a twelfth judge was authorized by section 4, paragraph (d), of the act of May 31, 1938, which also contained a provision that the first vacancy occurring in any of the other 11 positions should not be filled. Recently one of the district judges—Judge Patterson—was elevated to the circuit court of appeals, and legislation is needed to permit this vacancy to be filled.

There is a marked increase in the number of new cases instituted and the dockets are considerably in arrears, so that some relief is indispensable.

FLORIDA

The bill proposes to authorize the appointment of an additional judge who shall be a district judge for the northern and southern districts of Florida. The volume of business in the southern district has been on the increase, and additional help is needed to maintain it in a current condition.

Sincerely,

FRANK MURPHY,
Attorney General.

Mr. AUSTIN. Mr. President, it will be in regular order in the RECORD if I may insert at this point, before some other business shall intervene, some matters in connection with Senate bill 2185. In the first place, let me say that there is pending also House bill 5906, which apparently is related in a certain measure to the Senate bill. I should like first to have it printed in the RECORD.

There being no objection, House bill 5906 was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the provision of subsection (d) of section 4 of the act entitled "An act to provide for the appointment of additional judges for certain United States district courts, circuit courts of appeals, and certain courts of the United States for the District of Columbia," approved May 31, 1938 (52 Stat. 585; U. S. C., title 28, sec. 4j–1), which reads: *"Provided,* That the first vacancy occurring in the office of district judge for the southern district of New York by the retirement, disqualification, resignation, or death of judges in office on the date of enactment of this act shall not be filled," be, and it is hereby, repealed.

Mr. AUSTIN. Second, I ask unanimous consent to have printed in the RECORD an article by Judge Merrill E. Otis entitled "The Business of United States District Courts," principally to show what a striking decline in the judicial business throughout the United States has occurred since 1933 and now exists.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the University of Kansas City Law Review for June 1939]

THE BUSINESS OF UNITED STATES DISTRICT COURTS

(By Merrill E. Otis)[1]

The purpose of this study is to discover whether the business of the United States district courts is affected by extratribunal forces, legal or economic; whether it bears any relation to population, to congestion of population, to aggregation of wealth; whether it is possible to devise a measuring stick by which the judicial manpower required in any given district may be determined. The study is based on statistics appearing in the Attorney General's reports during a 10-year period (1929–38).[2] The facts set out in the reports were furnished the Attorneys General by the clerks of the several district courts.

The business of the district courts is criminal and civil. The civil business may be divided into two great classes: (1) That to which the United States is a party, either plaintiff or defendant; and (2) that between private litigants. There is indeed a third class of business (cases in bankruptcy), but cases in that class come to the judges only on petitions to review orders of referees in bankruptcy. The orders reviewed are relatively few, require little time, are not separately enumerated in the reports of the Attorney General, and, except for a single reference, are disregarded in this study.

We begin the study by setting out in tables the numbers of cases filed in all of the district courts of the United States in each class of cases in each of the 10 years considered. We have—

TABLE I.—*Criminal cases*

1929	86,348
1930	87,305
1931	83,747
1932	92,174
1933	82,675
1934	34,152
1935	35,365
1936	35,920
1937	35,475
1938	34,202

TABLE II.—*Civil cases (United States a party)*

1929	24,307
1930	24,934
1931	25,332
1932	34,189
1933	25,797
1934	9,487
1935	11,679
1936	13,051
1937	10,202
1938	11,526

TABLE III.—*Civil cases (private)*

1929	20,980
1930	23,371
1931	24,000
1932	26,326
1933	26,656
1934	26,372
1935	23,302
1936	26,334
1937	22,697
1938	22,065

A clearer comprehension of the statistics presented by the tables will be had if they are graphically exhibited on a chart.

EFFECT OF TWENTY-FIRST AMENDMENT

From this chart appear three striking facts: 1. The criminal business of the courts in the second half of the 10-year period was conspicuously less than the criminal business in the first half of that period. The average number of cases per year in the

[1] A. B., A. M., LL. B., LL. D.; United States district judge, western district of Missouri; member of council, section of judicial administration, American Bar Association.

[2] The period begins July 1, 1928, and ends June 30, 1938.

first half of the period was 86,447, in the second half, 35,023. The drop was precipitous. 2. The civil business to which the United States was a party in the second half of the period was much less than in the first half. The average number of cases per year in the first half of the period was 26,892, in the second half, 11,190. Again the drop was precipitous. 3. The line on the chart representing civil business involving only private litigants runs almost level through the 10-year period. The average during the first half of the period was 24,266, during the second half, 24,155. The line rises or falls only slightly from year to year.

The explanation of the decided drop after 1933 in the criminal and United States civil business is simple. It was the direct result of the twenty-first amendment to the Constitution and the repeal of the National Prohibition Act. Of the 82,675 criminal cases commenced in 1933, 57,553 were brought under that act. Of the 25,797 civil cases to which the United States was a party commenced in 1933, 11,478 were brought under that act.

LESSENING BUSINESS IN UNITED STATES COURTS

While the total number of cases of all kinds commenced in the United States courts during the first half of the period was 708,041, and during the second half 351,830, a decrease of 50 percent, considering numbers only, a conclusion that the business of the Federal trial courts had decreased by one-half since 1933 would be quite erroneous. The time required of the judge for the disposition of the average case between private litigants is at least 10 times as great as the time required for the disposition of the average criminal case or civil case to which the United States is a party.[3] Reducing criminal cases and civil cases to which the United States is a party, in both the first and second halves of the 10-year period, to terms of cases between private litigants, we have commenced in the first half of the period 178,002 cases, commenced in the second half 143,876 cases. The business of the courts in the second half roughly may be said to be 81 percent of the business in the first half.

The real work of the average district judge is caused by private litigation. While it appears from chart I that changes in statute law may affect public litigation greatly, the line representing private litigation does not rise or fall greatly from any cause. It does rise somewhat, gradually, from 1929 to 1932, continues on almost an exact level to 1934, gradually falling then, save for a rise in 1 year, to the end of the 10-year period. Undoubtedly the gradual rise referred to is attributable to the economic depression. It is reasonable to assume that men's growing financial needs on the one hand and their growing inability to pay money on the other affect their resort to litigation. But the effect upon litigation, while noticeable, is slight.

POPULATION AND LITIGATION

The relation between the population of a district and the private litigation likely to be commenced in that district is demonstrable. For the purpose of that demonstration the 84 districts are arranged here in 9 groups. In group 1 are the 10 districts having, by the census of 1930, the smallest population. In group 2 the 10 districts next larger in population. There are 4 districts only in group 9. The population and the average number of cases between private litigants filed in each group of districts in each year of the 10-year period is set out. We have—

TABLE IV

Group 1—3,469,541	534.7
Group 2—6,153,893	857.3
Group 3—8,531,214	863.3
Group 4—10,265,005	1,713.8
Group 5—11,849,316	2,116
Group 6—13,373,887	1,740.1
Group 7—18,362,210	2,601.9
Group 8—32,108,178	4,466.1
Group 9—12,657,155	4,316.7

It will be observed that, with one exception, each of these nine groups has a greater or lesser number of cases than another group, as its population is greater or lesser. The exception is group 5, which has more than its proportionate share of cases. But that variance is due to a single district, the southern district of Florida, which had an average of 710.1 cases per year in the 10-year period, more than seven times the number of cases in any other district of like population. Here again the explanation is simple. The period was one of unprecedented business speculation in that district. Unprecedented litigation resulted. This exceptional instance does not affect the truth of the principle that litigation, generally speaking, varies with population. To a lesser extent it is influenced also by congestion of population and the increase or decrease of business activity.

The relation between the population of a district and the number of court cases between private litigants is apparent and the reason for it obvious. Cases are controversies. Controversies will increase in number as the number of those who might have controversies increases. But the mere number of persons living in a given district is not the only factor which determines the number of cases. Controversies increase as contacts increase. Contacts increase as congestion of population increases. Therefore we should expect to find that the number of cases in a district depends not only on its population but also on its city population. The western district of Missouri, for example, with 538,208 of its people in cities of more than 30,000 inhabitants, has 2.5 times the population of the district of North Dakota, with no city of 30,000, but it has, on an average, 4.8 times the number of private civil cases. The eastern district of Missouri, with 821,960 of its people in a single city, has 2.7 times the population of the district of South Dakota with no city of more than 30,000, but it has an average of 6.7 the number of private civil cases. Generally speaking, the factor of congestion of population has a relation to the volume of litigation in almost every district. So also does aggregate wealth, income, and business activity. The southern district of New York, for example, has a volume of private litigation far in excess of what the factors of population or congestion of population alone would suggest.

THE EASTERN AND WESTERN DISTRICTS OF MISSOURI

It is not to be supposed, of course, that there are not still other factors than those mentioned which affect the volume of litigation in a Federal court. Some of these other factors are difficult of discernment, but certainly exist and produce effects. Consider, for example, the two districts in Missouri, the eastern and western districts. Here are two districts in the same State. The population of the eastern district is greater than the population of the western district (eastern district, 1,861,043; western district, 1,768,324). There is a greater congestion of population in the eastern district than in the western district. In the eastern district 821,960 of its inhabitants live in cities of more than 30,000. In the western district 538,208 of its inhabitants live in cities of more than 30,000. The wealth and income of the eastern district undoubtedly exceed those of the western district. Each of the three factors affecting the volume of litigation which have been discussed here should tend to produce a greater volume of litigation in the eastern district of Missouri than in the western district. The fact is, however, that the litigation in the western district exceeds, year after year, the litigation in the eastern district.

Perhaps the greater litigation which year after year comes into the United States court in the western district of Missouri, in comparison with the eastern district, is due to a difference in the character of the population of the two districts. There is a western, vigorous, breezy, perhaps contentious, spirit in the western district of Missouri and its people, which tends somewhat to foster controversies. The eastern district is inhabited by a more settled, a steadier class of citizenry, including an unusually large proportion of German ancestry, a peace-loving, conservative people.

A MEASURING STICK SUGGESTED

What an aid it would be to the Attorney General, who is called on periodically to recommend for or against an increase of judges, to the Federal Judicial Conference and the Judiciary Committees of the Senate and House, which must make like recommendations, to the Senate and House, which must make decisions on these recommendations, if they could make their recommendations and decisions scientifically. Undoubtedly they desire to act as intelligently as possible, in the light that is given them. They would spurn any effort of any politician to secure the creation of some new judgeship for the mere sake of patronage, although his efforts be buttressed by some specious showing or even by an honest showing of a need obviously transient.[4] Packing a district court with unneeded judges is not only an economic waste; it is degrading and humiliating to every serving judge in the district affected. Responsible statesmen will welcome a measuring stick, if one can be devised, by the application of which to the work to be done in any district it can be determined whether a new judge is needed.

Given a pile of wood growing steadily and at a uniform rate, and knowing, fairly accurately, how much wood one man can saw in a given period, it is not difficult to determine whether two or three men are needed to do the work or whether one is sufficient If that were the problem a measuring stick easily could be devised—the annual wood-sawing capacity of an average man. Is there any way to create a measuring stick for our very similar, if somewhat higher-ranking, problem? There is a way. The measuring stick devised will not be sufficiently accurate to measure thirty-seconds of an inch; it will be sufficiently accurate to measure miles. What has been done by a judge can be done again. And if some single judge, by reason of special capacity, can do more than the average judge, so that his record, considered alone, is not a measure of great value, the average work of several judges will be a useful and valuable measure.

Let us take then the 10 districts having the largest volume of business in the 10-year period portrayed on our charts, let us consider the work terminated in those districts in the peak year of 1933, let us then determine from what was done in those districts in that year what is within average judicial capacity. The 10 districts are: (1) The southern district of New York, (2) the eastern district of New York, (3) the northern district of Illinois, (4) the southern district of Florida, (5) the district of New Jersey, (6) the northern district of Ohio, (7) the eastern district of

[3] The statement is based on the personal observation and experience of the writer as a United States district judge during 14 years and the opinions of other judges given by them to the writer. Nine of 10 criminal cases are disposed of by pleas of guilty or dismissal. Usually several criminal cases can be tried in one court day. Nine or 10 civil cases to which the United States is a party are not contested cases.

[4] Regretfully it must be said that instances of such efforts have been numerous. Even the Conference of Senior Circuit Judges occasionally has been misled to suggest additional judgeships where there was no need. The conference and Congress would do well to consult the district judges on the ground and the organized bar, not for recommendations but for facts. They might hope to get accurate information from such sources.

Michigan, (8) the southern district of California, (9) the northern district of Texas, and (10) the eastern district of Pennsylvania. Forty judges in 1933 terminated in these districts 19,686 criminal cases, 11,089 civil cases to which the United States was a party, 8,893 cases between private litigants. The average work terminated by each of the 40 judges in the 10 districts in 1933 was 492 criminal cases, 227 civil cases to which the United States was a party, 221 civil cases between private litigants.

As a check upon this conclusion the compiler of this study, who himself is and has been for 14 years a United States district judge, of average capacity and industry only, has examined the work of his own district, the western district of Missouri, for the year 1933. It so happens that this district is the eleventh from the top in volume of business. It had two judges in 1933. One of them terminated slightly more than one-half of the cases terminated in that district in 1933. The total number terminated by both judges was: Criminal, 1,148; civil, United States, 496; civil, private, 482. One judge could and easily did dispose of at least 574 criminal cases, 248 United States civil cases, and 241 private civil cases. That is a little more than the average number of cases in each class disposed of by each of the 40 judges in the 10 districts with the greatest volume of business.

Let us now arbitrarily reduce the averages for the 10 heaviest districts as follows: Criminal, from 492 to 400; civil (United States a party), from 227 to 200; civil (private), from 221 to 200. That arbitrary reduction certainly will take care of every possible contingency, such as the temporary incapacity of judges and sporadic increases in work in certain districts.

So here is the measuring stick: 400–200–200.

The reasons justifying this measuring stick have been stated. If a measuring stick more nearly accurate can be devised, it ought to be devised, and its justification set out. To refuse any measuring stick is to confess an unworthy purpose. Certainly those in authority will wish reason and intelligence as guides, rather than that their action shall be influenced by selfish desires for patronage, moving along ancient log-rolling ways.[5]

Mr. AUSTIN. I ask unanimous consent to have printed in the RECORD a letter from Hon. Charles Weiser, clerk of the United States District Court for the Southern District of New York, my purpose being to refer particularly to the original proposals in the pending bill which would have effected an increase of three judges in southern New York, whereas by the bill as now reported to the Senate with amendments the increase is limited to one. The data contained in the letter of the clerk of that court are informative. There is a table connected which I ask also to have printed with the letter.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

UNITED STATES DISTRICT COURT,
SOUTHERN DISTRICT OF NEW YORK,
OFFICE OF THE CLERK,
New York City, June 21, 1939.

Hon. WARREN R. AUSTIN,
United States Senator, Washington, D. C.

DEAR SENATOR AUSTIN: The receipt is acknowledged of your telegram and letter requesting information as to the number of local and visiting judges in this district during the years of 1928 to date.

There is enclosed a table which gives the data called for. It shows the number of judges of this district for each of the years in question, together with the changes due to resignations, deaths, and transfer, also the number of visiting judges in each of those years and the total number of sessions held by the visiting judges. The visiting judges were here for periods usually of from 2 to 4 weeks. The average number of court sessions held per annum by a regularly appointed judge in this district, outside of the time necessarily spent in chambers, approximates 240, so that the sessions held by visiting judges were equivalent of from one and one-half to two full-time judges.

The authorized number of southern district judges was as follows:

1928: Six judges.

1929: Nine judges. Of these three were appointed in May of that year under the act approved February 26, 1929. One of the original six judges, Judge Winslow, resigned in March. The act under which he was originally appointed provided that no successor shall be appointed.

1930: Eight judges. Of these, Judge Thacher resigned in April, and his successor, Judge Patterson, was appointed in May.

1931, 1932, 1933, 1934, 1935: Eight judges. One of these, Judge Coleman, died in March 1934 and his successor, Judge Hulbert, was appointed in June 1934.

1936: Eleven judges. Of these, three were appointed under the act approved June 15, 1936.

1937: Eleven judges.

1938: Twelve judges. Of these, one was appointed under the act approved May 31, 1938.

1939: Twelve judges, of which there is one vacancy due to the transfer of Judge Patterson to the Circuit Court of Appeals in March last. This vacancy has not yet been filled.

It may be of interest to note that Circuit Judge Mack, who was regularly assigned to this district, has been absent because of illness, and is not expected to return to regular duty. Also, that Judge Woolsey was absent for about 3½ months in 1934 because of heart trouble; he has not fully recovered and sits only in equity causes, as he is not yet able to undertake the full regular assignments. Judge Caffey has been sitting in the antitrust suit against the Aluminum Corporation of America et al., for 1 full year past, and expects that the case will consume another year. He has been unable to take any other assignment during this period.

Respectfully,

CHARLES WEISER, *Clerk.*

United States District Court, Southern District of New York

Southern district judges	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939, to June 20
Knox	X	X	X	X	X	X	X	X	X	X	X	X
Winslow	X	[1] X										
Goddard	X	X	X	X	X	X	X	X	X	X	X	X
Bondy	X	X	X	X	X	X	X	X	X	X	X	X
Thacher	X	X	[2] X									
Coleman	X	X	X	X	X	X	[3] X					
Woolsey		[4] X	X	X	X	X	X	X	X	X	X	X
Caffey		[4] X	X	X	X	X	X	X	X	X	X	X
Coxe		[4] X	X	X	X	X	X	X	X	X	X	X
Patterson			[6] X	X	X	X	X	X	X	X	X	[6] X
Hulbert							[5] X	X	X	X	X	X
Leibell									[6] X	X	X	X
Clancy									[5] X	X	X	X
Mandelbaum									[6] X	X	X	X
Conger											[6] X	X
Total:												
Full time	6	5	7	8	8	8	7	8	8	11	11	11
Part of time		4	2				1		3		1	1
Number of visiting judges	14	14	15	14	11	13	13	18	15	13	17	11
Total number of sessions held by visiting judges	393	321	239	409	334	314	466	474	461	376	335	261

[1] Resigned in March.
[2] Resigned in April.
[3] Died in March.
[4] Appointed in May.
[5] Transferred to Court of Customs Appeals in March.
[6] Appointed in June.

Mr. AUSTIN. Next, I ask unanimous consent to have printed in the RECORD tables prepared by me, namely, table A, table B, table C, and table D, graphically indicating that

[5] The number of criminal, civil (United States) and civil (private) cases per judge filed in each of the districts in the United States in the fiscal year ending June 30, 1938 (to which the measuring stick, 400–200–200, might be applied), was as follows: Alabama (northern district), 308–137–58; Alabama (middle district), 199–38–44; Alabama (southern district), 271–61–29; Arizona, 727–62–90; Arkansas (eastern district), 408–148–235; Arkansas (western district), 173–79–90; California (northern district), 181–96–105; California (southern district), 108–41–71; Colorado, 176–136–86; Connecticut, 77–148–33; Delaware, 88–34–77; Florida (northern district), 165–43–39; Florida (southern district), 213–67–155; Georgia (western district), 496–339–80; Georgia (middle district), 562–70–61; Georgia (southern district), 372–59–58; Idaho, 98–72–40; Illinois (northern district), 148–110–165; Illinois (eastern district), 85–34–36; Illinois (southern district), 124–35–58; Indiana (northern district), 128–81–151; Indiana (southern district), 125–93–137; Iowa (northern district), 82–54–38; Iowa (southern district), 56–42–68; Kansas, 228–84–160; Kentucky (eastern district), 879(?)–89(?)–124(?); Kentucky (western district), 620(?)–247(?)–136(?); Louisiana (eastern district), 261–114–230; Louisiana (western district), 299–94–65; Maine, 241–52–52; Maryland, 131–75–125; Massachusetts, 90–85–91; Michigan (eastern district), 144–40–231; Michigan (western district), 105–128–73; Minnesota, 90–40–100; Mississippi (northern district), 270–56–60; Mississippi (southern district), 552–874–196; Missouri (eastern district), 200–93–113; Missouri (western district), 218–30–128; Montana, 106–78–42; Nebraska, 95–42–86; Nevada, 195–17–28; New Hampshire, 66–13–39; New Jersey, 110–97–127; New Mexico, 283–53–61; New York (northern district), 138–83–42; New York (eastern district), 56–37–97; New York (southern district), 99–70–199; New York (western district), 178–68–85; North Carolina (eastern district), 369–72–71; North Carolina (middle district, 494–87–55; North Carolina (western district), 407–78–78; North Dakota, 150–97–96; Ohio (northern district), 166–51–159; Ohio (southern district), 150–49–56; Oklahoma (northern district), 260–100–114; Oklahoma (eastern district), 413–42–72; Oklahoma (western district), 260–109–170; Oregon, 128–40–71; Pennsylvania (eastern district), 76–60–170; Pennsylvania (middle district), 96–48–61; Pennsylvania (western district), 110–61–114; Rhode Island, 81–68–37; South Carolina (eastern district), 569(?)–76(?)–157(?); South Carolina (western district), 204(?)–48(?)–74(?); Tennessee (eastern district, 480–96–97; Tennessee (middle district), 282–62–50; Tennessee (western district), 146–51–54; Texas (northern district), 165–42–127; Texas (eastern district), 415–89–264; Texas (southern district), 1640–253–329; Texas (western district), 647–32–69; Utah, 125–84–37; Vermont, 145–41–118; Virginia (eastern district), 232–66–65; Virginia (western district), 193–30–20; Washington (eastern district), 227–54–32; Washington (western district), 205–84–70; West Virginia (northern district), 108–70–48; West Virginia (southern district), 329–39–43; Wisconsin (eastern district), 95–67–127; Wisconsin (western district), 63–66–50; Wyoming, 82–13–37.

the judicial business in the southern district of New York has had a marked decline, which corresponds generally to the decline in judicial business throughout all the districts in the United States. This supports the provision of the pending bill with respect to one judge instead of three judges for the southern district of New York. Let me say, for the information of the Senate, that the bill originally carried a repealer of the clause in the act of 1937, adding one judge to the southern district of New York, which made that judgeship nonfillable. This particular clause would accomplish the same purpose as House bill 5906 which I first put in the RECORD, and, of course, if the Senate should pass the bill as it is amended, then, the Senate should not pass House bill 5906.

That is all I care to put into the RECORD.

There being no objection, the tables referred to were ordered to be printed in the RECORD, as follows:

TABLE A.—*Southern district of New York (1930 census, 4,145,557), civil cases exclusive of bankruptcy cases*

	U. S. Government civil				Other civil			
	Pending (beginning)	Filed	Terminated	Pending (end)	Pending (beginning)	Filed	Terminated	Pending (end)
1928	3,343	1,515	1,067	3,791	3,936	2,205	1,501	4,640
1929	3,791	1,384	1,352	3,823	4,640	2,013	2,070	4,583
1930	3,823	2,010	1,762	4,071	4,583	2,260	1,611	5,232
1931	4,071	2,667	2,616	4,122	5,232	1,810	1,674	5,368
1932	4,122	3,709	4,017	3,814	5,368	1,709	3,077	4,000
1933	------	2,872	3,571	3,115	------	1,731	2,142	3,589
1934	------	886	2,261	1,740	------	1,997	2,094	3,492
1935	1,740	442	727	1,455	3,492	541	1,048	2,985
1936	981	782	845	918	3,603	2,268	1,963	3,908
1937	918	695	897	716	3,908	1,980	3,028	2,860
1938	716	846	819	743	2,860	2,392	2,427	2,825
1939 [1]	1,493	1,631	1,338	1,786	2,828	1,610	1,677	2,761

[1] Hearings Apr. 13 and 17, 1939, Hon. John Clark Knox, United States district judge, filed statistics, p. 21 et seq., including 9 months, July 1938 to April 1939, which sum up all cases of all kinds.

TABLE B.—*Criminal cases*

Year ended	Pending (beginning)	Filed	Terminated	Convictions	Pending (end)	
1928	1,931	9,708	8,863	7,880	2,776	4 judges.
1929	2,776	8,374	8,202	7,016	2,948	7 judges (Feb. 29, 1929, 3 additional).
1930	1,950	6,305	3,297	2,783	6,013	
1931	6,013	9,397	10,047	8,927	[1] 6,363	
1932	5,363	8,142	10,782	8,862	2,723	1 judge resigned and vacancy not filled; hearings p. 4. However assignment of help made under U. S. C. title 28, sec. 17.
1933	------	5,992	6,441	5,291	1,966	
1934	------	1,062	2,612	1,232	416	
1935	416	326	315	271	427	
1936	499	779	787	619	491	9 judges (June 15, 1936, 2 additional).
1937	491	920	928	764	483	
1938	483	1,183	916	815	750	710 judges. (May 31, 1938, 1 additional.) Vacancy not to be filled; to be repealed by S. 2185, 76th Cong.
1939 [2]						

[1] Public health and safety cases included. Conference recommended 2 additional judges.

[2] 9 months of 1939 included in table A, supra. April 1, 1939, indictments pending, 915; hearings, p. 23.

Have had assistance from several judges upstate and 2 from eastern district, hearings, p. 18.

TABLE C.—*Bankruptcy cases*

Year ending	Pending (beginning)	Filed	Concluded	Pending (end)	Under	
					Sec. 77	Sec. 77B
1928	3,724	2,057	2,515	3,266	------	------
1929	3,266	2,094	2,241	3,119	------	------
1930	3,119	2,027	1,785	3,361	------	------
1931	3,361	2,357	2,315	3,403	------	------
1932	3,403	3,008	2,039	4,372	------	------
1933	------	3,054	3,295	4,231	------	------
1934	4,131	2,369	3,399	3,101	------	------
1935	3,101	2,648	2,602	2,948	29	------
1936	2,948	3,038	2,453	3,357	------	78
1937	3,457	2,450	1,848	3,756	------	3
1938	3,311	2,983	2,790	3,286	------	190

Much of the work under Sec. 77B is now taken care of by referrees; hearings p. 17.

TABLE D.—*Number of cases averaged to show judicial work terminated per year per judge*

Cases terminated	6 judges, 1928	8 judges							11 judges		11 judges, first 6 months, 10 judges; second 6 months, 1938
		1929	1930	1931	1932	1933	1934	1935	1936	1937	
U. S. Government, civil	1,067	1,352	1,762	2,616	4,017	3,571	2,261	727	845	897	819
Other civil	1,501	2,070	1,611	1,674	3,077	2,142	2,094	1,048	1,963	3,028	2,427
Criminal	8,863	8,202	3,297	10,047	10,782	5,291	1,232	271	619	764	815
Bankruptcy	2,515	2,241	1,785	2,315	2,039	3,295	3,399	2,602	2,453	1,848	2,790
	13,946										
6 judges, average	2,325										
		13,865	8,455	16,652	19,915	14,299	8,986	4,648			
8 judges, average		1,733	1,056	2,082	2,489	1,787	1,123	581			
									5,880	6,537	
11 judges, average									553	594	
											6,851
12 judges, average											570
Total, exclusive of bankruptcy	11,431	11,624	6,670	14,337	17,876	11,004	5,587	2,046	3,527	4,689	4,061
6 judges, average	1,905										
8 judges, average		1,453	834	1,792	2,235	1,376	698	256			
11 judges, average									329	426	
12 judges, average											340

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. ASHURST. The bill to which the Senator last referred, House bill 5906, is not before the Senate, and has not been reported by the Senate Committee on the Judiciary. I do not recall that the Senate Committee on the Judiciary has reported that bill.

Mr. AUSTIN. I am now informed that House bill 5906 passed the House of Representatives on July 17, and is not yet before the Senate.

Mr. ASHURST. It has not been considered by the Senate Committee on the Judiciary, of which the Senator from Vermont is a very able and respected member?

Mr. AUSTIN. It has not.

Mr. ASHURST. If the Senator will pardon me, so that it may go in the RECORD—I ask the Senator from Vermont to correct me if I am wrong—the Judiciary Committee, I will say, after a year or more of careful investigation came to the conclusion definitely that the only additional judges at this time needed were one circuit judge for the sixth

circuit, one circuit judge for the eighth circuit, and one district judge each for the southern district of California, the district of New Jersey, the western district of Oklahoma, the eastern district of Pennsylvania, the southern district of New York, and for the northern and southern districts of Florida.

I do not mean to say that the entire judiciary committee supported all these, but so far as I recall, no member of the Senate Committee on the Judiciary urged any additional judgeship other than those proposed to be created by this bill. If I remember correctly, the repealer, that is, the amendment on page 2 to which the Senator referred, was adopted unanimously by the committee, so that, in no circumstance, so far as this bill is concerned, will there be no more than one additional judge for the State of New York.

Mr. AUSTIN. Mr. President, may I ask the Senator if he means exactly what he said? The repealer contained in section 3 was not adopted, was it? The Judiciary Committee unanimously agreed to strike out section 3.

Mr. ASHURST. Yes; it adopted the amendment to the bill.

Mr. AUSTIN. To strike out the repealer.

Mr. ASHURST. That is correct; the committee adopted the amendment which would strike out the repealer.

Mr. AUSTIN. That is correct.

Mr. ASHURST. We are in agreement on that.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate, by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2805) to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair, and it was signed by the Vice President.

POSTPONEMENT OF NEUTRALITY LEGISLATION AND BUSINESS

Mr. VANDENBERG. Mr. President, I wish to read into the RECORD two headlines from an evening paper, merely "to keep the record straight," as they say down the street. The first headline says:

Senate killed boom, says President.

And the explanatory opening sentence is:

President Roosevelt today asserted that the Senate's action in failing to act on neutrality had killed off a fine little business boom.

On the back page, the headline says:

Stocks spurt one to three dollars in fast trading.

And the first explanatory sentence says:

The stock market resumed its advance in a sharp run-up of 1 to more than 3 points today, after absorbing profit-taking through the two preceding sessions.

So I am not clear what "boom" it is that the Senate is about to deflate unless it is the third-term boom.

TRAFFIC SAFETY

Mr. TRUMAN. Mr. President, I merely wish to make a few remarks on traffic safety. I am interested in that subject not only because of its great importance, but because the Senate has, by unanimous consent, passed a bill which vitally affects safety on the highways.

Mr. President, on numerous occasions the Congress has shown keen interest in the problem of giving our country safer and more efficient highway transportation. There is now before Congress a comprehensive report prepared by Thomas H. MacDonald, Commissioner of Public Roads, outlining a plan for adjusting our highway system to modern needs. Numerous legislative proposals have been enacted which have as an objective the encouragement of highway safety. The Senate has twice passed a measure which I introduced, and which would fix standards to be met by operators of motor vehicles moving in interstate commerce. I cite these things as evidence of the broad scope of the traffic-safety problem, and the importance of doing all we can to improve existing conditions.

Fortunately, many national organizations have taken the leadership in sound programs of action. The automotive industry, which has always been concerned with the users of its products, has devoted time, energy, and money to bettering traffic conditions. The results of this coordinated program have been fine. For the past 19 months there has been a consistent reduction in the number of traffic deaths and injuries. The death rate in terms of vehicle mileage has been steadily cut. In fact, when it is considered that the motor age really covers a period of less than 30 years, that the greater mileage of streets and roads was designed for horse-drawn vehicles, and that approximately 30,000,000 vehicles of various types are daily in the hands of 45,000,000 persons of varying temperaments and qualifications, highway transportation today is a marvel of efficiency, if not of safety.

Nevertheless the broad attack on the accident problem must be continued and given new momentum wherever possible. No phase of this attack is more important than that which has to do with training traffic safety personnel and educating drivers and pedestrians. It is fortunate that thousands of men and women are prepared and are being prepared to make a career of specialized traffic safety activities.

Within the past few years more than 4,000 persons have been given specialized training in new traffic-safety methods in addition to the regular training programs of police, school, motor-vehicle, and highway departments. At Yale University and at Northwestern University outstanding training courses are given to traffic engineers and police officers on a year-round basis. Approximately 2,000 teachers have been trained by interested organizations in cooperation with colleges, universities, and schools. They will fill the need for experienced instructors.

In the schools of the country approximately 16,000,000 school children are receiving some form of traffic education. This phase of traffic-safety education is started through posters in kindergarten, and rounded out with high-school studies in actual training in sound driving and pedestrian practices. Additional thousands of students are receiving behind-the-wheel training—actual experience in driving—through the cooperation of automobile manufacturers and dealers, who are making cars available for this purpose.

I was interested in a statement made a few days ago by Commissioner MacDonald. He said, in part:

Modernization of the country's road system, with particular emphasis on elimination of congestion, will undoubtedly minimize traffic hazards. Such a program has been recommended to Congress on the basis of findings from the highway planning surveys now under way in 46 States. It recognizes that motor-vehicle traffic on main highways in 1960 will be virtually double that of today. It is also designed to preserve the principle of free highways.

Obviously, as the highway program is pushed forward there must be related activities to assure the efficient and safe movement of vehicles. It is fortunate that many national organizations, some of which have been identified with highway transport since its beginning, are furnishing leadership in mobilizing public sentiment favorable to better roads and better traffic conditions. The automobile industry is playing a vital role in this movement. The objective of these groups is the general adoption of a standard highway safety program embodying principles which have already proven effective. This standard program is approved and supported by 46 national organizations.

The National Institue for Traffic Safety Training is closely identified with the seven-point program for highway safety. It supplements what police, motor-vehicle, school, and highway departments are doing in training personnel—persons who will make careers of specialized service in the traffic safety field. The institute is making an important contribution to the traffic-safety movement and deserves universal support.

It is the National Institute for Traffic Safety Training to which I want specifically to refer. The institute is an outgrowth of the demand of traffic-safety workers for an opportunity to keep abreast with the administration in modern techniques. It is sponsored by 11 national organizations, as follows: American Automobile Association, American Association of Motor Vehicle Administrators, American Association of State Highway Officials, American Public

Works Association, Automotive Safety Foundation, Highway Education Board, Institute of Traffic Engineers, International Association of Chiefs of Police, National Safety Council, Northwestern University Traffic Institute, Yale University Bureau for Street Traffic Research.

The administrative committee for the Institute, which will be held at the University of Michigan, Ann Arbor, August 14–26, includes outstanding leaders in the traffic safety movement. It includes such distinguished persons as Dr. Alexander G. Ruthven, honorary chairman; Miller McClintock, director of the Yale University Bureau, chairman; Norman Damon, director of the Automotive Safety Foundation; Lt. F. M. Kreml, director of the Northwestern University Traffic Institute; Burton W. Marsh, director of safety and traffic engineering, American Automobile Association; and Sidney Williams, director of public-safety division, National Safety Council.

The institute will offer special courses in accident investigation by police, advanced methods of adult-driver training, administration of drivers' license examinations, traffic engineering, traffic-accident reports and records, vehicle fleet safety, traffic-safety education in elementary schools, traffic-safety education in secondary schools, and safety organizations and public education.

I feel confident that Members of Congress and State, county, and municipal officials everywhere are keenly interested in and are heartily supporting organized programs for traffic-safety training. My purpose in citing this program is because I am wholeheartedly in accord with the objectives, and I believe it is the responsibility of Congress to further every sound movement for promoting traffic safety, to the end that our people may enjoy full benefits from highway transportation.

REGULATION OF SALE OF CERTAIN SECURITIES, AND THE REGULATION OF TRUST INDENTURES

The PRESIDING OFFICER (Mr. ANDREWS in the Chair) laid before the Senate the amendment of the House to the bill (S. 2065) to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes, which was to strike out all after the enacting clause and insert:

That the act entitled "An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes," approved May 27, 1933, as amended, is amended by adding at the end thereof the following:

"TITLE III

"SHORT TITLE

"SECTION 301. This title, divided into sections as follows, may be cited as the 'Trust Indenture Act of 1939':

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"TITLE III

"Sec. 301. Short title.
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"Sec. 303. Definitions.
"Sec. 304. Exempted securities and transactions.
"Sec. 305. Securities required to be registered under Securities Act.
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"Sec. 307. Qualification of indentures covering securities not required to be registered.
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"Sec. 309. When qualification becomes effective; effect of qualification.
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"(a) Persons eligible for appointment as trustee.
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"Sec. 315. Duties and responsibility of the trustee.
"(a) Duties prior to default.
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"(c) Duties of the trustee in case of default.
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"Sec. 316. Directions and waivers by bondholders; prohibition of impairment of holder's right to payment.
"Sec. 317. Special powers of trustee; duties of paying agents.
"Sec. 318. Effect of prescribed indenture provisions.
"Sec. 319. Rules, regulations, and orders.
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"Sec. 323. Liability for misleading statements.
"Sec. 324. Unlawful representations.
"Sec. 325. Penalties.
"Sec. 326. Effect on existing law.
"Sec. 327. Contrary stipulations void.
"Sec. 328. Separability of provisions.

"NECESSITY FOR REGULATION

"SEC. 302. (a) Upon the basis of facts disclosed by the reports of the Securities and Exchange Commission made to the Congress pursuant to section 211 of the Securities Exchange Act of 1934 and otherwise disclosed and ascertained, it is hereby declared that the national public interest and the interest of investors in notes, bonds, debentures, evidences of indebtedness, and certificates of interest or participation therein, which are offered to the public, are adversely affected—

"(1) When the obligor fails to provide a trustee to protect and enforce the rights and to represent the interests of such investors, notwithstanding the fact that (A) individual action by such investors for the purpose of protecting and enforcing their rights is rendered impracticable by reason of the disproportionate expense of taking such action, and (B) concerted action by such investors in their common interest through representatives of their own selection is impeded by reason of the wide dispersion of such investors through many States, and by reason of the fact that information as to the names and addresses of such investors generally is not available to such investors;

"(2) When the trustee does not have adequate rights and powers, or adequate duties and responsibilities, in connection with matters relating to the protection and enforcement of the rights of such investors; when, notwithstanding the obstacles to concerted action by such investors, and the general and reasonable assumption by such investors that the trustee is under an affirmative duty to take action for the protection and enforcement of their rights, trust indentures (A) generally provide that the trustee shall be under no duty to take any such action, even in the event of default, unless it receives notice of default, demand for action, and indemnity, from the holders of substantial percentages of the securities outstanding thereunder, and (B) generally relieve the trustee from liability even for its own negligent action or failure to act;

"(3) When the trustee does not have resources commensurate with its responsibilities, or has any relationship to or connection with the obligor or any underwriter of any securities of the obligor, or holds, beneficially or otherwise, any interest in the obligor or any such underwriter, which relationship, connection, or interest involves a material conflict with the interests of such investors;

"(4) When the obligor is not obligated to furnish to the trustee under the indenture and to such investors adequate current information as to its financial condition, and as to the performance of its obligations with respect to the securities outstanding under such indenture; or when the communication of such information to such investors is impeded by the fact that information as to the names and addresses of such investors generally is not available to the trustee and to such investors;

"(5) When the indenture contains provisions which are misleading or deceptive, or when full and fair disclosure is not made to prospective investors of the effect of important indenture provisions; or

"(6) When, by reason of the fact that trust indentures are commonly prepared by the obligor or underwriter in advance of the public offering of the securities to be issued thereunder, such investors are unable to participate in the preparation thereof, and, by reason of their lack of understanding of the situation, such investors would in any event be unable to procure the correction of the defects enumerated in this subsection.

"(b) Practices of the character above enumerated have existed to such an extent that, unless regulated, the public offering of notes, bonds, debentures, evidences of indebtedness, and certificates of interest or participation therein, by the use of means and instruments of transportation and communication in interstate commerce and of the mails, is injurious to the capital markets, to investors, and to the general public; and it is hereby declared to be the policy of this title, in accordance with which policy all the provisions of this title shall be interpreted, to meet the problems and eliminate the practices, enumerated in this section, connected with such public offerings.

"DEFINITIONS

"SEC. 303. When used in this title, unless the context otherwise requires—

"(1) Any term defined in section 2 of the Securities Act of 1933, as heretofore amended, and not otherwise defined in this section, shall have the meaning assigned to such term in such section 2.

"(2) The term 'sale' or 'sell' shall include all transactions included in such term as provided in paragraph (3) of section 2 of the Securities Act of 1933, as heretofore amended, except that a sale of a certificate of interest or participation shall be deemed a sale of the security or securities in which such certificate evidences an interest or participation if and only if such certificate gives the holder thereof the right to convert the same into such security or securities.

"(3) The term 'prospectus' shall have the meaning assigned to such term in paragraph (10) of section 2 of the Securities Act of 1933, as heretofore amended, except that in the case of securities which are not registered under the Securities Act of 1933, such term shall not include any communication (A) if it is proved that prior to or at the same time with such communication a written statement meeting the requirements of subsection (c) of section 305 was sent or given to the persons to whom the communication was made, by the person making such communication or his principal, or (B) if such communication states from whom such statement may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed.

"(4) The term 'underwriter' means any person who has purchased from an issuer with a view to, or sells for an issuer in connection with the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

"(5) The term 'director' means any director of a corporation, or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

"(6) The term 'executive officer' means the president, every vice president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

"(7) The term 'indenture' means any mortgage, deed of trust, trust or other indenture, or similar instrument or agreement (including any supplement or amendment to any of the foregoing), under which securities are outstanding or are to be issued, whether or not any property, real or personal, is, or is to be, pledged, mortgaged, assigned, or conveyed thereunder.

"(8) The term 'application' or 'application for qualification' means the application provided for in section 307, and includes any amendment thereto and any report, document, or memorandum accompanying such application or incorporated therein by reference.

"(9) The term 'indenture to be qualified' means (A) the indenture under which there has been or is to be issued a security in respect of which a particular registration statement has been filed, or (B) the indenture in respect of which a particular application has been filed.

"(10) The term 'indenture trustee' means each trustee under the indenture to be qualified, and each successor trustee.

"(11) The term 'indenture security' means any security issued or issuable under the indenture to be qualified.

"(12) The term 'obligor,' when used with respect to any such indenture security, means every person who is liable thereon, and, if such security is a certificate of interest or participation, such term means also every person who is liable upon the security or securities in which such certificate evidences an interest or participation; but such term shall not include the trustee under an indenture under which certificates of interest or participation, equipment trust certificates, or like securities are outstanding.

"(13) The term 'paying agent,' when used with respect to any such indenture security, means any person authorized by an obligor thereon (A) to pay the principal of or interest on such security on behalf of such obligor, or (B) if such security is a certificate of interest or participation, equipment trust certificate, or like security, to make such payment on behalf of the trustee.

"(14) The term 'State' means any State of the United States.

"(15) The term 'Commission' means the Securities and Exchange Commission.

"(16) The term 'voting security' means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement, or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person; and a specified percentage of the voting securities of a person means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

"(17) The terms 'Securities Act of 1933,' 'Securities Exchange Act of 1934,' and 'Public Utility Holding Company Act of 1935' shall be deemed to refer, respectively, to such acts, as amended, whether amended prior to or after the enactment of this title.

"(18) The term 'Bankruptcy Act' means the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, as amended, whether amended prior to or after the enactment of this title.

"EXEMPTED SECURITIES AND TRANSACTIONS

"SEC. 304. (a) The provisions of this title shall not apply to any of the following securities:

"(1) Any security other than (A) a note, bond, debenture, or evidence of indebtedness, whether or not secured, or (B) a certificate of interest or participation in any such note, bond, debenture, or evidence of indebtedness, or (C) a temporary certificate for, or guaranty of, any such note, bond, debenture, evidence of indebtedness, or certificate;

"(2) Any certificate of interest or participation in two or more securities having substantially different rights and privileges, or a temporary certificate for any such certificate;

"(3) Any security which, prior to or within 6 months after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but this exemption shall not apply to any new offering of any such security by an issuer subsequent to such 6 months;

"(4) Any security exempted from the provisions of the Securities Act of 1933, as heretofore amended, by paragraph (2), (3), (4), (5), (6), (7), (8), or (11) of subsection 3 (a) thereof;

"(5) Any security issued under a mortgage indenture as to which a contract of insurance under the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3 (a) (2) of such act;

"(6) Any note, bond, debenture, or evidence of indebtedness issued or guaranteed by a foreign government or by a subdivision, department, municipality, agency, or instrumentality thereof;

"(7) Any guaranty of any security which is exempted by this subsection;

"(8) Any security which has been or is to be issued otherwise than under an indenture, but this exemption shall not be applied within a period of 12 consecutive months to more than $250,000 aggregate principal amount of any securities of the same issuer; or

"(9) Any security which has been or is to be issued under an indenture which limits the aggregate principal amount of securities at any time outstanding thereunder to $1,000,000 or less, but this exemption shall not be applied within a period of 36 consecutive months to more than $1,000,000 aggregate principal amount of securities of the same issuer.

In computing the aggregate principal amount of securities to which the exemptions provided by paragraphs (8) and (9) may be applied, securities to which the provisions of sections 305 and 306 would not have applied, irrespective of the provisions of those paragraphs, shall be disregarded.

"(b) The provisions of sections 305 and 306 shall not apply (1) to any of the transactions exempted from the provisions of section 5 of the Securities Act of 1933 by section 4 thereof, as heretofore amended, or (2) to any transaction which would be so exempted but for the last sentence of paragraph (11) of section 2 of such act.

"(c) The Commission shall, on application by the issuer and after opportunity for hearing thereon, by order exempt from any one or more provisions of this title any security issued or proposed to be issued under any indenture under which, at the time such application is filed, securities referred to in paragraph (3) of subsection (a) of this section are outstanding, if and to the extent that the Commission finds that compliance with such provision or provisions, through the execution of a supplemental indenture or otherwise—

"(1) Would require, by reason of the provisions of such indenture, or the provisions of any other indenture or agreement made prior to the enactment of this title, or the provisions of any applicable law, the consent of the holders of securities outstanding under any such indenture or agreement; or

"(2) Would impose an undue burden on the issuer, having due regard to the public interest and the interests of investors.

"(d) The Commission may, on application by the issuer and after opportunity for hearing thereon, by order exempt from any one or more of the provisions of this title any security issued or proposed to be issued by a person organized and existing under the laws of a foreign government or a political subdivision thereof, if and to the extent that the Commission finds that compliance with such provision or provisions is not necessary in the public interest and for the protection of investors.

"SECURITIES REQUIRED TO BE REGISTERED UNDER SECURITIES ACT

"SEC. 305. (a) Subject to the provisions of section 304, a registration statement relating to a security shall include the following information and documents, as though such inclusion were required by the provisions of section 7 of the Securities Act of 1933—

"(1) Such information and documents as the Commission may by rules and regulations prescribe in order to enable the Commission to determine whether any person designated to act as trustee under the indenture under which such security has been or is to be issued is eligible to act as such under subsection (a) of section 310 or has a conflicting interest as defined in subsection (b) of section 310; and

"(2) An analysis of any provisions of such indenture with respect to (A) the definition of what shall constitute a default under such indenture, and the withholding of notice to the indenture security holders of any such default, (B) the authentication and delivery of the indenture securities and the application of the proceeds thereof, (C) the release or the release and

substitution of any property subject to the lien of the indenture, (D) the satisfaction and discharge of the indenture, and (E) the evidence required to be furnished by the obligor upon the indenture securities to the trustee as to compliance with the conditions and covenants provided for in such indenture."

The information and documents required by paragraph (1) of this subsection with respect to the person designated to act as indenture trustee shall be contained in a separate part of such registration statement, which part shall be signed by such person. Such part of the registration statement shall be deemed to be a document filed pursuant to this title, and the provisions of sections 11, 12, 17, and 24 of the Securities Act of 1933 shall not apply to statements therein or omissions therefrom.

"(b) The Commission shall issue an order prior to the effective date of registration refusing to permit such a registration statement to become effective, if it finds that—

"(1) The security to which such registration statement relates has not been or is not to be issued under an indenture;

"(2) Such indenture does not conform to the requirements of sections 310 to 318, inclusive; or

"(3) Any person designated as trustee under such indenture is not eligible to act as such under subsection (a) of section 310 or has any conflicting interest as defined in subsection (b) of section 310;"

but no such order shall be issued except after notice and opportunity for hearing within the periods and in the manner required with respect to refusal orders pursuant to section 8 (b) of the Securities Act of 1933. If and when the Commission deems that the objections on which such order was based have been met, the Commission shall enter an order rescinding such refusal order, and the registration shall become effective at the time provided in section 8 (a) of the Securities Act of 1933, or upon the date of such rescission, whichever shall be the later.

"(c) A prospectus relating to any such security shall include, as though such inclusion were required by section 10 of the Securities Act of 1933, a written statement containing the analysis, set forth in the registration statement, of any indenture provisions with respect to the matters specified in paragraph (2) of subsection (a) of this section, together with a supplementary analysis, prepared by the Commission, of such provisions and of the effect thereof, if, in the opinion of the Commission, the inclusion of such supplementary analysis is necessary or appropriate in the public interest or for the protection of investors, and the Commission so declares by order after notice and, if demanded by the issuer, opportunity for hearing thereon. Such order shall be entered prior to the effective date of registration, except that if opportunity for hearing thereon is demanded by the issuer such order shall be entered within a reasonable time after such opportunity for hearing.

"(d) The provisions of sections 11, 12, 17, and 24 of the Securities Act of 1933, and the provisions of sections 323 and 325 of this title, shall not apply to statements in or omissions from any analysis required under the provisions of this section or section 306 or 307.

"SECURITIES NOT REGISTERED UNDER SECURITIES ACT

"SEC. 306. (a) In the case of any security which is not registered under the Securities Act of 1933 and to which this subsection is applicable notwithstanding the provisions of section 304, unless such security has been or is to be issued under an indenture and an application for qualification is effective as to such indenture, it shall be unlawful for any person, directly or indirectly—

"(1) To make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or

"(2) To carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale.

"(b) In the case of any security which is not registered under the Securities Act of 1933, but which has been or is to be issued under an indenture as to which an application for qualification is effective, it shall be unlawful for any person, directly or indirectly—

"(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to carry or transmit any prospectus relating to any such security, unless such prospectus includes or is accompanied by a written statement that meets the requirements of subsection (c) of section 305; or

"(2) to carry or to cause to be carried through the mails or in interstate commerce any such security for the purpose of sale or for delivery after sale, unless accompanied or preceded by a written statement that meets the requirements of subsection (c) of section 305.

"QUALIFICATION OF INDENTURES COVERING SECURITIES NOT REQUIRED TO BE REGISTERED

"SEC. 307. (a) In the case of any security which is not required to be registered under the Securities Act of 1933 and to which subsection (a) of section 306 is applicable notwithstanding the provisions of section 304, an application for qualification of the indenture under which such security has been or is to be issued shall be filed with the Commission by the issuer of such security. Each such application shall be in such form, and shall be signed in such manner, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. Each such application shall include the information and documents required by subsection (a) of section 305. The information and documents required by paragraph (1) of such subsection with respect to the person designated to act as indenture trustee shall be contained in a separate part of such application, which part shall be signed by such person. Each such application shall also include such of the other information and documents which would be required to be filed in order to register such indenture security under the Securities Act of 1933 as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. An application may be withdrawn by the applicant at any time prior to the effective date thereof. Subject to the provisions of section 321, the information and documents contained in or filed with any application shall be made available to the public under such regulations as the Commission may prescribe, and copies thereof, photostatic or otherwise, shall be furnished to every applicant therefor at such reasonable charge as the Commission may prescribe.

"(b) The filing with the Commission of an application, or of an amendment to an application, shall be deemed to have taken place upon the receipt thereof by the Commission, but, in the case of an application, only if it is accompanied or preceded by payment to the Commission of a filing fee in the amount of $100, such payment to be made in cash or by United States postal money order or certified or bank check, or in such other medium of payment as the Commission may authorize by rule and regulation.

"(c) The provisions of section 8 of the Securities Act of 1933 and the provisions of subsection (b) of section 305 of this title shall apply with respect to every such application, as though such application were a registration statement filed pursuant to the provisions of such act.

"INTEGRATION OF PROCEDURE WITH SECURITIES ACT AND OTHER ACTS

"SEC. 308. (a) The Commission, by such rules and regulations or orders as it deems necessary or appropriate in the public interest or for the protection of investors, shall authorize the filing of any information or documents required to be filed with the Commission under this title, or under the Securities Act of 1933, the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935, by incorporating by reference any information or documents on file with the Commission under this title or under any such act.

"(b) The Commission, by such rules and regulations or orders as it deems necessary or appropriate in the public interest or for the protection of investors, shall provide for the consolidation of applications, reports, and proceedings under this title with registration statements, applications, reports, and proceedings under the Securities Act of 1933, the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935.

"WHEN QUALIFICATION BECOMES EFFECTIVE; EFFECT OF QUALIFICATION

"SEC. 309. (a) The indenture under which a security has been or is to be issued shall be deemed to have been qualified under this title—

"(1) when registration becomes effective as to such security; or

"(2) when an application for the qualification of such indenture becomes effective pursuant to section 307.

"(b) After qualification has become effective as to the indenture under which a security has been or is to be issued, no stop order shall be issued pursuant to section 8 (d) of the Securities Act of 1933, suspending the effectiveness of the registration statement relating to such security or of the application for qualification of such indenture, except on one or more of the grounds specified in section 8 of such act.

"(c) The making, amendment, or rescission of a rule, regulation, or order under the provisions of this title (except to the extent authorized by subsection (a) of section 314 with respect to rules and regulations prescribed pursuant to such subsection) shall not affect the qualification, form, or interpretation of any indenture as to which qualification became effective prior to the making, amendment, or rescission of such rule, regulation, or order.

"(d) No trustee under an indenture which has been qualified under this title shall be subject to any liability because of any failure of such indenture to comply with any of the provisions of this title, or any rule, regulation, or order thereunder.

"(e) Nothing in this title shall be construed as empowering the Commission to conduct an investigation or other proceeding for the purpose of determining whether the provisions of an indenture which has been qualified under this title are being complied with, or to enforce such provisions.

"ELIGIBILITY AND DISQUALIFICATION OF TRUSTEE

"Persons eligible for appointment as trustee

"SEC. 310. (a) (1) The indenture to be qualified shall require that there shall at all times be one or more trustees thereunder, at least one of whom shall at all times be a corporation organized and doing business under the laws of the United States or of any State or Territory or of the District of Columbia (referred to in this title as the institutional trustee), which (A) is authorized under such laws to exercise corporate trust powers, and (B) is subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority.

"(2) The indenture to be qualified shall require that such institutional trustee shall have at all times a combined capital and surplus of a specified minimum amount, which shall not be less than $150,000. If such institutional trustee publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, the indenture may provide that, for the purposes of this paragraph, the combined capital and surplus of such trustee shall be deemed

to be its combined capital and surplus as set forth in its most recent report of condition so published.

"(3) If the indenture to be qualified requires or permits the appointment of one or more cotrustees in addition to such institutional trustee, such indenture shall provide that the rights, powers, duties, and obligations conferred or imposed upon the trustees or any of them shall be conferred or imposed upon and exercised or performed by such institutional trustee, or such institutional trustee and such cotrustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, such institutional trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties, and obligations shall be exercised and performed by such cotrustees.

(4) In the case of certificates of interest or participation, the indenture to be qualified shall require that the indenture trustee or trustees have the legal power to exercise all of the rights, powers, and privileges of a holder of the security or securities in which such certificates evidence an interest or participation.

"Disqualification of Trustee

"(b) The indenture to be qualified shall provide that if any indenture trustee has or shall acquire any conflicting interest as hereinafter defined, (i) such trustee shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign, such resignation to become effective upon the appointment of a successor trustee and such successor's acceptance of such appointment, and the obligor upon the indenture securities shall take prompt steps to have a successor appointed in the manner provided in the indenture; and (ii) in the event that such trustee shall fail to comply with the provisions of clause (i) of this subsection, such trustee shall, within 10 days after the expiration of such 90-day period, transmit notice of such failure to the indenture security holders in the manner and to the extent provided in subsection (c) of section 313; and (iii) subject to the provisions of subsection (e) of section 315, any security holder who has been a bona fide holder of indenture securities for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such trustee, and the appointment of a successor, if such trustee fails, after written request therefor by such holder, to comply with the provisions of clause (i) of this subsection. For the purposes of this subsection, an indenture trustee shall be deemed to have a conflicting interest if—

"(1) such trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of an obligor upon the indenture securities are outstanding unless (A) the indenture securities are collateral trust notes under which the only collateral consists of securities issued under such other indenture, or (B) such other indenture is a collateral trust indenture under which the only collateral consists of indenture securities, or (C) such obligor has no substantial unmortgaged assets and is engaged primarily in the business of owning, or of owning and developing and/or operating, real estate, and the indenture to be qualified and such other indenture are secured by wholly separate and distinct parcels of real estate: *Provided*, That the indenture to be qualified may contain a provision excluding from the operation of this paragraph another indenture or indentures under which other securities, or certificates of interest or participation in other securities, of such an obligor are outstanding, if (i) the indenture to be qualified and such other indenture or indentures are wholly unsecured, and such other indenture or indentures are specifically described in the indenture to be qualified or are thereafter qualified under this title, unless the Commission shall have found and declared by order pursuant to subsection (b) of section 305 or subsection (c) of section 307 that differences exist between the provisions of the indenture to be qualified and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as such under one of such indentures, or (ii) the issuer shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under the indenture to be qualified and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as such under one of such indentures;

"(2) such trustee or any of its directors or executive officers is an obligor upon the indenture securities or an underwriter for such an obligor;

"(3) such trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with an obligor upon the indenture securities or an underwriter for such an obligor;

"(4) such trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of an obligor upon the indenture securities, or of an underwriter (other than the trustee itself) for such an obligor who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the trustee and a director and/or an executive officer of such obligor, but may not be at the same time an executive officer of both the trustee and of such obligor, and (B) if and so long as the number of directors of the trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the trustee and a director of such obligor, and (C) such trustee may be designated by any such obligor or by any underwriter for any such obligor, to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subsection, to act as trustee, whether under an indenture or otherwise;

"(5) 10 percent or more of the voting securities of such trustee is beneficially owned either by an obligor upon the indenture securities or by any director, partner, or executive officer thereof, or 20 percent or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10 percent or more of the voting securities of such trustee is beneficially owned either by an underwriter for any such obligor or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

"(6) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, (A) 5 percent or more of the voting securities, or 10 percent or more of any other class of security, of an obligor upon the indenture securities, not including indenture securities and securities issued under any other indenture under which such trustee is also trustee, or (B) 10 percent or more of any class of security of an underwriter for any such obligor;

"(7) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, 5 percent or more of the voting securities of any person who, to the knowledge of the trustee, owns 10 percent or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, an obligor upon the indenture securities;

"(8) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default as hereinafter defined, 10 percent or more of any class of security of any person who, to the knowledge of the trustee, owns 50 percent or more of the voting securities of an obligor upon the indenture securities; or

"(9) such trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25 percent or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7), or (8) of this subsection. The indenture to be qualified may provide, as to any such securities of which the indenture trustee acquired ownership through becoming executor, administrator, or testamentary trustee of an estate which included them, that the provisions of the preceding sentence shall not apply, for a period of not more than 2 years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25 percent of such voting securities or 25 percent of any such class of security. The indenture to be qualified shall provide that promptly after May 15 in each calendar year, the trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. Such indenture shall also provide that if the obligor upon the indenture securities fails to make payment in full of principal or interest under such indenture when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the trustees shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the trustee, with sole or joint control over such securities vested in it, shall be considered as though beneficially owned by such trustee, for the purposes of paragraphs (6), (7), and (8) of this subsection.

"The indenture to be qualified shall provide that the specification of percentages in paragraphs (5) to (9), inclusive, of this subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection.

"For the purposes of paragraphs (6), (7), (8), and (9) of this subsection, (A) the terms 'security' and 'securities' shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies, or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more, and shall not have been cured; and (C) the indenture trustee shall not be deemed the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, or (ii) any security which it holds as collateral security under the indenture to be qualified, irrespective of any default thereunder, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

"For the purposes of this subsection, the term 'underwriter' when used with reference to an obligor upon the indenture securities means every person who, within 3 years prior to the time as of which the determination is made, was an underwriter of any security of such obligor outstanding at such time.

"APPLICABILITY OF SECTION

"(c) The Public Utility Holding Company Act of 1935 shall not be held to establish or authorize the establishment of any standards regarding the eligibility and qualifications of any trustee or prospective trustee under an indenture to be qualified under this title, or regarding the provisions to be included in any such indenture with respect to the eligibility and qualifications of the trustee thereunder, other than those established by the provisions of this section.

"PREFERENTIAL COLLECTION OF CLAIMS AGAINST OBLIGOR

"SEC. 311. (a) Subject to the provisions of subsection (b) of this section, the indenture to be qualified shall provide that if the indenture trustee shall be, or shall become, a creditor, directly or indirectly, secured or unsecured, of an obligor upon the indenture securities, within 4 months prior to a default as defined in the last paragraph of this subsection, or subsequent to such a default, then, unless and until such default shall be cured, such trustee shall set apart and hold in a special account for the benefit of the trustee individually and the indenture security holders—

"(1) An amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such 4 months' period and valid as against such obligor and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which the trustee could have exercised if a petition in bankruptcy had been filed by or against such obligor upon the date of such default; and

"(2) All property received in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such 4 months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of such obligor and its other creditors in such property or such proceeds.

"Nothing herein contained shall affect the right of the indenture trustee—

"(A) To retain for its own account (i) payments made on account of any such claim by any person (other than such obligor) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law;

"(B) To realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such 4 months' period;

"(C) To realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such 4 months' period and such property was received as security therefor simultaneously with the creation thereof, and if the trustee shall sustain the burden of proving that at the time such property was so received the trustee had no reasonable cause to believe that a default as defined in the last paragraph of this subsection would occur within 4 months; or

"(D) To receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property."

For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning of such 4 months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any preexisting claim of the indenture trustee as such creditor, such claim shall have the same status as such preexisting claim.

"The indenture to be qualified shall provide that, if the trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the trustee and the indenture security holders in such manner that the trustee and the indenture security holders realize as a result of payments from such special account and payments of dividends on claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, the same percentage of their respective claims figured before crediting to the claim of the trustee anything on account of the receipt by it from such obligor of the funds and property in such special account and before crediting to the respective claims of the trustee and the indenture security holders dividends on claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim the term 'dividends' shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, whether such distribution is made in cash securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between the indenture trustee and the indenture security holders, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the indenture trustee and the indenture security holders with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as mathematical formula.

"Any indenture trustee who has resigned or been removed after the beginning of such 4 months' period shall be subject to the provisions of this subsection as though such resignation or removal had not occurred. Any indenture trustee who has resigned or been removed prior to the beginning of such 4 months' period shall be subject to the provisions of this subsection if and only if the following conditions exist—

"(i) The receipt of property or reduction of claim which would have given rise to the obligation to account, if such indenture trustee had continued as trustee, occurred after the beginning of such 4 months' period; and

"(ii) such receipt of property or reduction of claim occurred within 4 months after such resignation or removal.

"As used in this subsection, the term 'default' means any failure to make payment in full of principal or interest, when and as the same becomes due and payable, under any indenture which has been qualified under this title, and under which the indenture trustee is trustee and the person of whom the indenture trustee is directly or indirectly a creditor is an obligor; and the term 'indenture security holder' means all holders of securities outstanding under any such indenture under which any such default exists.

"(b) The indenture to be qualified may contain provisions excluding from the operation of subsection (a) of this section a creditor relationship arising from—

"(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of 1 year or more at the time of acquisition by the indenture trustee;

"(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by the indenture, for the purpose of preserving the property subject to the lien of the indenture or of discharging tax liens or other prior liens or encumbrances on the trust estate, if notice of such advance and of the circumstances surrounding the making thereof is given to the indenture security holders, at the time and in the manner provided in the indenture;

"(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

"(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in the indenture;

"(5) the ownership of stock or of other securities of a corporation organized under the provisions of section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of an obligor upon the indenture securities; or

"(6) the acquisition, ownership, acceptance, or negotiation of any drafts, bills of exchange, acceptances, or obligations which fall within the classification of self-liquidating paper as defined in the indenture.

"(c) In the exercise by the Commission of any jurisdiction under the Public Utility Holding Company Act of 1935 regarding the issue or sale, by any registered holding company or a subsidiary company thereof, of any security of such issuer or seller or of any other company to a person which is trustee under an indenture or indentures of such issuer or seller or other company, or of a subsidiary or associate company or affiliate of such issuer or seller or other company (whether or not such indenture or indentures are qualified or to be qualified under this title), the fact that such trustee will thereby become a creditor, directly or indirectly, of any of the foregoing shall not constitute a ground for the Commission taking adverse action with respect to any application or declaration, or limiting the scope of any rule or regulation which would otherwise permit such transaction to take effect; but in any case in which such trustee is trustee under an indenture of the company of which it will thereby become a creditor, or of any subsidiary company thereof, this subsection shall not prevent the Commission from requiring (if such requirement would be authorized under the provisions of the Public Utility Holding Company Act of 1935) that such trustee, as such, shall effectively and irrevocably agree in writing, for the benefit of the holders from time to time of the securities from time to time outstanding under such indenture, to be bound by the provisions of this section, subsection (c) of section 315, and, in case of default (as such term is defined in such indenture), subsection (d) of section 315, as fully as though such provisions were included in such indenture. For the purposes of this subsection the terms 'registered holding company,' 'subsidiary company,' 'associate company,' and 'affiliate' shall have the respective meanings assigned to such terms in section 2 (a) of the Public Utility Holding Company Act of 1935.

"BONDHOLDERS' LISTS

"SEC. 312. (a) The indenture to be qualified shall contain provisions requiring each obligor upon the indenture securities to fur-

nish or cause to be furnished to the institutional trustee thereunder at stated intervals of not more than 6 months, and to such other times as such trustee may request in writing, all information in the possession or control of such obligor, or of any of its paying agents, as to the names and addresses of the indenture security holders, and requiring such trustee to preserve, in as current a form as is reasonably practicable, all such information so furnished to it or received by it in the capacity of paying agent.

"(b) The indenture to be qualified shall also contain provisions requiring that, within 5 business days after the receipt by the institutional trustee of a written application by any three or more indenture security holders stating that the applicants desire to communicate with other indenture security holders with respect to their rights under such indenture or under the indenture securities, and accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, and by reasonable proof that each such applicant has owned an indenture security for a period of at least 6 months preceding the date of such application, such institutional trustee shall, at its election, either—

"(1) afford to such applicants access to all information so furnished to or received by such trustee; or

"(2) inform such applicants as to the approximate number of indenture security holders according to the most recent information so furnished to or received by such trustee, and as to the approximate cost of mailing to such indenture security holders the form of proxy or other communication, if any, specified in such application.

If such trustee shall elect not to afford to such applicants access to such information, such trustee shall, upon the written request of such applicants, mail to all such indenture security holders copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to such trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of such mailing, unless within 5 days after such tender, such trustee shall mail to such applicants, and file with the Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of such trustee, such mailing would be contrary to the best interests of the indenture security holders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. After opportunity for hearing upon the objections specified in the written statement so filed, the Commission may, and if demanded by such trustee or by such applicants shall, enter an order either sustaining one or more of such objections or refusing to sustain any of them. If the Commission shall enter an order refusing to sustain any such objections, or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all objections so sustained have been met, and shall enter an order so declaring, such trustee shall mail copies of such material to all such indenture security holders with reasonable promptness after the entry of such order and the renewal of such tender.

"(c) The disclosure of any such information as to the names and addresses of the indenture security holders in accordance with the provisions of this section, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or of any law hereafter enacted which does not specifically refer to this section, nor shall such trustee be held accountable by reason of mailing any material pursuant to a request made under subsection (b) of this section.

"REPORTS BY INDENTURE TRUSTEE

"SEC. 313. (a) The indenture to be qualified shall contain provisions requiring the indenture trustee to transmit to the indenture security holders as hereinafter provided, at stated intervals of not more than 12 months, a brief report with respect to—

"(1) Its eligibility and its qualifications under section 310, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such section, a written statement to such effect;

"(2) The character and amount of any advances made by it, as indenture trustee, which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the indenture securities, on the trust estate or on property or funds held or collected by it as such trustee, if such advances so remaining unpaid aggregate more than one-half of 1 percent of the principal amount of the indenture securities outstanding on such date;

"(3) The amount, interest rate, and maturity date of all other indebtedness owing to it in its individual capacity, on the date of such report, by the obligor upon the indenture securities, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4), or (6) of subsection (b) of section 311;

"(4) The property and funds physically in its possession as indenture trustee on the date of such report;

"(5) Any release, or release and substitution, of property subject to the lien of the indenture (and the consideration therefor, if any) which it has not previously reported;

"(6) Any additional issue of indenture securities which it has not previously reported; and

"(7) Any action taken by it in the performance of its duties under the indenture which it has not previously reported and which in its opinion materially affects the indenture securities or the trust estate, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with an indenture provision authorized by subsection (b) of section 315.

"(b) The indenture to be qualified shall also contain provisions requiring the indenture trustee to transmit to the indenture security holders as hereinafter provided, within the times hereinafter specified, a brief report with respect to—

"(1) The release, or release and substitution, of property subject to the lien of the indenture (and the consideration therefor, if any) unless the fair value of such property, as set forth in the certificate or opinion required by paragraph (1) of subsection (d) of section 314, is less than 10 percent of the principal amount of indenture securities outstanding at the time of such release, or such release and substitution, such report to be so transmitted within 90 days after such time; and

"(2) The character and amount of any advances made by it as such since the date of the last report transmitted pursuant to the provisions of subsection (a) (or if no such report has yet been so transmitted, since the date of execution of the indenture), for the reimbursement of which it claims or may claim a lien or charge, prior to that of the indenture securities, on the trust estate or on property or funds held or collected by it as such trustee, and which it has not previously reported pursuant to this paragraph, if such advances remaining unpaid at any time aggregate more than 10 percent of the principal amount of indenture securities outstanding at such time, such report to be so transmitted within 90 days after such time.

"(c) The indenture to be qualified shall also provide that reports pursuant to this section shall be transmitted by mail—

"(1) To all registered holders of indenture securities, as the names and addresses of such holders appear upon the registration books of the obligor upon the indenture securities;

"(2) To such holders of indenture securities as have, within the 2 years preceding such transmission, filed their names and addresses with the indenture trustee for that purpose; and

"(3) Except in the case of reports pursuant to subsection (b) of this section, to all holders of indenture securities whose names and addresses have been furnished to or received by the indenture trustee pursuant to section 312.

"(d) The indenture to be qualified shall also provide that a copy of each such report shall, at the time of such transmission to indenture security holders, be filed with each stock exchange upon which the indenture securities are listed, and also with the Commission.

"REPORTS BY OBLIGOR; EVIDENCE OF COMPLIANCE WITH INDENTURE PROVISIONS

"Periodic Reports

"SEC. 314. (a) The indenture to be qualified shall contain provisions requiring each person who, as set forth in the registration statement or application, is or is to be an obligor upon the indenture securities covered thereby—

"(1) To file with the indenture trustee copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which such obligor is required to file with the Commission pursuant to section 13 or section 15 (d) of the Securities Exchange Act of 1934; or, if the obligor is not required to file information, documents, or reports pursuant to either of such sections, then to file with the indenture trustee and the Commission, in accordance with rules and regulations prescribed by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations;

"(2) To file with the indenture trustee and the Commission, in accordance with rules and regulations prescribed by the Commission, such additional information, documents, and reports with respect to compliance by such obligor with the conditions and covenants provided for in the indenture, as may be required by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants, conforming to the requirements of subsection (e) of this section, as to compliance with conditions or covenants, compliance with which is subject to verification by accountants, but no such certificate or opinion shall be required as to any matter specified in clauses (A), (B), or (C) of paragraph (3) of subsection (c); and

"(3) To transmit to the holders of the indenture securities upon which such person is an obligor, in the manner and to the extent provided in subsection (c) of section 313, such summaries of any information, documents, and reports required to be filed by such obligor pursuant to the provisions of paragraph (1) or (2) of this subsection as may be required by rules and regulations prescribed by the Commission.

The rules and regulations prescribed under this subsection shall be such as are necessary or appropriate in the public interest or for the protection of investors, having due regard to the types of indentures, and the nature of the business of the class of obligors affected thereby, and the amount of indenture securities outstanding under such indentures, and, in the case of any such rules and regulations prescribed after the indentures to which they apply have been qualified under this title, the additional expense, if any, of complying with such rules and regulations. Such rules and regulations may be prescribed either before or after qualification becomes effective as to any such indenture.

"Evidence of Recording of Indenture

"(b) If the indenture to be qualified is or is to be secured by the mortgage or pledge of property, such indenture shall contain provisions requiring the obligor upon the indenture securities to furnish to the indenture trustee—

"(1) promptly after the execution and delivery of the indenture, an opinion of counsel (who may be of counsel for such obligor) either stating that in the opinion of such counsel the indenture has been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such lien effective; and

"(2) at least annually after the execution and delivery of the indenture, an opinion of counsel (who may be of counsel for such obligor) either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, rerecording, and refiling of the indenture as is necessary to maintain the lien of such indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

"Evidence of Compliance With Conditions Precedent

"(c) The indenture to be qualified shall contain provisions requiring the obligor upon the indenture securities to furnish to the indenture trustee evidence of compliance with the conditions precedent, if any, provided for in the indenture (including any covenants compliance with which constitute a condition precedent) which relate to the authentication and delivery of the indenture securities, to the release or the release and substitution of property subject to the lien of the indenture, to the satisfaction and discharge of the indenture, or to any other action to be taken by the indenture trustee at the request or upon the application of such obligor. Such evidence shall consist of the following:

"(1) certificates or opinions made by officers of such obligor who are specified in the indenture, stating that such conditions precedent have been complied with;

"(2) an opinion of counsel (who may be of counsel for such obligor) stating that in his opinion such conditions precedent have been complied with; and

"(3) in the case of conditions precedent compliance with which is subject to verification by accountants (such as conditions with respect to the preservation of specified ratios, the amount of net quick assets, negative-pledge clauses, and other similar specific conditions), a certificate or opinion of an accountant, who, in the case of any such conditions precedent to the authentication and delivery of indenture securities, and not otherwise, shall be an independent public accountant selected or approved by the indenture trustee in the exercise of reasonable care, if the aggregate principal amount of such indenture securities and of other indenture securities authenticated and delivered since the commencement of the then current calendar year (other than those with respect to which a certificate or opinion of an accountant is not required, or with respect to which a certificate or opinion of an independent public accountant has previously been furnished) is 10 percent or more of the aggregate amount of the indenture securities at the time outstanding; but no certificate or opinion need be made by any person other than an officer or employee of such obligor who is specified in the indenture, as to (A) dates or periods not covered by annual reports required to be filed by the obligor, in the case of conditions precedent which depend upon a state of facts as of a date or dates or for a period or periods different from that required to be covered by such annual reports, or (B) the amount and value of property additions, except as provided in paragraph (3) of subsection (d), or (C) the adequacy of depreciation, maintenance, or repairs.

"Certificates of Fair Value

"(d) If the indenture to be qualified is or is to be secured by the mortgage or pledge of property or securities, such indenture shall contain provisions—

"(1) requiring the obligor upon the indenture securities to furnish to the indenture trustee a certificate or opinion of an engineer, appraiser, or other expert as to the fair value of any property or securities to be released from the lien of the indenture, which certificate or opinion shall state that in the opinion of the person making the same the proposed release will not impair the security under such indenture in contravention of the provisions thereof, and requiring further that such certificate or opinion shall be made by an independent engineer, appraiser, or other expert, if the fair value of such property or securities and of all other property or securities released since the commencement of the then current calendar year, as set forth in the certificates or opinions required by this paragraph, is 10 percent or more of the aggregate principal amount of the indenture securities at the time outstanding; but such a certificate or opinion of an independent engineer, appraiser, or other expert shall not be required in the case of any release of property or securities, if the fair value thereof as set forth in the certificate or opinion required by this paragraph is less than $25,000 or less than 1 percent of the aggregate principal amount of the indenture securities at the time outstanding;

"(2) requiring the obligor upon the indenture securities to furnish to the indenture trustee a certificate or opinion of an engineer, appraiser, or other expert as to the fair value to such obligor of any securities (other than indenture securities and securities secured by a lien prior to the lien of the indenture upon property subject to the lien of the indenture), the deposit of which with the trustee is to be made the basis for the authentication and delivery of indenture securities, the withdrawal of cash constituting a part of the trust estate or the release of property or securities subject to the lien of the indenture, and requiring further that if the fair value to such obligor of such securities and of all other such securities made the basis of any such authentication and delivery, withdrawal, or release since the commencement of the then current calendar year, as set forth in the certificates or opinions required by this paragraph, is 10 percent or more of the aggregate principal amount of the indenture securities at the time outstanding, such certificate or opinion shall be made by an independent engineer, appraiser, or other expert and, in the case of the authentication and delivery of indenture securities, shall cover the fair value to such obligor of all other such securities so deposited since the commencement of the current calendar year as to which a certificate or opinion of an independent engineer, appraiser, or other expert has not previously been furnished; but such a certificate of an independent engineer, appraiser, or other expert shall not be required with respect to any securities so deposited, if the fair value thereof to such obligor as set forth in the certificate or opinion required by this paragraph is less than $25,000 or less than 1 percent of the aggregate principal amount of the indenture securities at the time outstanding; and

"(3) requiring the obligor upon the indenture securities to furnish to the indenture trustee a certificate or opinion of an engineer, appraiser, or other expert as to the fair value to such obligor of any property the subjection of which to the lien of the indenture is to be made the basis for the authentication and delivery of indenture securities, the withdrawal of cash constituting a part of the trust estate, or the release of property or securities subject to the lien of the indenture, and requiring further that if

"(A) within 6 months prior to the date of acquisition thereof by such obligor, such property has been used or operated, by a person or persons other than such obligor, in a business similar to that in which it has been or is to be used or operated by such obligor, and

"(B) the fair value to such obligor of such property as set forth in such certificate or opinion is not less than $25,000 and not less than 1 percent of the aggregate principal amount of the indenture securities at the time outstanding."

such certificate or opinion shall be made by an independent engineer, appraiser, or other expert and, in the case of the authentication and delivery of indenture securities, shall cover the fair value to the obligor of any property so used or operated which has been so subjected to the lien of the indenture since the commencement of the then current calendar year, and as to which a certificate or opinion of an independent engineer, appraiser, or other expert has not previously been furnished.

If the indenture to be qualified so provides, any such certificate or opinion may be made by an officer or employee of the obligor upon the indenture securities who is specified in the indenture, except in cases in which this subsection requires that such certificate or opinion be made by an independent person. In such cases, such certificate or opinion shall be made by an independent engineer, appraiser, or other expert selected or approved by the indenture trustee in the exercise of reasonable care.

"Recitals as to Basis of Certificate or Opinion

"(e) Each certificate or opinion with respect to compliance with a condition or covenant provided for in the indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

"Parties May Provide for Additional Evidence

"(f) Nothing in this section shall be construed either as requiring the inclusion in the indenture to be qualified of provisions that the obligor upon the indenture securities shall furnish to the indenture trustee any other evidence of compliance with the conditions and covenants provided for in the indenture than the evidence specified in this section, or as preventing the inclusion of such provisions in such indenture, if the parties so agree.

"DUTIES AND RESPONSIBILITY OF THE TRUSTEE

"Duties Prior to Default

"SEC. 315. (a) The indenture to be qualified may provide that, prior to default (as such term is defined in such indenture)—

"(1) the indenture trustee shall not be liable except for the performance of such duties as are specifically set out in such indenture; and

"(2) the indenture trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of such trustee, upon certificates or opinions conforming to the requirements of the indenture;"

but such indenture shall contain provisions requiring the indenture trustee to examine the evidence furnished to it pursuant to section 314 to determine whether or not such evidence conforms to the requirements of the indenture.

"Notice of Defaults

"(b) The indenture to be qualified shall contain provisions requiring the indenture trustee to give to the indenture security holders, in the manner and to the extent provided in subsection

(c) of section 313, notice of all defaults known to the trustee, within 90 days after the occurrence thereof: *Provided*, That such indenture may provide that, except in the case of default in the payment of the principal of or interest on any indenture security, or in the payment of any sinking or purchase fund installment, the trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or responsible officers, of the trustee in good faith determine that the withholding of such notice is in the interests of the indenture security holders.

"Duties of the Trustee in Case of Default

"(c) The indenture to be qualified shall contain provisions requiring the indenture trustee to exercise in case of default (as such term is defined in such indenture) such of the rights and powers vested in it by such indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

"Responsibility of the Trustee

"(d) The indenture to be qualified shall not contain any provisions relieving the indenture trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that—

"(1) such indenture may contain the provisions authorized by paragraphs (1) and (2) of subsection (a) of this section;

"(2) such indenture may contain provisions protecting the indenture trustee from liability for any error of judgment made in good faith by a responsible officer or officers of such trustee, unless it shall be proved that such trustee was negligent in ascertaining the pertinent facts; and

"(3) such indenture may contain provisions protecting the indenture trustee with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the indenture securities at the time outstanding (determined as provided in subsection (a) of section 316) relating to the time, method, and place of conducting any proceeding for any remedy available to such trustee, or exercising any trust or power conferred upon such trustee, under such indenture.

"Undertaking for Costs

"(e) The indenture to be qualified may contain provisions to the effect that all parties thereto, including the indenture security holders, agree that the court may in its discretion require, in any suit for the enforcement of any right or remedy under such indenture, or in any suit against the trustee for any action taken or omitted by it as trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant: *Provided*, That the provisions of this subsection shall not apply to any suit instituted by such trustee, to any suit instituted by any indenture security holder, or group of indenture security holders, holding in the aggregate more than 10 percent in principal amount of the indenture securities outstanding or to any suit instituted by any indenture security holder for the enforcement of the payment of the principal of or interest on any indenture security on or after the respective due dates expressed in such indenture security.

"DIRECTIONS AND WAIVERS BY BONDHOLDERS; PROHIBITION OF IMPAIRMENT OF HOLDER'S RIGHT TO PAYMENT

"SEC. 316. (a) The indenture to be qualified may contain provisions—

"(1) authorizing the holders of not less than a majority in principal amount of the indenture securities at the time outstanding (A) to direct the time, method, and place of conducting any proceeding for any remedy available to such trustee or exercising any trust or power conferred upon such trustee under such indenture or (B) on behalf of the holders of all such indenture securities to consent to the waiver of any past default and its consequences; or

"(2) authorizing the holders of not less than 75 percent in principal amount of the indenture securities at the time outstanding to consent on behalf of the holders of all such indenture securities to the postponement of any interest payment for a period not exceeding 3 years from its due date."

For the purposes of this subsection and paragraph (3) of subsection (d) of section 315, in determining whether the holders of the required principal amount of indenture securities have concurred in any such direction or consent, indenture securities owned by any obligor upon the indenture securities, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with any such obligor, shall be disregarded, except that for the purposes of determining whether the indenture trustee shall be protected in relying on any such direction or consent, only indenture securities which such trustee knows are so owned shall be so disregarded.

"(b) The indenture to be qualified shall provide that, notwithstanding any other provision thereof, the right of any holder of any indenture security to receive payment of the principal of and interest on such indenture security, on or after the respective due dates expressed in such indenture security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, except as to a postponement of an interest payment consented to as provided in paragraph (2) of subsection (a), and except that such indenture may contain provisions limiting or denying the right of any such holder to institute any such suit, if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver, or loss of the lien of such indenture upon any property subject to such lien.

"SPECIAL POWERS OF TRUSTEE; DUTIES OF PAYING AGENTS

"SEC. 317. (a) The indenture to be qualified shall contain provisions—

"(1) authorizing the indenture trustee, in the case of a default in payment of the principal of any indenture security, when and as the same shall become due and payable, or in the case of a default in payment of the interest on any such security, when and as the same shall become due and payable and the continuance of such default for such period as may be prescribed in such indenture, to recover judgment, in its own name and as trustee of an express trust, against the obligor upon the indenture securities for the whole amount of such principal and interest remaining unpaid; and

"(2) Authorizing such trustee to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of such trustee and of the indenture security holders allowed in any judicial proceedings relative to the obligor upon the indenture securities, its creditors, or its property.

"(b) The indenture to be qualified shall provide that each paying agent shall hold in trust for the benefit of the indenture security holders or the indenture trustee all sums held by such paying agent for the payment of the principal of or interest on the indenture securities, and shall give to such trustee notice of any default by any obligor upon the indenture securities in the making of any such payment.

"EFFECT OF PRESCRIBED INDENTURE PROVISIONS

"SEC. 318. (a) The indenture to be qualified shall provide that if any provision thereof limits, qualifies, or conflicts with another provision which is required to be included in such indenture by any of sections 310 to 317, inclusive, such required provision shall control.

"(b) The indenture to be qualified may contain, in addition to provisions specifically authorized under this title to be included therein, any other provisions the inclusion of which is not in contravention of any provision of this title.

"RULES, REGULATIONS, AND ORDERS

"SEC. 319. (a) The Commission shall have authority from time to time to make, issue, amend, and rescind such rules and regulations and such orders as it may deem necessary or appropriate in the public interest or for the protection of investors to carry out the provisions of this title, including rules and regulations defining accounting, technical, and trade terms used in this title. Among other things, the Commission shall have authority, (1) by rules and regulations, to prescribe for the purposes of section 310 (b) the method (to be fixed in indentures to be qualified under this title) of calculating percentages of voting securities and other securities; (2) by rules and regulations, to prescribe the definitions of the terms 'cash transaction' and 'self-liquidating paper' which shall be included in indentures to be qualified under this title, which definitions shall include such of the creditor relationships referred to in paragraphs (4) and (6) of subsection (b) of section 311 as to which the Commission determines that the application of subsection (a) of such section is not necessary in the public interest or for the protection of investors, having due regard for the purposes of such subsection; and (3) for the purposes of this title, to prescribe the form or forms in which information required in any statement, application, report, or other document filed with the Commission shall be set forth. For the purpose of its rules or regulations the Commission may classify persons, securities, indentures, and other matters within its jurisdiction and prescribe different requirements for different classes of persons, securities, indentures, or matters.

"(b) Subject to the provisions of the Federal Register Act and regulations prescribed under the authority thereof, the rules and regulations of the Commission under this title shall be effective upon publication in the manner which the Commission shall prescribe, or upon such later date as may be provided in such rules and regulations.

"(c) No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or order of the Commission, notwithstanding that such rule, regulation, or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

"HEARINGS BY COMMISSION

"SEC. 320. Hearings may be public and may be held before the Commission, any member or members thereof, or any officer or officers of the Commission designated by it, and appropriate records thereof shall be kept.

"SPECIAL POWERS OF THE COMMISSION

"SEC. 321. (a) For the purpose of any investigation or any other proceeding which, in the opinion of the Commission, is necessary and proper for the enforcement of this title, any member of the Commission, or any officer thereof designated by it, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of

any books, papers, correspondence, memoranda, contracts, agreements, or other records which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of any such books, papers, correspondence, memoranda, contracts, agreements, or other records may be required from any place in the United States or in any Territory at any designated place of investigation or hearing. In addition, the Commission shall have the powers with respect to investigations and hearings, and with respect to the enforcement of, and offenses and violations under, this title and rules and regulations and orders prescribed under the authority thereof, provided in sections 20, 22 (b), and 22 (c) of the Securities Act of 1933.

"(b) The Treasury Department, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and the Federal Deposit Insurance Corporation are hereby authorized, under such conditions as they may prescribe, to make available to the Commission such reports, records, or other information as they may have available with respect to trustees or prospective trustees under indentures qualified or to be qualified under this title, and to make through their examiners or other employees, for the use of the Commission, examinations of such trustees or prospective trustees. Every such trustee or prospective trustee shall, as a condition precedent to qualification of such indenture, consent that reports of examinations by Federal, State, Territorial, or District authorities may be furnished by such authorities to the Commission upon request therefor.

"Notwithstanding any provision of this title, no report, record, or other information made available to the Commission under this subsection, no report of an examination made under this subsection for the use of the Commission, no report of an examination made of any trustee or prospective trustee by any Federal, State, Territorial, or District authority having jurisdiction to examine or supervise such trustee, no report made by any such trustee or prospective trustee to any such authority, and no correspondence between any such authority and any such trustee or prospective trustee, shall be divulged or made known or available by the Commission or any member, officer, agent, or employee thereof, to any person other than a member, officer, agent, or employee of the Commission: *Provided*, That the Commission may make available to the Attorney General of the United States, in confidence, any information obtained from such records, reports of examination, other reports, or correspondence, and deemed necessary by the Commission, or requested by him, for the purpose of enabling him to perform his duties under this title.

"(c) Any investigation of a prospective trustee, or any proceeding or requirement for the purpose of obtaining information regarding a prospective trustee, under any provision of this title, shall be limited—

"(1) to determining whether such prospective trustee is qualified to act as trustee under the provisions of subsection (b) of section 310;

"(2) to requiring the inclusion in the registration statement or application of information with respect to the eligibility of such prospective trustee under paragraph (1) of subsection (a) of such section 310; and

"(3) to requiring the inclusion in the registration statement or application of the most recent published report of condition of such prospective trustee, as described in paragraph (2) of such subsection (a), or, if the indenture does not contain the provision with respect to combined capital and surplus authorized by the last sentence of paragraph (2) of subsection (a) of such section 310, to determining whether such prospective trustee is eligible to act as such under such paragraph (2).

"(d) The provisions of section 4 (b) of the Securities Exchange Act of 1934 shall be applicable with respect to the power of the Commission to appoint and fix the compensation of such officers, attorneys, examiners, and other experts, and such other officers and employees, as may be necessary for carrying out its functions under this title.

"COURT REVIEW OF ORDERS; JURISDICTION OF OFFENSES AND SUITS

"SEC. 322. (a) Orders of the Commission under this title (including orders pursuant to the provisions of sections 305 (b) and 307 (c)) shall be subject to review in the same manner, upon the same conditions, and to the same extent, as provided in section 9 of the Securities Act of 1933, with respect to orders of the Commission under such act.

"(b) Jurisdiction of offenses and violations under, and jurisdiction and venue of suits and actions brought to enforce any liability created by, this title, or any rules or regulations or orders prescribed under the authority thereof, shall be as provided in section 22 (a) of the Securities Act of 1933.

"LIABILITY FOR MISLEADING STATEMENTS

"SEC. 323. (a) Any person who shall make or cause to be made any statement in any application, report, or document filed with the Commission pursuant to any provisions of this title, or any rule, regulation, or order thereunder, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or who shall omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall be liable to any person (not knowing that such statement was false or misleading or of such omission) who, in reliance upon such statement or omission, shall have purchased or sold a security issued under the indenture to which such application, report, or document relates, for damages caused by such reliance, unless the person sued shall prove that he acted in good faith and had no knowledge that such statement was false or misleading or of such omission. A person seeking to enforce such liability may sue at law or in equity in any court of competent jurisdiction. In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit and assess reasonable costs, including reasonable attorneys' fees, against either party litigant, having due regard to the merits and good faith of the suit or defense. No action shall be maintained to enforce any liability created under this section unless brought within 1 year after the discovery of the facts constituting the cause of action and within 3 years after such cause of action accrued.

"(b) The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist under the Securities Act of 1933, or the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935, or otherwise at law or in equity; but no person permitted to maintain a suit for damages under the provisions of this title shall recover, through satisfaction of judgment in one or more actions, a total amount in excess of his actual damages on account of the act complained of.

"UNLAWFUL REPRESENTATIONS

"SEC. 324. It shall be unlawful for any person in issuing or selling any security to represent or imply in any manner whatsoever that any action or failure to act by the Commission in the administration of this title means that the Commission has in any way passed upon the merits of, or given approval to, any trustee, indenture or security, or any transaction or transactions therein, or that any such action or failure to act with regard to any statement or report filed with or examined by the Commission pursuant to this title or any rule, regulation, or order thereunder, has the effect of a finding by the Commission that such statement or report is true and accurate on its face or that it is not false or misleading.

"PENALTIES

"SEC. 325. Any person who willfully violates any provision of this title or any rule, regulation, or order thereunder, or any person who willfully, in any application, report, or document filed or required to be filed under the provisions of this title or any rule, regulation, or order thereunder, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both.

"EFFECT ON EXISTING LAW

"SEC. 326. Except as otherwise expressly provided, nothing in this title shall affect (1) the jurisdiction of the Commission under the Securities Act of 1933, or the Securities Exchange Act of 1934, or the Public Utility Holding Company Act of 1935, over any person, security, or contract, or (2) the rights, obligations, duties, or liabilities of any person under such acts; nor shall anything in this title affect the jurisdiction of any other commission, board, agency, or officer of the United States or of any State or political subdivision of any State, over any person or security, insofar as such jurisdiction does not conflict with any provision of this title or any rule, regulation, or order thereunder.

"CONTRARY STIPULATIONS VOID

"SEC. 327. Any condition, stipulation, or provision binding any person to waive compliance with any provision of this title or with any rule, regulation, or order thereunder shall be void.

"SEPARABILITY OF PROVISIONS

"SEC. 328. If any provision of this title or the application of such provision to any person or circumstance shall be held invalid, the remainder of the title and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby."

Mr. BARKLEY. Mr. President, the changes made by the House amendment are more or less of a technical, clerical, and clarifying nature. I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kentucky.

The motion was agreed to.

ONE HUNDRED AND TWENTY-FIFTH ANNIVERSARY OF WRITING OF THE STAR-SPANGLED BANNER

Mr. BARKLEY. From the Committee on the Library, I report back favorably Senate Joint Resolution 176 and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The joint resolution will be read by title.

The CHIEF CLERK. Joint resolution (S. J. Res. 176) providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That, for the purpose of providing for participation by the United States in the celebration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner, there is hereby established a commission to be composed of the President of the Senate, the Speaker of the House of Representatives, the United States Senators from the State of Maryland, three Senators to be appointed by the President of the Senate, the Members of the House of Representatives from the State of Maryland, three Members of the House of Representatives to be appointed by the Speaker of the House of Representatives, the Governor of Maryland, the mayor of the city of Baltimore, and three persons to be appointed by the President of the United States. It shall be the duty of such commission to formulate and carry out plans for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in commemoration of such anniversary. The members of such commission shall serve without compensation and shall select a chairman from among their number.

SEC. 2. The commission is authorized to make such expenditures for the purpose of carrying out the provisions of the first section of this joint resolution as it may deem advisable. Expenditures of the commission shall be paid upon the presentation of vouchers approved by the chairman of the commission.

SEC. 3. There is hereby authorized to be appropriated the sum of $5,000 to be expended by the commission for the purpose of carrying out the provisions of the first section of this joint resolution.

SEC. 4. The President is authorized to extend invitations to foreign governments to be represented by their accredited diplomatic agents at the celebration to be held at Fort McHenry on September 14, 1939, in commemoration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner: *Provided*, That no appropriation shall be granted by the United States for expenses of delegates or for other expenses incurred in connection with such invitation.

AUTHORITY TO COMMITTEES TO REPORT BILLS, ETC.

Mr. BARKLEY. I ask unanimous consent that during the recess of the Senate following today's session committees may have authority to make reports on bills, resolutions, and nominations; that the Vice President may be authorized to sign bills ready for his signature; and that the Secretary of the Senate may be authorized to receive messages from the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. ANDREWS in the chair) laid before the Senate messages from the President of the United States submitting several nominations of United States attorneys, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Walter Bragg Smith, of Alabama, to be United States marshal for the middle district of Alabama.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for promotion, and citizens for appointment as officers, in the Marine Corps.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for appointment or promotion in the Regular Army as follows: Reserve officers for appointment as first lieutenants in the Medical Corps, first lieutenants of the Dental Corps Reserve to be first lieutenants in the Dental Corps, and several officers to temporary rank in the Air Corps, under the provisions of law.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

CONSIDERATION OF PANAMA TREATY

Mr. BARKLEY. Mr. President, I wish to say for the information of the Senate that there are on the calendar many treaties, some of which will require some little discussion, but most of them are formal. The treaty with Panama may take 30 minutes or an hour, and we have an understanding that we will take that treaty up at 4 o'clock on Monday in order to accommodate the Senator from California [Mr. JOHNSON]. Some day next week I hope we may devote sufficient time to the treaties so that all of them may be disposed of before we adjourn.

EXECUTIVE CALENDAR

The PRESIDING OFFICER. The clerk will state the nomination on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Frederick V. Follmer to be United States attorney for the middle district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS—NOMINATIONS REJECTED

The legislative clerk read the nomination of John J. Welch to be postmaster at Deerfield, Ill.

Mr. AUSTIN. Mr. President, I notice that the first two nominations of postmasters on the calendar have been adversely reported.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of John J. Welch?

The nomination was rejected.

The legislative clerk read the nomination of Raymond A. Kennedy to be postmaster at Libertyville, Ill.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was rejected.

POSTMASTERS—NOMINATIONS CONFIRMED

The legislative clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the other nominations of postmasters are confirmed en bloc.

TREATIES

Mr. PITTMAN. Mr. President, there are a number of treaties on the calendar which have been on the calendar for some time. The Committee on Foreign Relations have been very patient in seeking an executive session to have these matters considered, but they have gone over because there has been before the Senate important legislation which required action of both Houses, and the treaties require action by the Senate only.

The majority leader, the Senator from Kentucky [Mr. BARKLEY], has already announced that at 4 o'clock Monday the Senate will go into executive session and take up, first, the Panama treaty and convention. We have postponed consideration of that from yesterday and from today out of courtesy to one of the Senators, but I must insist, so far as I am able to do so, that the Senate dispose of the treaties as rapidly as possible, and particularly the general Panama treaty and convention.

The Panama treaty has been pending in the Committee on Foreign Relations for 3 years. We have had numerous hearings on it, and at last all of the controversial questions, in my opinion, have been satisfactorily settled by correspondence between the Governments of the United States and Panama. The committee was unanimously favorable to the treaty, with the exception of one vote. Last year a very able subcommittee, composed of the Senator from Georgia [Mr. GEORGE], the Senator from Utah [Mr. THOMAS], the Senator from Idaho [Mr. BORAH], the Senator from Michigan [Mr. VANDENBERG], and the Senator from New Mexico [Mr. CHAVEZ], reported favorably upon the treaty.

I must insist that we finish the consideration of that treaty before final adjournment.

Mr. McNARY. Mr. President, I am interested in the copyright treaty, which I think has been referred to the able Senator from Utah [Mr. THOMAS]. I do not care to have that treaty taken up immediately, but I desire to confer with the Senator from Utah prior to its consideration.

Mr. PITTMAN. A different situation exists with regard to that treaty. The treaty was reported to the Senate at the session of Congress before the last one, and was ratified by the Senate. Then former Senator Ryan Duffy, of Wisconsin, who had charge of the treaty, came in and stated there was an understanding with certain groups who were then opposed to the treaty that they were entitled to domestic legislation at the same time the treaty was ratified. They have since agreed on the domestic legislation they desire. The Committee on Education and Labor has considered it and reported it to the Senate. Therefore, the agreement has been kept with regard to the legislation. The various groups which have opposed the treaty have been against it on the ground that they could not agree on the domestic legislation. I think the treaty should be considered.

Mr. McNARY. Mr. President, is it the view of the Senator that we should consider the treaty at this time?

Mr. PITTMAN. I think we should.

Mr. McNARY. I will meet that issue when it comes before us.

Mr. PITTMAN. There are several radio treaties on the calendar which I think are of great importance to the United States. One is the treaty of Cairo, which is in charge of the Senator from Maine [Mr. WHITE]. There is another radio treaty, one between the United States and countries of Central America, which is of vast importance. And there is still another radio treaty on the calendar.

The only member of the Foreign Relations Committee who thoroughly understands this subject, if I may be so bold as to so state, is the Senator from Maine [Mr. WHITE], who has attended the conventions, and who is prepared to take up the three treaties. I hope we may reach those also on Monday.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WHITE. There are two communications treaties, to which the Senator from Nevada has referred, with which I am generally familiar. They are of great interest to our State Department and to other departments of our Government, and to the communications interests of the United States, and, so far as my knowledge goes, no interest in the United States and no individual in the United States has ever voiced opposition of any sort or character to the treaties. I wonder whether those treaties, to which there is no objection, might not be disposed of at this time. If they should provoke discussion, probably they should go over, but if there is no disposition to oppose them in any respect, I wonder whether they could not be disposed of. I have particular reference to Calendar No. 3 and Calendar No. 17.

Mr. PITTMAN. Is there objection to the consideration of the two treaties at the present time?

Mr. BRIDGES. What are the two treaties?

Mr. WHITE. Calendar No. 3 is the treaty which was signed at Cairo last year and which revises the rules with respect to international radio communication. As I have stated, it has the sanction of every department of the Government of the United States; I think it has the approval of all the communications interests of the United States, and so far as my knowledge goes, and in saying this I am merely repeating, not a person or interest in the United States has ever voiced opposition to it or to any provision of it.

REVISION OF GENERAL RADIO REGULATIONS

The PRESIDING OFFICER. Is there objection to the consideration of the first treaty referred to by the Senator from Maine?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider Executive B (76th Cong., 1st sess.), the revision of the general radio regulations annexed to the International Telecommunications Convention, signed at Madrid on December 9, 1932, adopted on April 8, 1938, by the International Telecommunication Conferences which convened at Cairo, Egypt, on February 1, 1938, to revise these regulations, the additional radio regulations and the telephone and telegraph regulations also annexed to the Madrid Convention, and a certified copy of the final protocol, with the reservations made by certain governments, which was read the second time.

The PRESIDING OFFICER. The revision is before the Senate and open to amendment. If there be no amendment to be proposed, the revision will be reported to the Senate.

The revision was reported to the Senate without amendment.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive B, Seventy-sixth Congress, first session, a revision of the General Radio Regulations annexed to the International Telecommunications Convention, signed at Madrid on December 9, 1932, adopted on April 8, 1938, by the International Telecommunication Conferences which convened at Cairo, Egypt, on February 1, 1938, to revise these regulations, the additional radio regulations and the telephone and telegraph regulations also annexed to the Madrid Convention, and the final protocol, with the reservations made by certain governments.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. (Putting the question.) Two-thirds of the Senators present concurring therein, the resolution of ratification is agreed to, and the revision is ratified.

REGIONAL RADIO CONVENTION BETWEEN THE UNITED STATES, PANAMA, AND COUNTRIES OF CENTRAL AMERICA

Mr. WHITE. Mr. President, with the approval of the chairman of the Committee on Foreign Relations, I suggest that we dispose also of Calendar No. 17.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the convention, Executive J (76th Cong., 1st sess.), a regional radio convention for Central America, Panama, and the Canal Zone, signed at the Regional Radio Conference for Central America, Panama, and the Canal Zone, at Guatemala City on December 8, 1938, which was read the second time, as follows:

REGIONAL RADIO CONVENTION FOR CENTRAL AMERICA, PANAMA AND THE CANAL ZONE, SIGNED IN THE CITY OF GUATEMALA, DECEMBER EIGHTH, ONE THOUSAND NINE HUNDRED AND THIRTY-EIGHT

The undersigned, representatives of the Governments of Costa Rica, El Salvador, The United States of America in behalf of the Canal Zone, Guatemala, Honduras, Nicaragua and Panamá, after examination of their credentials, which were found to be in correct and proper form, constitute the Regional Radio Conference of Central America, Panamá and the Canal Zone, as follows:

For the Republic of Costa Rica:
His Excellency Rafael Castro Quezada;
For the Republic of El Salvador:
Messrs. J. Federico Mejía, and Fidel Villacorta;
For the United States of America:
His Excellency Fay Allen Des Portes;
Mr. Harvey B. Otterman;
Lt.-Col. David M. Crawford, U. S. A.;
Lt.-Cmdr. M. W. Arps, U. S. N.;
Messrs. Gerald C. Gross, and Walter H. McKinney;
For the Republic of Guatemala:
Messrs. Luis Schlesinger Carrera;
Arturo Peralta;
Jorge F. Sánchez;
Ramiro Fernández;
J. B. McElroy;
Walter C. Bay;
For the Republic of Honduras:
His Excellency Luciano Milla Cisneros;
For the Republic of Nicaragua:
His Excellency Hildebrando Castellón;
Mr. H. J. Phillips, Jr.;
For the Republic of Panamá:
The Honorable Teodoro Rudeke;

who by common consent, and subject to the ratification of the respective Governments, have concluded in the City of Guatemala, this eighth day of December, one thousand, nine hundred and thirty-eight, the following Convention, in accordance with the pro-

visions of Article 7, Paragraph 8, Section 1, Sub-section 3, Division b) and c) of the General Radio Regulations of Cairo, 1938, annexed to the International Telecommunications Convention of Madrid, 1932:

PART ONE

Allocations

In view of the special requirements of the several states of Central America, Panamá and the Canal Zone with respect to broadcasting, there is established, in the radio frequency band of 2300 kc. to 2400 kc. the following allocation table:

Administrations	Frequencies in kilocycles	
	Primary	Secondary
Costa Rica	2330	2370
El Salvador	2300	2360
Guatemala	2320	2400
Honduras	2380	2340
Nicaragua	2350	2400
Panama	2310	2340
The Canal Zone	2390	2370

PART TWO

Engineering Principles

The following basic engineering principles have been adopted in order to arrive at the allocations above specified:

a) The primary frequency assignments to contiguous administrations must be at least twenty (20) kilocycles apart;

b) The primary and secondary assignments to the same administration must be at least twenty (20) kilocycles apart;

c) The secondary assignments to contiguous administrations should be separated by at least twenty (20) kilocycles, but when necessary secondary assignments to contiguous countries may be only ten (10) kilocycles apart;

d) All broadcast frequency assignments shall end in zero;

e) The power of primary stations and the types of the antennae must bo so chosen as to comply with the provisions of Article 7, paragraph 8, Section I, Subsection 3, division b) of the General Radio Regulations of Cairo, 1938.

The power of secondary stations is limited to two hundred and fifty (250) watts;

f) All broadcasting stations must comply with the requirements for broadcasting stations as contained in the tolerance table in Appendix I of the General Radio Regulations of Cairo, 1938;

g) Frequencies ending in zero and not assigned as primary frequencies may also be used for tertiary broadcasting on a non-interfering basis. Such use must be modified or discontinued immediately upon notice of interference from the government having priority on the frequency concerned.

PART THREE

Legal Principles

The distribution contained in this Convention is based on the following legal principles:

a) The participating governments consider that this convention has the character of a regional agreement;

b) The governments agree that the band 2300 to 2350 kilocycles is assigned exclusively for broadcasting in Central America and Panamá, subject to no interference by any other services in this region.

In this connection, it is agreed that, in time of peace, the military services of land, maritime, or air forces of the United States of America operating in the vicinity of the Panamá Canal Zone will not interfere on channels assigned for broadcasting to the Governments of Central America and Panamá in this band;

c) In order to provide a separate, primary broadcast channel for each of the seven Governments represented at this Conference, with no secondary broadcast channel on the primary channel, it is agreed that the frequency of 2380 kilocycles be assigned to Honduras as a primary broadcast channel, and it is agreed by all governments represented that the assignment to Honduras of a primary frequency in the band 2350 to 2400 kilocycles does not establish a precedent nor limit in any way whatever rights may be held by the United States of America to the use of frequencies in the band 2350 to 2400 kilocycles subject to non-interference from broadcasting stations in Central America and Panamá in accordance with the General Radio Regulations of Cairo, 1938.

However, the Government of the United States agrees that, insofar as practicable its use in the geographical area covered by this Conference of frequencies other than those now in use in the band 2350 to 2400 kilocycles and furnished to the Conference will be on a basis of non-interference to broadcasting in Central America and Panamá.

PART FOUR

General Provisions

a) During the time this Convention is in force, each Government agrees not to use any primary channel assigned to any of the other contracting Governments, except as provided elsewhere in this Convention;

b) The participating Governments acknowledge the right of the military services to use the band of 2300 kilocycles to 2400 kilocycles for military purposes, subject to the provisions and restrictions of paragraphs b) and c), Part Three, of this Convention;

c) The present Convention shall be ratified by the contracting Governments in conformity with their respective constitutional procedures;

d) The ratifications shall be deposited with the Ministry of Foreign Relations of the Government of Guatemala, which shall notify such ratifications, as soon as possible, to the Governments concerned;

e) The present Convention shall become effective, as between the ratifying Governments, thirty days after instruments of ratification have been deposited by at least two of them, with the Ministry of Foreign Relations of the Government of Guatemala;

f) The present Convention may be denounced by notification addressed to the depository Government, which shall become effective as regards the denouncing Government one year after the date of receipt thereof.

The depository Government shall notify all participating Governments, including the denouncing Government, of the denunciations received;

g) The present Convention is drafted in Spanish and English and both texts shall have equal force;

h) The participating Governments recognize that, in spite of the efforts which have been made to arrive at a satisfactory agreement, it is impossible to assure, without actual operation, the completely effective functioning of this agreement, and provision is accordingly made for its revision. Such revision may be made by a future Conference called by a majority of the Governments which have ratified this Convention;

i) Nothing in this agreement shall be construed as precluding the consummation by the United States of America, of other radio agreements concerning the defense of the Canal Zone.

Done in the City of Guatemala, Republic of Guatemala, on the eighth day of December, in the year One Thousand, Nine Hundred and Thirty-eight.

Costa Rica:
R. Castro Q.
El Salvador:
J. Frederico Mejía.
Fidel Villacorta.
United States of America, in behalf of the Canal Zone:
Fay Allen Des Portes.
Harvey B. Otterman.
D. M. Crawford.
M. W. Arps.
Gerald C. Gross.
Guatemala:
L. Schlesinger Carrera.
J. F. Sánchez.
J. B. McElroy.
Arturo Peralta.
Ramiro Fernández.
Walter C. Bay.
Honduras (con los reservas consignadas en el Acta Final [1]):
L. Milla Cisneros.
Nicaragua:
H. Castellón.
H. J. Phillips, Jr.
Panamá:
Teodoro Rudeke.

The PRESIDING OFFICER. The convention is before the Senate and open to amendment. If there be no amendment to be proposed, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive J, Seventy-sixth Congress, first session, a regional radio convention for Central America, Panama, and the Canal Zone signed at the Regional Radio Conference for Central America, Panama, and the Canal Zone at Guatemala City on December 8, 1938.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution of ratification is agreed to, and the convention is ratified.

Mr. PITTMAN. Mr. President, there are several other treaties on the calendar, but I will not ask that they be taken up now, although they are merely pro forma matters, treaties of extradition, and so forth.

RECOGNITION OF THE SERVICES OF PANAMA CANAL EMPLOYEES

The Senate resumed legislative session.

Mr. PEPPER. Mr. President, there is on the calendar Senate bill 1162, to provide for the recognition of the services

[1] Translation: With the reservations stated in the Final Act. For reservations made by Honduras, see report of the Secretary of State.

of the civilian employees and officials, citizens of the United States, who were engaged in the construction of the Panama Canal. The bill contemplates a provision for recognition of the services of those employees by granting to them certain annuities. It has been on the calendar for several months with a favorable report from the Committee on Interoceanic Canals of the Senate.

I believe a similar House bill has had a favorable report by the appropriate House committee and is on the House calendar. I have deferred from time to time to other bills until I feel that an injustice has been done to this proposed legislation. So I give notice that in the early part of next week I shall call the bill up and insist upon its consideration, if I may.

RECESS TO MONDAY

Mr. PITTMAN. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 32 minutes p. m.) the Senate took a recess until Monday, July 24, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 21 (legislday, July 18), 1939

UNITED STATES ATTORNEYS

Howard L. Doyle, of Illinois, to be United States attorney for the southern district of Illinois. Mr. Doyle is now serving in this office under an appointment which expired April 5, 1939.

Miles N. Pike, of Nevada, to be United States attorney for the district of Nevada to fill an existing vacancy.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 21 (legisday, July 18), 1939

UNITED STATES ATTORNEY

Frederick V. Follmer to be United States attorney for the middle district of Pennsylvania.

POSTMASTERS

ALASKA

Agnes L. Reinert, Ketchikan.
Richard F. Brennan, Petersburg.

CONNECTICUT

Albert P. Walsh, Danbury.
John P. Bridgett, Wallingford.
Charles A. Babin, Waterbury.
James J. Lee, Willimantic.
Robert E. A. Doherty, Winsted.

FLORIDA

Albert V. Prevatt, Green Cove Springs.
Gertrude B. Scott, Jacksonville Beach.

INDIANA

James Russell Smith, Gosport.
Richard G. Averitt, Plainfield.
James C. Rice, Spencer.

LOUISIANA

Charles E. Hearne, Chatham.
Leonard L. Jackson, Clarks.
Mrs. Tommy G. Biggs, Lake Providence.

MARYLAND

Howard H. Wiley, White Hall.

MISSOURI

Samuel S. Harrison, Auxvasse.
John R. Sims, Blackwater.
Edgar W. Stone, Bland.
Raymond K. Elliott, Bunceton.
William S. Drace, Centralia.
C. Leslie Parks, Cole Camp.
Elmer E. Sagehorn, Concordia.
Charles Shumate, Edina.
Wallace L. Talbot, Fayette.
A. Josephine Humble, Grandview.
Ivan Nile Knowles, Green Castle.
Joseph W. Evans, Hale.
Jesse M. Hawkins, Ironton.
Harvey B. Lynch, Lincoln.
Edna S. Spencer, Malta Bend.
Meredith B. Lane, Sullivan.
Clinton O. Brockman, Tuscumbia.

OKLAHOMA

Claude L. Willis, Canton.
Theodore S. Hawkins, Hitchcock.

OREGON

Sanford Adler, Baker.
Victor P. Moses, Corvallis.
Erma L. Basford, Florence.
Elof T. Hedlund, Portland.
William Reid, Rainier.
Lester L. Wimberly, Roseburg.

RHODE ISLAND

Robert E. Bitgood, Hope Valley.
Edward F. McCarthy, Wakefield.
Grace S. Croome, West Kingston.

SOUTH CAROLINA

Lewis M. Jones, Alcolu.
Philip M. Clement, Charleston.
Walter T. Barron, Fort Mill.
Hobson B. Taylor, Kershaw.
Albert H. Askins, Timmonsville.

TEXAS

Kathryn A. Baker, Edna.

VERMONT

Smith M. Matson, Dorset.
Irma K. Mitchell, Fairfax.
Helen M. Boyle, Gilman.
J. Clarence Nolin, Jericho.
Henry C. Brislin, Rutland.
Francis J. Mullin, Wallingford.
Daniel P. Healy, White River Junction.

VIRGINIA

Samuel S. Brooks, Appalachia.
Dewey Arrington, Cleveland.

WISCONSIN

John L. Cunningham, Beaver Dam.
William H. McCrea, Benton.
Albert L. Ehret, Prairie du Sac.

REJECTIONS

Executive nominations rejected by the Senate July 21 (legislative day July 18), 1939

POSTMASTERS

ILLINOIS

John J. Welch to be postmaster at Deerfield in the State of Illinois.

Raymond A. Kennedy to be postmaster at Libertyville in the State of Illinois.

HOUSE OF REPRESENTATIVES

FRIDAY, JULY 21, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our blessed Heavenly Father, Giver of all good things in heaven and earth, we beseech Thee to bestow upon us blessings of purity of mind, rest of body, and guidance in all our labors. Grant that without sound, that the temples of our souls may arise with spiritual windows towering out of time.

Lead us to help others who may be in the shadow and gloom of failure and disappointment; pity the heavy-laden, the downtrodden, and the weary. May no temptation assail and no barrier of security be broken down to weaken their courage and resistance. In our comfort, the Lord help us to remember the poor who suffer from the sting of wintry winds and the blight of summer diseases. In the tendencies of our natures may there be more consecrated realms where purity rules and where self-renunciation is the crown of honor. With deep gratitude pulsating in our breasts, may we go on befriended, soothed, and deathlessly nourished by life, which is the ever-present goodness of God. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

ATTENDANCE OF UNITED STATES NAVAL ACADEMY BAND AT NEW YORK WORLD'S FAIR, ON MARYLAND DAY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2805) to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President is authorized to permit the band of the United States Naval Academy to attend and give concerts, without expense to the United States, at the New York World's Fair on July 28, 1939, which has been designated as Maryland Day at such fair.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill was laid on the table.

EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter from our former colleague, Mr. John J. O'Connor, to another former colleague, Mr. Edgar Howard, of Nebraska.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a short editorial from the New York Times.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FEDERAL AID TO STATE OR TERRITORIAL HOMES FOR SUPPORT OF DISABLED SOLDIERS AND SAILORS OF THE UNITED STATES

Mr. FADDIS. Mr. Speaker, by direction of the chairman of the Committee on Military Affairs I ask unanimous consent to take from the Speaker's table the bill (H. R. 4647) to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. FADDIS. This is a bill that was passed by the House increasing the Federal aid to State soldiers' homes for care of veterans and where the Federal aid was increased from $120 to $240 a year. It went to the Senate, and the Senate put in one amendment to take care of a regulation that the Veterans' Bureau had enacted, and they put in another amendment by which they prevented any back pay or accumulation of back pay before they were put under the care of the Administration.

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, this will be a great help to the States, will it not?

Mr. FADDIS. Yes, indeed.

Mrs. ROGERS of Massachusetts. As well as the veterans.

Mr. FADDIS. Yes.

Mr. IZAC. Mr. Speaker, reserving the right to object, will the gentleman state whether we are going to accede to the Senate amendment or are we going to insist?

Mr. FADDIS. I want to concur in the Senate amendment, as it is acceptable to the committee.

Mr. VAN ZANDT. Mr. Speaker, reserving the right to object, does that include Pennsylvania?

Mr. FADDIS. Yes.

Mr. VAN ZANDT. The State Soldiers' Home at Erie?

Mr. FADDIS. Yes; all State homes.

The SPEAKER. Is there objection?

There was no objection.

The clerk read the Senate amendment as follows:

Line 13, after "enacted" insert: ": *Provided*, That said payments shall be made regardless of whether said veteran may be receiving domiciliary care or hospitalization in said home and the appropriations of the Veterans' Administration for medical, hospital, and domiciliary care shall be available for this purpose: *Provided further*, That no payment to a State or Territory under this act shall be made for any period prior to the date upon which the Administrator of Veterans' Affairs determines that the veteran on whose account such payment is requested is eligible for such care in a Veterans' Administration facility."

The SPEAKER. The question is on concurring in the Senate amendment.

The Senate amendments were concurred in.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter from Claude Babcock protesting against the passage of H. R. 960, extending the Federal civil service.

The SPEAKER. Is there objection?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I do this to direct the attention of Members of the House to a statement of the Guaranty Survey showing the rising Government debt, and some of its consequences in this country, particularly with reference to the amount of taxes called for from business, and the effect it is having on confidence and business. I ask unanimous consent to extend my remarks in the RECORD and to include this statement from the Guaranty Trust Co.

The SPEAKER. Is there objection?

There was no objection.

ADMINISTRATION OF UNITED STATES COURTS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 188) to provide for an Administrator of United States Courts, and for other purposes, with a House amendment, to insist upon such amendment, and agree to the conference asked.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table the bill S. 188, with a House amendment thereto, insist on the House amendment, and agree to a conference. Is there objection?

Mr. RABAUT. Mr. Speaker, I reserve the right to object. Will the gentleman tell us about this?

Mr. CELLER. Mr. Speaker, this bill provides machinery to expedite the handling of cases in the various Federal district courts. It sets up an administrator under the supervision of the Attorney General to watch these cases and see to it that the dockets are cleared, so that there will be a complete expedition in the handling of all of these cases.

Some amendments have been made by the House to the Senate bill, and we would like to straighten that matter out.

Mr. RABAUT. Mr. Speaker, does the gentleman know that this matter was under consideration in the House here about 30 days ago, and that after long hearings on the part of the Committee on Appropriations it was decided that the Attorney General should exercise some measure of control over the probation officers and that this House amendment completely negatives the House and Senate action on the subject?

Mr. CELLER. I do not think it is exactly as stated. The bill primarily is not a probation bill. We did, however, make changes and repealed a small portion of an appropriation bill which contained straight legislation concerning probation officers.

Mr. RABAUT. I call the gentleman's attention to the following on page 7 of the amendment:

SEC. 309. The following quoted provision of the act making appropriations for the Departments of State and Justice, and for the Department of Commerce (H. R. 6392) for the fiscal year ending June 30, 1940, approved June 29, 1939, Public Act No. 156, Seventy-sixth Congress, first session, to wit: "That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts"—

And here is what is added—

is hereby repealed.

Mr. CELLER. What is the gentleman's attitude; what does the gentleman wish done?

Mr. RABAUT. I do not think this repeal should be here at all.

Mr. CELLER. We will be very glad to take that into consideration when the conferees meet.

Mr. THOMAS S. McMILLAN. But we want an assurance from the gentleman when he goes to conference that the conferees will see that the provision which has been inserted in this bill is stricken out.

Mr. CELLER. Of course, I cannot speak for the other conferees, who would be the gentleman from Tennessee [Mr. CHANDLER], the gentleman from Alabama [Mr. HOBBS], the gentleman from Michigan [Mr. MICHENER], and the gentleman from Iowa [Mr. GWYNNE]. I cannot tell what their attitude will be, but I am sure that they will take into consideration what the gentleman says. As far as I am concerned I shall be very glad to take it into consideration.

Mr. THOMAS S. McMILLAN. I spoke to the gentleman from Alabama [Mr. HOBBS] about the matter yesterday, as well as the gentleman from Tennessee [Mr. CHANDLER], members of the gentleman's committee whom I assumed would be members of the conference committee, and while I cannot speak for those gentlemen, they are here, and I would like to have them give us some expression as to this matter of probation officers.

Mr. CELLER. As fas as I am concerned, I may say that I have always had the highest regard for the point of view of the gentleman from South Carolina as well as for the point of view of the gentleman from Michigan, and I shall take into consideration everything the gentleman says and endeavor to bring about what they desire.

Mr. THOMAS S. McMILLAN. The point is, Mr. Speaker, that this matter was brought up under suspension of the rules last Monday, at which time the House membership was not advised that this provision was in this bill. I say in deference to my friend from Alabama [Mr. HOBBS], a member of the gentleman's committee, that he did advise me of the action taken by the Judiciary Committee in that this provision had been reported out by the committee, but the gentleman from Alabama himself will tell the House that he did not know at the time that this provision was going to be considered under suspension of the rules. The gentleman is here and he will agree to that?

Mr. HOBBS. Yes.

Mr. THOMAS S. McMILLAN. And I say to the gentleman that in view of that situation I think the committee members of the conference committee on the part of the House ought to be in position to assure the House that no agreement will be had in connection with this provision which is in conference, but that it will be stricken from the bill.

Mr. HOBBS. I for one want to make it clear that I am not giving any such assurance. I do not think that the legislation which was engrafted upon an appropriation bill was proper. I do not believe that it was considered in the light of existing law and it was for that reason that the Judiciary Committee authorized the committee amendment. I am perfectly willing that the majority of the conferees shall rule. I have no disposition to be obdurate, but I do think that the facts and the law should be thoroughly considered by the conferees, and that they should make up their minds accordingly.

Mr. THOMAS S. McMILLAN. The gentleman is aware of the fact that this question was debated at length on the floor of this House at the time the bill was under consideration, and this House voted on this very question. Notwithstanding that fact, here we are today confronted with this very provision in this bill, which was approved by the President less than 3 weeks ago.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

Mr. HOBBS. Mr. Speaker, reserving the right to object, I wish to make this amendment to the gentleman's statement. I believe there is no man in this House who wants to be more fair in everything than the distinguished gentleman from South Carolina [Mr. THOMAS S. MCMILLAN], but he is certainly mistaken in his latest statement. I cite the RECORD of June 23, 1939, pages 7810 to 7813, inclusive, to prove that there was no vote on any of the amendments which were in agreement, such as No. 21, the one I criticized, but only on the adoption of the conference report and the amendments in disagreement. If you will look on page 7811 of the RECORD cited supra, you will see that I did not oppose the adoption of the conference report.

Mr. HOFFMAN. Mr. Speaker, I object for the present.

Mr. THOMAS S. McMILLAN. I hope the gentleman will reserve his objection, because I am anxious to have this matter disposed of, but I do desire to see the integrity of the House preserved. That is the whole thing. If we could get some assurance from the gentleman as he goes into conference with the Senate that we will have that assurance, then I shall not object. Otherwise I will have to.

Mr. CELLER. I will say it is quite natural for the gentleman to take the position he is now taking, in view of what his own committee has done.

Mr. THOMAS S. McMILLAN. And what the House has done, I may say.

Mr. CELLER. There is no disposition on the part of the membership to be unfair.

The SPEAKER. Is there objection?

Mr. RABAUT. Mr. Speaker, the fact of this matter is that the Senate bill—S. 188—which was made the subject of the motion to suspend the rules, was not even on the House Calendar. It was still in the Judiciary Committee, and when the House bill, which was on the calendar, was added to the Senate bill by way of an amendment this repealing provision was inserted as a committee amendment. It did not even appear in the House bill. No one was on proper notice of the intention to include the repealing provision under a suspension-of-rules motion, and I do not believe the House knew what it had acted upon. Therefore, I feel obliged to object.

EMIGRATION OF CERTAIN FILIPINOS FROM THE UNITED STATES

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4646) to provide means by which certain Filipinos can emigrate from

the United States, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, line 5, after "States", insert "or in the case of a Filipino residing in Hawaii, to a port in that Territory."

Page 2, line 16, after "States", insert "or, in the cases of residents of Hawaii, to a port in that Territory."

Page 3, line 3, after "States", insert "and in Hawaii."

Page 3, lines 8 and 9, strike out "any port on the west coast of the United States" and insert "the port of embarkation in the United States or Hawaii."

Page 4, lines 5 and 6, strike out "the United States, its Territories or possessions" and insert "any State or Territory or the District of Columbia."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks and include a letter from the mayor of Gloucester.

The SPEAKER. Is there objection?

There was no objection.

[Mr. BATES of Massachusetts addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

THE FISCAL SITUATION

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker and Members of the House, I should feel very derelict in my duty if I did not call your attention to the fact that, according to the Treasury statement issued by Mr. Morgenthau, Secretary of the Treasury, on July 17 you have gone in the red at the rate of over $20,523,000 a day. That means over $14,000 a minute. You are spending that much more than you are taking in. That is an enormous sum. For every dollar we receive we spend $1.66.

WHERE ARE YOU GOING TO GET THE MONEY?

I want to call attention, Mr. Speaker, to the fact that there are many more bills coming on the floor of the House in the next 10 days or 2 weeks which this Congress will be asked to pass. Every one of those bills will require additional money. Eventually the taxpayers of this country will have to pay for it. Remember, Mr. Speaker, you were three and one-half billion dollars in the red from last year. You have already appropriated money to put you over $4,000,000,000 in the red this year. Be careful what you do. Watch your step. Stop ruthless expenditures. Be sensible, be sane, be prudent in your spending. You will all regret it if you do not.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short radio address delivered in my district by W. Kingsland Macy.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CLASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement by L. T. Stone in Cotton and Cotton Oil Prices of June 24, 1939.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CALL OF THE HOUSE

Mr. KLEBERG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present in the Chamber.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 143]

Anderson, Calif.	Cummings	Healey	Schwert
Andrews	Curley	Hendricks	Secrest
Bolton	Dies	Kelly	Seger
Boren	Ditter	Kerr	Shanley
Brewster	Eaton, Calif.	Lambertson	Smith, Maine
Buckler, Minn.	Elliott	Lemke	Smith, Ohio
Buckley, N. Y.	Evans	McLean	Sumners, Tex.
Byrne, N. Y.	Ferguson	Magnuson	Thomas, N. J.
Byron	Fernandez	Massingale	Weaver
Casey, Mass.	Fitzpatrick	Mitchell	West
Cluett	Flaherty	Norton	Whelchel
Connery	Folger	O'Brien	Wolfenden, Pa.
Cooley	Ford, Thomas F.	Patman	Wood
Crawford	Gifford	Rockefeller	Woodruff, Mich.
Creal	Hartley	Sacks	Zimmerman

The SPEAKER. Three hundred and sixty-eight Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

ADMINISTRATION OF UNITED STATES COURTS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 188) to provide for the administration of the United States courts, and for other purposes, insist on the House amendment, and agree to the conference asked by the Senate.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, in order to send this bill to conference was any agreement entered into about which the House might like to know?

Mr. CELLER. No agreement whatever.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CELLER, CHANDLER, HOBBS, MICHENER, and GWYNNE.

ROY-JENKS ELECTION CONTEST, SEVENTY-FIFTH CONGRESS

Mr. JENKS of New Hampshire. Mr. Speaker, I submit a unanimous-consent request, which I send to the desk.

The Clerk read as follows:

Mr. JENKS of New Hampshire asks leave to withdraw from the files of the House the original Newton check lists which were submitted in connection with the Roy-Jenks election contest in the Seventy-fifth Congress.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

BEER PURCHASES IN DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5137) to prohibit the purchase of beer on credit by retailers in the District of Columbia, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read as follows:

Page 2, after line 18, insert:

"SEC. 4. This act shall expire July 30, 1940."

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the gentleman if the only effect of the amendment is to change the date of expiration of the act?

Mr. RANDOLPH. I may say to the gentleman from Massachusetts that the Senate felt the measure should be in the nature of an experiment, to be tried out for 1 year only.

Mr. MARTIN of Massachusetts. I presume that all legislation concerning the District is more or less experimental anyway.

Mr. RANDOLPH. Somewhat, I am afraid.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address which I made day before yesterday before the Federal Bar Association.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

INVESTIGATION OF NATIONAL LABOR RELATIONS BOARD

Mr. SMITH of Virginia. Mr. Speaker, on yesterday the House passed House Resolution 258. There is now pending on the calendar a similar resolution for the same purpose, House Resolution No. 229. I ask unanimous consent that House Resolution No. 229 may be laid on the table.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. SMITH]?

There was no objection.

EXTENSION OF REMARKS

Mr. FISH asked and was given permission to extend his own remarks in the RECORD.

ANNOUNCEMENT

Mr. CRAWFORD. Mr. Speaker, on three occasions this week when the roll was called I was attending a session of the Banking and Currency Committee and at the immediate time the roll was being called I was interrogating witnesses. I ask that the RECORD may show that fact.

AMENDMENT TO INTERSTATE COMMERCE ACT

Mr. SABATH. Mr. Speaker, I call up House Resolution 262.

The Clerk read as follows:

House Resolution 262

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2009, an act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

With the following committee amendment:

Page 1, line 10, strike out "four" and insert "six."

Mr. SABATH. Mr. Speaker, as I understand it, the gentleman from Michigan [Mr. MAPES] desires to use his time, and I therefore yield him 30 minutes. I may say to the gentleman that I am going to yield some of my time to gentlemen who are opposed to the resolution, and, in view of the fact that the gentleman from Michigan is in favor of the resolution, I hope he will also divide his time.

Mr. MAPES. Mr. Speaker, I intend to yield some of my time to those who are opposed.

Mr. SABATH. Mr. Speaker, this rule makes in order legislation extremely important to the entire Nation. It has to do with the railroad relief bill known as the Lea bill in the House. Personally, I am following the practice of bringing before the House any and all important legislation without having it smothered in the Rules Committee, as has been done in the past. There appeared before the Rules Committee between 40 and 50 Members of the House against the resolution. They maintained that because of its importance it should be delayed and more time granted before the bill is considered. However, the majority leader has made arrangements for the bill to be taken up today, and it has been suggested by the Committee on Interstate and Foreign Commerce that the President is in favor of early action. The Rules Committee, therefore, has reported this resolution which brings the measure to the House for its consideration.

It seems to me that many Members are under the impression that this merely deals with the water and so-called truck regulation; but the bill also contains a very important provision giving the R. F. C. certain powers, with the approval of the Interstate Commerce Commission, with reference to the financing, reorganizing, consolidating, maintaining, and construction of railroads.

I feel honor bound to call the attention of the House to the important provisions in the bill. The resolution covering consideration of the bill is in your hands. The rule provides for 6 hours of general debate. Originally only 4 hours were requested, and ordinarily the amount requested is reduced, but in this instance it has been increased, giving the Members ample opportunity to be heard and to discuss this important piece of legislation which this rule makes in order.

Mr. CULKIN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. CULKIN. Is it the understanding of the distinguished chairman of the Rules Committee that the time is to be equally divided between the proponents and opponents of the bill?

Mr. SABATH. In general debate?

Mr. CULKIN. Yes.

Mr. SABATH. Yes; in general debate as well as the time on the rule, and that is why I propounded a question of the gentleman from Michigan. In view of the fact there are several other gentlemen who desire to be heard, I shall conclude my remarks.

Mr. MAPES. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Michigan.

Mr. MAPES. Of course, if I have anything to do with the handling of the time on the rule I will try to divide the time equitably and fairly, but I did not understand that the question the gentleman propounded of me had anything to do with the time in general debate or that it mentioned anything about an equal division of the time.

Mr. SABATH. Knowing the gentleman as I do, I know he is going to be fair and that the time will be equally divided. I am going to try to do the same thing.

Mr. LEA. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from California.

Mr. LEA. I would suggest to the gentleman that the principal controversy here seems to be in reference to the water provisions of the bill, and that probably represents only 40 percent of what is involved in the bill.

Mr. SABATH. That is the reason I have called attention to the other matters that are involved in the bill.

Mr. LEA. We will endeavor to be fair, however.

Mr. SABATH. Mr. Speaker, I reserve the balance of my time, and now yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, in my judgment, legislation seldom comes before the House with more careful and painstaking consideration having been given it by the committee reporting it than has been given to this legislation. The importance of the legislation I believe cannot be overestimated. Whether anyone agrees with the bill or not, I believe he will agree that it is important.

I can say something about the care and attention which has been given to the legislation in a disinterested way, because I have not had any major part in the work leading up to the presentation of it to the House. The bill has been before the Committee on Interstate and Foreign Commerce

in a concrete way all this year, and the policy of it has been considered by the committee for a long time. The committee held hearings on the bill for about 10 weeks. After the close of the hearings a subcommittee was appointed to consider the legislation and to redraft the bill that was before the committee. I want to name the members of that subcommittee because I believe every man on the subcommittee has the confidence and the respect of the House. The House knows that any legislation coming from that subcommittee would be well thought out and would represent the earnest convictions of the members of it. The legislation was considered in a strictly nonpartisan sense and the bill before us has the support of every member of the subcommittee, Democrats and Republicans alike.

The subcommittee consists of the able chairman of the Committee on Interstate and Foreign Commerce, Mr. LEA, of California; Mr. CROSSER, of Ohio; Mr. BULWINKLE, of North Carolina; and Mr. COLE, of Maryland, on the Democratic side; and on the Republican side Mr. WOLVERTON, of New Jersey; Mr. HOLMES, of Massachusetts; and Mr. HALLECK, of Indiana.

Let me say that seldom, if ever, has a committee of the House worked harder or more faithfully or put in longer hours than did that subcommittee in the consideration and the redrafting of this bill.

The bill comes necessarily from the Committee on Interstate and Foreign Commerce because under the rules of the House that committee has jurisdiction over legislation affecting railroads At the same time it is not a railroad bill. It is not primarily for the purpose of aiding the railroads. It is primarily for the purpose of furnishing the country with an adequate, efficient, and cheap transportation system. Speaking for myself if anyone here, after giving it mature and careful consideration, reaches the conclusion that it is not in the interest of the country as a whole, then I hope he will vote against it.

There is bound to be controversy and differences of opinion over an important piece of legislation of this kind. Every interest that is affected, even in the remotest degree, is bound to raise some question about it. As I understand, the principal controversy is over the provisions relating to the regulation of water carriers. The bill in a very modest way does look toward the regulation of water carriers.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Kentucky.

Mr. MAY. Of course, being a busy member of another committee, I have not had time to read all the hearings on this measure. I feel that the subject matter of the proposed legislation is such that the average Member of the House who is not either on the committee or has had an opportunity to think carefully through the legislation would do well to follow the committee in the matter. As I understand, the principal issue is between water-borne transportation and the railroads.

Mr. MAPES. I do not believe that is the sole issue. In fact I am inclined to think the greater issue is whether the Maritime Commission or the Interstate Commerce Commission will have jurisdiction over the fixing of rates of the water carriers. I sometimes think the opposition is more because the bill proposes to deprive the Maritime Commission of a little of its authority over water carriers rather than because of anything else. Some of those who are violently opposed to this bill believe that water carriers should be regulated, but they think the regulating should be done by the Maritime Commission instead of by the Interstate Commerce Commission. This is just another one of those things. Whenever legislation proposes to limit, or interfere with, the jurisdiction of any commission or bureau there is bound to be opposition to it.

Mr. BLAND. Mr. Speaker, will the gentleman yield for one inquiry?

Mr. MAPES. I yield to the gentleman because I made some reference to the Maritime Commission.

Mr. BLAND. The paging of the bill before the House is 108 pages, 51 of which are devoted to waterways. Does the gentleman believe that is modest regulation of the waterways?

Mr. MAPES. The subject has been gone into rather extensively and carefully so as to make sure that the regulation is modest.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman is also a member of the Committee on Rules. Does the gentleman not recall that one of the Members of the House, in opposition to the granting of the rule, only yesterday suggested that 18 percent of the commerce of the country is water-borne and that this bill exempts 15 percent of it and undertakes to exercise control or regulation over only 3 percent of it?

Mr. MAPES. I may say to the gentleman that I thought that was an extreme statement, but it was made by one of the opponents of this legislation.

The purpose of this bill is not to raise railroad rates or motor-carrier rates or rates over water carriers. It does not necessarily follow that rates over these different systems will be increased because they are regulated; in fact, it is hoped that the direct contrary will be the result.

Members of the House received a short time ago the advance copy of the Round Table on Transportation Policy and the Railroads which Fortune published in its August issue. The letter accompanying it goes on to tell how the members of the Round Table are selected. They are experts and represent different points of view, but they unanimously agreed, and I quote that—

> The railroads and other forms of internal transport should be placed upon an equal basis so far as regulations and alleged Government subsidies are concerned, except during a promotional stage.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield myself 4 more minutes.

This is exactly what this legislation proposes. That is what the Committee on Interstate and Foreign Commerce has had in mind in presenting this legislation to the House.

As to this rule, all anyone is asking in regard to it is that the membership of the House adopt the rule and give the legislation the consideration which its importance deserves. If after doing that anyone thinks it is not in the best interest of the country, then for one I shall expect him to vote against it; but if, after he does give it such consideration, he reaches the conclusion it is for the best interests of the country then, of course, he will resist the pressure groups that are working in opposition to it and vote for it.

In this connection I ask permission to extend my remarks and to incorporate therein an editorial from Labor, which came to our desks this morning and with which I heartily agree.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The editorial referred to follows:

"FAIR FIELD; NO FAVORS," ASSURED ALL TRANSPORT—WATER CARRIERS' ARGUMENTS REFUTED BY HOUSE COMMITTEE; CONSOLIDATION PROVISIONS GREAT IMPROVEMENT ON EXISTING LAW; EMPLOYEES' RIGHTS ARE AMPLY SAFEGUARDED

(An editorial)

Labor hopes the House of Representatives will pass the Lea bill by an impressive majority. It represents months, and even years, of patient, capable labor by all elements interested in the transportation industry.

It has the support of the President of the United States, whose Committee of Six formulated the basic principles. It is earnestly endorsed by the Railway Labor Executives' Association, speaking for the standard railroad labor organizations, with close to 1,000,000 members in the United States and Canada. The carriers, through the Association of American Railroads, are supporting it with equal fervor.

The bill does not discriminate against any form of transportation. On the contrary, it specifically instructs the Interstate Commerce Commission to "preserve the inherent advantages of each mode of transportation." George M. Harrison, chairman of the Railway Labor Executives' Association and a member of the Committee of Six, interprets that mandate to the I. C. C. to mean that steam railroads, water carriers, and motor transportation shall all be given "a fair field and no favors."

In the matter of railroad consolidations, the bill safeguards all interests. The element of Government compulsion is removed, the carriers are permitted to submit plans for mergers, but the I. C. C. is designated a watchdog to protect the public interests.

For the first time, a specific provision is written into the law to protect the interests of employees who may be adversely affected by consolidations authorized by the I. C. C. Furthermore, for the first time employees are granted the right to intervene in consolidation proceedings.

Thus in the matter of consolidations, the Lea bill is a tremendous improvement over existing law and, in the judgment of Labor, is the most enlightened proposal so far submitted to Congress.

Labor records the simple truth when it says: "The Lea bill has the solid backing of the Railway Labor Executives' Association, the Association of American Railroads, and of the President of the United States, and, if enacted, it will insure a square deal to all mode of transportation."

Mr. MAPES. Because my time is limited, I shall read only two or three sentences from that editorial:

This legislation has the support of the President of the United States, whose Committee of Six formulated the basic principles. It is earnestly indorsed by the Railway Labor Executives' Association, speaking for the standard railroad labor organizations, with close to 1,000,000 members in the United States and Canada. The carriers, through the Association of American Railroads, are supporting it with equal fervor.

The bill does not discriminate against any form of transportation. On the contrary, it specifically instructs the Interstate Commerce Commission to "preserve the inherent advantages of each mode of transportation."

Let me read another paragraph from this editorial relating to railroad consolidations and their effect upon railroad labor:

For the first time, a specific provision is written into the law to protect the interests of employees who may be adversely affected by consolidations authorized by the Interstate Commerce Commission. Furthermore, for the first time employees are granted the right to intervene in consolidation proceedings.

Mr. Speaker, without taking any more time I say again that I trust the membership of the House will adopt this rule; that it will listen to the debate; that it will study this bill; and if it agrees with the committee, that it will vote for its passage. If, after thorough consideration of the measure it thinks it is not desirable, that it will vote it down. As for myself, I think it is desirable legislation and shall vote for the rule and for the passage of the bill. [Applause.]

Mr. SABATH. Mr. Speaker, I yield 7½ minutes to the gentleman from North Carolina [Mr. WARREN].

Mr. MAPES. Mr. Speaker, I yield 7½ minutes to the gentleman from North Carolina.

Mr. WARREN. Mr. Speaker, on yesterday a large bipartisan group, fairly representative of both sides of the House, spent a considerable part of the day before the Rules Committee protesting against the consideration of this bill until January. We were never gullible enough to think that it would not come out. Yesterday we were merely building up our case for a larger forum here in the House today. We protested then, and we protest now, the indecent haste of trying to rush through this measure in the dying days of a distracted Congress without opportunity for adequate debate, study, or analysis, especially when title III of this act does not have to go into effect until July 1941.

It is claimed that it is a new bill, but it was only made available 2 days ago, and people affected and interested parties throughout the country are clamoring to be heard on the eleventh-hour changes that have been made without their knowledge.

Mr. Speaker, I have no opposition to railroads. Both in North Carolina and in this body I have tried fairly to appraise their problems. I recognize the tremendous part they have played in the upbuilding and the development of the country; but at the same time, because they now claim to be sick, I am not forgetful of their past, their misdeeds, or the time when they corrupted State governments and legislative halls, exploited their labor, built up false capital structures and have continued them even until today, and robbed and plundered and pillaged the American people with exorbitant freight rates and the American investor with watered stock. That is why they were regulated.

This is, in spite of the gentleman from Michigan [Mr. MAPES], a railroad bill. It contains everything they want—from further raids on the R. F. C. to a monopoly of transportation. No Congress in history has done so much for the railroads as has this Congress in the recent tax bill. If, according to common talk, there was a commitment when the 15-percent wage cut was up, that certain of the railroad employees would go along with this bill, while I commend them for keeping their word, I only regret there is nothing in it for them. Mark my words when I say to them as a friend who has stood by them when they needed friends in this body, that not one railroad job will it create, although it will throw thousands and thousands of others who toil out of employment. Certainly they must realize these coordinations and consolidations and shake-downs will ultimately mean the loss of thousands and thousands of their own jobs. As the gentleman from Indiana [Mr. HALLECK] has already said, I was one of those that stated that 18 percent of the transportation of this country is water transportation. We have developed our great natural resources, the rivers and harbors of the country, to afford low-cost transportation, and it has been reflected in a tremendous saving to the American people. Does this bill bring in all water transportation? It does not. Three percent only is covered under it, and why? Why? Let the committee answer that in their own time. Bulk carriers on the Great Lakes are exempt, and I am glad of it, but the common carriers are not. So are certain other bulk carriers. Oil is exempt, but cotton is not. Let no one be deceived, Mr. Speaker, by these exemptions, for a conference will take them in or, under the urge of bureaucracy, they will be brought in next year.

This sop has not been sufficient to alienate those groups from their opposition to this measure, and they are standing firm against it. Every exemption in the bill is in favor of the big fellow and against the little one. Contract carriers will be utterly destroyed. This bill affects every section of the Nation. It will have a blighting effect on Boston, New York, Brooklyn, Philadelphia, Pittsburgh, Baltimore, Norfolk, Wilmington, Charleston, Jacksonville, San Francisco, Seattle, Chicago, Duluth, the Gulf ports, the Mississippi and the Missouri Rivers and their valley, and every waterway in the country. It will mean, and the sole purpose of it is, that water rates will be raised everywhere to a practical parity with rail rates. It will place producers and consumers of the Nation in the grip of an iron-tight transportation monopoly. It will stifle legitimate competition.

Who is against this bill? Well, one of the brotherhoods is against it—the Brotherhood of Railway Trainmen, the largest of all—and have announced their unalterable opposition to it. The United States Maritime Commission, dealing with waterway problems and having a great knowledge of them, is against it. Admiral Land, the chairman of it, says it is perfectly apparent that regulation such as this is not in the public interest. The Secretary of War and the Chief of Engineers are against it. They say there is no dissatisfaction with water transportation, that there is no destructive rate warfare between carriers, and that this bill will substantially increase the cost of transportation and deprive the public of the benefit of cheap and flexible transportation service. The Secretary of Agriculture is against it. He says no industry is so much concerned about low-cost transportation as agriculture. Farmers and other shippers should not be required to pay rates based on the transportation cost of property improvidently built, wastefully operated, or partially obsolete.

All of the maritime unions of the country are against it; all of the longshoremen unions of the country are against it, from both the American Federation of Labor and the C. I. O. The Central Trades and Labor Council of New York City, with a membership of 700,000, is against it.

Mr. Speaker, in January I was one of approximately 125 or 130 Members of this House, Democrats and Republicans, who met in solemn conclave and caucus over there in the House Office Building to protest against the terrific and frightful discrimination in freight rates against the South

and southwestern sections of this country. Someone may get up and point out a section in this bill for an investigation on that subject. Investigation! Yes, the House knows what the average investigation is, and, above everything, the Members know what an investigation by the Interstate Commerce Commission is. Years and years have they already had the authority to make that investigation without anything being inserted in this present bill. Do not let me hear anyone who attended those meetings from Tennessee and Georgia and Texas and Louisiana, Arizona, New Mexico, and southern California protesting against that discrimination if they should decide to vote for this measure. Do not let me ever hear them stand up and whimper about the discriminations existing against those sections today.

Go back and tell the people of those sections, if you do so, that under the pressure of a great lobby you could not resist, and voted to take away from them the very last thing that they had to hold down freight rates in those sections.

This bill, Mr. Speaker, ought to be defeated. It is an outrageous sell-out of the producers and consumers of the Nation and is detrimental to every section of the country. [Applause.]

I yield back the balance of my time, Mr. Speaker.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MARTIN J. KENNEDY].

Mr. MARTIN J. KENNEDY. Mr. Speaker and Members of the House, I am a member of the Committee on Interstate and Foreign Commerce that considered this bill, S. 2009.

After listening to the last speaker, the distinguished gentleman from North Carolina [Mr. WARREN] who occupies a very important and exalted position in this House, I am somewhat fearful about even talking. He is usually rather conservative in his statements, but his statements today, to say the least, are rather extravagant.

Our committee had this bill under consideration from January 24 to March 30, and any citizen or representative of a waterway or other form of transportation could appear before that committee and present views for or against the bill. The gentleman from North Carolina [Mr. WARREN] neglected that opportunity, and he comes here at a very late hour protesting with great vigor against the bill.

We had 73 witnesses before the committee, and there were 36 briefs filed concerning the various proposals in the bill.

This bill intends to create a national transportation policy. As you all know, President Roosevelt, some months ago, appointed a committee to study the problem of transportation, and they suggested most of the subjects covered by this bill. Our committee has attempted to write a bill which will provide efficient and economical transportation for all forms and types of industry in this country. It is not intended for any one group. It is intended for all of the people. It includes the railroads, the motor carriers, and the water carriers. I am sure that if the water provision in this bill was eliminated at this minute the opposition to this bill would collapse because that seems to be their only interest.

They discuss at length the number of pages in the bill that are devoted to the water provisions. Well, that is not unusual because it is an entirely new section. When the Interstate Commerce Act was written in 1887, it was attempted to bring the waterways in at that time, but they successfully resisted being included. We have found, throughout the years, that cutthroat competition among the water carriers has reduced them almost to a state of bankruptcy.

The gentleman that preceded me [Mr. WARREN] gave a list of the ports in this country that he would have you believe would either close up or be without business. Well, that is not so. The gentleman mentioned the American Maritime Association as being opposed to this. So that we may have no illusions about their opposition, that is an association supported by shipowners. Naturally, they have a very selfish interest and it apparently suits their purpose to fight this bill.

The gentleman mentioned some labor organizations who are supposed to be in opposition. These organizations did not appear before our committee. Their opposition is based on the theory that if this bill is passed the railroads and motortrucks will get more business and the ships will lose business. Therefore their men will not have their present employment. They are honestly mistaken, because I do not believe there is any possible chance of the motortrucks or the railroads taking business from the steamship lines as a consequence of this bill.

If you are in favor of a national transportation policy and you believe that it is important for the welfare of the employees as well as for the companies to provide efficient, economical, and safe transportation for this country, you will support this rule and you will support the bill.

I believe that the Interstate Commerce Commission will carry out the provisions of this act with all the care and discretion that they have exercised throughout the years in other matters entrusted to them. If you are afraid of that Commission administering this act in an unfair way, then, of course, you will probably vote against the bill. I have sufficient confidence in the Interstate Commerce Commission and sufficient confidence in the administrative heads of this Government to know that no injustice will be done to labor or to any form of transportation.

If we can coordinate the various forms of transportation, we will bring about better working conditions for the employees on every water front as well as on the motor carriers, express companies, and railroads. This will mean better wages, shorter hours, and a general improvement of the whole transportation system. For these reasons I am supporting the rule and shall vote for the bill. I think I can assure the gentleman from North Carolina [Mr. WARREN] that his fears about New York and Brooklyn, which, to my mind, is nothing more than an appeal for New York votes, are unfounded. I am sure our shipping industry in New York City will not be adversely affected one iota by the passage of this bill, but, on the other hand, will stabilize wages, hours, and the cost of transportation. [Applause.]

The SPEAKER. The time of the gentleman from New York has expired.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. HARRINGTON].

Mr. HARRINGTON. Mr. Speaker, probably no more important problem will be considered by the Seventy-sixth Congress of the United States than that of transportation. It has become increasingly more complex, with many and wider ramifications because of great technological improvements in motortrucks, locomotives, boats, barges, power, and increasing air, highway, and inland waterway transportation. Even the history of transportation in America, to say nothing of its evolution and the many affected factors, such as railroad labor, capital, industries, and the opening of new ports on the rivers of the country, lends itself to the serious and deliberate attention of this body. But how can we in a few short hours pass judgment on this problem that has been in the making since the beginning of a government in the United States?

How can we know that the measure before us is in the interests of the general public when no Member, save those who have religiously attended the hearings and sessions of the Committee on Interstate and Foreign Commerce, ever saw either the bill or the report, containing both a majority report and a minority report, before yesterday afternoon?

Why the speed to jam this measure down our collective throats when by the very terms of the act some of the provisions need not become operative, at the election of the Interstate Commerce Commission, before 1941.

Are we as Members not entitled to study, and conference, with the citizens of our own districts? Do we know how vitally affected will the business interests of our communities be? Do we know whether or not we are not blindly setting a trap to further destroy railroad labor and further increase unemployment within its ranks? Can you be sure that, even though we amend this bill, we will secure a conference committee report that will safeguard the interests of the public generally?

There certainly is no unanimity of opinion amongst the railroad labor organizations in behalf of the measure and certainly no demand for the legislation from the members.

Even admitting that the great Committee on Interstate and Foreign Commerce has worked for several months on the bill, why is it that now, so suddenly, we must take up their bill for consideration? Other committees have worked as hard and as arduously seeking a solution to the problem, and for the past month the Committee on Merchant Marine and Fisheries has had pending before the Rules Committee a bill to regulate waterway transportation and place it where it should be placed, under the Maritime Commission.

Inland waterway transportation is probably more vital to the average citizen of the United States than is air transportation, yet we have set up a separate authority to deal with air travel, the Civil Aeronautics Authority.

Why, then, must waterway transportation be placed under the Interstate Commerce Commission. It does not belong there, and I am suspicious, to say the least, that its only purpose is to destroy inland waterway transportation.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, as has been stated here this morning, this is a very important piece of legislation. I doubt if the House has been called upon to consider a piece of legislation at this session, or that it will be called upon to consider a piece of legislation at this session, that is more far reaching in its effect, not only upon the transportation system but upon the general welfare of the people of the country at large.

I have no axe to grind with the railroads. On the contrary, the railroads in their present dilemma have my most sincere sympathy. I think the railroads, just like every other department or arm of our economic life, have suffered as a result of a world-wide depression. I want to see the railroads helped as much as possible. I want to see the railroads put back so far as they possibly can be upon a firm basis; but my zeal for the railroads does not sweep me into a position whereby I want to lose sight of the general welfare of the people of this country as a whole, and while of course I could be mistaken, it is my honest considered judgment that if this piece of legislation is enacted into law in its present form it is going to react to the detriment of the people of this country as a whole. [Applause.] I believe that if part III of this bill remains in the bill that it is going to be the greatest blow that cheap transportation in this country has ever received.

For 150 years our Government, looking to the welfare of the people, to give them cheap transportation, has expended untold millions of dollars—yea, billions of dollars—in the building up of the rivers and the harbors of the country. The rivers and harbors of our country, unlike the railroads, belong to the people; they are a part of the natural resources of a great country. They are utilized for the purpose of furnishing cheap transportation to the people of the country.

It is not the amount of transportation that is carried over these waterways that is so important, for, as has already been pointed out, a very limited amount of the tonnage carried in transportation is carried by water-borne carriers; but need I point out to an intelligent Congress that the very fact we have these waterways furnishing this cheap transportation gives us a lever—a club, if you please—to hold over the heads of other forms of transportation to keep down the transportation charges? Let us not be misled; let us not fool ourselves; whenever and if this legislation should be enacted into law in its present form, freight rates will go up all over the country; that will be the inevitable result of the enactment of this proposed legislation. Let me call the attention of my colleague to a further fact.

This is not in the usual sense an administration bill. You have, on the one hand, the powerful Secretary of War, who has the interest of this country at heart, opposed to this legislation. His views are to be found in the minority report. The Secretary of Agriculture, who has at heart the interest of the farming people of this country, is opposed to this legislation. Why are these gentleman opposed to it? They are opposed to it because they realize the importance and the import of the proposed legislation, and that if it is enacted into law cheap transportation will be gone. Let me illustrate briefly what I mean by that.

In my little town of Pascagoula, on the Gulf of Mexico in Mississippi, the Government has a very small investment in a shipyard, or a repair yard, where the Government repairs its craft in that vicinity of the Gulf of Mexico. That does not amount to a great deal; they do not repair a great many ships there; they have to compete with private industry; not only do they have to compete with private industry but they have to underbid private industry upon the repair of these Government vessels by 10 percent.

The fact remains, however, that the great private shipyards know the Government has this little yard there and that they have to keep their bids down low if they are to get the business of repairing these ships. That is what you have in water transportation, if I may draw an analogy, the Government transportation system on the inland waterways, and the rivers and harbors of the country. You have a club to hold over the heads of the railroads which have been monopolistic in the past, to see that cheap transportation and competition is afforded. I do not know whether it is wise to consider this legislation at this time or not, but the Committee on Rules has granted a rule making it in order. So far as I am concerned now that it is in the House I do not know but what we ought to go ahead and consider it. I do, however, want to call the attention of my colleagues to the fact that section 3 of the bill, which does not affect the railroads as much as they would have you believe it does, is a powerful restraint upon them, should be taken out of this bill, and our rivers and harbors, our inland waterways, and other forms of water transportation should be left out of this bill. They are a part of this Government; and I hope that when the amendment is offered by the distinguished gentleman from Texas, that you will go along with us and take this provision out of the bill.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. COLLINS). The time of the gentleman from Mississippi has expired. All time of the gentleman from Illinois has expired.

Mr. MAPES. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, I desire to call the attention of the House to the minority views on this bill. To my mind they represent a succinct and clear statement of the objections to this bill. It amounts to a state paper of first magnitude, and I urge the Members who are concerned about this legislation to read, ponder, and study carefully that minority report before voting on the bill.

Mr. Speaker, I yield back the balance of my time.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 1, line 10, strike out "four" and insert "six."

The committee amendment was agreed to.

The resolution was agreed to.

Mr. LEA. Mr. Speaker, I ask unanimous consent that all Members who speak on the rule or on the bill itself may have 5 legislative days in which to extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LEA].

There was no objection.

Mr. LEA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and

transportation and modifying certain provisions thereof, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2009), with Mr. JONES of Texas in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. LEA. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, at this time I call attention to some fundamental features affecting the controversy now before the House. As we advance in the consideration of the bill we will at greater length discuss its specific provisions.

In the spring of 1938 the President appointed a committee of 15 to consider the transportation problem of our country. This was not a new problem, but it was an acute one, coming down from the preceding years. Appropriate conferences were held at the White House, and, finally, after considering this question at length, the President appointed a committee of three to study and make recommendations as to necessary remedial measures. One particular purpose of that special committee was to consider the things that might be done to help the situation immediately.

The committee of 15 readily reached the conclusion that our transportation problems divided themselves into two classes, those of an immediate character and those of long-time importance. The committee was headed by Dr. Splawn, then Chairman of the Interstate Commerce Commission. Commissioners Eastman and Mahaffie were also members. The committee filed a report which in important aspects corresponds to the principal purposes of this bill, particularly the portion having to do with unifying control of the transportation agencies of our country.

Later on the President appointed another committee to consider the whole problem, known as the Committee of Six. This committee was composed of six members representing rail management and labor. In December that committee made a report to the President. The President placed the responsibility on Congress of working out legislation.

In the early part of the present session the chairman of our committee introduced a bill which was prepared with the help of a member of the Interstate Commerce Commission. On the 24th of January hearings were begun by our committee, which continued for 10 weeks. Subsequently other bills were introduced, but the hearing proceeded without any limitation as to the transportation subjects to be presented.

At the opening of the session of the committee the statement was made by the chairman, with the consent of all members, that it was desired that everybody interested in any substantial phase of the transportation problem who had any constructive suggestions would be welcome to present their views. Every phase of the economic life of our country was represented at and took part in the hearings and were welcome.

A subcommittee was then appointed, composed of the chairman, Mr. CROSSER, Mr. BULWINKLE, Mr. COLE of Maryland, Mr. WOLVERTON of New Jersey, Mr. HOLMES, and Mr. HALLECK. I would be ungrateful if I did not express my admiration and appreciation for the work of each of those members of that committee. I have been in Congress for over 22 years, and for 18 of those 22 years I have served as a member of this committee. I never served with a committee that acted with greater fidelity and with a more serious consciousness of responsibility to the Congress and to the country.

Each member of the committee was willing to sacrifice individual convenience to prepare a measure creditable to the House and that would serve the interests of the people of the United States at large.

The gentleman from Michigan [Mr. MAPES], the ranking Member on the Republican side, is recognized as one of the outstanding men in this House on the question of transportation legislation. I could go ahead and name each member of the subcommittee and say that each one materially contributed to the bill that is now pending before us. So far as we were able, this bill represents what we believe is a sane and useful approach to our transportation problem.

I could not pass on without paying tribute to Mr. A. H. Perley and Mr. Frank Mullen, who helped draft this legislation. They gave generously of their splendid ability and untiring service to perfect this measure.

About a year ago, when I assumed some responsibility on account of appointment to the President's committee, after surveying the question and the problem that confronted the country, I rather despaired of securing a bill that would fit into the needs of our country. No effective legislation could be adopted without somebody being disturbed. Each of these groups would place its own little affairs above the interests of the country and that would make good legislation almost hopeless.

My courage has improved as time has gone on. In the early part of this year Samuel O. Dunn, who for 20 years has been a close observer of our carrier problems, said:

> There has never been any other important American problem regarding which so many interests and individuals showed so much hypocrisy and short-sighted selfishness as regarding our railroad problem, and it cannot be solved under private ownership, if this continues to be the case.

The United States has the greatest transportation system in the world. The total income of the American people is approximately $65,000,000,000 a year, and in the turn-over of that money they are now spending about $20,000,000,000 a year for transportation.

First, we have our highways, 3,000,000 miles in all. We have Federal regulation of their interstate traffic. About $15,000,000,000 of the $20,000,000,000 is paid for transportation on those highways.

Then we have the rails as another important part of our transportation system, 240,000 miles of railroad lines, with over 400,000 miles of track. This railroad system goes into every State in the Union. There are 27 States in each of which there are over 4,000 miles of rail lines. Their capital structure at the present time is about $19,000,000,000. Approximately $5,000,000,000 a year is paid to the railroads of the country for their services. The I. C. C. has regulation of all of the important rail lines.

Then we have water transportation as another part of our transportation system. We have the coasts on each side of the country, 2,000 miles and more from Maine around to the Gulf and 1,500 miles along the Pacific Ocean. We have the Great Lakes, also, with over 1,000 miles of shore line for our country. We have the inland waterways, 3,000 miles with a depth of over 9 feet and 5,000 additional miles with a depth of 6 feet. The people of the country are today paying $700,000,000 a year for the service on these waters. We have the pipe lines also.

Where should we sensibly and practicably place water regulation? Water transportation is either foreign or domestic. This bill, of course, deals only with domestic transportation in interstate commerce. Domestic traffic in the United States is intermixed whether it moves by water, highway, or rail. Visualize a map of the United States, a great line of water transportation along each shore, the Great Lakes, and the inland waterways with their 8,000 or more miles penetrating different sections of the country.

The regulation of the commerce on the rails is entirely with the I. C. C., that on the highways is entirely with the I. C. C., and that on ships is in part with the I. C. C. The ships that are railroad controlled are under the authority of the I. C. C. Where joint rates are established between water and the rails the rates are under the I. C. C. So, while the I. C. C. has regulatory power over 93 percent of our domestic interstate commerce, water transportation, which represents only 7 percent of what the people pay for transportation, is either unregulated or regulated partly by the I. C. C. and partly by the Maritime Commission. We have a constant interchange of traffic between the ships, the rails, and the trucks. This bill would create additional interchanges of traffic between water and rail. How absurd would be a system of regulation that would change the regulatory authority over traffic every time it changed from

or to land transportation. Why should a body representing water, with less than 7 percent of the domestic commerce, have the regulation of traffic interchanging with rail and highway transportation?

I believe everyone should agree that a rounded-out system of regulation requires that all these agencies be brought under common control. We cannot have one regulation of transportation competing with another, or have one type of transportation legally arrayed against the other, and expect to get satisfactory results.

Not long ago the Committee on Merchant Marine and Fisheries of this House favorably reported a bill. In the report it is said:

> The general objectives of the bill are to extend the regulatory jurisdiction of the Maritime Commission to apply to common carriers by water engaged in interstate transportation on inland waters and, with the systems for the regulation of water carriers thus rounded out and made national in scope, to provide a plan and means to effect coordination in the regulation of carriers subject to the Maritime Commission and the Interstate Commerce Commission where there is competition between such carriers.

This recognizes that common carriers on inland waters should be within Federal regulation. There is a disagreement as to who should do the regulating but not as to the fact there should be regulation. That bill proposes a sort of joint regulation, partly by the I. C. C. and partly by the Maritime Commission, with another intervening commission to iron out differences between those two.

The important fact is that here is the judgment of the Merchant Marine and Fisheries Committee that common carriers on the inland waterways of the United States should be within Federal regulation.

The plan of regulation proposed in our bill has three main principles logically written out on that basis.

The first is that the Interstate Commerce Commission, as a regulatory body, should have jurisdiction of all common carriers by water of the class within the realm of interstate commerce. In the second place, that the Interstate Commerce Commission should have control of the minimum rates of contract carriers in order to protect just competition between them and between common carriers affected by their services. In the third place, certain exemptions are provided. These exemptions are based upon the theory that the contract carrier exempted can carry the specified classes of traffic so much cheaper than land transportation that there is no substantial competition. Those exemptions relate to bulk cargoes as defined in the bill, the bulk carriers on the Great Lakes, and liquid carriers. Then the Commission is given a discretionary power to grant further exemptions where the facts show there is no substantial competition. Then, of course, there are certain exemptions of small craft that do not materially affect the main scheme of regulation.

As a basis for the exemptions provided in this bill, I would like to read, briefly, from a statement of Mr. Eastman, who is recognized as a great transportation authority. Speaking in reference to the proposed water-transportation bill of 1935, he said:

> We endeavor in this bill (Water Carrier Act, 1935) to give the Commission wide latitude in exempting those other forms of carrier from the regulation which is proposed, where it appears that the public interest does not require that regulation.
>
> I think I could undertake to say now that there is no need for regulation of certain types of these contract or private carriers. I think I would put first in that category the tankers that carry oil. That is a special form of traffic. I think I would be inclined to put in that category colliers that carry coal between certain points on the coast. I think I would be inclined to place in that category the contract and private carriers which operate on the Great Lakes, because the transportation which they perform is so cheap and the distances are so great that they are not really competitive with the railroads or with the common carriers on the Great Lakes which largely confine themselves to package business. And it may be that before the committee gets through with the consideration of this subject it would feel that certain of those classes of operation should be exempted in the bill. I did not feel it was wise to attempt to pick them out in advance, but that the Commission should be given broad authority in the bill to release from particular forms of regulation the contract or private carriers where it is shown to the Commission that there is no need in the public interest for that form of regulation.

So you will observe that this bill conforms pretty faithfully to those recommendations.

Here we have a competitive situation, a very important and to a large extent a new situation in our transportation system. Competition has always been a vital factor in our transportation but it has greatly changed in character. About 100 years ago it started in when the railroads were first put in operation. The Erie Canal had been built at a great expense by the State of New York and that State passed a law to prohibit the carriage of any property on a railroad in competition with the canal, except the baggage of passengers. A law was passed in 1848 requiring that a railroad that ran parallel with the canal had to pay tolls on the freight carried, the same as if it used the canal.

Later the rails became stronger, and they then turned on the canals and attempted to destroy water transportation on the canals. There were two methods of doing it. One was to try to control the boats and the other was to put rates so low that it destroyed water competition.

In the late sixties this war between the canals and the rails largely disappeared from the picture. In the sixties cattle were carried from Buffalo to New York for $1 a car, in the face of rail competition. Later cattle were carried from Chicago to Pittsburgh free of cost. They carried cattle for nothing rather than let the competitors get the business. In the eighties passengers traveled from New York to Chicago for $1. That was destructive competition. The shipper or the traveler got the benefit of it, but could anybody in the world endorse that as a system of transportation that would work out for the benefit of the country?

This is, I think, a safe conclusion from the history of competition. If we leave it to the carriers, one, in effect would destroy the other if it can. The disposition of men keen and aggressive in business is to outdo their competitors. That is a natural tendency. There is no use quarreling about it. It does not involve any question of personality and to try to drag an issue like that into a serious situation like this is trifling with the question. Generally ship owners and rail owners are of the same clay. Human nature I have found in every crust of society is about the same; when selfish interest is involved it asserts itself about the same. So when we legislate, we must legislate with that in view.

What is the present status from a competitive standpoint of the railroads? In the first place, we are confronted with these facts. There has been a rail traffic decline of about $1,000,000,000 a year, due to the depression. I am speaking in round figures, and it is manifest that nobody could state that they are exactly correct, but I believe they fairly reflect the situation. In the second place competition, largely of a new type, including water, motor vehicles, air, and pipe lines, have taken from the railroads transportation of approximately $1,000,000,000 a year. Competitive conditions have forced a reduction of many of the competitive rates, which have been reflected in the general average of rates, and in transportation income. That is, for a number of years, partly under the pressure of rail competition, we have this reduction in rates with a reduction in net income.

Since 1920 the railroad lines have introduced economies which are claimed to have reduced operating expenses over $1,000,000,000 a year, and yet the roads from an income basis, are poorer than when the economies were introduced. In the fourth place the increased cost of labor and material, taxes, and a forced reduction in the rates, have enforced losses that more than equal the economies introduced.

I also call attention to something of the economic picture as to the rails. Railroads, for instance, under normal conditions, spend nearly a billion dollars a year for materials and supplies. They take, under normal conditions, 16 percent of the total timber cut of the United States, 17 percent of the steel and iron, and spend $294,000,000 a year for fuel. They take forest products worth $104,000,000, iron and steel worth $359,000,000, and miscellaneous supplies that amount to $207,000,000.

Turning to the ships, what has been the situation? Two years ago, I believe it was, I was one of a delegation that

went down to see Mr. Kennedy, who was then head of the Maritime Commission. We were discussing this intercoastal shipping situation. Mr. Kennedy stated in substance that at that time a typical combination passenger and cargo ship going from the east to west coast and returning fully loaded would return "in the red." I had occasion a few years ago to check up to our intercoastal business by ships and I found it was substantially true, that on the whole those ships were making nothing. They were spending several hundred million dollars a year for labor, material, and supplies, and it was passing through their hands without leaving anything for them. To a large extent it was a duplication of what we have had in the railroad industry in recent years.

Looking at the situation generally, competition has greatly changed in the last 20 years. Twenty years ago the highways were simply feeders for the railroads and ships. Today the highways are very substantial competitors with the railroads and to a degree with the ships. Motor vehicles are now being paid for public transportation about $900,000,000 a year. Twenty years ago it amounted to little by comparison. In the last 20 years the Panama Canal has developed as an important factor. The Canal was completed after the war in Europe started, and it was not an important factor in transportation until after the war.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LEA. Mr. Chairman, I yield myself 5 additional minutes.

Intercoastal shipping today serves the east and west coasts, and 65,000,000 people live near those coasts and have the service of that water transportation if desired.

In the meantime we have developed pipe lines that are being paid $200,000,000 a year for the transportation of oil. In that competitive situation which has become intense, an important problem in the regulation of transportation is due to that competitive situation. What we need is an umpire, a judge to be just and fair to each. We do not need an arbitration board. We do not need an advocate of one sort of transportation against the other. We need an umpire to see that that contest is conducted in a fair way. That is what we have tried to provide in this bill.

We hear the question of the subsidies discussed. We have a subsidy, we might call it a subsidy, for our highways. Our highway has been sustained very largely at public expense. Each man cannot build his own road. We all join together and build highways to serve the most remote sections of the country and the social and all the other needs of the population. That is, in a sense, a subsidy. It is noncommercial traffic largely. Of course, we have all been in favor of those highways.

Water transportation has also been subsidized. We have spent hundreds of millions of dollars to establish highways on the watercourses of the United States. There is some difference between the waterways and the highways. The waterways today have become purely commercial enterprises, competing with private transportation.

The Government provides the depth and width of the stream and also the maintenance. Suppose a storm comes, and a sand bar appears in the river, the owner of a vessel operated on the river for private profit, calls up Uncle Sam by telephone and says, "We have a sand bar in this river. Come down and remove it." Uncle Sam comes down at his expense and removes that bar for the benefit of private operators on the river.

Suppose a flood comes and it may damage a stream. It may cost a railroad company several million dollars possibly to restore the damage. In that case does the railroad, engaged in private transportation, call up the United States Army Engineers and ask them to come down and rebuild the railroad? Certainly not. The railroad must dig down into its own resources and repair its tracks.

Now, it is urged here that notwithstanding the fact that we contribute great sums of money to maintain these highways on our streams, they cannot submit to that regulation to which all other carriers are subject.

I have supported, as far as I can recall, every bill reported from the Rivers and Harbors Committee, every bill from the Committee on Merchant Marine and Fisheries; but now we are told that notwithstanding the fact that the Government provides the stream and provides for the maintenance of that stream, these water carriers are unable to submit to the same regulation as other private carriers. How can we justify that situation?

Here is a bridge constructed by a railroad company, according to the designs required by the War Department. Finally the War Department comes along and says, "Remove that bridge. It is no longer suitable." The railroad company must rebuild that bridge. It may cost it $500,000 or $1,000,000, but they have to pay it out of their own pockets. For what purpose? To accommodate the water transportation that moves up the river—its competitor. It must pay every cent of that, whether it gets one dime of benefit from it or not.

Some people talk as though we have a right to disregard the rights of every railroad. If a railroad wants anything, what is the use paying any attention to that? If we have several hundred thousand investors in railroad securities, what is the use paying any attention to them? I believe that a very important thing for the future of this country right now and for the years to come is for the people of the United States to have an honest appreciation of the man who invests his money in the productive enterprises of this country and who thereby becomes an employer of labor.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LEA. Mr. Chairman, I yield myself 3 additional minutes.

Now, what is the situation about this subsidization? What is the transportation problem of the United States? How are we going to avoid Government ownership? Government ownership is just a form of subsidization. It does not help solve our problem. It lifts the burden from one place and places it more firmly upon the backs of the taxpayers of the United States. Do we not all recognize it is very difficult for a private industry to compete with a Government-financed industry that has no capital account to contend with? That is what we have in this present situation. I am not complaining about that, but I do say that these transportation agencies by water, that have been so helped by the Federal Government, ought not come here and object to submitting to that form of regulation, just and fair, that the Federal Government gives to the other transportation agencies of the country with which they compete.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield for a question?

Mr. LEA. I have promised to yield to two gentlemen ahead of you.

Mr. AUGUST H. ANDRESEN. Just for a suggestion: Most of us desire to get information on this bill. We have enjoyed the gentleman's statement very much, but I would like to have some information.

Mr. LEA. I stated in the beginning that further on our committee will try to serve that very purpose.

Now, I want to refer for a moment to the Ramspeck resolution. That is embodied in this bill. It directs the Interstate Commerce Commission to make an investigation of certain freight differentials, and then to make the orders that are necessary to remove the unlawfulness of rates found to be unlawful. It further provides, in the provisions prohibiting discriminations, the protection of territories and districts. In my judgment that resolution is directed at what is one of the most important situations in rate structure. It points to a place in our rate structure where the greatest opportunity to help our transportation system on an economic basis lies. The correction of that condition would serve the interests of shippers and carriers alike.

Mr. Chairman, I yield myself 2 additional minutes.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. O'CONNOR. Page 163 of the bill as it passed the Senate contains the following language under the subject of the unification of railroads:

The Commission is authorized to approve under certain conditions the unification of railroads.

I notice on page 208 of the House bill——

Mr. LEA. May I reply to that? The House bill provides for voluntary consolidation of railroads. In the case of ships and motors, it provides that consolidation may be made without a hearing, but in the case of railroads it must be after a hearing.

Mr. O'CONNOR. If the gentleman will pardon me, the language states that if the Commission finds certain things it shall do thus and so. In the present law the word "may" is used. In other words, the pending bill makes it mandatory upon the Commission instead of permissive.

Mr. LEA. But it is discretionary with them as to what they find based upon the facts.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. BROOKS. How do the provisions in reference to consolidation in the pending bill compare with the like provisions of existing law?

Mr. LEA. There is this difference: Under the present law it is the duty of the Interstate Commerce Commission to lay down the plan and submit it to the railroads. The pending bill would allow the railroads themselves to propose plans subject to approval, disapproval, or conditioned approval by the Interstate Commerce Commission when the Commission finds it in the public interest; and proper provision is made for employees.

[Here the gavel fell.]

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. LEA. I cannot yield; my time has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The gentleman from Minnesota makes the point of order that a quorum is not present. The Chair will count.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I will reserve the point of order for a moment to ask the chairman of the committee a question.

The CHAIRMAN. That cannot be done on a reservation of a point of no quorum.

Mr. AUGUST H. ANDRESEN. I believe that would be discretionary with the Chair.

The CHAIRMAN. The time for general debate is under the control of the chairman and ranking minority members of the committee. The gentleman from Minnesota may ask a question if time is yielded to him, but the Chair thinks it is not proper to do so under a point of order.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I withdraw the point of order.

Mr. LEA. Mr. Chairman, I yield myself 1 minute.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. AUGUST H. ANDRESEN. I may say to the gentleman from California that most of us on the floor are here for information. This is a big bill, filled with many technicalities. Most of us want to find out what is in the bill and the purpose of the bill. We have so far had a very fine explanation of some of the difficulties that confronted the railroads, but I think we are entitled to have information as to the contents of the bill itself and what it is proposed to do with the legislation, so that the Members may vote intelligently for or against the bill when it comes up for final action.

Mr. LEA. I think the committee is doing just that. The committee desires to do that.

The remarks I made I thought were a proper preface and preliminary introduction to the subject, which will be followed up by other members of the committee. Certainly the committee does not want to shirk its responsibility in any way.

Mr. AUGUST H. ANDRESEN. We just got the committee report this morning, yet the committee spent 10 weeks on the bill.

Mr. LEA. If between now and Monday the gentleman will study that report, I think he will find it instructive.

[Here the gavel fell.]

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. LEA. I am sorry, my time has expired.

FAIR REGULATION OF WATER CARRIERS

Under the privilege of extension I insert a reference to sections in the bill which seek to assure fair regulation of water carriers; also memorandum as to regulatory powers over domestic water transportation:

In the declaration of policy (p. 198), which the Interstate Commerce Commission must observe in the administration of the Interstate Commerce Act in the regulation of carriers by railroad, by motor vehicle, and by water, the following language appears:

"It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each."

In section 307 (f) (p. 260) there is found the rule of rate making similar to the rule provided in the case of railroads and motor carriers, which requires the Commission to give consideration among other factors—

"to the need, in the public interest, of adequate and efficient water transportation service at the lowest cost consistent with the furnishing of such service."

In section 307 (d) (p. 259, lines 5–9, inclusive) the following provision appears:

"In the case of a through route, where one of the carriers is a common carrier by water, the Commission may prescribe such reasonable differentials, if any, as it may find to be justified between all-rail rates and the joint rates in connection with such common carrier by water."

In section 305 (c) (p. 253, lines 1–3, inclusive) there is a proviso to the effect that in any application to water carriers of prohibitions against granting undue or unreasonable preferences or advantages such provisions shall not be construed to apply to discriminations, prejudice, or disadvantage to the traffic of any other carrier of whatever description.

REGULATORY POWER OVER WATER CARRIERS

JULY 21, 1939.

Memorandum

1. Interstate Commerce Commission has complete authority over common carriers by water owned, operated, or controlled by a common carrier by railroad.

2. Commission has authority to prescribe interstate through routes and maximum joint rates over railroads and common carriers by water, through the Panama Canal or elsewhere. (Sec. 6 (13) (b) of pt. I of the present act.) Such joint rates are under the Commission's jurisdiction when established.

3. Commission has no authority to establish any route or rate for transportation wholly by water (sec. 15 (3)) except as stated in (1) above; that is, it has no power over port-to-port rates by water.

4. It is unlawful for any railroad to own, lease, operate, or control any common carrier by water operating through the Panama Canal or elsewhere with which the railroad may or does compete for traffic.

Commission decides question of fact as to competition or possibility of such competition. It may grant authority to a railroad to continue to operate such water carriers which the railroad owned prior to July 1, 1914, or to install new service not in conflict with this law, where such service is not via the Panama Canal. In every case of such extension the water carrier is subject in all respects to regulation by the Commission. (Sec. 5 (19) to 21, the Panama Canal Act amendments.)

5. The United States Maritime Commission has authority over common and contract intercoastal water carriers via the Panama Canal as to both maximum and minimum rates.

6. The Maritime Commission has authority over coastwise common carriers on regular routes as to maximum and minimum rates by water.

7. The Maritime Commission has authority over common carriers on the Great Lakes on regular routes but only as to maximum rates by water.

8. The Maritime Commission has no authority as to certificates of public convenience and necessity or over permits to operate.

9. Carriers on inland waters (except the Great Lakes, as noted) are not subject to regulation except as to their joint rates with railroads.

Under the Dennison Act any common carrier by water operating or about to operate upon the Warrior, Mississippi, Columbia, Snake, Sacramento, San Joaquin, or Savannah Rivers, or their tributaries, may apply to the Interstate Commerce Commission and obtain a certificate of public convenience and necessity. The Commission then directs all connecting common carriers to join with such water carrier in through routes and joint rates, and prescribes reasonable minimum differentials between all-rail rates and the joint rail-water rates. (Sec. 3 (e) of the Dennison Act.)

The substitute bill repeals this provision (sec. 26, p. 238). Certificates already granted and joint rates already established would continue in effect. Inland Waterways Corporation and Mississippi Valley Barge Lines now have certificates and would not have to reapply.

The substitute bill gives the Commission power to fix reasonable differentials as aforesaid where justified (sec. 307 (d), p. 259, lines 4–9).

S. 2009 provides the Commission may, and shall when necessary in the public interest, fix the minimum differential which should apply where one of the carriers in a through route and joint rate is a water line. Otherwise the provisions as to through routes and joint rail-water rates are substantially the same as the substitute bill.

Mr. CULKIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eleven Members are present, a quorum.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, let me say at the outset that with the exception of part III of this bill, I think the measure is an excellent undertaking, especially the provisions relating to the railways, the extension of help to the railways from the R. F. C., and other provisions. These I think are valuable. It is not my purpose to discuss them at this time. I desire to confine my remarks to a discussion of part III which relates entirely to the regulation of water-borne commerce.

I listened with interest to some of the addresses made on the rule, and I think it incumbent upon me at this particular moment to be candid. In the interest of candor and not as criticism, much less abuse, I cannot avoid expressing the opinion that part III for the regulation of water-borne commerce would not be presented to the Congress were it not requested in the first instance, and constantly, and persistently by the railroads. As I intimated a moment ago, I do not offer this opinion in criticism but as a statement of fact which I believe every member of the committee realizes. I have yet to identify any public organization of shippers, or producers, or of those engaged in water-borne commerce, any organizations of businessmen or of employees outside of the railway field that have requested the Congress of the United States to regulate water-borne commerce. It is a fact that there is no public demand for it.

The record of the hearings and the correspondence of Members will demonstrate, I am sure, the accuracy of that statement. That does not mean, of course, that the legislation is not entitled to very careful consideration. That is the kind of consideration I hope and pray will be given to it by the Committee of the Whole and by the House.

Let me, if I can, paint a picture of the inland water transportation as I see it. The traffic is divided generally into three classes. There is, first, the private carrier. He is the man or company that carries his own goods in his own vessel. He owns the vessel, loads his own freight in it and carries it to the destination desired by him at his own expense. He performs no public service, nor does he hold himself out to perform a public service.

Obviously he is not regulated by part III. Indeed, I doubt very much if the Congress has the power to regulate a private carrier, be he operating on the highways or on the waterways. The private carrier today carries something in excess of 50 percent of the tonnage on our rivers. Great tows of barges are made up, for example, on the upper Monongahela and go down the Ohio to reach ports on the Ohio and Mississippi clear down to New Orleans. Many of them are loaded with fabricated steel and other very heavy articles of freight. They are owned to a great extent by large corporations. I make no criticism of that, because doubtless the operation is justifiable from an economic standpoint and probably contributes to a cheaper product at the other end of the line.

The second category is the contract carrier. He is the man or company that owns a barge and carries goods for other people on contract. He may carry great bulky cargoes or he may carry any sort of package freight or other articles. Of all the tonnage on the inland waterways, as I understand it, the contract carrier moves about 40 percent.

The third category is the common carrier. He offers a service to the general public at published rates, doing his best to conform with scheduled operations. He carries about 10 percent.

Part 3 seeks to regulate both the contract and the common carrier. I would like to emphasize the function performed by the contract carrier, who already carries 40 percent of this traffic. In a very true sense he corresponds to the tramp steamer on the ocean. As doubtless you all know, the tramp steamer wanders around the world, plowing slowly through the seas, picking up cargoes wherever they may be found, and carrying them on contract from port to port. He is the regulator of the rates for high-sea commerce. Automatically the tramp steamer prevents the great established through lines of steamers from overcharging the public so far as freight rates are concerned. Should the big conference lines, so-called, in reaching an agreement among themselves as to what they will charge for carrying freight upon the high seas put the price too high, the old tramp drops into port and picks up the business at a lower rate.

Mr. MANSFIELD. And foreign ships under foreign flags will do the same.

Mr. WADSWORTH. The tramp goes all over the world, I may say to the gentleman from Texas, and he flies all the flags.

In a very true sense I think the contract carrier on the inland waterways performs exactly the same service. If the common carrier on the inland waterway charges too high a price for carrying goods, the contract carrier steps in and says to the shipper, "I can carry those goods at a cheaper rate. I will send a tow of barges over to you and carry that stuff for you to the port of destination under contract." He regulates automatically the rates on the rivers. In other words, the rates on the rivers today are regulated by competition, and it is free competition.

Mr. KNUTSON. Is that the case on the Mississippi River?

Mr. WADSWORTH. Yes.

Mr. KNUTSON. Not above St. Louis, I will say to the gentleman.

Mr. WADSWORTH. All the testimony we had before the committee was to the effect that the rates on the river systems generally are regulated by competition among the carriers themselves.

Now, we come to this bill which confessedly is designed to prevent for the future free competition on the rivers. It is designed to freeze rates, both for common carriers and contract carriers. For example, we will take a contract carrier who, in my judgment, holds the key to this whole situation. The bill provides that if he is to remain in business he must get a permit from the Interstate Commerce Commission to do so. There is where the paternalism starts—paternalism starting on the Father of Waters that up to this moment has flown unvexed to the sea. Having secured his permit and desiring to go into business, he files with the Interstate Commerce Commission his contract and his rates. The rates to be charged are made public. If that rate is low, any competitor—rail, motor, or water—may appear before the Interstate Commerce Commission and protest that it is a destructive rate. The Interstate Commerce Commission may suspend that rate for 6 months. The overwhelming majority of contract carriers are little fellows. They must then appear by attorney and with experts before the Interstate Commerce Commission and defend their contract rate against the galaxy of attorneys from the railways.

Finally a minimum rate may be fixed by the Commission and below that rate he cannot charge. He may make application that his minimum rate be lowered but the instant he does so, he is confronted with the attorneys of his competitors and if he is a little man, and most of them are, he simply will not try it. He cannot afford the expense of the litigation.

The thing I dread most in this bill is that by this paternalistic system finally to be established upon what hitherto has been a free waterway, free to any citizen to conduct commerce, the little man will be driven out of business. Take again this case of the contract carrier. Suppose he is on

the point of making a contract which will last a year with some big shipper to carry this freight, but he is held up by hearing in the Interstate Commerce Commission for 6 months or more.

What will the shipper do? The shipper cannot wait. The shipper will be tempted to build his own barge and become a private carrier himself, and thus be freed from the inconvenience growing out of regulation by the Interstate Commerce Commission. Already more than 50 percent of the tonnage is carried by private carriers. In my humble judgment, this bill is sure further to concentrate commerce on the inland waterways in the hands of the great and the powerful; it cannot operate in any other way. We cannot surround these little people with these restrictions, these impositions, and these requirements and expect them to hold their own against their large and powerful competitors. If we leave them alone as they are today they can live, and they are living. There is no demand from the inland waterways business for this regulation. It is regulating itself. There is no demand from the public, there is no protest from the public, there is no scandal, there is not even a nuisance; but we seem captivated by these paternalistic ideas that it is the duty always of government to regulate and regulate and go on regulating, until it seems to me sometimes that regulation is itself the objective rather than merely the good of the public.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Indiana.

Mr. HALLECK. Do I correctly understand from that statement that the position of the gentleman is that he is against the extension of regulation insofar as the water carriers are affected?

Mr. WADSWORTH. I said that again and again, and said it in the minority report.

Mr. HALLECK. Is that based upon the gentleman's general belief and views that such regulation is not in the public interest, generally speaking?

Mr. WADSWORTH. It is. That is my only reason for speaking here. I may be mistaken in my conclusions, but I believe this is not in the public interest.

Mr. WOLVERTON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from New Jersey.

Mr. WOLVERTON of New Jersey. Is it the same reason that prompted the gentleman to oppose the regulation of trucks when that legislation was before the House in 1935?

Mr. WADSWORTH. It is.

Mr. WOLVERTON of New Jersey. So that would mean that the gentleman is opposed to any form of regulation of transportation?

Mr. WADSWORTH. No; that is a pretty wide assumption, may I say to the gentleman from New Jersey.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Arkansas.

Mr. TERRY. Does the gentleman feel that the users of the waterways of the country, whether private or common carriers, should pay some toll for the use of the waterways?

Mr. WADSWORTH. No; I believe that is entirely contrary to our tradition. I have always visualized our great rivers as belonging to all the people, free for their use without restraint, except, of course, in the interest of safety.

Mr. TERRY. Of course, the gentleman realizes that the Government pays out large sums of money to keep up the channels of the rivers?

Mr. WADSWORTH. Certainly; and I believe that is a sound public policy, where, of course, the money is expended on rivers where the traffic will eventually justify the expenditure. I do not believe we should abandon that policy. I would support appropriations for the improvement of a river whose traffic possibilities were good just as quickly as I would support appropriations for the deepening of New York Harbor. I make no distinction between them. Certainly no one would ever suggest that the ships coming into New York Harbor should pay toll.

Mr. TERRY. Of course, the deepening of New York Harbor is for the benefit of all forms of transportation within the country.

Mr. WADSWORTH. Certainly; and I put the improvement of inland waterways in the same category.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Alabama.

Mr. PATRICK. Does the gentleman not agree that there was ample evidence before the committee to convince him that increasing numbers of barge lines and other methods of water transportation would come in and compete for the business, with the result that no one would make any profits, that in many cases they could not pay the men who worked for them, and that under such a situation the system would break down?

Mr. WADSWORTH. I did not gather the impression from the testimony that the inland waterway transportation business was bound for the bow-wows; no. There was evidence that some of them were losing money, but for Heaven's sake, are we going to legislate here so that everybody shall make money?

Mr. PATRICK. Is there any way that situation can be remedied except by regulation?

Mr. WADSWORTH. Only by regulation upward, and I am against that.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Texas.

Mr. SOUTH. Is it not a fact that the leading European nations have gone much further than we have even thought about going in the matter of developing water transportation? Does the gentleman know whether or not that is true?

Mr. WADSWORTH. I am not thoroughly informed on that subject, I may say to the gentleman.

Mr. SOUTH. If the gentleman will permit, I should like to say that that is the case, and that instead of curbing further development they are constantly increasing it. May I ask the gentleman if he does not believe that the adoption of this provision will result in curbing the further development of our waterways?

Mr. WADSWORTH. Let me say in reply to the gentleman from Texas that I am not so concerned with the prophecies that the passage of this legislation will result in material increase in rates as I am that it will result in the hopeless retardation of the future development of water transportation. As I tried to say a little while ago, no longer will the little man go into that business. He is crowded out by these regulations. He cannot stand them. The traffic will fall into the hands of a few, and every time the little man tries to get into the business and obtain a certificate of convenience and necessity as a common carrier the powerful operators will combat his application, and he will find himself in the presence of the best legal talent his competitor can employ.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield the gentleman from New York 5 additional minutes.

Mr. WADSWORTH. Then I would like to proceed with my statement.

During the past decade there has been a very substantial development in inland waterway transportation. This is the very purpose Congress has sought to achieve in the various programs of improvement of waterways which have been voted from time to time by this and preceding Congresses. Should this bill become a law there will be no new carriers for the simple reason that the restrictions of the legislation practically instruct the Commission to deny such persons certificates or permits if the Commission shall be of opinion that there are in existence sufficient transportation facilities to take care of the existing commerce. In other words, the rivers will no longer be free; only those may use them for commerce whom the Commission says may use them. This is a complete reversal of a traditional American policy. Think of it! Our rivers no longer free to

our own people who own them. Only those with a permit may sail them.

When any person shows up with an application before the Interstate Commerce Commission, the railroads will pounce upon it, protest it, ask for hearings and litigate it to the limit, and how can a small operator afford to undertake such a hazardous operation or procedure? Small operators cannot stand the burden and the strain of the litigation; and at the same time, to the extent it increases the cost of water transportation to the myriad of small concerns in the country, it increases the advantage of the large industrial organizations already owning and operating their own fleets. They, as private carriers, will be the beneficiaries of this legislation.

This explains in large measure, I think, the attitude of the Secretary of War and the attitude of the Secretary of Agriculture.

The American public wants our water transportation to be developed as a national system. It desires that such transportation be made available by joint through rates. It is true that the bill provides that through rates shall be established between railroads and waterways, but the restrictions imposed upon the waterways would make it unattractive to them, and I would like to call attention, if I have the time, to a provision of this bill which completely revolutionizes the waterways traffic.

It is provided here that if the owner of a barge or of a vessel charters that barge or vessel to another carrier, he, the owner, is still subject to this Transportation Act and all its regulations. Of course, that is not true with respect to a railway. A railway can lend its engines or its cars to another railroad and there is no responsibility thereafter for the operation of those cars or engines, but under this act, and it is rather cleverly put in, the charterer is subject to this act as engaging in transportation.

Mind you, this chartering is done in thousands of cases on the waterways and in coastal traffic. This bill proposes to upset it.

Let me illustrate what it does. A well-known, independent lumber dealer of the East came to me the other day and called my attention to the effect this would have upon the lumber industry. He said:

> We get large supplies from the Pacific Northwest. We do not own any steamers. We have to send out to the Northwest and when we purchase or contract to purchase a cargo of lumber, we charter a vessel from an owner out there, and under a contract with him, we bring it around through the Canal and up the Hudson River to Poughkeepsie, N. Y.

Under this bill the owner of that vessel is subject to the Transportation Act. What will happen? He will not charter it. How can you expect him to be responsible for compliance with this law when he charters his vessel to another? Under such conditions he will not charter his vessel to another. Today this chartering goes on all the time, not only in the intercoastal but the coastal and inland waterway business. It is an element of that flexibility which distinguishes commerce by water, and yet this bill would throttle it.

In addition let me call your attention to another thing in this bill. In the water commerce of today it is the general custom for vessels to perform both common-carrier and contract-carrier service. The owner may fill his vessel partly with a bulk cargo carried by contract and devote the rest of the vessel to the carriage of miscellaneous articles at rates published to the public. That this is a sound commercial practice cannot be denied. Moreover, it is another example of the flexibility of water-borne commerce so valuable to the public. And yet this bill forbids the practice for it provides that no operator can be a common carrier and contract carrier at the same time. Gentlemen, we would better explore this thing pretty thoroughly before we jump.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, the question has already been asked as to whether or not I expect in the few minutes allotted to me to make a detailed explanation of this bill. I would like to suggest to every one of you, and through you to every Member of the House, that the report filed with this bill is about the best report I ever saw on any bill. It explains the details of the bill very, very carefully. Any Member reading that report can get a better idea of the details of the bill and what it attempts to do than could be obtained from any speech any Member could listen to made by anyone from the floor of this House. What I would rather do is to attempt to answer some of the questions that have been suggested to me by Members of the House during the time this bill has been under consideration.

Let me suggest, first, that the subcommittee of seven which considered the bill covers all sections of this country. The membership of 25 of the Interstate Commerce Committee covers all of the sections of the country and all of the interests of the country. That committee, as I understand it, stands 23 to 2 in favor of this bill. I have not been on that committee very long, but I think those of you who have been here longer than I, have confidence in that committee, and, to my mind, that is about the best recommendation for the bill that we could have.

When we started the consideration of this bill many of us understood there was an emergency transportation problem which peculiarly affected the railroads. We understood that the Government was to intercede in some manner calculated to improve the condition of the railroads to meet the critical emergency situation then existing. When the committee got into the consideration of the proposals, however, it concluded that the things that might be done to effect immediate assistance were rather limited. It was deemed advisable to bring about stabilization and coordination of our whole transportation system and unification and equalization of regulation to the end that the country—our people and the interests of all of our people—as well as all of our systems of transportation would be benefited and assisted on the long pull. That is what we tried to do in this bill, and I believe that we have done a good job of it.

The committee held exhaustive hearings. We did not listen only to the railroad people. We listened to everyone who chose to come before the committee to give us the benefit of his views.

Time and again the subcommittee issued committee prints of this bill. They were not broadcast generally, it is true, but those committee prints were submitted to representatives of water carriers and truck carriers and all other carriers and other interest generally, and their objections and suggestions were solicited. We got those objections and suggestions. We studied them. We called those representatives in and got their views personally. For what purpose? Not for the purpose of giving a sop to anybody, not for the purpose of soliciting support for this bill, but to the end that we could write a bill, and would write a bill, that would be in the best interests of the country.

Is there anything wrong with that procedure? Would you rather that your committee had had some brain truster downtown write a bill and bring it up here and rubber stamp it and bring it in to you to rubber stamp?

Someone suggested that this is not a modest approach in the matter of water transportation. If it is true that 18 percent of our commerce is water-borne, and 15 percent of it is exempted, is not that indicative of a modest approach in the matter of regulation?

It is said that we threw a sop to someone. Why were bulk carriers by water exempted? They were exempted because everyone recognizes that their carriage is so cheap that they are not in any substantial competition with any carrier. Why did we exempt the bulk carriers on the Great Lakes, and incidentally their exemption goes no further than the general exemption for all bulk carriers? Because we recognize that the Lake carriers carry traffic 70 percent of the mileage in many cases in joint operations with the railroads for 30 percent of the revenue. They are not in direct competition with the railroads. However, they are in direct competition with the Canadian carriers that have grown in importance to almost 50 percent of the traffic on the Great

Lakes—Canadian carriers, who by their own Canadian shipping act are exempted from regulation. Were not those things done in an effort to write a fair bill and bring a fair bill before you for action?

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I prefer not to at this time. We had a lot of trouble and controversy between the American Express Co., on the one hand, and the trucking people on the other over lines of abandoned railroads. There was in one committee print a provision that the truckers seriously objected to, and as a result you all got telegrams and letters. We called the people in and attempted to harmonize differences and work out a fair bill. That is the kind of a bill that you have here today. It is the sort of a bill that everybody in this House can vote for, and ought to vote for.

Our bill is mechanically different from the Senate bill, and in a word I would like to explain that to you. The Senate bill undertakes to codify the whole Interstate Commerce Act. We did not do that. Part I of the Interstate Commerce Act has to do with railroads and part II with motor vehicles. We amended those parts of the act in certain particulars and we added part III to regulate water carriers. We did that because we thought it would be a more simple, easy, and effective approach than to attempt complete codification. The bills in their fundamentals are very much alike.

The gentleman from New York [Mr. WADSWORTH], for whom I have the highest regard, by his argument convinces me that his real opposition to this bill stems from the fact that he is on principle opposed to the extension of regulations like this. Generally he says, "Who wants it?" Did you get a letter addressed to you from the Farm Bureau of the United States? I shall not take time to read it, but it quotes their executive committee as saying:

> The American Farm Bureau Federation recognizes that if the Nation is to avoid Government ownership and operation of railroads—

Against which they have declared—

> certain changes in present national policies providing for their regulation must be made. The provisions of the Transportation Act of 1939, as passed by a very substantial majority in the Senate, appears to be directed to this end, and, in general, seems to be in accord with the policy pronouncement of our organization.

Do they not represent shippers? I will take their advice as against that of Mr. Wallace, who writes us a letter, in one paragraph of which he says in effect that the transportation problem is just a part of our whole, general economic problem, and the way to solve it is to produce more. When, in heaven's name, did he develop that theory?

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I would prefer not to. When I get through, if I have time, I will be glad to yield.

Now, it is said this is a railroad bill. The proposals that were supposed to represent the ideas of the railroads were first submitted to the Congress by the so-called Committee of Six, appointed by the President of the United States, including three representatives of ownership or management and three representatives of labor. Would it interest you to know in connection with the assertion that this is a railroad bill just how many of the recommendations of the Committee of Six are in this House bill? There are just 4; 4 of 14.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I just refused to yield to another member of the committee.

Mr. SOUTH. You need not yield unless you want to.

Mr. HALLECK. After I conclude I will be glad to answer any questions.

They proposed a national transportation policy. We have that in the bill. They proposed certain changes having to do with the reconstruction of bridges and other facilities. We have that in the bill. They proposed that we abolish these so-called land-grant rates. That is in the bill. They proposed some changes in the consolidation plan. We have that in the bill. We have some of their recommendations as to the jurisdiction of the Interstate Commerce Commission and as to the R. F. C. loans, and a little as to reparations. But here are some things that they wanted which we did not put in the bill.

My good friends in the railroad industry, management and labor alike, tell me this is not the bill they would have written.

They wanted revision of the rate-making rule. We did not put that in. They wanted repeal of the long-and-short-haul clause. We did not put that in.

Incidentally, the water carriers have been fighting that ever since it has been in Congress. The railroads wanted extension of the power of the Commission over intrastate rates. We did not put that in.

They wanted a transportation board to make a lot of recommendations about transportation generally in the country. We did not put that in.

Now, listen to this: The railroads argued with a lot of force before our committee that because waterways are subsidized by Government construction the people using them should be charged tolls. They wanted us to put that in the bill. We did not put it in the bill.

In view of that, who can stand in his place and say that our committee is undertaking to destroy water-borne commerce?

They wanted a separate reorganization court. We did not put that in the bill.

Thus it will be seen that this bill adopts only 4 of the 14 recommendations of the Committee of Six, concerning which there is little controversy. It rejects totally half, or seven, and adopts in modified form three of them.

Now, ultimately the question here is, Shall we regulate or shall we not regulate?

I do not care particularly to go into the theory of regulation of public utilities. Originally we undertook regulation to destroy monopoly; to give the little fellow a chance, and to bring about revision of rates downward, in the interest of the consumer. Since that time we have seen much governmental regulation seeking to effect a revision of rates or prices upward. After all, that is what the farm program is—looking to the revision of prices or rates upward in the interest of an ailing industry.

Whenever we undertake regulation of a utility, the Government must give that utility that is regulated some return; so we give them a franchise to operate, which takes the form of a certificate of convenience and necessity. We fix their rates. We fix them by Government operation, by Government agency, which is charged with seeing to it that the rates are fair and reasonable.

I understand that in an early day in this country the railroads were supposed to be something of a monster type, that undertook to destroy the rights of the people and the powers of government, and to discriminate against and trample down people, sections, and communities. I did not live in that time, and I do not really know just how bad they were. But I do not believe that is a very good argument in this controversy, because I am convinced there is an overwhelming demand among the people of this country for some such action as is contemplated in this bill. Why? Because they do not want to see the owners of railroad stocks and railroad bonds, the rights of people working on the railroads, the rights of people in other systems of transportation, sold down the river. They do not want to see any of them penalized.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Yes; I yield.

Mr. WADSWORTH. Will the gentleman point out how this bill will help the railroads?

Mr. HALLECK. I suggested a number of recommendations of the Committee of Six that were included in the bill, that are of direct benefit to the railroads, and before I get through with this argument if I have time I shall point out to the gentleman and to all of the other Members of the Congress why this legislation in the long run will be of benefit to the railroads.

Mr. WADSWORTH. Part III?

Mr. HALLECK. Yes. Part III will be of benefit to the railroads and the water carriers themselves.

Now, some people believe in regulation and others do not, but I say to you that this country and our Government and our society is committed to a policy of regulation of utilities. Does anyone deny that? Then if we are committed to that policy, if that is our view as to the thing to be done, then how in heaven's name can it be said as a matter of fairness that one system of transportation shall be left free, outside of regulation, to carry on its operations, make any rates it wants, go any place it wants to, carry anything it wants to, against regulated carriers? I say that what is sauce for the goose is sauce for the gander. If we are committed to regulation, then let us have regulation.

Most people favor regulation of utilities. The strange thing to me is that the waterways are against regulation for themselves but for it for railroads. The minute you try to repeal the fourth section, the long-and-short-haul clause, to give the railroads a little relief from restrictive regulation, the water carriers are in here moving heaven and earth to defeat the relaxation of regulation. They want the railroads regulated right down to the raw, but they resent any move, even modest as proposed in this bill, looking to the regulation of water carriers. Is this fair? I believe the House is not going along with that proposition.

A great many of those opposed to this bill subscribe to the theory of regulation but they want the regulating done by some agency other than the Interstate Commerce Commission. I am against that, and I will tell you why: Regulation of competing agencies of transportation by different agencies of Government tends to develop competitive regulation. Here is what I mean. Suppose the intercoastal carriers going around through the Panama Canal are regulated by the Maritime Commission and the railroads by the Interstate Commerce Commission. The Maritime Commission becomes jealous of the rights of its people and cuts rates to try to get business. The Interstate Commerce Commission feels the same way about it for the railroads. As a result, it is a cut-throat rate proposition. That is the truth of the matter, Mr. Chairman. The representative of one of the greatest intercoastal carriers came into my office and said: "We cut the rate to try to get the business. The railroads cut the rate to try to hold it, and as a result we are all going broke."

I say that this unification of regulation is the very thing that will prevent these abuses.

Some say the Interstate Commerce Commission is rail-minded. I do not know whether they so argued when the Motor Vehicle Act was under consideration or not, but the people operating motor vehicles are not today complaining that the Interstate Commerce Commission is crucifying them in the interest of the railroads. Is not that the best test? Why argue a lot of fancies, a lot of imaginings, when the history and experience of the country establish the fact that regulation by the I. C. C. will be in the interest of the country and all systems regulated? I think there is another reason for the inclusion of water carriers under the Interstate Commerce Commission. I spoke a moment ago of the objections of the water carriers to the relaxation of any type of regulation. I would like to suggest to my good friend from New York who just preceded me [Mr. WADSWORTH] that in my view, if he thinks we have too much regulation and seeks relaxation of regulation, the way to accomplish it is to bring all these competing agencies under regulation, and then, if they think the burdens of regulation are too heavy, they can all join hands in bringing about a relaxation of regulation. Is not that good sense?

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 10 additional minutes to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, it is my firm belief that no general policy of relaxation can take place until all of the principal competing forms of transportation are under a similarity of regulation administered by the same Federal agency. As the situation now stands, should the railroads propose a general policy of relaxation affecting them, it would be assumed by all competitors that they were seeking and would probably gain an advantage. Opposition to the proposals of the railroads would be immediate, even though the competitor could not point out the exact manner in which the railroad proposal would affect its competitive relation.

One great value in the proposed legislation lies in the fact that it brings all competitors within the regulatory jurisdiction of the Interstate Commerce Commission. Thereafter, if each competing transport service feels that the weight of regulation is interfering with its best service capacity, it will naturally join hands with its fellow sufferers in an effort to secure such relaxation as may be needed by private management and yet fully protect the public interest.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield for a brief question.

Mr. DONDERO. Is any of the Canadian water-borne transportation under regulation; and, if not, why?

Mr. HALLECK. The Canadian Shipping Act of 1938 exempted the contract bulk carriers on the Lakes because of the peculiar competitive situation existing between Canadian and American carriers.

Some people have argued and have asked me in good faith if we were not coming in here to destroy the water carriers. Well, now, listen. This Government has spent millions and hundreds of millions of dollars to develop cheap economical transportation. No one would be so ridiculous as to seek to destroy this investment. The communities served by this transportation have a right to the continuation of this service. There is nothing in this bill which seeks to destroy that service. Rail transportation is the most valuable transportation because it is faster and more convenient. The water people will admit that. If a person had the same rate he would ship by rail rather than water. As a result the ceiling of rates is fixed by the railroads. The water carriers operate under that ceiling at a competitive point because their costs are less. This bill recognizes that differential and the reason supporting it. This bill provides for the continuation of that differential. I might refer you to the provisions of the bill but I do not want to take the time necessary to read them.

The declaration of policy demands of the I. C. C. that it administer this act to recognize and preserve the inherent advantages of each type of transportation.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. SOUTH. Can the gentleman explain to the House what that expression means?

Mr. HALLECK. I think it has a very definite meaning. To me it means a recognition of the rights of the country to cheap and economical transportation by water, that there are certain advantages inherent in that type of transportation and that these advantages shall be preserved to the people of this country. I think you cannot read anything else into it. If you turn to page 259 you will find that in connection with joint rail and water rates the specific word "differentials" is used in recognition of that fact.

On page 260, in reference to the making of minimum rates for water carriage, this is said:

> They shall pay attention to the need, in the public interest, of adequate and efficient water transportation service at the lowest cost consistent with the furnishing of such service.

Does that mean anything to you or are we to assume that the Interstate Commerce Commission is going to throw all of those mandates out the window? Why, of course, the rates on water transportation will still be beneath the ceiling of the rail rates. They will continue to carry on their business.

But here is the situation that has existed: With the inland and other waterways unregulated, with the minimum rates of the intercoastal lines unregulated until 1938, the water carriers cut freight rates to try to get the business. The railroads cut their rates to hold on to the business. As a result no one is making money. Why, water carriers

appeared before our committee and in answer to direct questions said they were not making money. They are not prosperous.

The statement is made, "Why, you are going to take these higher rates out of the hide of the consumers and the shippers." Is it in the public interest of this country and of all the people of our country that our great transportation systems shall operate at a loss? That is not the theory of our Government, and if we are to have regulation of public utilities, then it is incumbent upon us to give a fair field and no favors to everybody in the business.

Mr. PIERCE of Oregon. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Oregon.

Mr. PIERCE of Oregon. What is the object of this legislation? Is it not to raise more money for the railroads?

Mr. HALLECK. The object of this legislation is to coordinate and stabilize fundamentally all of the transportation systems of this country and to put them on a fair and equal basis and to preserve the inherent advantages of every type of transportation. You cannot read anything else in it in any line or at any place. This is a matter of equity and of fairness.

I know some people who have the advantage of water transportation where rail rates have been forced way down, who make the statement that this legislation may result in the raising of their rates. But there are people not so far removed from the district represented by the gentleman from Oregon who have no water transportation and who honestly and actually believe that they are making up the deficit of rail operations in other sections of the country, brought about by certain cutthroat water competition. This bill seeks to take out of our system cutthroat competition which is destructive of the interests of our people and of all carriers combined.

Mr. CULKIN. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from New York.

Mr. CULKIN. Can the gentleman point out one case in the history of our country where a waterway has hurt a railroad?

Mr. HALLECK. I just mentioned the intercoastal carriers a while ago. I never rode an intercoastal ship in my life. But when a representative of those interests tells me that in this cutthroat competition they have cut their rates down to where they are losing money, and the railroads followed, then I say somebody got hurt.

Mr. CULKIN. Does not the gentleman believe that people are entitled to lower rates for the transportation of freight?

Mr. HALLECK. I said a moment ago, and I want that made clear, I am for the cheapest possible rates that can be given for transportation, but I am not in favor of rates that do not adequately reflect a fair cost of the service and a fair profit for the people doing the job. I do not believe the gentleman does, either.

Mr. CULKIN. We carry grain across New York State by rail for one-quarter what it costs to carry it across the gentleman's State or across Montana. This is by reason of the existence of a waterway there. Does the gentleman believe that is immoral?

Mr. HALLECK. No; I do not believe it is immoral. But that is a bulk commodity, and it is exempted from the provisions of this act. That is the reason we wrote it in the bill. The gentleman understands that as well as I do. He knows I favored that provision and stood for it and I am still standing for it. I hope it stays in the bill. I am not seeking to gouge anybody, but I am saying that people in the transportation business ought to have a fair chance for their white alley, and that is all this bill is trying to give them.

Mr. JOHNS. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Wisconsin.

Mr. JOHNS. May I call the attention of the gentleman to the hearings, pages 1240 and 1241? The barge companies seem to have been making money and increased their freight rates. They do not seem to have lost anything.

Mr. HALLECK. Now, I yielded for a question only. I realize there were differences of opinion, but when you get to pinning them right down you will find ample corroboration for everything I have said.

I cannot lay my hand on the names right now, but several Mississippi barge lines are not opposing this legislation. Some have tried to leave the impression that all water carriers are against this bill, but that is not the situation. I undertake to say that the contract carriers of bulk commodities on the Lakes and on many of the rivers and in coastal and intercoastal service are not in opposition to this bill. They will not come to ask you to vote for it, but I am telling you that as this bill is written now they recognize it is a fair bill and one that could properly be enacted into law.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HALLECK. I have talked about the water sections of this bill. That is not all there is in this bill. We have made revisions in part I of the bill. We have provided a change in the organization, a division of the duties of the Interstate Commerce Commission to expedite its work. Early in the game there was a proposal that we increase the membership of the Interstate Commerce Commission by six members. We reached the conclusion that we could better expedite their work by making it possible for boards of examiners and single members to handle some business. But where we did that we were careful to protect the rights of the litigant, to give him an appeal as a matter of right from any such decision in order that he might have the benefit and the protection of the decision of the Commission itself.

Something has been said about the alleged freight rate differentials of the South. I sat through all those hearings and heard the claims of the people who came there. I submit on the record of the hearings that when we finally got through with them the most they asked was some extension of the antidiscrimination provisions of the Interstate Commerce Act to apply to regions and sections. We wrote that in the bill. In addition, they asked a direction to the Interstate Commerce Commission that the Commission inquire into the alleged discriminations with a view to correcting them if any existed. That is all the people who came there asked us for, and I submit it on the record of the hearings.

Mr. HARTER of New York. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from New York.

Mr. HARTER of New York. Do I correctly understand that the gentleman's sole argument for regulation under part III is for the possible leveling off of rates or increase in rates?

Mr. HALLECK. No; of course, that is not my sole argument. The gentleman has done me the honor to pay very close attention to what I had to say. If I did not get anything more than that across to him, I am afraid I have done a pretty poor job.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Kansas.

Mr. HOUSTON. I have always supported in the years I have been in Congress the so-called long-and-short-haul clause. It just seems to me that the factions that are opposing this bill today are the same factions that oppose the long-and-short-haul clause. I wish the gentleman would tell me how they can reconcile those positions.

Mr. HALLECK. Does the gentleman mean the repeal of the long-and-short-haul clause?

Mr. HOUSTON. Yes.

Mr. HALLECK. Of course, it has to do with the effort of competitors to prevent relaxation of regulation when they are unregulated. They assume that any relaxation of regulation must be to their detriment, so they come in and oppose it. They want the absolute maximum of regulation on the railroads, but they do not want regulation of themselves. The only way you can relax regulation is to get them all in, get them all under regulation, and then when that day

comes you will find a more concerted and equitable effort in the direction of relaxation of regulation. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, this question is so important and so far-reaching that it is impossible to discuss it in 15 minutes. I will try to remove some of the mists and clouds and fogs that have been unintentionally, I know, occasioned by the gentlemen who have been advocating the bill, and particularly in the closing remarks of the gentleman who has just spoken.

There has been repeated again and again the statement that the waterways oppose regulation. They are regulated to a very large extent. I am glad the gentleman has been educated since yesterday, because before the Committee on Rules yesterday he made the statement that transportation through the Panama Canal was not regulated. His attention was called then to the fact that by the bill reported out of the Committee on Merchant Marine and Fisheries in 1938, and in effect today, transportation through the Panama Canal, both as to common and contract carriers is subject to regulation by the Maritime Commission. Today hearings are being held by the Maritime Commission in practically every port in the United States for the purpose of determining questions with respect to the rates and other problems affecting transportation through the Panama Canal. The whole subject is under investigation.

Why so much talk about the Panama Canal? In 1936 seven principal western railroads carried 208,000,000 short tons of revenue freight and the common and contract intercoastal carriers carried but 7,500,000 short tons—7,500,000 as against 208,000,000. Admiral Land, Chairman of the Maritime Commission, points out that if this water traffic had moved by these western railroads it would have increased their tonnage by only 3.6 percent, and by reason of the low rates applicable to most of the commodities their revenues would be increased by an even smaller percentage.

I would also call attention to the fact that it is not the Panama Canal or the waterways that have reduced employment on the railroads. In 1920 there were 2,022,832 employees on the railroads, and this number had been reduced to 940,000 by 1938, a reduction of 53½ percent, while during the same period the number of ton-miles had dropped only 29 percent.

In other words, the greater proportionate reduction in the number of employees was caused by longer trains, larger locomotives, and improvements of that kind. The problems of the intercoastal carriers are mainly problems existing as between themselves, as Congress recognized in passing the Intercoastal Shipping Act, 1933, which gave the Commission a more extended jurisdiction over this class of carriers at that time than in the case of coastwise carriers.

The primary question before the people of the Nation today is not regulation of railroads or waterways, but securing the most reasonable transportation that may be given the people of the United States. The primary purpose of our legislation here should be that the legislation should be in the interest not of any particular form of transportation but in the interest of the people of the United States, in order that they may have the most reasonable transportation that can be afforded them, to the end that commerce may flow from one section of the country to the other. In the flow of commerce from one section of the country to the other and in the building up of stability in business and industry, all the problems that now confront the railroads will be dissipated and forgotten in a little while.

The regulation of the water carriers through the Panama Canal today is complete by the Maritime Commission. By the same act in 1938 regulation was given to the Maritime Commission over coastwise common carriers. However, a large part of the coastwise trade involves transshipment cargo; that is, cargo originating in or destined for foreign ports. If this is diverted or the cost increased, it will go to foreign-flag ships at the points of origin. As to inland common carriers, there is pending today before the Rules Committee—not so much because regulation is necessary as to meet the claim that regulation is needed—a bill for removal of certain language in existing legislation which will give regulation to the Maritime Commission over common carriers on inland waterways as well. That bill contains the further provision that there shall be a joint transportation board made up of two representatives of the Interstate Commerce Commission and two representatives of the Maritime Commission, with a third appointed by the President, to the end that there may be a fair and a just and an honest effort to meet the difficulties and to remove any injustice between railroad and common carriers on inland waters.

I submit that that measure would furnish a determination of disputed questions, not by a railroad-minded commission in the interest of the railroads, nor by a waterway commission in the interest of the waterways, but by another body consisting partly of both and a third, which would afford a method of reaching a fair and a just and an honest solution, if a solution is needed of particular difficulties in this great problem.

I wish to call the attention of those who are interested in waterways to the size of this bill. I would call their attention to the fact that 51 pages of this bill of 108 pages deal with waterways transportation, yet it is supposed to be a railroad bill. I would direct your attention to the fact that they say the term "water carrier" means a common carrier by water or a contract carrier by water, and then they go on to tell you what kind of vessel is going to be regulated. The term "vessel" means any water craft or other artificial contrivance of whatever description which is used or is capable of being or is intended to be used as a means of transportation by water. Well did the gentleman from New York [Mr. WADSWORTH] say that this bill would result in wiping out the small transportation companies and carriers. Well might he have called attention to the fact that the fishing vessel that goes over to a port and brings back coal or commerce of some kind to some place not supplied with railroad transportation is subject to the regulatory features of this bill on every kind and character of waterway.

Mr. Chairman, are we prepared to vote for a measure of this kind? That part of the bill should be studied by a committee familiar with this kind of legislation. What does this bill do? They have not told us, and in all reverence I say, God only knows what it does do to the waterways of the country. They say in here—subsection f on page 247—that nothing in this part shall be construed to affect any law of navigation, admiralty jurisdiction of the courts of the United States, liabilities of vessels and their owners for loss or damage, or laws respecting seamen, or any other statute of maritime law, regulation, or custom not in conflict with the provisions of this part. This language implies that something in this part may be in conflict with those laws. Do you know what is in here that may be in conflict with those laws?

I do not know, and the committee here cannot tell us, to what extent they will affect these people. It is utterly impossible to do that. Back in 1935 the great chairman of this committee, the gentleman from Texas [Mr. RAYBURN], realized that measures of this kind should come before the Merchant Marine Committee. On February 26, 1935, there was transferred on the floor of this House, by the consent of the Congress, from the Interstate and Foreign Commerce Committee to the Merchant Marine and Fisheries Committee of the House a bill similar to this part of this bill, and it was further provided that hereafter all bills relating to or affecting transportation by water carriers, regardless of the fact that they may amend an act originally considered by the Committee on Interstate and Foreign Commerce, should be referred to the Committee on Merchant Marine and Fisheries. Mr. RAYBURN made that request. And now, by a process of legislative legerdemain, or I might say by a process of legislative larceny, this bill is brought in in such a way that we cannot require that the part relating to water carriers shall go to the committee to which this House in 1935 said it should go—that is, to the Merchant

Marine and Fisheries Committee of the House. However, this House can accomplish that result by striking out waterway carriers and putting waterway carriers where they ought to be—in the committee that knows something about them. We insist that this course should be followed. We submit that the House, on the unanimous-consent request made by the present majority leader [Mr. RAYBURN], recognized in 1935 that questions pertaining to waterways should be referred to the committee having peculiar jurisdiction over such legislation.

The request of the gentleman from Texas [Mr. RAYBURN] was made upon the authority of the Committee on Interstate and Foreign Commerce which seeks to undo in 1939 what it did voluntarily in 1935. If you do not wish consideration by the Merchant Marine and Fisheries Committee of all of the matters in this bill, and I do not want them, and if you think the entire bill should be considered as a whole, then you will find pending before the Rules Committee a resolution providing that in the consideration of a bill such as this a special committee shall be formed to consist of two men from Interstate and Foreign Commerce, two men from Merchant Marine and Fisheries, two men from Rivers and Harbors, and three men from the Committee on Agriculture. I say without hesitancy that after 18 years' service on the Merchant Marine Committee it is impossible for me even now to say what is in the bill or its effect.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I cannot yield, as I have only 15 minutes.

Do you believe the Secretary of War would have made the vigorous protest he has; do you believe that the Secretary of Agriculture would have made the vigorous protest he has; and that these gentlemen would have registered their protests as they have or that the Maritime Commission would have protested if they had not believed they were acting in the interest of the people? Read their letters and you will admit, I believe, that they were protesting not in the interest of the waterways, not in the interest of railways, but in the interest of the people of this country who are entitled to transportation at the most reasonable rates they can get. We wish, Mr. Chairman, not to destroy, but to build. We wish to restore commerce and then we will lift this country above the depression that has caused the railroads so much trouble.

Well did Senator SHIPSTEAD say in the minority report that he filed on this bill that it will not help one man on the railroads, and it will only increase the distance between the caboose and the engine. On the other hand it will throw out of work many seamen of the country, longshoremen, and similar employees in the interest of what? Not of giving employment but in the interest of transferring commerce from the waterways to the railroads. Something was said about passengers through the Canal. The Canal has contributed to the transportation by the railroads. Look at the tourist travel. Look at the number of opportunities furnished and taken advantage of in the United States for tourists to pass through the Panama Canal one way and use the railroads the other way. I ask you, gentlemen, to study this bill. The gentleman from New York [Mr. WADSWORTH] has pointed out some of the defects. I have tried to show you how absolutely far reaching it is. With all of the red tape incident to regulation by the Interstate Commerce Commission and with all of the accounts that must be rendered, and all of the work that must be done in filing reports, the small carriers cannot survive. As to foreign commerce, I have been told today by the representative of a line engaged in foreign commerce that, after carefully studying the bill, he cannot say what effect it will have on the service of that line, and that his company has informed him that it must hold up its plans for construction of two ships until they know what the bill will do, what the relation of the Interstate Commerce Commission bill is to their service, and what regulations that Commission will put into effect if this bill is passed and that Commission has any control over that commerce. The situation is precarious in the extreme.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. PITTENGER].

Mr. PITTENGER. Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein a short letter from Mr. Whitney.

The CHAIRMAN. The letter part of that request will have to be granted in the House.

Mr. PITTENGER. Mr. Chairman, this bill that is before us in my opinion is one of the most important measures we have had presented at the present session of Congress. There are over 100 pages of a new bill and all of the Senate bill has been stricken out. Senate 2009, which is now under consideration, is the bill to which I refer. It was only yesterday that printed copies were available, although I believe a few copies were available the day before.

The first thing I want to point out about the bill is the fact that we are asked to act and vote on a measure that was just prepared 3 or 4 days ago, without opportunity on the part of the Members of the House to make a study of it, and without opportunity to consult the people who use the waterways and our various transportation systems, as to how legislation of this character would affect them in the future.

I represent a territory where water transportation is all important. I refer to the Lake Superior region. I live at Duluth, Minn., which is at the head of the Lakes. The people of that territory are vitally affected and vitally concerned with any legislation that has to do with their transportation rates.

I have listened to the debate this afternoon and I am not opposed to legislation that will benefit or help solve the railroad problems of this country. I supported the repeal of the so-called long-and-short-haul provisions of the railroad law, and I actively supported what was known as the Petengill bill in a former Congress. I have worked for other legislation to help the railroads out of their difficulties, but I have never supported and I do not believe I have been called upon to vote on a piece of legislation which would put any form of water transportation under the Interstate Commerce Commission—an agency that ever since its creation has been charged with the duty of rate making and the making of freight rates for the railroads of the country. The very heart and purpose of this bill is to regulate water transportation. Various arguments are used. They say that the railroads are entitled to have the water carriers regulated, but that it is not going to hurt the water carriers. Then the question was really appropriately asked on the floor of the House if there is not something in this bill that will help the railroads, what do you want to bring the water carriers under it for? It seems to me that the problem of water transportation and the problem of its regulation is a problem for a commission or a Government agency that is not shaped and framed for railroad problems and whose policy looks to the making of rates for the benefit of the railroads. The dockets in the I. C. C. are filled with complaints of shippers, with fights between rate-making agencies and railroads on the one hand and the shipping public on the other hand. As the gentleman from New York [Mr. WADSWORTH] so ably pointed out, when you venture on this new field, no one knows where you are going to stop or what will be done to the shipping public and to the consuming public. As I repeat, I am glad to help the railroads in the solution of their difficulties, but I do not think it ought to be done at the expense of the water carriers. I do not know of a single request that has come from the shipping public or from the people who use the waterways for this type of legislation.

And so I repeat, Mr. Chairman, that this legislation is too important to be acted upon in a hurried or hasty manner. I would like an opportunity to forward copies of the proposed bill which the House committee has just written to shippers and other people in Duluth and other parts of the district who are interested in this legislation. No such opportunity has been afforded me. In my opinion action on this proposed

legislation should be deferred until the next session of Congress. I do not think the present procedure is conducive to good sound legislation. I realize that there have been hearings before the committee, but the general public has not been advised as to how the transportation question will be affected by these proposed changes or by the new regulations which will, in my opinion, revolutionize the whole transportation structure. If there are abuses in waterway transportation, they should be corrected by some agency of the Government which has for its purpose the study of that question. This should be an entirely separate matter from the subject of railroad rates or railroad regulations.

As has been pointed out on the floor of the House this afternoon, there may be a lot of sections in this bill which appear to be harmless, but which time and study will show are very far reaching and as a consequence may work damage to people who have built up business or industry based upon the present rate or transportation structure in the United States. I believe that the present bill is one of the first steps in a program to deprive the people of this country of the advantages of water transportation, which in the past has always been cheap and economical. There is no other agency for a long-distance movement of bulk commodities that can handle the problem as economically as the waterway-transportation system. I believe that people who live inland, considerably removed from lakes or rivers, are going to be just as vitally affected if this new legislation passes as people who live in river towns or on lake ports. Anything that is done to hamper and curtail and make more costly water transportation is surely going to increase the expenses of getting manufactured products to the consumer, and just to that extent the cost to the consumer is increased.

I believe that Congress will pass legislation designed to remove handicaps under which the railroads now operate, but I repeat that the way to remove those handicaps is not to present similar handicaps on the water-transportation system on our lakes and rivers and on our ocean coasts in the United States.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. LEA. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. SOUTH].

Mr. SOUTH. Mr. Chairman, I am sorry to find myself not in agreement with our distinguished chairman. The gentleman from California [Mr. LEA] has worked hard and patiently, being fair to everyone on the committee and to all witnesses who appeared before the committee. He, as well as other members of the subcommittee who have considered this bill, certainly deserve the thanks of each Member of Congress. There are two or three provisions in this bill, however, which I think should be amended. Something has been said about eliminating the differentials that exist in certain parts of the country. Some of us have had much to say about it. I am one of those who has said a great deal about it. That is because in the section of Texas which I represent we pay from $1.60 to $1.85 for the same transportation that those living in the official territory pay $1 for. That is not right. Nobody has ever been able to justify it. Everyone who has made a careful study of the question knows that the present rate structure is neither based upon rhyme nor reason, that it is a hodge-podge which has grown up over a long period of years, and ought to be revised and perfected.

Now, let us see what this bill does for our section. The language on page 202 offers a sop to the rate-differential problem, and after instructing the Interstate Commerce Commission to study it, which it now has the authority to do, and which it has already done over a long period of years, winds up by the very generous and magnanimous statement that they shall have the authority to study the rate structure as it relates to manufactured products. How many of you gentlemen knew that that was the very liberal concession made to those of us who do not live in the official zone territory? They shall make a study of that portion of our transportation problem which is included in the expression "manufactured products." Well, the sheepmen in my district, the greatest wool-producing district in the United States, so far as I know, do not ship any manufactured goods out of the country. The great cotton producers of my district, although they produce and transport hundreds of thousands of bales of cotton, do not transport any manufactured goods out of that district. The great stock raisers in my district and in other districts that are discriminated against do not ship any manufactured goods; they do, however, ship a vast amount of raw products—goods not manufactured. Yet this bill proposes to do what? It proposes to let the Interstate Commerce Commission study that part of the problem that relates to manufactured products. I submit to you that "manufactured" ought to be stricken out and let them study our whole transportation problem, and grant such relief as the circumstances warrant.

Not only can Texas, and many other agricultural States, never hope to become important States industrially while this situation prevails, but our farmers and ranchmen are finding it increasingly difficult to prosper, while paying more than their just share of transportation charges.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. Not unless I can get more time. I am sorry.

I am also opposed to that provision of this bill which proposes to repeal the land-grant provision. You will be, too, if you will study it carefully, I believe.

In the beginning of railroad construction and for some years thereafter the Federal Government ceded to the railroads approximately 132,425,574 acres of land, and they entered into a contract with the roads that as a part of the consideration therefor the railroads receiving such grants would transport Government troops, Government men, and Government materials free. That was the consideration, and the Supreme Court has held that it was a valid contract, based upon a valuable consideration (*Burke* v. *Southern Pac. Ry. Co.*, 234 U. S. 669). Later on it was agreed that the Government should pay 50 percent of the total cost. That is what they are paying now. The railroads have not only sold most of that land and under the provisions of this bill will keep the entire proceeds, but they now have vast areas of such land, some of which is now producing oil in large quantities and some of it is valuable timberlands. They do not propose either to return the consideration for the land which has been sold, or to return the land that they now hold. In other words, they propose to abrogate that part of the contract which requires them to give the Government the concession which they agreed to give, but they propose to keep every cent of the consideration paid by the Government for that right. I submit to you if you can go home and explain to your distressed farmers, to your distressed workers, and the distressed taxpayers of this country why you made that outright grant and donation to the railroads, then you are a better explainer than I am, or than I want to be.

I do not believe that water should be placed under the regulation of the Interstate Commerce Commission. Our American waterways, which are Nature's gift to our entire people, make possible our cheapest form of transportation. Out in my section, where we are already paying too much, if we are deprived of the joint rate, or the combinate rate, which we got on goods shipped from the Northeast, and elsewhere, down to the ports of Houston, Galveston, Corpus Christi, and other Texas ports and then sent inland by rail, our rates will certainly be much greater than we are able to pay.

Now, my friends, they have told you that only two members of the committee view this proposition as I do. That may be true, but I submit to you that in the Senate of the United States, 22 Members voted to strike out this provision, and both distinguished Senators from my State not only voted to strike out this provision, but voted against the bill on final passage. Why? Because they believed as the

Secretary of Agriculture believes, and as others interested in agriculture believe, that the farmers of this country will pay the increased cost which will result.

Why do they want water placed under this regulatory body? Because the railroads of this country have asked for it. Have you heard of any shippers coming before Congress and asking that water be regulated? Has anybody said that water is charging too much for transportation? No. Who is asking for it? The railroads of this country began asking for it 50 years ago, and they have been asking for it ever since. Some day they will slip it through, perhaps this time; but I would call your attention to the fact that in 1920, when this same measure was pending, the distinguished chairman presiding over this committee, the gentleman from Texas [Mr. JONES] was one of the leaders in the fight against placing water under the regulation of the Interstate Commerce Commission. Because he knew it would be an added burden upon the farmers of this country, and a burden which they could ill afford to bear.

The Secretary of Agriculture has expressed this view with clarity in a letter to Speaker BANKHEAD, dated June 15, 1939. I quote from his letter:

> Unfortunately, the railroads seem determined to find a solution for the admittedly difficult financial situation of certain rail carriers without regard for the more general solution; in fact, from their public statements it would seem that they are seeking to solve their difficulties at the expense of agricultural and other shippers, consumers, and taxpayers.
>
> Farmers and other shippers should not be required to pay rates based on transportation costs of properties improvidently built, wastefully operated, or partially obsolete. Any effort to improve the condition of the transportation industry should be harmonized with the general welfare. The advocacy of thorough regulation of the minimum rates of motor and water carriers by a centralized agency appears to represent an attempt to use Government power to bring competing transportation agencies into a cartel, and, in this manner, to share traffic and adjust rates in such a way as to earn a return upon all transportation capital of these agencies. Hence, an umbrella would be held over the inefficient plant, and the present high rail rate level would be protected from the impact of vigorous competition. Undoubtedly such a policy would also result in more rigid rates in times of depression, since the motor carrier and boat line could no longer play their role as an effective competitive force in bringing down rail rates on commodities susceptible to rail or truck and rail or water movement.

This is the statement of the Secretary of Agriculture, Mr. Wallace, whose duty it is under a recent law passed by this Congress to represent the United States at rate hearings and therefore presumably an expert on rate matters.

I commend to your consideration, also, the following statement by the Secretary of War, contained in his recent letter to Chairman LEA:

> As far as this Department is aware, there is no dissatisfaction on the part of the public with the transportation service afforded on the inland waterways; charges are fully compensatory and there is no destructive rate warfare as between carriers.
>
> It has not been possible to find in * * * this bill a single proposal that the railroads do anything whatever toward the amelioration or improvement of their own situation. All the provisions seem designed to free them from restraints and obligations, while imposing prohibitive tolls and restrictions on their water competitors and making it more expensive for the public to move freight. Under these provisions inland water carriers can easily be regulated and taxed out of existence without the recapture of enough tonnage to affect railroad earnings appreciably.
>
> It is essential to realize that water transportation is unlike all other forms of carriage. It is the aggregate of thousands of small independent operators on the inland waterways which gives the character, furnishes the natural regulation, and automatically enforces the fair practices required in this type of transport. But it cannot sustain for long the concerted attack of powerful competitors not because it is not basically sound but because every resource of a powerful adversary has been brought to bear to prevent its becoming established on a normal basis. The remarkable fact is, not that there is so little water-borne tonnage, but that so large a volume actually seeks the waterways in the face of the most determined efforts to prevent it.

This is what Chairman Land, of the Maritime Commission, says about this provision:

> It proposes to expand and change the method of regulation of water transportation, not on the theory that the public using the water carriers demands or would be benefited by such regulation but on the theory that the present economic situation of the railroads require the form of regulation of water carriers provided for in this bill. I think that from your own experience in Congress you will arrive at the conclusion that there is no demand for the enactment of the present bill on the part of shippers or the general public.
>
> As a matter of fact, farm organizations, shippers, and their trade associations are alarmed at the proposals which the bill contains and sincerely believe that its passage would be detrimental to their interests. The farmers and other shippers in particular are convinced that the effect of the present bill would be to force water transportation rates to levels closely approximating those of rail rates and higher than necessary to reflect the reasonable cost of water transportation, and that they, the users of water transportation, would be footing the bill for the sole benefit of the railroads.
>
> The seven principal western railroads carried 208,000,000 short tons of revenue freight in 1936 whereas both the common and the contract intercoastal carriers by water together carried 7,500,000 short tons. If this water traffic had moved by these western railroads, it would have increased their revenue tonnage by only 3.6 percent, and by reason of the low rates applicable to most of the commodities their revenues would be increased by an even smaller percentage.

Let me remind you again, the railroads are asking for this regulation, not the shippers.

One of my railroad friends told me in Del Rio last year that I had a perfect voting record for last session, where railroad labor was involved. I do not know where he got his information, and I did not know that it was correct. I have not looked it up since, but presumably it must have been pretty good, or he would not have said this. I want to be fair to labor, and this is not a fight against railroad labor. If this bill is passed railroad management will get the benefit of it. Only 3 or 4 percent of our total tonnage is involved in this matter. By a slight lengthening of the trains, as we have pointed out in our minority report, they can and probably will absorb the little added tonnage involved, and the same men will do the work. No, railroad labor is not greatly concerned about the outcome of this controversy.

I do not want to appear to be harsh toward railroad management. They have had their difficulties. So have the steel companies of this country and various other industries, including the automobile manufacturers. What do you think a Ford, a Chevrolet, a Plymouth, or a Buick automobile would cost if the Government regulated the automobile companies to prevent so-called cutthroat competition, about which we are hearing so much in this debate? Cutthroat competition. What is cutthroat competition? Does Henry Ford have cutthroat competition in the manufacture of his automobiles? Does Walter Chrysler have cutthroat competition in the manufacture of his automobiles? They certainly do; and yet because they have not been regulated, because we have not stifled the initiative and the resourcefulness of the men who are in charge of this great industry, but have permitted and encouraged keen competition, they have furnished us cheap automobiles. The United States Government, with all of its regulatory bodies, with all of its boast of fairness and efficiency, has never managed a single business that I know of so well as these concerns have managed theirs. That is not all.

The Government is today in many cases either reaching out for more power and demanding more regulatory authority, as in this instance, to prevent fair and legitimate competition, on the one hand, or is threatening prosecution for some alleged violation of the antitrust law on the other, where it is contended competition does not exist. These two propositions do not jibe.

What is the matter with the railroads? Not enough regulation, say the gentlemen who sponsor this legislation—regulation for their competitors, mind you. That is what it amounts to. Regulate water transportation. Why? In order that the railroads may successfully compete with water. What kind of regulation will that require? It will require constantly raising water rates. No other kind of regulation will do the job which they want done. Not a single man has said that water rates are too high, so it is not likely they will be revised downward, they will be revised upward.

Who is going to pay this increase? The shippers of the United States must of necessity pay it first, and ultimately the producer and the consumer. So, Mr. Chairman, I suggest that the membership study very carefully this proposition before giving the Federal Government additional regu-

latory power to harass and discourage industry and commerce, which in many cases are now suffering from too much regulation. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. HOUSTON].

Mr. HOUSTON. Mr. Chairman, last year the President of the United States, recognizing the financial condition of the railroads of the country, appointed a committee of 15, representing various groups interested in transportation, as a committee to consider our transportation problems. Following that meeting, the President appointed a committee of three which made recommendations to the President, and upon that report the bill, S. 2009, which has been passed by the Senate and amended by the House Committee on Interstate and Foreign Commerce is based.

The purpose of this legislation is to improve the Nation's transportation system and this bill is no hastily prepared or inadequately considered measure. Committees of the Senate and the House have held extended hearings on the subject and it is my belief that the bill in its present form constitutes the best approach to the regulation of all interstate transportation that has been formulated.

What the country needs is the best system of transportation that can be provided and one which will utilize every means of transport, whether rail, water, highway, air, or pipe, to the best advantage, each in its proper place, and with a maximum of cooperation and a minimum of uneconomic duplication and waste. Now, one great trouble, as I see it, is that while transportation is a very live subject and there is plenty of talk about it, the talk is mostly by partisans. Each form of carriage has its own particular watchdogs, and to make the melee still hotter there is another line-up of the watchdogs of the investor, of labor, of shippers, and of communities. The only interest which has lacked a watchdog has been the general public interest. I am trying to occupy a small part of that vacancy and living in hope that I shall not be chewed up in the attempt.

The problem is even something more than a transportation problem. Take the railroads. They still form, as is so often said, the backbone of our transportation system. Their health is essential to sound transportation health. But they also constitute one of the largest industries of the country and are normally among its largest consumers, particularly of capital goods. The railroads suffer when general business suffers, but this statement is equally true if reversed. From another angle, their securities have in the past had such a high place in the investment market that they are to be found in the portfolios of practically all fiduciary, educational, and benevolent institutions. In one way or another most of the people of the country have a financial stake in the railroads. Serious and widespread impairment of their securities therefore has far-reaching and demoralizing consequences quite apart from any transportation effect.

I bring this out not with any idea that on these accounts the railroads should be given any favored treatment over their competitors, or that they do not have any sins of commission or omission to answer for, but simply to show the importance in this instance of a square deal and of protection against any uneconomic development in transportation which cannot be supported from the point of view of the general public interest.

There has always been keen and widespread competition in the railroad field between the railroad themselves and with the water lines. Now, the railroads are beset on all sides by the further competition of the private automobile, the truck, the bus, the airplane, the pipe line, and the electric transmission line. If transportation which is competitive ought not to be regulated, railroad regulation could be reduced to very small proportions, and there is strict logic in such a proposal if the entire field is not to be covered by sane and comprehensive regulation. However, I am sure that the country does not want any such thing. If you will read your history, you will find that Federal regulation of the railroads was precipitated much more by the abuses of competition than by the abuses of monopoly, although both entered in. Owing to the rapid growth of other forms of transportation and our failure to cover the entire field with regulation, we now have a situation very like that which caused railroad regulation.

What the country needs is the best and cheapest combined system of transportation consistent with fair treatment of labor and with earnings which will support adequate credit and the ability to expand as need develops and take advantage of all improvements in the art of transportation. This system must be in the hands of reliable and responsible operators whose charges for service will be known, dependable, and reasonable and free from unjust discrimination. Unregulated competition will destroy instead of provide such a system. If experience teaches anything, it teaches that, and there is no escape from the consequent conclusion that the whole system must be brought under centralized control.

This control must concern itself with planning and prevention as well as with the cure of evils after they arise. It must deal with the future provision of new facilities, with the proper coordination of those which exist, and with the development of sound general policies affecting both service and rates. It must prevent unjustifiable duplication and waste; promote the use of each agency of transportation, in cooperation with the others, primarily in the service to which it is economically best adapted; check the forms of endless chain rate-cutting or service promotion which have come to be known as destructive competition; and protect the public against unreasonable charges and unfair discrimination.

In concluding, let me say that there is, in my judgment, no more important problem before the country than the transportation problem, and few that are more difficult to solve. I do believe, however, that the country is beginning to appreciate its importance and to see it in its entirety, and not merely its edges and angles and pieces. The essentials of the problem are beginning to come to light, and the need for dealing with it on broad lines and through some centralized and comprehensive form of control. Ultimately we shall find and apply the answer. We must think not solely in terms of railroads or waterways or highway vehicles or airplanes but in terms of transportation, and keep in mind the only important end, which is the general public interest.

Mr. Chairman, the Transportation Act of 1939, amending the Interstate Commerce Act, as amended, and extending its application to addtional types of carriers and transportation, may not be the final answer to our transportation problems, but it is designed to better the present situation and has my unqualified support.

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, perhaps it will be a good idea for a minute to glance at the national transportation policy upon which this bill is drafted. I will not give you the whole policy, but simply state that it is to cooperate with the several States and the duly authorized officials thereof to encourage fair wages, equitable working conditions, and to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as all other means whatever to meet the needs of the commerce of the United States, and so on. This has been an honest and sincere effort on the part of this committee to pursue the inspiration of that policy. Whether we have been able to do it or not, you are the jury to hear the facts and determine. Bear in mind there are 25 members on this committee. With one or two slight exceptions—and modesty precludes my naming them—strong men. I recommend that you study the personnel of the Committee on Interstate and Foreign Commerce. Oh, I know one or two have departed from the fold, and I must confess they are men of ability, students, men whose work on the committee has proven them capable. I am, however, particularly interested in the case of the gentleman from Texas [Mr. SOUTH].

He came up there one bright morning espousing the cause of Professor Splawn, of the University of Texas. He proudly puts the doctor on the stand and gloriously recommends him and states that we will hear the very gospel of truth when

he takes the stand. We heard him. We were greatly influenced by the contribution of Professor Splawn to the hearing. But Professor Splawn comes out recommending not only the land-grant provisions of this bill, as you will find them on pages 57 and 58 of the hearings, but the water provisions of the bill as set forth by section 3. Later on we find the gentleman from Texas [Mr. SOUTH] toward the latter part of the hearings, getting a little timid. Now we find him—and he has the right to do it—signed up with the genial, capable, and highly esteemed gentleman from New York [Mr. WADSWORTH]. The two have filed a sort of adverse or minority report.

Mr. SOUTH. Will the gentleman yield?

Mr. PATRICK. I yield to the genial gentleman from Texas.

Mr. SOUTH. When the gentleman votes in favor of repeal of the land grants, as I presume by his remarks he is going to do, what excuse is he going to offer to his people for the railroads to retain several million acres of the 134,000,000 acres that the Government gave them for a reduced rate, and which the gentleman is going to vote to abrogate? Why not let the railroads return the 12,000,000 acres they now have, since they have sold 122,000,000 acres and are no longer going to give the Government the benefit of the rates they contracted to give it?

Mr. PATRICK. I see the position which the gentleman constructs for me, but the gentleman is an able lawyer. I will consult him, and I am sure he will be able to give me some counsel, if it is commensurate with his defense in this case, that will put me in right with my folks.

Mr. SOUTH. The gentleman is going to repeal that provision.

Mr. PATRICK. I cannot suffer.

Mr. CULKIN. Will the gentleman yield?

Mr. PATRICK. I cannot yield. I want to cover what little I have here in the time assigned to me. The reason I yielded to the gentleman from Texas was because I nominated him and I did not want him to feel too badly.

Mr. Chairman, the purpose of this bill is to try to regulate, as we must in enacting legislation of this kind, for the general good of the country. We know, of course, that the railroads have been charged with many practices that were iniquitous, whether true or not. We know that many things could be said that would probably tend to make some Members a little heedless and maybe ruthless in legislation of this kind. But let us try to remember that we are in this case legislating for a sweeping proposition involving 130,000,000 people. This is not a program applied to certain transportation companies particularly. It is applied to the whole picture of transportation, even in its logic and in its sweeping effect; and with all the wails and calls we have heard, we have failed to hear one logical reason advanced why, if we must regulate the railroads, the busses, and trucks in the country, we should not, by the same token, regulate water transportation. When we come to a thing of that kind, when we try to investigate, as we had to do in many cases, when we empower the Interstate Commerce Commission to go into the structure of hauling in this Nation, why do we suddenly come to a "sacred cow" and fall on our knees and salaam and begin paying tribute to it because it is the waterways?

Whenever you go into the whole picture you have to do that. You have to go into the thing in full detail. The Interstate Commerce Commission may determine and report the value of property owned and used by every common carrier. The purpose of that law is to get the facts and, having gotten all the facts, to know the facts, so that it will go into law. That is what this legislation seeks to do. Know the truth and the truth will set you free.

Mr. SOUTH. Will the gentleman yield?

Mr. PATRICK. I cannot yield. We will talk it over privately. I think I can heal the gentleman's wounds.

That is the way it must be handled if it is capably and fairly done. We come back to the argument presented by those who come here and say, "Let us alone. Let the rivers alone. Bind and fetter the railroads. Bind up and hold fast with bands of steel the motor transportation, but let our rivers alone." Then they get patriotic and grow eloquent with logic and arguments that smacks so heartily of the same arguments that were advanced when they came up in the past and said, "This is a free America. We cannot regulate the railroads." It sounds like the railroads' argument made at that time being presented in opposition to railroad legislation and the creation of the Interstate Commerce Commission. They concede now that many things they fought the hardest have grown up to be most advantageous to them. This same procedure must be followed in the case of water transportation. The question is asked, "What is the little fellow going to do?" As a matter of fact, when you go into this, when you follow any sort of regulatory measure, it is regulation for all the people. It is not a matter of getting at any of the little folks or supporting the big ones. It is a matter of getting a program that will be for the general benefit of the entire Nation. This thing works itself into the fabric of a matter that is becoming more important to America every day. We must face it if we are going to take care of labor and if we are going to take care of the people who buy and sell in this Nation; we are certainly coming to one thing, whether it is an item of transportation, an apple on the market or a bed blanket. We must figure and work out a basis in this Nation so that every commodity that goes on the market, whether a locomotive or pack of needles, so that every person who contributes to it gets a living wage.

If it is a woman who picks the cotton or spins the thread or works out the spool in a spool of thread or stands behind the counter, everything on the open market, from the time it begins to turn over in trade to the end of its journey, must contribute a living wage to those who were a part of its movement and exchange. Any steamboat line that fails to do this is a burden to the public and an enemy to transportation development and recovery. This law seeks to aid in relieving the country from the evils of cluttered-up transportation and to bring order from the chaos now prevailing. Someday the river men will look up from the chunk-chunk-chunking of their paddle wheels and call this committee blessed.

When you do other than that, whether it is an old barge line or whatever it is, then you are helping to destroy the very structure that we must keep safe and sound if the Nation survives. It is these little corner-cutting propositions, in my opinion, that have hurt us and have injured transportation and have helped to bring about a condition that threatens the transportation structure of this Nation. [Applause.]

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, I had the privilege of reading the report of the committee that was appointed by the President of the United States to study the transportation problem and I found it most interesting and informative.

I believe that 90 percent of the reasons the railroads are in the condition they are today is that they have had entirely too much regulation. I have lived long enough to see the railroads of this country regulated from the time they were prosperous until today 33⅓ percent of the railroad mileage of the United States is in the hands of receivers. It is no wonder, of course, that the waterways feel that they do not want this regulation; that is natural, because they have stood by and seen what has happened to the railroads.

The railroads are to blame in large part for their present condition because they failed to take advantage of the advance of time, the improvements of transportation. They had their rights-of-way, they had their equipment to go ahead and compete with any other mode of transportation you might have had in this country; but instead of doing something, they let the man who had a few dollars go out and buy a truck on the installment plan, and he went out and took this business away from the railroads. They were not entirely to blame for that because, I am informed, if they started a proceeding before the Interstate Commerce

Commission for relief it took them a long period of time before they could possibly get any order from the Commission to do anything.

As a businessman, I have had experience with the railroads and with the truck companies, as well as with transportation by water. I stood by for nearly 3 years and waited for the railroad companies to be able to deliver promptly at the door of jobbers in cities products that we were producing, and in the meantime I saw the truck companies take most of this business away from the railroads. So the condition that exists today is due in part at least to the failure of the railroad companies to do what they should have done in time.

This report referred to does not show much about the income of the waterways, but it does tell about the income of the railroad companies and what their losses have been. However, I call your attention to page 1240 of the hearings of the Interstate and Foreign Commerce Committee on this legislation, where it is shown that the waterway companies, at least on the Mississippi River, have been prosperous; that they have made money at the same time the railroad companies were losing money. We cannot blame the railroad companies because the water-transportation companies have made money; neither can we blame the water-transportation companies because the railroads have lost money. This is an age in which we require that commodities be delivered fast, and the American public has reached the point where they insist on prompt service. The transportation company that is able to give that kind of service is going to get the business in this country. It does not make any difference whether it is the water companies, the truck companies, or the railroad companies. The railroad companies have discovered that, of course, and they are now competing with the truck companies. The waterways will never be able to compete with the railroad companies or truck companies as far as delivering freight promptly is concerned, so that they must devote themselves entirely to their own transportation facilities. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman—

> But yesterday the word of Caesar might
> Have stood against the world; now lies he there,
> And none so poor to do him reverence.

So it has happened to the railroad, once the industrial king of America. Now the jackass may kick the sick lion, and an opponent of economic royalism can stand on the floor of Congress and plead the cause of the railroads without having the finger of suspicion pointed at him. How have the mighty fallen, and that is about as low as they could fall.

Mr. Chairman, in my brief time I cannot undertake to discuss the provisions or the mechanics of this bill. I must leave that to the very able subcommittee which labored for 3 months to bring forth legislation for joint regulation under the Interstate Commerce Commission of the competing forms of transportation in the United States—rail, motor, and water, which is demanded by the deplorable conditions existing in the field of transportation, and due, in part, to unregulated competition. I know that the very able and competent chairman of the Committee on Interstate Commerce, the subcommittee, and the committee as a whole have labored to preserve each agency of transportation embraced in the bill in the field best adapted to its particular mode of transportation and to deal fairly with each of them, to the end that each may make its proper contribution to the transportation needs of the country, and on a basis of "live and let live." I believe this legislation is a more than fair beginning toward that end.

Railways and motorways in interstate commerce are now wholly under the control of one governmental agency. Waterways are partially but ineffectually under the same agency. This legislation simply proposes to complete the operation, and do, if we can, for transportation what we are trying to do for government by reorganization legislation.

If my contribution to this debate shall stress the importance and value in the national transportation field of one of these agencies, it is not intended for the purpose of injuring the others, but, rather, to overcome, if I may, what appears to me to be an underappreciation—indeed, a prejudice—against one of these forms of transportation, to the injury of this incomparably most important and most valuable of all forms of transportation.

If I may make any contribution to the consideration of the great measure before the House, involving more than $30,000,000,000 of capital investment, which contribution will be a bit different, from the standpoint of treatment of the question, and a bit helpful in enabling the Members of the House to see the whole picture of the transportation world in this country, with each phase of the picture in its proper relationship to the picture as a whole, I will feel that I have done something to enable some Members to form a proper judgment, and to see the justice and necessity of the establishment of a principle which the country now generally recognizes—that of the joint control in one regulatory body of the three forms of transportation dealt with in the bill.

My major premise will be that the great railway structure of this country, incomparably the greatest in the world, with 240,000 miles of trackage, and a capital investment of $24,000,000,000, is not only incomparably the principal but the only indispensable agency of transportation in the United States.

Tomorrow morning every ship on the inland and intercoastal waterways of the United States could be tied up at the docks and the country as a whole would not miss them. But if the wheels on the rails were to stop, the country as a whole would be paralyzed. This statement is supported by undisputed transportation statistics, by the uniform statements and admissions of the advocates of water as against rail transportation, and by the history of experience. I shall put in the last proof first.

During the period of the World War, the railways alone handled not only all the normal traffic of the United States but the extraordinary traffic of the war emergency. At the time of the World War the intercoastal lines through the Panama Canal, deserted that traffic en masse for the more-profitable trans-Atlantic traffic; and at the time of the World War motor transportation was not even a negligible factor, and was practically not in existence, as an agency of transportation. The railroads, unprepared as they were, unwarned by any past experience which might foreshadow to them and to the country the forthcoming of such an emergency—the railroads carried the load alone.

History could repeat itself. Tomorrow the ships could disappear from the intercoastal traffic. And the trucks, valuable though they are, disappear from the highways, except in local service, and the railroads would meet every urgent need in transportation. Bear in mind, I am not presenting the case of that agency of transportation which some interests and some areas think ought to receive last, not first, consideration, in the preservation and upbuilding of a self-sustaining transportation system in the United States. I am not building up a showing to support a claim that the other forms of transportation should be discriminated against or that the railways should be shown favoritism. I have in mind the sole purpose of stressing the vital necessity of giving the railways a square deal, as compared with their competitors, and this is all they are entitled to.

I started to say that history could repeat itself. It not only could, but would, repeat itself, given the emergency. If a world conflict broke out tomorrow, the railway structure of the United States would be its chief, incomparably its chief, transportation arm of the national defense, as it was in the World War. The ships would go out of the Panama Canal as they did before, and the trucks would supply only a moiety of the suddenly enormously increased volume of traffic that would be imposed upon our transportation system. We have now in this country eight transcontinental railway systems with their tens of thousands of miles of cross lines and feeders. They should be

preserved and strengthened. They should be rendered and maintained fit to meet the emergency. They are not only as indispensable to the national defense as the Army and the Navy, but they come before the Army and Navy. Without them, the Army and Navy could not move, and all the inland and intercoastal ships could not supply any of the requirement, and all the trucks could not supply 1 percent of the requirement.

The Congress is busy building up the Army and building up the Navy, spending now more than a billion dollars a year, not one dollar of which will ever return. It is spending nothing to build up the railways, the first arm of the national defense. They are already built, but they are, in a measure, standing still, and going into bankruptcy and receiverships, one-third of them now there, for the want of revenue. Revenue not merely to pay for overcapitalization and overdebt, and there is an overload of these, but for the want of revenue to meet their actual expense of operation. If there are ways in which to remedy this situation it behooves the country to be about it.

I want to turn now to some statistics showing the comparative importance and value of the railway and waterway structures of the country in the field of transportation. I shall not need to confuse you with figures. These figures will deal with the proportionate traffic value of rail and domestic water transportation, excluding the Great Lakes, which traffic is exempted from this measure. I have taken them from the testimony before the committee, of Dr. Walter M. W. Splawn, of the Interstate Commerce Commission.

Let me divert here to say that two representatives of the Interstate Commerce Commission appeared before our committee on this legislation—Mr. Joseph B. Eastman and Dr. W. M. W. Splawn. In this vast and complex system of government, it is reassuring to me to know that it has such men in its employ. It is an education to listen to these men. I have no hesitancy in saying that what Mr. Eastman and Dr. Splawn say goes a long way with me.

Dr. Splawn stated that in 1937 the railways of the country carried 363,000,000,000 ton-miles of freight as against 110,000,000,000 ton-miles by waterways, of which only 17,000,000,000 was inland and intercoastal water-borne traffic, the Great Lakes being excluded from this bill. Reduced to percentages, the inland and intercoastal waterways carried 4.7 percent of freight as compared with the railways. Intercity trucks carried thirty billions, or 5.5 percent, or more than the waterways.

As an agency of freight transportation the waterways are shown to be worth less than 5 percent of the railways. That the addition of this small percentage of water-freight traffic to the total value of railway traffic would be negligible to the railways, and that it could all be handled by the railways without the addition of a locomotive or freight car, and with an inappreciable addition of employees, has been iterated and reiterated by every representative of the water lines of the United States who has appeared before the Interstate Commerce Committee since I have been a member of it.

Not only that, but they have iterated and reiterated that the addition of water-traffic income to railway-traffic income would be negligible. When Major General Ashburn, president of the Inland Waterways Corporation, appeared before our committee against this bill and made such statements I interjected that similar statements had been made by all representatives of the water interests before our committee, and that this repetition raised in my mind the question, What is a thing worth that is not worth anything? Their claim that the water lines are the transportation salvation of the United States but that the total volume of their traffic and also their income would not materially help the railways simply added up in my mind, not to the answer, but to the question, What is a thing worth that is not worth anything? While water-borne traffic is not 5 percent of rail-borne traffic, its income is not 2 percent. Unquestionably it is the cheaper form of transportation. How it is that it can be cheaper I will come to later.

Many Members question the yardstick of T. V. A. in the measurement of the cost of power production. I am not an authority on that. Nor am I an authority on transportation costs. But some facts have been forced on my attention which have raised in my mind more than a question as to the reliability of the water yardstick as a measurement of the cost of its own transportation. I will come to that later.

Another comparison between these two forms of transportation which must be taken into consideration, if we are to deal justly between them, is the respective value of their investments. The figures given by Dr. Splawn were: Rails, $24,000,000,000; water lines, $3,800,000,000. Reduced to percentages, water lines are 16 percent of rail lines. The motor investment was given as: Trucks, $510,000,000; busses, $255,000,000; total, $765,000,000. Added to water lines, we have a total investment of $4,300,000,000, as compared with a railway investment of $24,000,000,000, or only 19 percent. All of them combined are still under 20 percent of the value of the railway systems of the country.

Another comparison is afforded by the respective operating expenses and taxes of the two agencies of transportation which raise the only issue in this bill: Railways, $4,400,000,000; waterways, $1,000,000,000.

Now, as to the cheapness of water transportation. It is conceded that water is the cheapest method of transportation, but I shall now undertake to show briefly that this is, in large part, due to differences for which the water lines are entitled to no credit, and which emphasize the justice of placing them under joint regulation with the railways in the matter of rates and charges. Nature furnished them free waterways—the oceans, the lakes, and the rivers. They are made fit and maintained fit for navigation out of the Public Treasury. They are harbored, channelized, and leveed out of the Public Treasury. In one bill, in the Seventy-fifth Congress, we authorized more than $600,000,000 for the improvement of rivers and harbors for navigation. The House at this session passed a bill carrying $83,000,000.

The water lines pay no taxes on their ways. They pay no maintenance. They are as free to them as the air.

The railways must buy and build and maintain and pay taxes on their ways. Even their rights-of-way are taxed as real estate. All that is necessary to embark in water traffic is a boat, and the Government has given away a lot of these. To engage in railway traffic, hundreds of millions of dollars must be spent in the building and equipment of a single line of railway; the acquisition of rights-of-way, the building of the trackage and the terminals, and all the fixed and permanent facilities and equipment pertaining to railway operation; and then, as I say, they are taxed for these ways and instrumentalities the same as any other property, and they should be taxed. If all the costs that are involved in furnishing and maintaining absolutely free ways were taxed to the water lines, it is a question how cheap their transportation would be. Indeed, it is a question whether there would be any inland water transportation. The cost would be too enormous to be borne.

And even with all the advantages furnished them by nature and the Government, they cannot compete with the railways in a free, open field. In order to compete, they must, in addition to all these other advantages, go largely unregulated, while the railways must be regulated and restricted at every turn, and prohibited by law from competing with the water lines. And on top of all this, with free ways maintained by the Government and unregulated, the water lines have existed only through Government subsidies. The waterways have always been a Federal relief project. Instead of being the cheapest form of transportation, they are the most expensive. They are only cheap because the great bulk of the cost of water transportation is borne by the Federal Government.

As compared with the railways, they are favored by cheap labor, the cheapest transportation labor in the country. The railway employees in the operating department are among the highest-paid workers in the country. Testimony before the subcommittee of the Interstate Commerce Committee, in hearings on the Pettengill bill, showed that rail wages averaged twice as high as water wages, and four times as high on the basis of tonnage handled per man. Railway

employees rate high in the standard of citizenship. They are American citizens almost wholly. They are taxpayers. They own good homes in all the towns and cities of the land.

Sea labor is almost the opposite; more than half of them aliens. Harry Bridges is a natural product of water transportation.

If he is an outlaw, he is bucking an outlaw game, and he is legitimate. Read the testimony of grand old Andrew Furuseth—peace to his ashes—for 50 years the head of the American seamen—a grand character; a true son of the vikings—before the Interstate Commerce Committee for the story of the seaman, the type he is, and the conditions under which he exists, afloat and ashore. This is the type of transportation service and the type of men in the interest of which some Members of Congress and some areas would cripple the railway structure of the country and keep it in hobbles, while its competitor goes free.

The water lines claim, and I concede, that if the railways were turned loose, as the waterways are, subjected only to the present waterway type of regulation, the waterways could be put out of business. I make this proposition now: That if the railways had their choice between putting the waterways under joint regulation or being freed from the restrictions which tie them down, or even if they could be measurably loosened, there is no question what their choice would be. And if this proposition were put up to the water lines, there is no question what their choice would be. They would be running to Congress for joint regulation.

The country has wisely made the decision. This bill is not before the House simply at the demand of the railways. It is here mainly in answer to the demand of the country, the very necessities of the situation, that coordination and stability be brought into the transportation service of the country, with a view to conserving all of them; with a view to protecting them, not only from each other, but from themselves, if it is within the power of legislation and government to accomplish this result. The attempt should be made, and under this bill it will be made.

Railroads have been Government regulated for 50 years. Three years ago motor transportation, which is much more important to the country than inland-water transportation, was placed under the same control, and placed there with its approval, and its experience is that it has benefited, and that order and stability are being introduced into motor transportation. But there is a local interest demand that water transportation be exempt and continue as a charge on the Public Treasury, with a roving commission as its charter.

They say joint regulation will increase the cost of water transportation. The best answer I have heard to this was made by the representative of the great lumber interests of the State of Washington, appearing before the Interstate Commerce Committee in behalf of railroad-relief legislation. When asked how it came about that a representative of an industry peculiarly adapted to water transportation and accessible to such transportation was appearing in behalf of the railways, his reply was that his industry required something besides cheap transportation, that it required a market, and that formerly the railways supplied 75 percent of that market and now only 25 percent.

I believe this law will be administered fairly by the able Commission, with its great background of experience and service, to which it is to be entrusted, and I can find no more fitting conclusion to my remarks than to quote a paragraph from a statement made to our committee on this bill by Commissioner Eastman:

> The Commission believes in the equal and impartial public regulation of all important forms of transportation, and is also confident that much can be done to stabilize and improve conditions through proper use of the power to fix minimum rates and of the power to control the right to engage in new operations; but I think I reflect its opinion when I say that there is no reason to believe that such policies will be any more beneficial to the railroads than to other types of carriers.

[Applause.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I am sure, as has been so often repeated here this afternoon, that we all want to help the railroads. I come from a district where there are many railroad men, a district where many railroads center; but I also come from a district where there are many persons who are not employed by the railroads or not interested in the railroads either financially or otherwise. I come from a district where there are also many shippers who are interested in fair and just and equitable rates and in a rate structure which will protect the industry and the commerce and the trade that is left to protect in my section of the country.

I do not know just what the percentage is of the people on one side or the other of this question, but as I have received letters, telegrams, petitions, and other communications regarding this question I estimate that possibly we can affect and perhaps benefit a small percent of the people temporarily by passing this bill and putting this act on the statute books, but at the same time we will be doing something, if not detrimental, then of a questionable value as regards the welfare of the best interest of the other much larger group of the people. So as I study this problem I have come to ask myself, "Am I to serve the interest of the small group or the greater interest of the larger group—in other words, the general welfare of the general public of my section and of your section?"

I have read the report of the President's Committee of Six, set up to study the railroads' problem. I have read it very carefully. In fact, I have studied it day after day since coming here on January 1, and after that study my conclusion is that that committee was thinking only of their own little problem and their own little affairs and had forgotten the rest of the Nation and its people and welfare. I have also reached the conclusion that their recommendations are based on fallacious assumptions and reasoning, and if I had more time—which I requested of the committee, but which, due to the fact that our time is limited here, I could not get—I could take this report of the Committee of Six apart, paragraph by paragraph and page by page, and show you exactly what I mean and point out to you the fallacy on which they base their arguments.

You heard it said this afternoon by my distinguished colleague from Indiana [Mr. HALLECK] that the Interstate Commerce Committee of the House has put in this bill only four of the things which this Committee of Six recommended. Well, perhaps, they put only four things in, but as I read this report of the Committee of Six, I find, essentially, there are only about three things they are asking for, and if the Interstate Commerce Committee put four things in, then they have given one additional favor to the Committee of Six, or more even than they asked for in the beginning.

I realize, too, that this bill as it was originally written, based on their recommendations, covered 197 pages, and that today, as it is brought to us, it covers only 100 pages.

Evidently the pressure which has been put on here by the general public throughout the Nation has caused them to wring out about 100 pages and to bring down to only 100 pages the demands and the requests of this Committee of Six which they think they can railroad through Congress in the name of saving our railroads.

Yes, we are interested in saving our railroads, but I want to say to you and I know you will agree wth me if you have given this matter thought and consideration, you will never save the railroads by pursuing the recommendations either contained in this bill or contained in the report of the Committee of Six. You will do two things rather than that, and I cannot take the time at this time to go into those two things, but you Members of Congress know what those two things are and you are either for one of those things or the other, depending upon your own particular, individual, social, political, and economic philosophy.

The sense and the meaning of the demands of this Committee of Six, boiled down, are three, as I have said. First,

they want equality of regulations. I think that is perhaps, a desirable, if unattainable, ideal. They want equality of taxation and they want equality of subsidization, they say. I am now quoting from the second and third paragraphs of the first page of their report.

Let us consider for a moment what that means and exactly what the result would be or just what the Committee of Six are asking, and what consequently this bill seeks to provide under the guidance of our sympathetic Interstate Commerce Committee.

Let us take the matter of subsidization: You are all familiar with the great grants and gifts and subsidies which were made in the early days of the history of our railroads to put them on their feet and to make them possible and profitable. You are familiar with the subsidies which have been given down through the decades since then, and I will submit to any sincere and fair-minded person that we have given the railroads far more in the way of subsidies than we have given our inland waterways, or all of our waterways for that matter. But they come back to us and say now, "We have spent or we have squandered all those subsidies, those gifts and grants that you generous people of the United States gave us, and we want you to give us some more so we can be put on an equality with a little infant industry which transports, as has been said this afternoon and is shown in this report, only 3 percent of the ton-miles of the traffic of this Nation."

With respect to equality of taxation or relief from overtaxation, I will agree with the Committee of Six that something should be done; and I believe that if they were to handle this thing in a businesslike and a sensible way they would go to the States which are overtaxing in many cases our public carriers, and they would get something done in the way of equity and justice as to taxation rates. It does not seem to me right or fair, as I have considered the plight of the railroads, that they should be continually forced to pay out in taxation more money than they are making, as has been shown by the records; in other words, paying a tax burden out of a deficit. This is not sound business and not good sense, and I recommend that the States of the Nation take into consideration the plight of the railroads, because that is one of the basic and fundamental things which we need to consider in rehabilitating our railroads.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a question?

Mr. ALEXANDER. I yield to the gentleman from Michigan.

Mr. DONDERO. I understand the railroads of this country pay about $250,000,000 a year because of legislative restrictions now upon them that ought to be removed.

Mr. ALEXANDER. I agree with the gentleman from Michigan. The exact State tax figure for 1937 is $252,964,923, a little more for 1938, and I might add that there are two things which we, as legislators, if we are sincere and honest about this matter of helping the railroads, should do—examine carefully and correct the tax situation which is killing the railroads, and also give them some Federal financial assistance at low rates of interest on long-term loans in order to enable them to rehabilitate their lines and modernize their equipment.

The total taxes paid by class I railroads—that is, both State and Federal—were $325,665,165 in 1937 and $331,330,193 for the 12 months ending June 30, 1938. And this tax toll was exacted notwithstanding the fact that the year's net income was estimated as a net deficit of $125,000,000 at the end of 1938 when the Committee of Six made its report. Still the States continue to exact exorbitant taxes out of all proportion to earnings and perhaps out of reason, inasmuch as such taxes are three times as much as all Federal taxes taken from the railroads.

But to get back to the first item suggested by our Committee of Six—equality of regulation; that is, according to their formula, regulation by and under the Interstate Commerce Commission, which it is hinted in many quarters is now owned lock, stock, and barrel by the railroads, whom this Commission seeks daily so assiduously to serve, although it was set up originally in 1887 to protect and serve the shipper and the general public.

The distinguished chairman of the House Interstate Commerce Committee has just said, almost with tears in his eyes, "We are told that the waterways do not want to submit to the same regulations that the railways do."

Well, of course, they do not. Nor did the railroads ask for regulation in 1887, or consent to it. No, they did not ask for nor willingly consent to the benign regulations which they now enjoy and like so well that they, out of their generosity and the kindness of their hearts—of steel—want to give to the waterways. It is such a wonderful gift to the water and bus carriers that one almost wonders that the railroads could wish to give part of their good things away that way.

No, my friends, the railroads did not want the regulation they have now until they found in a few decades that they could gain control of their regulatory body. For more information along this line I refer you to the accounts of the backgrounds of several of the members of the Interstate Commerce Commission as found in the latest edition of Who's Who in America.

Now, how long will it take for our inland waterways handling all of 3 percent of our freight revenue ton-miles to gain the same or equal control over the regulatory death cell to which our overgenerous railroad boys want to consign the waterways in section III of this bill? Do not be so gullible as to think it will ever happen or that the water carriers could long survive if we turn control over to the I. C. C. On the other hand, and of a certainty, the net result will be their death and destruction instead, with consequent loss and damage to the shippers and to the consuming public and to the taxpayers.

Perhaps the proponents of this bill would like to suggest for a compromise that we divide the I. C. C. into regional sections or into business sections for purposes of selecting appointees. If so, then it would be interesting to inquire how they would cut up the country into 11 sectors or if they would give the railroads four appointees and the bus and water carriers three each, or should the railroads get 6 out of the 11 as special proponents of the welfare of the rail carriers?

There are of course, many other angles to this great national problem, but my limited time will not permit further discussion now. Therefore I wish to say in conclusion that I am opposed to this bill because of the injustice which it would perpetrate on the great mass of the people of this country for the benefit—and a very doubtful benefit—of a limited few, and I hope the measure will be generously amended or defeated.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (S. 2009) to amend the Interstate Commerce Act, and had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1871. An act to prevent pernicious political activities.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6205) entitled "An act to provide for additional clerk hire in the House of Representatives, and for other purposes."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. MITCHELL, indefinitely, on account of illness.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2170. An act to improve the efficiency of the Coast Guard, and for other purposes;

S. 2805. An act to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 153. An act to transfer jurisdiction over commercial prints and labels, for the purpose of copyright registration, to the Register of Copyrights;

H. R. 161. An act to amend section 73 of the Hawaiian Organic Act, approved April 30, 1900, as amended;

H. R. 542. An act for the relief of Anna Elizabeth Watrous;

H. R. 985. An act to authorize the Secretary of War to furnish certain markers for certain graves;

H. R. 1883. An act for the relief of Marguerite Kuenzi;

H. R. 1982. An act to amend the act entitled "An act to classify officers and members of the Fire Department of the District of Columbia, and for other purposes";

H. R. 2168. An act to authorize the Secretary of War to make contracts, agreements, or other arrangements for the supplying of water to the Golden Gate Bridge and Highway District;

H. R. 2234. An act for the relief of W. E. R. Covell;

H. R. 2413. An act for the protection of the water supply of the city of Ketchikan, Alaska;

H. R. 2480. An act for the relief of the estate of John B. Brack;

H. R. 2687. An act for the relief of Elbert R. Miller;

H. R. 2903. An act for the relief of Virginia Guthrie, Jake C. Aaron, and Thomas W. Carter, Jr.;

H. R. 2967. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation;

H. R. 3081. An act for the relief of Margaret B. Nonnenberg;

H. R. 3248. An act authorizing a per capita payment of $15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation;

H. R. 3305. An act for the relief of Charles G. Clement;

H. R. 3314. An act to provide shorter hours of duty for members of the Fire Department of the District of Columbia, and for other purposes;

H. R. 3321. An act to provide allowances for uniforms and equipment to certain officers of the Officers' Reserve Corps;

H. R. 3364. An act to transfer the control and jurisdiction of the Park Field Military Reservation, Shelby County, Tenn., from the War Department to the Department of Agriculture;

H. R. 3614. An act for the relief of Frank M. Croman;

H. R. 3623. An act for the relief of Capt. Clyde E. Steele, United States Army;

H. R. 3673. An act for the relief of the Allegheny Forging Co.;

H. R. 3730. An act for the relief of John G. Wynn;

H. R. 3796. An act to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes;

H. R. 3834. An act to amend the act entitled "An act to regulate steam and other operating engineering in the District of Columbia," approved February 28, 1887, as amended;

H. R. 4155. An act for the relief of Mary A. Brummal;

H. R. 4391. An act for the relief of H. W. Hamlin;

H. R. 4440. An act for the relief of Mr. and Mrs. John Shebestok, parents of Constance and Lois Shebestok;

H. R. 4617. An act for the relief of Capt. Robert E. Coughlin;

H. R. 4762. An act for the relief of William S. Huntley;

H. R. 5036. An act authorizing the State highway departments of North Dakota and Minnesota and the counties of Grand Forks, of North Dakota, and Polk, of Minnesota, to construct, maintain, and operate a free highway bridge across the Red River near Thompson, N. Dak., and Crookston, Minn.;

H. R. 5064. An act to amend the act approved June 25, 1910, authorizing establishment of the Postal Savings System;

H. R. 5494. An act for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos;

H. R. 5523. An act authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn.;

H. R. 5525. An act to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes;

H. R. 5660. An act to include Lafayette Park within the provisions of the act entitled "An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital," approved May 16, 1930;

H. R. 5781. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala.;

H. R. 5785. An act granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss.;

H. R. 5786. An act granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss.;

H. R. 5963. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 5964. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;

H. R. 5984. An act granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania;

H. R. 6045. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Seattle, King County, Wash., with improvements thereon;

H. R. 6070. An act to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.);

H. R. 6079. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near the town of Black Rock, Ark.;

H. R. 6111. An act to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation, from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17;

H. R. 6502. An act granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn.;

H. R. 6527. An act granting the consent of Congress to the Commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio;

H. R. 6577. An act to provide revenue for the District of Columbia, and for other purposes;

H. R. 6578. An act granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River;

H. R. 6672. An act to amend the act entitled "An act to create a new division of the District Court of the United States for the Northern District of Texas", approved May 26, 1928 (45 Stat. 747);

H. R. 6748. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.;

H. R. 6834. An act authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia;

H. R. 6870. An act to grant to the Commonwealth of Massachusetts a retrocession of jurisdiction over the Gen. Clarence R. Edwards Memorial Bridge, bridging Watershops Pond of the Springfield Armory Military Reservation in the city of Springfield, Mass.;

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States;

H. R. 6928. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes;

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy;

H. J. Res. 247. Joint resolution to provide minimum national allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat.

ADJOURNMENT

Mr. LEA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 59 minutes p. m.) the House adjourned to meet tomorrow, Saturday, July 22, 1939, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INSULAR AFFAIRS

There will be a meeting of the Committee on Insular Affairs on Tuesday, July 25, 1939, at 10 a. m., for the consideration of H. R. 6197, creating the Puerto Rico Water Resources Authority, and for other purposes; and S. 2784, to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1030. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Verdigris River, Kans., authorized by the Flood Control Act approved June 22, 1936 (H. Doc. No. 440); to the Committee on Flood Control and ordered to be printed, with an illustration.

1031. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 5, 1939, submitting a report, together with accompanying papers and illustrations, on a survey of Brady Creek, Tex., authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 441); to the Committee on Rivers and Harbors and ordered to be printed, with five illustrations.

1032. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 12, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Intracoastal Waterway from Apalachicola Bay to St. Marks River, Fla., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted February 16, 1939 (H. Doc. No. 442); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

1033. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated July 7, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Baker Bay, Columbia River, Wash., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted February 15, 1939 (H. Doc. No. 443); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

1034. A letter from the Secretary of the Treasury, transmitting the Annual Report of the Federal Bureau of Narcotics for the calendar year ended December 31, 1938; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CARTWRIGHT: Committee on Indian Affairs. H. R. 7135. A bill to authorize the leasing of the undeveloped coal and asphalt deposits of the Choctaw and Chickasaw Nations in Oklahoma; with amendment (Rept. No. 1233). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. House Joint Resolution 289. Joint resolution to amend section 5 of Public Law No. 360, Sixty-sixth Congress; with amendment (Rept. No. 1234). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL: Committee on Indian Affairs. S. 2634. An act to reserve to the United States for the Bonneville project a right-of-way across certain Indian lands in the State of Washington, subject to the consent of the individual allottees and the payment of compensation, and for other purposes; without amendment (Rept. No. 1235). Referred to the Committee of the Whole House on the state of the Union.

Mr. WARREN: Committee on Merchant Marine and Fisheries. H. R. 5845. A bill to provide for the establishment of a Coast Guard station on the shore of North Carolina at or near Wrightsville Beach, New Hanover County; without amendment (Rept. No. 1236). Referred to the Committee of the Whole House on the state of the Union.

Mr. MURDOCK: Committee on the Public Lands. S. 5. An act to grant certain lands to the Arizona State Elks Association Hospital; without amendment (Rept. No. 1237). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 884. A bill to add certain lands to the Siuslaw National Forest in the State of Oregon; with amendment (Rept. No. 1238). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 7090. A bill to amend section 4488 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 481); without amendment (Rept. No. 1239). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 7091. A bill to amend section 4471 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 464); without amendment (Rept. No. 1240). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5996. A bill to amend the act of Congress approved May 3, 1935, entitled "An act to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other pur-

poses; without amendment (Rept. No. 1242). Referred to the Committee of the Whole House on the state of the Union.

Mr. VOORHIS of California: Committee on the Public Lands. H. R. 6831. A bill to authorize the Secretary of the Interior to lease certain of the public lands to the Metropolitan Water District of Southern California for the extraction of sodium chloride for water-conditioning purposes; with amendment (Rept. No. 1243). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. S. 2624. An act to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks; without amendment (Rept. No. 1244). Referred to the Committee of the Whole House on the state of the Union.

Mr. MURDOCK of Arizona: Committee on the Public Lands. S. 6. An act to return a portion of the Grand Canyon National Monument to the public domain; without amendment (Rept. No. 1245). Referred to the Committee of the Whole House on the state of the Union.

Mr. MURDOCK of Arizona: Committee on the Public Lands. S. 432. An act to provide for the public auction of certain town lots within the city of Parker, Ariz.; without amendment (Rept. No. 1246). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 6266. A bill providing for the incorporation of certain persons as Group Hospitalization, Inc.; without amendment (Rept. No. 1247). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 4903. A bill to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes; without amendment (Rept. No. 1241). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KUNKEL:

H. R. 7318. A bill granting the consent of Congress to the General State Authority, Commonwealth of Pennsylvania, to construct, maintain, and operate a toll bridge across the Susquehanna River at or near the city of Millersburg, Pa.; to the Committee on Interstate and Foreign Commerce.

H. R. 7319. A bill granting the consent of Congress to the General State Authority, Commonwealth of Pennsylvania, to construct, maintain, and operate a toll bridge across the Susquehanna River at or near the city of Middletown, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. NICHOLS:

H. R. 7320. A bill to amend the District of Columbia Revenue Act of 1939, and for other purposes; to the Committee on the District of Columbia.

By Mr. LESINSKI:

H. R. 7321. A bill to provide a method by which certain aliens now in the United States may be readmitted for permanent residence; to the Committee on Immigration and Naturalization.

By Mr. SASSCER:

H. R. 7322. A bill to authorize the acquisition of the necessary rights-of-way for the extension of the George Washington Memorial Parkway from the city of Washington to Fort Foote, Md.; to the Committee on Public Buildings and Grounds.

By Mr. BATES of Massachusetts:

H. Res. 267. Resolution providing for a Tariff Commission investigation and report of importation of fish; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DONDERO:

H. R. 7323. A bill for the relief of Arno Ehrhardt Hartenstein; to the Committee on Naval Affairs.

By Mr. DARDEN:

H. R. 7324. A bill for the relief of Otto Wells; to the Committee on Claims.

By Mr. DARROW:

H. R. 7325 (by request). A bill for the relief of Tony Tarsatana; to the Committee on Military Affairs.

By Mr. GARTNER:

H. R. 7326. A bill for the relief of Emanuel Bratses; to the Committee on Claims.

By Mr. SCRUGHAM:

H. R. 7327. A bill for the relief of the Nevada Silica Sands, Inc.; to the Committe on Mines and Mining.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4842. By Mr. LUTHER A. JOHNSON: Petition of J. L. Beavers, R. A. Rogers, A. H. Shirly, and J. O. Kendrick, of Hillsboro, Tex., favoring House bill 6749; to the Committee on Agriculture.

4843. By Mr. KEOGH: Petition of the Grand Lodge, Brotherhood of Railroad Trainmen, Cleveland, Ohio, concerning the House transportation bill; to the Committee on Interstate and Foreign Commerce.

4844. Also, petition of the Interstate Magazine Hauling Corporation, New York City, concerning the amended transportation bill; to the Committee on Interstate and Foreign Commerce.

4845. Also, petition of the New York Board of Trade, Inc., New York City, concerning the Mead-Allen bill; to the Committee on Banking and Currency.

4846. Also, petition of the International Association of Machinists, Washington, D. C., concerning the Lea transportation bill and Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

4847. Also, petition of United Telephone Organizations, New York City, concerning House resolutions 229 and 230; to the Committee on Rules.

4848. Also, petition of the New York Joint Council of the United Office and Professional Workers of America, New York City, concerning amendments to the Social Security Act and the O'Day bill (H. R. 101); to the Committee on Ways and Means.

4849. By Mr. PFEIFER: Petition of the International Association of Machinists, Washington, D. C., urging support and enactment of Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

4850. Also, petition of the Lancaster Iron Works, New York City, opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4851. Also, petition of the Interstate Magazine Hauling Corporation, New York City, opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4852. Also, petition of the New York Joint Council of the United Office and Professional Workers of America, New York City, concerning proposed amendment to the Social Security Act and the O'Day bill (H. R. 101); to the Committee on Ways and Means.

4853. Also, petition of the United Telephone Organizations, New York City, opposing House Resolutions 229 and 230; to the Committee on Rules.

4854. Also, petition of the New York Board of Trade, Inc., New York City, concerning the Mead-Allen bill; to the Committee on Banking and Currency.

4855. By Mr. RISK: Resolution of the Business and Professional Women's Clubs of Rhode Island, protesting against the removal of the U. S. S. *Constellation* from its present site in Newport, R. I., where it has been stationed for over

50 years at the naval training station; to the Committee on Public Buildings and Grounds.

4856. Also, resolution passed by the board of aldermen in the city of Newport, R. I., protesting against the removal of the U. S. S. *Constellation* from its present anchorage at the naval training station, Newport, R. I., and where it is annually visited by many thousands of visitors to the State because of its historical career in the naval service during the War of 1812; to the Committee on Public Buildings and Grounds.

4857. By Mr. RUTHERFORD: Petition of sundry residents of Montour County, Pa., favoring legislation to stop the advertising campaign for the sale of alcoholic beverages by press and radio; to the Committee on Ways and Means.

4858. By Mr. SHAFER of Michigan: Petition of the Michigan Federation of Post Office Clerks, asking for appointment of joint congressional committee to investigate conditions surrounding employment of substitute post-office clerks; to the Committee on Rules.

4859. Also, resolution of the Pennsylvania State Bar Association, endorsing Senate bill 915 and House bill 6324; to the Committee on the Judiciary.

4860. By the SPEAKER: Petition of the Michigan Federation of Post Office Clerks, Detroit, Mich., petitioning consideration of their resolution with reference to postal-employee legislation; to the Committee on Rules.

HOUSE OF REPRESENTATIVES

SATURDAY, JULY 22, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our heavenly Father, we ask Thee to read our hearts and know our minds. May we pray not for wealth or fame but for eyes to behold the truth and for a realizing sense that knows the eternal right. Clothe us with a manly faith, strong, courageous, which even dares with heart and hand to stoop to the lowliest of Thy children. We pray, dear Lord, for strength that never wavers, for a hope that never grows dim, and for those material blessings which the righteous may enjoy without harm and hold without wrong. Almighty God, give us power to gain dominion over selfishness, envy, and resentment. In every situation the Lord give us strength to hold on to our better selves. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2065. An act to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes.

The message also announced that the Senate had passed a bill and joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1610. An act to prevent discrimination against graduates of certain schools, and those acquiring their legal education in law offices, in the making of appointments to Government positions the qualifications for which include legal training or legal experience; and

S. J. Res. 176. Joint resolution providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner.

EXTENSION OF REMARKS

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein an address by Dr. McCormick, grand exalted ruler of the Elks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SHANNON. Mr. Speaker, I rise to ask unanimous consent to have printed in the RECORD an address delivered yesterday, July 21, by Col. J. Rion McKissick, president of the University of South Carolina, on Manassas Battlefield, at the presentation of a monument in respect to Gen. Barnard Elliott Bee.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the railroad bill and to include certain quotations.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

REGISTRY OF PURSERS AND SURGEONS AS STAFF OFFICERS ON VESSELS

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6076) to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 8, strike out "50" and insert "100."

Page 3, line 22, after "any" where it appears the second time, insert "such."

Page 3, line 23, after "States", insert "designated therein."

Page 4, line 13, strike out all after "*Provided,*" down to and including "operations" in line 15 and insert "That the provisions of this act shall not apply to any vessel of the United States operated on bays, sounds, inland waterways, and lakes, other than the Great Lakes, or to passenger ferries and car ferries operated on the Great Lakes."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman from Virginia tell us the effect of these amendments?

Mr. BLAND. The amendments really do not materially change the bill. The bill provided that on ocean-going vessels licensed to carry more than 50 passengers the officer in charge of the staff department should be the chief purser. The amendment increases that to 100 passengers.

The second amendment inserts, after the word "any", the word "such." It is a clarifying amendment.

Then there is another clarifying amendment which inserts the words "designated therein."

The other amendment inserted by the Senate was where we had provided that the provisions of the act should not apply to any vessel in the United States engaged in ferry operations. There was some question as to whether that sufficiently covered the situation, and the Senate amended it so that it would not apply to vessels operating on bays, sounds, inland waterways, and lakes, other than the Great Lakes, or to passenger ferries and car ferries operated on the Great Lakes.

That was the original intent of the bill as it passed the House, and we thought it was sufficiently clear, but it did develop that it was not, and this is simply a clarifying amendment.

Mr. MARTIN of Massachusetts. There are no substantial changes in the bill?

Mr. BLAND. There are no substantial changes in the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

COMMERCIAL LOANS

Mr. SECCOMBE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SECCOMBE. Mr. Speaker, this morning I am in receipt of a letter from one of the leading industrial manufacturers in my district, a very reliable company that manufactures farming equipment and factory supplies. The secretary and treasurer of this company informs me that a few days ago they received a letter from one of their leading representatives from another State, who states that he had a prospect for the purchase of a piece of farm equipment, and upon applying to his local banker for a loan of $1,200 he was refused, but was told that they would let him have the money for the purchase of an automobile.

It appears that due to Federal legislation it is impossible to make loans on financial statements, and that the examiners of the Federal Reserve Board and the Federal Deposit Insurance Co. make them call in loans unless covered by liquid collateral, such as Government bonds or listed stocks. Most of these small businesses and manufacturers in my district do not have this kind of collateral and never did. At least this particular manufacturer did not and prior to the closing of the local banks a few years ago could go to his local banker and borrow a few thousand dollars upon the signing of a note and everything was satisfactory, but today, under certain Federal laws, he finds himself helpless to do this.

It seems our banks are loaded with millions of dollars to lend but, under the provisions, seem helpless to do so, and unless something is done immediately to correct this situation many of our industries will find it difficult to continue the struggle.

While I believe that Congress acted in good faith in creating these various boards and commissions such as the F. D. I. C. and others, it seems to me they do not function properly and are not administered correctly and are of very little, if any, help to anyone.

We also have millions of dollars frozen in banks and holding companies and if we wish to restore faith and confidence to small and large business, as well as the many depositors this money belongs to, we must correct this situation by either passing the proper legislation or rescinding that which has already been passed in order to correct such conditions and release some of this money.

Very shortly we will have to consider the President's spend-lend program, and from conditions as they now exist there seems to be plenty of money in the banks to lend. All we need to do is to pass the necessary laws and get some of the millions of people now unemployed and on relief back into private employment and we will have all the spend-lend we need without providing further legislation.

The SPEAKER. The time of the gentleman from Ohio has expired.

ORDER OF BUSINESS

Mr. WARREN. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds, in order to ask the majority leader and the gentleman from California a question.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WARREN. I wonder if the majority leader and the gentleman from California [Mr. LEA] are in a position to state to the House what is going to be the policy about the consideration of the pending bill today?

Mr. LEA. I will state that it is the desire of the Committee to finish general debate. There are about 3 hours remaining. Then after the reading of the first section a motion to rise will be made.

Mr. WARREN. In other words, all amendments to the first section of the bill would be in order when we take it up again next week?

Mr. LEA. Yes, sir.

Mr. WARREN. That is entirely satisfactory.

WOOL-LABELING BILL

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I am asked daily by Members, What is the status of the wool-labeling bill?

A wool-labeling bill was passed by the Senate yesterday by a roll-call vote of 48 to 23. A wool-labeling bill has been reported out by the Committee on Interstate and Foreign Commerce of the House and is now pending before the Committee on Rules for a rule.

Many Members are interested in this bill. It has the endorsement of the American Farm Bureau Federation, the National Grange, the National Farmers Union, the National Farm Guild, the National Federation of Women's Clubs, the American Federation of Labor, and many large consumer organizations in the country. It is sincerely hoped that the Committee on Rules will report out a rule and enable the House to consider the bill at this session of Congress.

[Here the gavel fell.]

AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS

Mr. CROWE. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 10 providing for the establishment of a joint committee to convey to the members of the American Association of State Highway Officials the appreciation of Congress of their accomplishments in the field of highway development.

The Clerk read the title of the resolution.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand this involves no expense to the Government.

Mr. CROWE. This involves no expenditure whatever on the part of the Federal Government.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the resolution, as follows:

House Concurrent Resolution 10

Whereas this year marks the twenty-fifth anniversary of the organization of the American Association of State Highway Officials, which is composed of officials of the highway departments of all the States, Hawaii, Puerto Rico, the District of Columbia, and the United States Bureau of Public Roads; and

Whereas said association, through its members, represents the State and Federal governmental agencies which have constructed and maintained a vast system of highways throughout the Nation, which highways are becoming increasingly important in local and interstate transportation; and

Whereas said association has announced that it is planning to celebrate in a fitting manner this quarter century of road building at a national meeting to be held during the month of October 1939 in the cities of Washington, D. C., and Richmond, Va.: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the splendid results which have been accomplished in the vital development of our national highway-transportation system merit an expression of public appreciation by the Congress.

SEC. 2. A special committee of the Congress is hereby established, to consist of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, to convey to the members of the American Association of State Highway Officials at the national meeting of said association to be held in the cities of Washington, D. C., and Richmond, Va., during the month of October 1939, an expression of appreciation by the Congress of the praiseworthy accomplishments realized under their leadership and direction in the field of highway development.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to extend my own remarks on the pending bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COLE of Maryland. Mr. Speaker, I ask unanimous consent to include in an extension of remarks under the general authority granted on the transportation bill, tables, excerpts from testimony, and a few letters on the subject.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in two particulars: First, on the R. F. C.; second, concerning neutrality, including therein a brief observation made by Frederic William Wile.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PHILIPPINE INDEPENDENCE

Mr. SABATH, from the Committee on Rules, submitted the following resolution (Rept. No. 1249) for printing under the rule:

House Resolution 268

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 7096, a bill to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes." That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

PERMISSION TO ADDRESS THE HOUSE

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. LEAVY addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. MCCORMACK asked and was given permission to extend his own remarks in the RECORD.

ASSISTANCE TO GOVERNMENTS OF AMERICAN REPUBLICS

Mr. COLMER, from the Committee on Rules, submitted the following resolution (Rept. No. 1250) for printing under the rule:

House Resolution 269

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of House Joint Resolution 367, a joint resolution to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment, the Committee shall rise and report same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

GOVERNMENT LOANS TO SMALL BUSINESS

Mr. MAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MAY. Mr. Speaker, the gentleman from Ohio [Mr. SECCOMBE] a few moments ago referred to an incident where a farmer applied to a bank for a $1,200 loan, but failed to receive the loan due to regulations of the Federal Reserve System and of the Federal Deposit Insurance Corporation. The gentleman from Ohio is quite right so far as he went but he did not go far enough. Regulations by Government bureaus are a real impediment to business, and competition by Government in business adds to the fear of private enterprise.

Forty billion dollars of funds lie idle in the private banks of the country. In a few days we are going to be asked to consider another spending-lending program after this Congress has appropriated $13,000,000,000. That means the Government is going to continue to compete with its own taxpayers and we will never have recovery so long as this system continues.

My purpose in making these few remarks this morning is to ask the House of Representatives as a whole, or some Member of it even though it be the gentleman from Pennsylvania [Mr. RICH], to find out between now and the time that bill comes up for consideration "where we are going to get the money," so that I will know how to vote. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include some tables on imports and exports.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include excerpts from the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. THORKELSON]?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Appendix of the RECORD, and to include a brief article from Field and Stream on pending legislation.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. GEARHART]?

There was no objection.

Mr. JENKS of New Hampshire. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein an editorial from the Chicago Daily News.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire [Mr. JENKS]?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD, and to include an article on the distinguished minority leader entitled "The Man Who Believes We Can."

The SPEAKER. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

There was no objection.

Mr. VREELAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a brief article from the East Orange Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. VREELAND]?

There was no objection.

Mr. THILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a short newspaper item.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. THILL]?

There was no objection.

Mr. FISH asked and was given permission to extend his own remarks in the RECORD.

NEUTRALITY

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, President Roosevelt is reported as saying that the action of Congress on the neutrality bill "killed off the nicest little business boom you ever saw." How can anyone have confidence any longer in President Roosevelt, when he makes such loose, ridiculous, and unfounded statements? Such absurd and fantastic Presidential illustions are enough to make the angels weep.

The stock-market record shows that stock prices have increased steadily and substantially since the House restored the arms embargo. Businessmen, if the action of Congress had any effect on the stock market, probably were reassured and believed that Congress would insist on a policy of neutrality, nonintervention, and peace abroad and stability and security at home.

The only business that might have been affected in case of war is that of the munitions makers. The only boom punctured was the Roosevelt third-term boom which blew up.

The President is afraid to take the arms embargo issue to the people as, irrespective of the attitude of the eastern internationally minded press, the American people—particularly in the Middle and Far West—are overwhelmingly for the arms embargo and a real neutrality bill, and against collective security and quarantining the world with our blood and treasure.

I challenge President Roosevelt to either take the neutrality and arms embargo issue to the country and let the people decide, or quit talking through his hat. My guess is that he does not dare to accept the challenge.

ECONOMIC CONDITIONS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, the primary reason there is idle money in the banks is because it consists of bank credit which will not move until there is an additional flow of money through the hands of the consumers of the Nation and a healthier price level for basic commodities, and especially farm commodities. The real trouble is with our method of creating money, our failure to exercise the constitutional power of Congress in this regard, and our failure to devise a tax-pension system which will keep consumer buying power in circulation. The proposed lending bill is not a bill which will cause an increase in taxation. It is a program involving Government investment, and every penny of that money will be repaid. As a matter of fact, even the proposed bond issues by the lending agencies could be avoided if we made use of some of our idle gold and silver as a base for this credit. The program then might yield a net income to the Government. Furthermore, the opponents of the present administration know full well that the one thing they can do which will be most effective in making the American people unjustly blame the present administration for their economic conditions is to block such a bill as the lending bill, or the housing bill, and to do such things as were recently done to the rank and file of W. P. A. workers in the bill which Congress passed. The more distress there is, the more likely a political overturn will be. I should hate to think anyone would be willing to increase the people's troubles to gain a political end.

But the people of America usually vote according to the general economic conditions existing at the time. There may not be much reason in this, but it is true. Those who oppose the present administration understand, without doubt, exactly what I mean. I do not accuse anybody of bad motives, but I think the people have the right to understand that at present the political interest of the reactionary forces of the country is, tragically enough, advanced by bad economic conditions among the people. But to anyone who is sincerely concerned about our people and our business conditions it is evidently of primary importance for this Congress to see to it that further legislation to increase employment and buying power be passed before this Congress adjourns. Such legislation is no substitute for the fundamental things we should do—such as to bring our monetary system into line with present-day conditions. But it is essential right now.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, if no one else desires recognition at this time, I ask unanimous consent to extend my own remarks in the RECORD and to include two short editorials, instead of one, from local newspapers showing the difference between the way Governor Murphy and Governor Dickinson handled the strike situation.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD with two short paragraphs showing the difference between the way Governor Murphy handled the civil service and the way the present Governor of Michigan handled civil service.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

INTERLOCKING BANK DIRECTORATES

Mr. CELLER submitted a conference report and statement on the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act.

CONSTRUCTION OF NEW BUILDING FOR THE NAVY DEPARTMENT IN THE DISTRICT OF COLUMBIA

Mr. SABATH. Mr. Speaker, in the absence of the gentleman from New York [Mr. DELANEY] and in his behalf I submit a privileged report (Rept. No. 1253) from the Committee on Rules making in order the consideration of the bill H. R. 6830.

The Clerk read the resolution, as follows:

House Resolution 270

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 6830, a bill to authorize the construction of new buildings for the Navy Department in the District of Columbia. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Buildings and Grounds, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

The SPEAKER. The resolution will be referred to the House Calendar and ordered printed.

UNITED STATES RECLAMATION PROJECTS

Mr. WHITE of Idaho submitted a conference report and statement on the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes.

AMENDMENT OF INTERSTATE COMMERCE ACT

Mr. LEA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2009) to amend the Interstate Commerce Act as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further

consideration of the bill S. 2009, with Mr. JONES of Texas in the chair.

The Clerk read the title of the bill.

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. PEARSON].

Mr. PEARSON. Mr. Chairman, I have asked for this time in order to discuss the transportation bill, but I should like to take just a moment of the time allotted to me to reply to the statement just made by the gentleman from New York [Mr. FISH] with reference to the President of the United States.

I have sat on this floor for 5 years and listened to that gentleman criticize in most vituperative language the Chief Executive of this Nation. I should like to say in all good feeling that if the time ever comes when my district—as has the gentleman's from New York—has the honor to furnish to this Nation its Chief Executive, I intend to have too much respect for the office which he holds to criticize him as an individual or as an official in the public life of this Nation. [Applause.] We owe that much respect to the Chief Executive of this Nation, no matter who he is or what his political beliefs may be. The people of the Nation have confidence in him or they would not have placed him there, and as long as he serves in an honorable way as President of the United States it seems to me it ill becomes any man serving in the legislative branch of this Government to level at him bitter personal criticisms. It is unnecessary and inexcusable. Every patriotic American resents it and I share their resentment.

Mr. Chairman, I know that every Member of this House is anxious to see the enactment of legislation which will help to promote and stabilize the transportation systems of this country, and whatever differences we may have grow not out of a lack of interest in the subject but rather in the method of approach. The bill before you is the product of weeks and months of study and consideration, and I want to assure the membership of the House that your Committee on Interstate and Foreign Commerce offers it in the conscientious belief that it will partially remedy and remove the unfortunate and detrimental conditions which are destroying and deterring economic operation of every mode of transportation upon which we depend.

This measure is not offered as a railroad bill, a waterway bill, or a trucking bill, but as a transportation bill in the broadest sense of the term. It has already been explained, and I simply want to discuss it and its objectives in a general way.

When America was first established as a western frontier we were dependent upon what Nature gave us for transportation facilities, and commerce moved by trails and streams. Rapid expansion and development soon made it apparent that faster and better methods must be devised, and then came the development of railroads and highways penetrating the remotest corners of this continent. Only through them could the entire population be adequately served. Billions of dollars have been invested in these systems, supplemented by millions spent on the waterways. Thus we have established competing systems of transportation, and with the passing years the importance of each one in our economic life has grown increasingly important. They are all wards of the Government and property of the people of this country. They must be preserved. They must be protected from imposition, and each must be given a chance to exist and prosper under fair competitive conditions.

We are all familiar with the history of the railroads and conditions which brought them under regulatory control and supervision by the Interstate Commerce Commission. They had to be protected against themselves. With the development of transcontinental highways and inland waterways we have gradually brought about devastating competition between the different kinds of transportation that once existed between competing railroads, and now we are confronted with the task of doing something to remedy a very dangerous situation which is threatening the most important industry in our economic life.

As I see it we must do one of three things, namely:

First. Withdraw and repeal all existing regulations over rails and roads and leave the competitive warfare to the survival of the fittest.

Second. Permit the Government to take over waterways and rails and trucking rights and operate a socialistic system of transportation.

Third. Place all systems of transportation under uniform and unified control.

Certainly no one wants to see self-destruction of any system of transportation by unfair and unrestricted competitive conditions; few, if any, want to see the United States Government in the transportation business, and all of us want to do the thing that is necessary to avoid both. There is only one remedy—place all of them under the supervision and jurisdiction of one regulatory body charged with the duty of dealing fairly with each of them and thereby preserve for the people of this country every form of transportation to which they have been accustomed.

This bill does just that and, in my opinion, based not upon speculation but upon existing facts and conditions as shown in the hearings on this bill, if it is enacted into law it will ultimately prove beneficial to nearly 2,000,000 people employed by railroads, trucks, and water carriers, the owners of the systems, and the consuming public.

Some who have spoken on this bill express concern for the consumers and shippers of the Nation if this bill is passed, but they should be more concerned about them and their welfare if we do not pass it. Therein lies the danger to their interests. If we do not do something to relieve existing conditions we are going to create a nation of individual "transportationists," permitting the destruction of those systems which best serve the shipping and consuming public, creating unemployment and untold inconvenience and burdensome expense to the people as a whole.

For 50 years the railroads of this country have been under regulatory supervision of the Interstate Commerce Commission, for nearly 5 years busses and trucks have been regulated by the same body, and, despite the fact that both systems bitterly fought such regulation, I venture the assertion that today not one of them would want to engage again in unregulated competition. I well recall the arguments made in 1935 against bringing the trucks under governmental regulation. We were told then, as we are told now, that it would destroy competition and raise rates; that the consumer would suffer, and particularly that the farmers would be the helpless and innocent victims of the destruction of that mode of transportation upon which they depended. Subsequent experience has shown how utterly absurd these claims were. The Motor Carriers Act has done much to restore order from chaos, and where is to be found today one who would repeal the law or who will say that the owners of the carriers, the shippers, or the consumers have been injured by the enforcement and administration of that act?

Title II of this bill seeks to bring water carriers, generally speaking, under the control of the Interstate Commerce Commission. This objective is not for the purpose of destroying or hampering them in their operation, nor is it for the purpose of raising freight rates. It is for the purpose of coordinating transportation service throughout the Nation, affording unified control and regulation, adjusting unfair competitive conditions, and eventually saving for the public all forms of transportation. This bill is so drawn that even a casual reading will show that there is no purpose or intention to adjust rates in such manner as to deprive any carrier of the inherent advantage of its cheaper carrying costs. A coordination of rates must of necessity take into consideration and regard the advantage of one type of transportation over another, and this bill in its declaration of policy, made a part of the basic act, states that the purpose is "to provide for fair and impartial regulations of all modes of transportation * * * so administered as to recognize and preserve the inherent advantages of each."

At present our system of water transportation is in a state of confusion. The Maritime Commission regulates a

portion of it, the Interstate Commerce Commission controls and regulates a portion of it, and a considerable portion is unregulated and operates without regard to other systems and with no uniform treatment of shippers. The Government has no authority to prevent discrimination and as a result land transportation and water carriers themselves suffer. This measure will clarify this situation and through complete and unified control will bring about a discontinuance of destructive competitive methods.

Mr. Chairman, as one who comes from a State and district enjoying all modes of transportation affected by this act I do not hesitate to support this bill because I believe its purpose is to improve the Nation's transportation system and because the welfare of these agencies is a matter of concern to them. They want and are entitled to economic service and they know the best way to get it is through equal and just treatment of competitive carriers and the preservation on a fair basis of all competitive systems.

In this connection I might add that the people of my section are vitally interested in section 6, subsection (1) (b), of the bill, which authorizes the Interstate Commerce Commission to investigate the rates on manufactured products for the purpose of determining whether said rates are unjust, unreasonable, or unlawful in and of themselves, or in their relation to each other, and to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist.

This section would make possible a correction of rate differentials found to be unjust or discriminatory. While it does not go as far as I would like to see it, it does open an avenue for full consideration and correction of a great injustice being done many sections of the country. If pursuant to this authority the Commission does not correct existing evils in the freight-rate structure of the Nation then Congress can, and I believe will, do so on its own responsibility.

My friend from North Carolina [Mr. WARREN] said on yesterday he was one of a group of 125 Members of the House who met in January to protest against the terrific discriminations in freight rates against the South and West and he does not want to hear anyone who attended these meetings from Tennessee and other States protesting further against those discriminations if they vote for this measure, but to go back and tell the people that, under the pressure of a great lobby we could not resist, we voted to take away from them the very last thing they had to hold down freight rates in our sections.

I was one who attended those meetings and I am one who is supporting this bill. And I say to him that this bill presents the first and only opportunity that we have ever had to correct the evils about which we complain, and if he opposes it he will be the one who is in an inconsistent position and will have to say to the people back home that he deprived them of the only chance they have ever had to rid themselves of the shackles and bondage of unfair rates. Not only do we have this opportunity through this section which authorizes a correction but through the enforcement and administration of this bill in its entirety. Unless something is done to integrate, unify, and uniformly control every method of transportation, the very collapse of a part of it will increase freight rates throughout the Nation to an unbearable degree. Waterways only go where God makes it possible for them to go but railroads and highways go wherever man wants to send them, and if we have to depend upon any one of them because of our failure to help all of them we destroy every hope and vestige of suitable transportation at reasonable cost.

Commissioner Splawn, when he appeared before the committee in support of legislation of this type, stated that in the consideration of the question involved we would have to think in terms of the greatest good for all the people of the country and that is the manner in which I have approached it. It should be the first consideration when acting upon a matter which affects so vitally every citizen of this country and I sincerely believe that what we do in this bill will redound to the benefit of all alike. Our transportation industry cannot survive much longer under present conditions and nothing could be more disastrous to our economic welfare than to permit any part of it to disintegrate or be destroyed because of lack of governmental interest and protection.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, this pending legislation will seriously affect the economic well-being of every man, woman, and child in these United States. The original draft of this legislation came from the Committee of Six. The Committee of Six were all railroad men, either executives or employees, and in that legislation they divided up the transportation phases of this country like a captured province, and prepared to make the American people and future generations pay through the nose for transportation. To the credit of the committee having in charge this bill, the present bill is a much softer version, somewhat sugar-coated, it is true, but in the main having the same objectives as were present in the original Lea bill.

The House should remember that this bill must go through the hazards of conference, and he who runs may read that when this legislation comes back from conference it will tie the public hand and foot.

May I say preliminarily that the railroads in their palmiest days never enjoyed such power as they are given under this bill. I speak the language of the highly intelligent leaders of the railway employees when I say that the effect of this legislation will be to make the international bankers, Kuhn, Loeb & Co. and J. P. Morgan & Co., the actual managers of the class I railroads, the masters of American transportation.

THE DEVELOPMENT OF AMERICA

I wish to state at this time that I make no war on the railroads. They have played an important part in the development of America and are essential to our national life and progress.

I will vote for any legislation which will enable the railroads to put their house in order, even to the extent of further loans from the R. F. C. for the purchase of equipment, but I am unalterably opposed to the creation of a transportation monopoly which will certainly slow this country down and seriously handicap the farmer and city dweller alike.

Distances in America are so great that adequate, low-cost transportation is essential to the life of our people. In some sections of the country we have great surpluses of the products of agriculture and industry for which there is no sale. In other sections there is suffering because of an unsatisfied demand for these products which cannot be carried to the sections where they are needed because of the prohibitive, excessive cost of transportation.

HIGH FREIGHT RATES FOR FARMERS

I have some background on transportation matters, having served as a member of the Rivers and Harbors Committee for 10 years. Early in my service I was greatly shocked by testimony before the committee which told of farmers in the Snake River country in Idaho who had to pay to carry a bushel of wheat 100 miles more than the wheat was worth. I was greatly shocked when a farmer from the State of Washington testified that he had $20,000 worth of luscious apples, which are grown in that section, but that the freight rate was $15,000 and the barreling and the handling of the apples involved a cost of $8,000, which ran his total expense to $23,000. He testified that he had to leave the apples on the trees, because he could not market them except at a loss of $3,000. He further testified that since he had gone into that country railroad rates had been quadrupled by the Interstate Commerce Commission, although when he settled there in its beginnings, the railroads had told him freight rates would be reduced with an increase in population.

The able gentleman from Indiana [Mr. HALLECK] adroitly brought Mr. O'Neal, of the Farm Bureau Federation, into the picture. He did not tell you that Mr. Pelley, the head of the railroad lobby, which is spending $10,000,000 in this year of our Lord in lobbying, had as his guest in Florida, tarpon fishing for a week at a time on two occasions, Mr.

O'Neal of the Farm Bureau Federation. They traveled there in a special train, and it is, perhaps, too much to hope that that environment did not have some effect on Mr. O'Neal's viewpoint.

In this same Rivers and Harbors Committee I learned that our exports were cut off, because the Canadian farmer, over privately owned railroads and by public waterways, is able to market his grain at one-half the price the American farmer pays for transportation.

So I say that the transportation system in the United States, under whosever auspices it is, has been a complete debacle so far as the farmer is concerned.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. If the gentleman will just let me go on, please, I shall be pleased to yield later.

This testimony to which I have referred excited my interest, and in some measure my wrath, because I did not think that America was accomplishing her true economic destiny, and I have been seeking a way out of this dilemma for both the farmer and the city dweller. No relief can be had for these groups through this legislation; on the contrary, this bill puts the American people, farmer and city dweller alike, in an economic strait jacket.

BUREAUCRATIC CONTROL

In the course of my investigation of this subject I looked into the performances of the I. C. C., concerning which some gentlemen speak with bated breath. I regard them as railroad-minded; and bitter experience has shown that this Commission, with several notable exceptions, has not been concerned with the transportation problems of the farmer or the consumer. The chief concern of this Commission, as is apparent from its written record, is to enable the railroads to continue to pay interest and dividends on their bonds and stocks, which represent the railroads' swollen and watered capitalization. That they failed to do this is no fault of the Commission. One fact will make this clear. It will make clear how completely this austere outfit has muffed the transportation problems of the American people. The Commission's appraisal of the value of the railroads, made largely by railroad employees, is over $26,000,000,000. The present market value of the stocks and bonds of the railroads, as furnished me by the Interstate Commerce Commission, is $9,000,000,000. It is a far cry from $9,000,000,000 to $26,000,000,000; but this fact has not deterred this railroad-minded Commission from endeavoring to make the American people pay a return on $18,000,000,000 worth of value which market reports show does not exist.

I exempt from my condemnation of the Commission Commissioner Eastman and several other members of the Commission, who have protested times without number against this outrageous procedure.

Let me give you the type of the reasoning which pervades the reports of this august Commission. The Commission has repeatedly pointed out that the value for rate-making purposes has little, if any, relation to the economic value of the property, and it disregards this value for rate-making purposes. To illustrate this point, the following comparisons between the economic value and the value for rate-making purposes are shown: Take the Ulster & Delaware Railroad. The value for rate-making purposes was $6,468,019 (110 I. C. C. 335), while the economic value was $2,500,000 (175 I. C. C. 65). The economic value represents about 39 percent of the value for rate-making purposes.

Then there was the Boyne City, Gaylord & Alpena Railroad, which was valued for rate-making purposes at $1,706,000 (119 I. C. C. 778), while the economic value was fixed at $230,000 (180 I. C. C. 538). The economic value represents 14 percent of the rate-making value.

Here is another poser, the Chicago, Attica & Southern. That was valued for rate-making purposes at $3,382,000, while the economic value was placed at $165,000 (187 I. C. C. 527), or 5 percent of the rate-making value.

If the House is interested in this question, I refer Members to the dissenting opinion filed by Commissioner Porter, reported at 117 I. C. C. 181 and 439. What an absurd, even a monstrous basis for rate making. And yet this is the procedure on which the railroads annually make a pilgrimage to the I. C. C. and ask for and obtain an increase in rates.

Mr. HARRINGTON. Mr. Chairman, will the gentleman yield?

RED TAPE AND DELAY

Mr. CULKIN. In just a moment. Lawyers will tell you today that it is more difficult to get into the I. C. C. with a case than it is into the Supreme Court. It costs thousands of dollars to try a case before the Interstate Commerce Commission, and an average of 3 years to get a decision on one. One famous case has run 15 years, and they are still taking testimony, although the Commission has never seen a line of the testimony. A number of other cases have run 4 and 5 years without a decision. This outfit has all the externals of a court, but none of its probity or civic consciousness. The fact is that at the turn of the century the railroads took over the Interstate Commerce Commission, and since then they have absolutely written their own ticket. Year after year freight rates have increased by leaps and bounds by the Commission, at the direction of the railroads, and the farmer in many instances has had to let his crop remain in the ground or his fruit on the trees, because he could not meet these ever-increasing rates, and get his product to the consumer in the cities.

During this period the Commission has not regulated the railroads; the railroads have regulated the Commission. When men in public life say that the railroads are being regulated I do not doubt their sincerity, but I do question their serious study of this problem.

For the past several years the American public has been deluged with propaganda in behalf of the railroads, the cost of which is said to run over $10,000,000 a year. They have flooded the country with false and lying statements concerning the economics of truck and water transportation. The average American is a kindly soul, and has more or less been taken into camp by this artful and skillful propaganda carried on through paid advertising, ofttimes reflected in the editorial pages of our newspapers.

The railroad lobby says that the trucks pay no taxes. As a matter of fact, they pay annually $417,000,000,000 in taxes. This is 47 percent of the value of truck property and $89,000,000 more than the railroads pay in taxes annually. The trucks serve 50,000 communities in the United States which are at present without railroad transportation. Approximately 8,000,000 people live in the areas where there is no rail service. It is estimated there are another 25,000,000 of our citizens who live in areas where the railroad service is marginal, a train a day being the usual procedure. These people have been getting conveniences and necessities by daily service from the trucks at reasonable cost. These trucks employ 3,545,000 men, over three times the employment given by the railroads. The trucks carry but 5 percent of the national tonnage. They have been a godsend as an employment agency in these troublesome times. They have been a godsend because they bring the conveniences and necessities of life to our people everywhere.

THE TRUCKS

In 1935 we passed a truck act which placed trucks under the Interstate Commerce Commission. The people up to that time were getting an excellent service at reasonable cost. Today truck rates are within 90 percent of railroad rates, and it is impossible to get information from the Commission as to their treatment of these truck cases. Many truckers have petitioned that these truck rates be reduced. Their applications have been in vain, and the Commission in many cases is now compelling trucks to charge an average of 40 percent more than the trucks feel justified in asking. This, if you please, is for the purpose of making the rails competitive with the trucks. This is the Commission which in legal theory represents the public interest. It is, in fact, bureaucracy at its very worst. There are some other scandalous stories afloat concerning this Commission. They

are hearsay, and I will not repeat them. Congress, as a necessary preliminary to this legislation, should investigate this Commission thoroughly and find out what is rotten in Denmark.

WATER TRANSPORTATION

This bill proposes to put common carriers by water under the Interstate Commerce Commission. Note this: Whenever the I. C. C. has jurisdiction of water rates—and they have jurisdiction now of joint rail and water rates—the rates on water have gone up to within 10 percent of the rail rates. Here is an illustration. It costs $1.85 to carry 100 pounds of freight from Gulf ports to New York, a distance of 1,800 miles, under this regulation. It costs but 80 cents to carry a hundred pounds of freight from Gulf ports to Kobe, Japan, a distance of over 6,000 miles. In other words, it costs twice as much to carry freight from Gulf ports to New York than it does to carry it 6,000 miles to Japan.

NORTHWEST ORDINANCE

I am sure that you were thrilled yesterday by the able, statesmanlike discussion of this question by the gentleman from New York [Mr. WADSWORTH]. His viewpoint is always valuable and courageous. In his discussion he seemed to be laying down the doctrine enunciated in the Northwest Ordinance of 1777, passed by the Continental Congress of July 13, 1787. Listen to the content of this article IV of this ordinance, and then compare it with the text of the distinguished gentleman's speech. The ordinance is as follows:

ARTICLE IV

The navigable waters leading into the Mississippi and St. Lawrence, and the carrying places between the same, shall be common highways, and forever free, as well to the inhabitants of the said territory as to the citizens of the United States, and those of any other States that may be admitted into the Confederacy, without any tax, impost, or duty therefor.

Thus, the founding fathers wrote into law the theory of free navigation. This was their viewpoint, even before the birth of the railroads. They decreed that the rivers and the streams should remain unshackled. This pending legislation attempts to undo the spirit and letter of that great document which, I am advised, is still law today in many of the Western States.

LOW-COST TRANSPORTATION NECESSARY

In the present national situation, when so many of our people are leading marginal lives, with the frontiers gone and our distances so great, low-cost transportation is essential to our national life. Water transportation is the first and last line of defense of our people in this field. The latest figures available show that in 1937 there were 583,100,000 tons carried over our coastal and internal waterways. This tonnage was carried at an average of one-tenth of the railroad rates, and I emphasize here in response to the suggestion of the last speaker that water transportation and rail transportation are in no sense competitive. They are in a distinct class.

I wish to say at this point, also, that in the development of our waterways, we have had the advantage of the advice and almost the direction on economic determination of those great public officers, the greatest public officers of any popular government in the history of the world, the United States Army engineers. Their findings are supreme in the field. No project is adopted except after it is recommended by them. The economic savings to the American people have paid the costs of these waterways a thousand times over. In addition they have been of immeasurable value to the man on the street and the farmer on land.

Savings in transportation are aways reflected back to the people. A red herring was drawn across the trail in the other body by the senior Senator from Montana. It will probably be suggested here. I hold in my hand 86 certificates from 86 distributors and jobbers who handle from 300,000 to 50,000,000 gallons of gasoline annually. These jobbers certify that the savings on transportation are always reflected back to the people. The certificates follow:

PATCHOGUE, N. Y.

Know All Men That:

I, Marcelle D. Marran, president of W. R. Marran's Sons, Inc., located at Patchogue, N. Y., which owns and operates a bulk-oil water terminal at Mulford Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 14th day of July 1939.

[SEAL] MARCELLE D. MARRAN,
President, W. R. Marran's Sons, Inc.

Know All Men That:

I, A. H. Elkind, vice president of the Elm Coal & Oil Corporation, located at 719 South Columbus Avenue, Mount Vernon, N. Y., which owns and operates a bulk-oil water terminal at 719 South Columbus Avenue, Mount Vernon, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 14th day of July 1939.

[SEAL] A. H. ELKIND,
Vice President, Elm Coal & Oil Corporation.

POUGHKEEPSIE, N. Y., *July 12, 1939.*

I, C. M. Clay, Jr., of the C. M. Clay's Sons, Poughkeepsie, N. Y., own and operate a bulk-oil water terminal at Highland, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation costs reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said C. M. Clay's Sons this 12th day of July 1939. County of Dutchess.

C. M. CLAY, Jr.,
Sole Owner, C. M. Clay's Sons.

C. J. SENKIER, *Notary.*

GLASTONBURY, CONN., *July 13, 1939.*

Know All Men That:

I, Willard G. Phelps, president of the Phelps Oil Co., Inc., located at Glastonbury, Conn., which owns and leases to James B. Berry Sons Co., Inc., of Oil City, Pa., who operate a bulk-oil water terminal at Glastonbury, Conn., which terminal received by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that they purchase the petroleum products which they market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that they negotiate contract and arrange for their transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 13th day of July 1939.

[SEAL] WILLARD G. PHELPS,
President, Phelps Oil Co., Inc.

NEW YORK, N. Y.

Know All Men That:

I, R. G. Phelps, vice president of the Meenan Oil Co., Inc., located at New York City, N. Y., sell and distribute our entire volume, all of which gallonage is handled by water transportation, consisting of domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of the said corporation this 13th day of July 1939.

[SEAL] R. G. PHELPS,
Vice President, Meenan Oil Co., Inc.

BUFFALO, N. Y., *July 13, 1939.*

Know All Men That:

I, James F. Breuil, president of the Frontier Fuel Oil Corporation, located at 986 Ellicott Square, Buffalo, N. Y., which owns and

operates a bulk-oil water terminal at Buffalo, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating, and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 13th day of July 1939.

JAMES F. BREUIL,
President, Frontier Fuel Oil Corporation.

ERIE, PA.

Know All Men That:

I, C. W. Gebhardt, secretary of the United Oil Manufacturing Co., located at Erie, Pa., which owns and operates a bulk-oil water terminal at Erie, Pa., which terminal receives by water the following grades of petroleum products—gasoline and industrial fuel oil—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

C. W. GEBHARDT,
Secretary, United Oil Manufacturing Co.

Know All Men That.

I, Edward Shiner, treasurer of the Connecticut Refining Co., located at West Haven, Conn., which owns and operates a bulk-oil water terminal at West Haven, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 13th day of July 1939.

EDWARD SHINER,
Treasurer, The Connecticut Refining Co.

Know All Men That:

I, F. S. Pulver, president of the Pulver Gas & Oil Corporation, located at Hudson, N. Y., which owns and operates a bulk-oil water terminal at Hudson, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 11th day of July 1939.

[SEAL]

FRANK S. PULVER,
Pulver Gas & Oil Corporation.

CLEVELAND, *July 11, 1939.*

Know All Men That:

I, A. P. Byal, assistant secretary-treasurer of the Allied Oil Co., Inc., located at Cleveland, Ohio, which owns and operates a bulk-oil water terminal at Cleveland, Ohio, which terminal receives by water the following grades of petroleum products—domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries as well as various Great Lakes ports and refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 11th day of July 1939.

A. P. BYAL,
Assistant Secretary-Treasurer,
Allied Oil Co., Inc.

DETROIT, MICH.

Know All Men That:

I, M. P. Austin, president of the Chas. E. Austin, Inc., located at Detroit, Mich., which owns and operates a bulk-oil water terminal at 1071 Miller Road, Detroit, Mich., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 11th day of July 1939.

M. P. AUSTIN,
President, Chas. E. Austin, Inc.

PHILADELPHIA.

Know All Men That:

I, Joseph M. Patterson, president of the Joseph M. Patterson & Co., Inc., located at 213 South Broad Street, Philadelphia, Pa., which owns and operates a bulk-oil water terminal at Philadelphia, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices at ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof, I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

JOS. M. PATTERSON,
President, Joseph M. Patterson & Co., Inc.

Know All Men That:

I, William W. Miller, president of the Major Petroleum Co., located at Philadelphia, Pa., which owns and operates a bulk-oil water terminal at Forty-ninth Street and Botanic Avenue, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices at ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof, I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

WILLIAM W. MILLER,
President, Major Petroleum Co.

ST. JOSEPH, MICH., *July 5, 1939.*

OIL TRANSFER CORPORATION,
17 Battery Place, New York, N. Y.

GENTLEMEN: Replying to your letter of the 3d inquiring as to whether or not water-transportation savings are passed on to the public, we wish to advise that upwards of 90 percent of gasoline moving into the State of Michigan is handled through water terminals and anyone following the price trends on gasoline will know that Michigan has the lowest average price of any State in the Northwest. Our markets are always at least 1 cent per gallon lower in price than in surrounding States who do not have the advantage of water-borne commerce.

It is physically impossible for anyone to compete in the gasoline business in the State of Michigan, where they have to depend on rail shipments and pay rail freight.

Very truly yours,

J. J. THEISEN,
President, Theisen-Clemens Co.

HARRISON, N. J., *July 5, 1939.*

Know All Men That:

I, J. H. Quackenbush, secretary-treasurer of the Crown Oil Co., located at Harrison, N. J., which owns and operates bulk-oil water terminals at Harrison and East Newark, which terminals receive by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer. In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

J. H. QUACKENBUSH,
Secretary-Treasurer, Crown Oil Co.

OYSTER BAY, N. Y.

Know All Men That:

I, Benjamin Shapiro, secretary-treasurer of the Commander Oil Corporation, located at Oyster Bay, N. Y., which owns and operates a bulk-oil water terminal at Oyster Bay, which terminal receives by

water terminal at 369–407 Riverside Avenue, which terminal resene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 7th day of July 1939.

[SEAL] BENJAMIN SHAPIRO,
Secretary-Treasurer, Commander Oil Corporation.

TARRYTOWN, N. Y.

Know All Men That:

I, Albert P. Husted, Jr., president of the A. P. Husted Co., Inc., located at Tarrytown, N. Y., which owns and operates a bulk-oil water terminal at Tarrytown, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 10th day of July 1939.

ALBERT P. HUSTED, Jr.,
President, A. P. Husted Co., Inc.

NEW YORK, N. Y.

I, George F. Sinram, president of the Marnis Oil Co., Inc., located at 417 East Thirty-seventh Street, New York, N. Y., which owns and operates a bulk-oil water terminal at One Hundred and Thirty-eighth Street and Harlem River, the Bronx, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating, and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries; and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July, 1939.

[SEAL] GEORGE F. SINRAM,
President, Marnis Oil Co., Inc.

NEW YORK.

Know All Men That:

I, S. S. Seltzer, vice president of the Royal Petroleum Corporation, located at 60 East Forty-second Street, New York City, N. Y., which owns and operates a bulk-oil water terminal at Sewaren, N. J., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating, and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contracts and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal, this 7th day of July 1939.

[SEAL] S. S. SELTZER,
Vice President, Royal Petroleum Corporation.

PASSAIC, N. J.

Know All Men That:

I, Wiley H. Butler, vice president of the Home Fuel Oil Co., located at 663 Main Avenue, Passaic, N. J., which owns and operates a bulk-oil water terminal at Passaic, N. J., which terminal receives by water the following grades of petroleum products, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices, f. o. b. port of Newark, Newark, N. J., ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] W. H. BUTLER,
Vice President, Home Fuel Oil Co.

NEWARK, N. J.

Know All Men That:

I, H. Russ Van Vleck, president of the Northern New Jersey Oil Co., located at Newark, N. J., which owns and operates a bulk-oil water terminal at 369–407 Riverside Avenue, which terminal receives by water the following grades of petroleum products, gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 7th day of July 1939.

H. RUSS VAN VLECK,
President, Northern New Jersey Oil Co.

Know All Men That:

I, Harvey W. Lewis, secretary of the Lewis Coal & Oil Co., Inc., located at Port Washington, N. Y., which owns and operates a bulk-oil water terminal at Port Washington, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] HARVEY W. LEWIS,
Secretary, Lewis Coal & Oil Co., Inc.

Know All Men That:

I, Frank Schoonmaker, secretary of the Maue Oil Co., located at Ossining, N. Y., which owns and operates a bulk-oil water terminal at Ossining, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 7th day of July 1939.

FRANK SCHOONMAKER,
Secretary, Maue Oil Co., Inc.

Know All Men That:

I, Kenneth R. Field, treasurer of the Sunfield Co., located at Bridgeport, Conn., which owns and operates a bulk-oil water terminal at Waterview Avenue, Bridgeport, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 8th day of July 1939.

KENNETH R. FIELD,
Treasurer, Sunfield Co.

GLENS FALLS, N. Y., *June 30, 1939.*

Know All Men That:

I, F. P. Moynehan, president of the Glens Falls Distributing Co., Inc., located at Glens Falls, N. Y., which owns and operates a bulk-oil water terminal at Dunhams Basin, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, fuel oils, and kerosene—and do hereby certify that we purchase the petroleum products which we market on the basis of posted price f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than the prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotation to the consumer.

In witness where I have hereunto set my hand and seal this 30th day of June 1939.

F. P. MOYNEHAN,
President, Glens Falls Distributing Co., Inc.

MOUNT VERNON, N. Y.

Know All Men That:

I, William F. Bang, president of the Bang Petroleum, Inc., located at Mount Vernon, N. Y., which owns and operates a bulk-oil water terminal at Portchester, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we

purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

WILLIAM F. BANG,
President, Bang Petroleum, Inc.

BRONX, N. Y.

Know All Men That:

I, Albert G. Schildwachter, secretary of Fred M. Schildwachter & Sons, Inc., located at 1769 Webster Avenue, Bronx, N. Y., which owns and operates a bulk-oil water terminal at 2970 East Tremont Avenue, which terminal receives by water the following grades of petroleum products—kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water transportation cost reflects itself in the competitive quotations of the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

ALBERT G. SCHILDWACHTER,
Secretary, Fred M. Schildwachter & Sons, Inc.

NEW YORK, N. Y.

Know All Men That:

I, H. V. Peterson, treasurer of the Hartol Products Corporation of New England, located at 630 Fifth Avenue, New York, N. Y., which owns and operates bulk-oil water terminals at East Hartford, Conn., and Revere, Mass., which terminals receive by water the following grades of petroleum products—gasoline, kerosene, and light heating oils—do hereby certify that we purchase the petroleum products that we market on the basis of prevailing prices f. o. b. United States Gulf-ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

[SEAL] H. V. PETERSON,
Treasurer, Hartol Products Corporation of New England.

In witness whereof I have hereunto set my hand and seal of said corporation this 30th day of June 1939.

RUTLAND, VT.

Know All Men:

I, Roy A. Manning, treasurer of the Manning Manufacturing Co., located at Rutland, Vt., which owns and operates a bulk-oil water terminal at Fort Ann, N. Y., which terminal receives by water the following grades of petroleum products—gasoline and kerosene—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

ROY A. MANNING,
Treasurer, Manning Manufacturing Co.

BRONX, N. Y.

Know All Men That:

I, Frank J. Rella, president of the Public Service Oil Co., Inc., located at 2708 East Tremont Avenue, Bronx, N. Y., which owns and operates a bulk-oil water terminal at 1392 Commerce Avenue, on Westchester Creek, Bronx, N. Y., which terminal receives by water grade 2 domestic heating oil, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the customer, or consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] FRANK J. RELLA,
President, Public Service Oil Co., Inc.

BOSTON, *July 5, 1939.*

Know All Men That:

I, F. E. Knox, New England manager of the James B. Berry Sons' Co., Inc., located at Boston, Mass., which owns and operates bulk-oil water terminals at Hartford, Conn.; Tiverton, R. I.; and Boston, Mass., and which terminals receive by water petroleum products, such as gasoline, kerosene, and domestic heating oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices, f. o. b. New York ocean terminals and Boston ocean terminals, and that we negotiate contracts and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

F. E. KNOX,
New England Manager, James B. Berry Sons' Co., Inc.

LYNN, MASS.

Know All Men That:

I, Solomon Burwen, president of the Leader Filling Stations Corporation, located at Lynn, Mass., which owns and operates a bulk-oil water terminal at Danvers, Mass., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, and domestic heating oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. Massachusetts ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] S. BURWIN,
Presiden, Leader Filling Stations Corporation.

CROMWELL, CONN.

Know All Men That:

I, Everett M. Smith, vice president of The Franklin Terminal Corporation, located at Cromwell, Conn., which owns a bulk-oil water terminal at Cromwell, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we warehouse and store petroleum products for several companies who market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that they contract for their transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

[SEAL] EVERETT M. SMITH,
Vice President, The Franklin Terminal Corporation.

NEW BRITAIN, CONN.

Know All Men That:

I, Ethel G. Johnson, assistant secretary of the Franklin Oil Equipment Co., located at New Britain, Conn., do hereby certify that we transport petroleum products for several companies who purchase the following grades of petroleum products: Gasoline, kerosene, domestic heating and industrial fuel oils; and that these companies market on the basis of posted prices f. o. b. New York, ocean terminals, or refineries, and that they contract for their transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

[SEAL] ETHEL G. JOHNSON,
Assistant Secretary, The Franklin Oil Equipment Co.

NEW BRITAIN, CONN., *July 6, 1939.*

Know All Men That:

I, Rose L. Meltzer, secretary of the Rackliffe Oil Co., located at New Britain, Conn., which operates a bulk-oil water terminal at Cromwell, Conn., which terminal receives by water the following grades of petroleum products: Gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York, ocean terminals or refineries, and that we contract for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

[SEAL] ROSE L. MELTZER,
Secretary, The Rackliffe Oil Co.

NEW YORK, N. Y., *July 7, 1939.*

Know All Men That:

I, W. A. Hamel, traffic manager of the Cities Service Oil Co., located at Sixty Wall Tower, New York City, N. Y., which owns and operates bulk-oil water terminals at Rochester, N. Y.; Syra-

cuse, N. Y.; Utica, N. Y.; Rensselaer, N. Y.; Kingston, N. Y.; Newburgh, N. Y.; Long Island City, N. Y.; Inwood, N. Y.; Mount Vernon, N. Y.; Secaucus, N. J.; and New Haven, Conn., which terminals receive by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we market the petroleum products on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof, I have hereunto set my hand this 7th day of July 1939.

W. A. HAMEL,
Traffic Manager, Cities Service Oil Co.

BROOKLYN, N. Y., *July 1, 1939.*

Know All Men That:

The Arguls Gas & Oil Sales Co., Inc., located at Brooklyn, N. Y., which owns and operates a bulk-oil water terminal at Mill Basin, Brooklyn, N. Y., and Newtown Creek, Brooklyn, N. Y., which terminals receive by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils, does hereby certify that it purchases the petroleum products which it markets on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that it negotiates, contracts, and arranges for its own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 1st day of July 1939.

ARGULS GAS & OIL SALES CO., INC.,
By BARNEY ROGOVEN, *Secretary.*

BROOKLYN, N. Y.

Know All Men That:

I, Leon Steinberg, president of the Concord Oil Corporation, located at Brooklyn, N. Y., which owns and operates oil water terminals at Inwood, Nassau County, and Brooklyn, on Newtown Creek, said terminals receive by water the following grades of petroleum products—kerosene and domestic heating oils—do hereby certify that we purchase the petroleum products which we market on a basis of posted price, f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our transportation with contract carriers, who operate bulk tank vessels, and that water rates are particularly lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

Rail rates from these bulk ocean terminals, or refineries to our water terminals costs anywhere from 1¼ to 1½ cents per gallon. At present we are purchasing fuel from these terminals at approximately 4 cents per gallon and reselling same, delivered in tank wagon to our customers, at 5¾ cents. Therefore, we cannot see how it would be possible for us to bring these products in by rail without adding the additional cost of doing so on to the consumer's price.

In witness thereto I have hereunto set my hand and seal of the said corporation this 5th day of July 1939.

[SEAL] LEON STEINBERG,
President, Concord Oil Corporation.

STAMFORD, CONN.

Know All Men That:

I, William Regnemer, president of the Stamford Oil Co., located at Stamford, Conn., which owns and operates a bulk-oil water terminal at Water Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 8th day of July 1939.

[SEAL] WILLIAM REGNEMER,
President, Stamford Oil Co.

NEW YORK, N. Y., *July 7, 1939.*

Know All Men That:

I, Landon B. Stableford, president of the Allied Oil Corporation, located at Bogota, N. J., which owns and operates a bulk-oil water terminal at Bogota, N. J., which terminal receives by water the following grades of petroleum products: Kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 7th day of July 1939.

[SEAL] L. B. STABLEFORD,
President, Allied Oil Corporation.

PASSAIC, N. J.

Know All Men That:

I, Wiley H. Butler, vice president of the Coastal Oil Co., located at 663 Main Avenue, Passaic, N. J., which owns and operates bulk oil water terminal at port of Newark, Newark, N. J., which terminal receives by water the following grades of petroleum products: Kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. American Gulf ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the low water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] WILEY H. BUTLER,
Vice President, Coastal Oil Co.

WOODMERE, LONG ISLAND.

Know All Men That:

I, Joseph S. Hewlett, partner of the firm of Hewlett Bros., located at Woodmere, N. Y., which owns and operates a bulk-oil water terminal at Inwood, Long Island, N. Y., which terminal receives by water the following grades of petroleum products—kerosene and domestic heating oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal this 6th day of July 1939.

JOSEPH S. HEWLETT,
Partner, Hewlett Bros.

BUFFALO, N. Y.

Know All Men That:

I, J. Warren Pfeifer, secretary of the Terminal Petroleum Corporation, located at Buffalo, N. Y., which owns and operates a bulk-oil water terminal at town of Tonawanda, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating, and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] J. WARREN PFEIFER,
Secretary, Terminal Petroleum Corporation.

ROCHESTER, N. Y.

Know All Men That:

I, Frederack R. Huberlie, president of the Hub Oil Co., Inc., located at Rochester, N. Y., which owns and operates a bulk-oil water terminal at Rochester, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

FREDERICK R. HUBERLIE,
President, Hub Oil Co., Inc.

PASSAIC, N. J.

Know All Men That:

I, Wiley H. Butler, vice president of the Home Oil Co., located at 205 River Drive, Passaic, N. J., which owns and operates bulk-oil water terminal at Passaic, N. J., which terminal receives by water gasoline, do hereby certify that we purchase such products which we market on the basis of posted prices f. o. b. Carteret, N. J., ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water

transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July, 1939.

[SEAL]

WILEY H. BUTLER,
Vice President, Home Oil Co.

HARTFORD, CONN., *July 5, 1939.*

Know All Men That:

I, M. Krechevsky, secretary of the Hygrade Oil Co., Inc., located at Hartford, Conn., which owns and operates a bulk-oil water terminal at Rocky Hill, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

M. KRECHEVSKY,
Secretary, Hygrade Oil Co., Inc.

MAMARONECK, N. Y.

Know All Men That:

I, LeRoy D. Kiley, president of the Mitchell Oil Corporation, located at Mamaroneck, N. Y., which owns and operates a bulk-oil water terminal at Mamaroneck, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

LEROY D. KILEY,
President, Mitchell Oil Corporation.

HARTFORD, CONN.

Know All Men That:

I, Charles J. Sheketoff, treasurer of the American Coal Co., Inc., located at Hartford, Conn., which owns and operates a bulk-oil water terminal at East Hartford, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices, f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

CHAS. J. SHEKETOFF,
Treasurer, American Coal Co., Inc.

ROME, N. Y.

Know All Men That:

I, Howard P. Sears, president of the Sears Oil Co., Inc., located at Rome, N. Y., which owns and operates bulk-oil water terminals at Rome and Utica, N. Y., which terminals receive by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

HOWARD P. SEARS,
President, Sears Oil Co., Inc.

CLEVELAND, OHIO, *July 5, 1939.*

Know All Men That:

I, R. P. Beardslee, general manager of Marine Oil Terminal & Storage, Inc., of Cleveland, Ohio, which owns and operates a bulk-oil water terminal at Cleveland, Ohio, at Mary Street and Cuyahoga River, which terminal receives by water gasoline, do hereby certify that we purchase petroleum product which is marketed on the basis of posted prices f. o. b. ocean terminals or refineries as the case may be, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than the prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal this 5th day of July 1939.

R. P. BEARDSLEE,
General Manager, Marine Oil Terminal & Storage, Inc.

BUFFALO, N. Y.

Know All Men That:

I, J. Warren Pfeifer, president of the Buffalo Oil Terminal, Inc., located at North Tonawanda, N. Y., which owns and operates a bulk-oil water terminal at North Tonawanda, N. Y., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL]

J. WARREN PFEIFER,
President, Buffalo Oil Terminal, Inc.

NEW YORK, *July 5, 1939.*

Know All Men That:

I, Wm. C. McTarnahan, president of the Petroleum Heat & Power Co., whose main office is located at 511 Fifth Avenue, New York City, N. Y., which owns and operates bulk-oil water terminals at Forty-seventh Street, Manhattan; Newtown Creek, Brooklyn; Island Park, Long Island; Tarrytown, N. Y.; Stamford, Conn.; Chicago, Ill., which terminals receive by water the following grades of petroleum products, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices, f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

WM. C. MCTARNAHAN,
President, Petroleum Heat & Power Co.

MIDDLETOWN, CONN.

Know All Men That:

I, J. H. Porteans, president of the Valley Oil Co., Inc., located at Portland, Conn., which owns and operates a bulk-oil water terminal at Brownstone Avenue, Portland, Conn., which terminal receives by water the following grades of petroleum products, gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices, f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects inself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

[SEAL]

J. H. PORTEANS,
President, Valley Oil Co., Inc.

PASSAIC, N. J.

Know All Men That:

I, Gaskel Goldstein, treasurer of the Peoples Petroleum Products Corporation, located at Delawanna, N. J., which owns and operates a bulk-oil water terminal at Delawanna, N. J., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oil—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

[SEAL]

GASKEL GOLDSTEIN,
Treasurer, Peoples Petroleum Products Corporation.

WILMINGTON, DEL., *July 6, 1939.*

Know All Men That:

I, Wilmer Stradley, president of the Diamond Ice & Coal Co., located at Wilmington, Del., which owns and operates a bulk-oil water terminal at Christiana River, Wilmington, Del., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do

hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

WILMER STRADLEY,
President, Diamond Ice & Coal Co.

Witness:
ELEANORE WARE.

Know All Men That:

I, F. L. Hayes, president of the Nassau Utilities Fuel Corporation, located at Roslyn, N. Y., which owns and operates bulk-oil water terminals at Great Neck, Roslyn, Oceanside, and Huntington, N. Y., which terminals receive by water the following grades of petroleum products: Gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we annually purchase approximately 20,000,000 gallons of petroleum products, which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

F. L. HAYES,
President, Nassau Utilities Fuel Corporation.
RACHEL E. SMITH,
Notary Public, Nassau County, N. Y.

BROOKLYN, N. Y.

Know All Men That:

I, Irving Aronowsky, treasurer of the Brooklyn Oil Utilities, Inc., located at 820 St. Johns Place, Brooklyn, N. Y., which owns and operates a bulk-oil water terminal at 5101 Twenty-seventh Street, Long Island City, N. Y., which terminal receives by water the following grades of petroleum products: Gasoline, kerosene, domestic heating, and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof, I have hereunto set my hand and the seal of said corporation this 6th day of July 1939.

IRVING ARONOWSKY,
Treasurer, Brooklyn Oil Utilities, Inc.

STAMFORD, CONN.

Know All Men That:

I, Samuel Gruber, president of the Independent Oil Co. of Connecticut, Inc., located at Stamford, Conn., which owns and operates a bulk-oil water terminal at 81 Water Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

SAMUEL GRUBER,
President, Independent Oil Co. of Connecticut, Inc.

BRIDGEPORT, CONN., *July 5, 1939.*

Know All Men That:

I, Maurice J. Hoffman, vice president of the Michael Hoffman Fuel Co., located at Bridgeport, Conn., which owns and operates a bulk-oil water terminal at Bridgeport and Stamford, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels; that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

M. J. HOFFMAN,
Vice President, The Michael Hoffman Fuel Co.

ST. JOSEPH, MICH., *July 5, 1939.*

Know All Men That:

I, J. J. Theisen, president of the Theisen-Clemens Co., located at St. Joseph, Mich., which owns and operates a bulk-oil water terminal at six points in the State, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

T. J. THEISEN,
President, Theisen-Clemens Co.

HORSEHEADS, N. Y.

Know All Men That:

I, George Lee, president of the Southern Oil Co. of New York, Inc., with main offices located at Horseheads, N. Y., which owns and operates a bulk-oil water terminal at Syracuse, Waterloo, and Watkins Glen, which terminals receive by water the following petroleum products—gasoline, kerosene, and fuel oil—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and that these lower water-transportation costs reflect themselves in not only competitive prices but our prices are based in our contracts which have been issued for the last 4 years on prices posted f. o. b. New York plus transportation costs, or water rates, and the benefit of lower transportation costs is positively passed on to the buyer by our company.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] GEORGE LEE,
President, Southern Oil Co. of New York, Inc.

STAMFORD, CONN., *July 5, 1939.*

Know All Men That:

I, Rocco Genovese, president of the Genovese Coal & Masons' Material Co., located at Stamford, Conn., which owns and operates a bulk-oil water terminal at 70 Davenport Street, Stamford, Conn., which terminal receives by water the following grades of products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

[SEAL] ROCCO GENOVESE,
President, The Genovese Coal & Masons' Material Co.

Witness:
M. C. CARUSO.

NEW YORK, N. Y.

Know All Men That:

I, H. V. Peterson, treasurer of the Hartol Products Corporation, located at 630 Fifth Avenue, New York, N. Y., which owns and operates bulk-oil water terminals at Bayonne, N. J.; Elizabethport, N. J.; Harrison, N. J.; Jersey City, N. J.; Paulsboro, N. J.; Baldwinsville, N. Y.; and Green Island, N. Y., which terminals receive by water the following grades of petroleum products—gasoline, kerosene, and light heating oils—do hereby certify that we purchase the petroleum products that we market on the basis of prevailing prices f. o. b. United States Gulf ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 30th day of June 1939.

[SEAL] H. V. PETERSON,
Treasurer, Hartol Products Corporation.

Know All Men That:

I, Albert Caplan, president of the Elm City Filling Station, Inc., located at New Haven, Conn., which owns and operates a bulk-oil water terminal at South Front Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels,

and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

A. CAPLAN,
President, Elm City Filling Station, Inc.

Know All Men That:

I, J. Henry Esser, president of the High Point Oil Terminals, Inc., with oil terminals located at Mount Vernon, Rye, Astoria, and Port Washington, New York State, own and operate bulk-oil water terminals at the above tidewater locations in and near New York City, which terminals receive by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contracts and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs; and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

[SEAL]

J. HENRY ESSER,
President, High Point Oil Terminals, Inc.

Know All Men That:

I, William A. Hall, superintendent of the A. Brazos & Sons, Inc., located at Portland, Conn., which owns and operates a bulk-oil water terminal at Portland, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

WM. A. HALL,
Superintendent, A. Brazos & Sons, Inc.

Know All Men That:

I, George F. O'Neill, manager of the McElligott Fuel Corporation, located at West Haven, Conn., which owns and operates a bulk-oil water terminal at 79 Water Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation costs reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

GEO. F. O'NEILL,
Manager, The McElligott Fuel Corporation.

Know All Men That:

I, William M. Farans, president of the Penn Petroleum Corporation, located at South Norwalk, Conn., which owns and operates a bulk-oil water terminal at 90 Water Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating, and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate contract and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July, 1939.

WM. M. FARANS,
President, Penn Petroleum Corporation.

Know All Men That:

I, David Rubin, manager of the Benedict Co., located at 112 Water Street, New Haven, Conn., which owns and operates a bulk-oil water terminal at 112 Water Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating, and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer definitely.

In witness whereof I have hereunto set my hand and seal of said corporation, this 7th day of July, 1939.

DAVID RUBIN,
Second Vice President, Benedict & Co., Inc.

Know All Men That:

I, A. N. Alderman, secretary of the Associated Gasolene Co., located at New Haven, Conn., which owns and operates a bulk-oil water terminal at South Front Street, which terminal receives by water the following grades of petroleum products: Gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 6th day of July 1939.

A. N. ALDERMAN,
Secretary, Associated Gasolene Co.

Know All Men That:

I, E. L. Cleaves, vice president of the James B. Berry Sons' Co., Inc., located at 25 Broadway, New York City, N. Y., which owns and operates a bulk-oil water terminal at New York and Rhode Island, which terminal receives by water the following grades of petroleum products: Gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

E. L. CLEAVES,
Vice President, James B. Berry Sons' Co., Inc.

Know All Men That:

I, Chester H. Canning, vice president of the Pacific Oil Co., located at Fall River, Mass., which owns and operates bulk-oil water terminals at Tiverton, R. I., and Boston, Mass., which terminals receive by water the following grades of petroleum products—gasoline, kerosene, domestic-heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 5th day of July 1939.

CHESTER H. CANNING,
Vice President, Pacific Oil Co.

BRIDGEPORT, CONN.

Know All Men That:

I, S. J. Buckley, vice president of Buckley Bros., Inc., located at Bridgeport, Conn., which owns and operates a bulk-oil water terminal at 80 Seaview Avenue, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 14th day of July 1939.

S. J. BUCKLEY,
Vice President, Buckley Bros., Inc.

PORT JEFFERSON, N. Y., *July 14, 1939.*

Know All Men That:

I, Frank A. Fuhrmann, partner of the Swezey Coal & Feed Co., located at Patchogue and Port Jefferson, N. Y., which owns and operates a bulk-oil water terminal at Port Jefferson, N. Y., which terminal receives by water the following grades of petroleum products—kerosene, domestic and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that

water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

SWEZEY COAL & FEED CO.,
By FRANK A. FUHRMANN.

PROVIDENCE, R. I.

Know All Men That:

I, Walter H. Goodrich, president of the Goodrich Oil Co., located at Pawtucket, R. I., which owns and operates a bulk-oil water terminal at 292 School Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and the seal of said corporation this 14th day of July 1939.

[SEAL] WALTER H. GOODRICH,
President, the Goodrich Oil Co.

NEW HAVEN, CONN.

Know All Men That:

I, Walter H. Goodrich, president of the Walter H. Goodrich & Co., Inc., located at New Haven, Conn., which owns and operates a bulk-oil water terminal at 200 Waterfront Street, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation the 14th day of July 1939.

[SEAL] WALTER H. GOODRICH,
President, Walter H. Goodrich & Co., Inc.

PASSAIC, N. J.

Know All Men That:

I, M. H. Kurkjian, president of Solar Petroleum, Inc., located at South Kearny, N. J., which owns and operates a bulk-oil water terminal at Jacobus Avenue, South Kearny, N. J., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 12th day of July 1939.

M. H. KURKJIAN,
President, Solar Petroleum, Inc.

PASSAIC, N. J.

Know All Men That:

I, M. H. Kurkjian, president of the Solar Oil Co., located at Passaic, N. J., which owns and operates a bulk-oil water terminal at 309 River Drive, Passaic, N. J., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 12th day of July 1939.

M. H. KURKJIAN,
President, Solar Oil Co.

PASSAIC, N. J.

Know All Men That:

I, M. H. Kurkjian, president of the Solar Fuel Oil Co., located at Paissaic, N. J., which owns and operates a bulk-oil water terminal at 309 River Drive, Passaic, N. J., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 12th day of July 1939.

M. H. KURKJIAN,
President, Solar Fuel Oil Co.

Know All Men That:

I, T. A. D. Jones, president of the T. A. D. Jones & Co., Inc., located at New Haven, Conn., which owns and operates a bulk-oil water terminal at New Haven, Conn., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 13th day of July 1939.

[SEAL] T. A. D. JONES,
President, T. A. D. Jones & Co., Inc.

Know All Men That:

I, Philip Levene, president of the Pelham Coal & Oil Co., Inc., located at Pelham, N. Y., which owns and operates a bulk-oil water terminal at Secor Lane, Pelham, N. Y., which terminal receives by water the following grades of petroleum products—domestic heating oil—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 13th day of July 1939.

[SEAL] PHILIP LEVENE,
President, Pelham Coal & Oil Co.

Know All Men That:

I, J. Stickel, sales manager of the Crown Central Petroleum Corporation, located at Elizabeth and Edgewater, N. J., and Brooklyn, N. Y., which owns and operates bulk oil-water terminals at Elizabeth and Edgewater, N. J., and Brooklyn, N. Y., which terminals received by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 14th day of July 1939.

J. STICKEL,
Sales Manager, Crown Central Petroleum Corporation.

Know All Men That:

I, Kenneth R. Field, treasurer of the Sunfield Co., located at Stratford, Conn., which owns and operates a bulk oil-water terminal at Waterview Avenue, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and further that the lower water-transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 13th day of July 1939.

KENNETH R. FIELD,
Treasurer, the Sunfield Co.

WALLINGTON, N. J.

Know All Men That:

I, G. Willard Phillips, treasurer of the Phillips Oil Co., located at Wallington, N. J., which owns and operates a bulk-oil water terminal at Wallington, N. J., which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils—do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 18th day of July 1939.

G. WILLARD PHILLIPS,
Treasurer Phillips Oil Co.

PHILADELPHIA.

Know All Men That:

I, E. M. Callis, president of the Petrol Corporation, located at Philadelphia, Pa., which owns and operates a bulk-oil water terminal at Forty-ninth Street and Schuylkill River, which terminal receives by water the following grades of petroleum products—gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk tank vessels, and that water rates are materially lower than prevailing railroad tariffs and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 17th day of July 1939.

[SEAL] E. M. CALLIS, *President.*

Know All Men That:

I, Le Roy W. Van Zandt, owner of the Rockland Fuel Oil Co., located at Haverstraw, N. Y., which owns and operates a bulk-oil water terminal at Haverstraw, N. Y., which terminal receives by water the following grades of petroleum products: Gasoline, kerosene, domestic heating and industrial fuel oils, do hereby certify that we purchase the petroleum products which we market on the basis of posted prices f. o. b. New York ocean terminals or refineries, and that we negotiate, contract, and arrange for our own transportation with contract carriers who operate bulk-tank vessels, and that water rates are materially lower than prevailing railroad tariffs, and, further, that the lower water transportation cost reflects itself in the competitive quotations to the consumer.

In witness whereof I have hereunto set my hand and seal of said corporation this 14th day of July 1939.

ROCKLAND FUEL OIL CO.
LEROY W. VAN ZANDT,
Owner.

Mr. WOLVERTON. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

SAVINGS IN WATER TRANSPORTATION

Mr. CULKIN. Mr. Chairman, due to the intervention of water transportation of petroleum products, from the oil fields to the filling stations, every citizen of America saves 20 cents on a gallon of gasoline at the pump. (See p. 133, pt. 1, hearings before Merchant Marine and Fisheries Committee of the House, on H. R. 3615, of the 75th Cong.; also p. 1079, pt. 2, Hearings before the Senate Committee on Interstate Commerce on the Water Carrier Act of 1935.) Except for water transportation you would be paying 38 cents, instead of 18 cents, for a gallon of gasoline. This finding is based on a thorough examination of the subject and has never been disputed by the railroads. This is something for some of you gentlemen to think about when you go back and face your people. If this legislation passes, I predict that gasoline in the near future will go up comparable to some of the prices in Europe.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a question?

Mr. CULKIN. I am sorry. I only have a few moments.

Waterways have always helped the railroads. The House knows that railroad development has always been the greatest where the rails and waters meet. For example, $12,000,000 worth of freight in normal years is moved over the improved harbor of New York. The fact is that the railroads and their employees have been one of the chief beneficiaries of water transportation. Some of my colleagues speak in reverent tones of the railroads. I respect their achievements, especially when I consider that the public since 1851 has paid the railroads for transportation $182,000,000,000. During that period, certainly since 1887, when the Interstate Commerce Commission was born, not one single share of stock and not one bond was ever retired by the railroads. Where, I wonder, did the money go? What I visualize, however, is a transportation system that will give needed service at a reasonable cost, not an inflated cost born of bureaucratic determination.

May I say this: The American people in 1929 lost $50,000,000,000 in market values. They took it on the chin and kept moving forward. The railroad lobby and their affiliate, the I. C. C., would make the people pay for the water that was poured into the systems 40 or 50 or 60 years ago and bought by the American people. They wish to place on the backs of the American people this ocean of water that is still present in these securities. This bill is one of the steps in attempting to write into financial immortality the past performances of Jay Gould and Jim Fiske, and a host of other buccaneers that sailed the financial main under the black flag in the bad old days.

Congress should steel itself against this iniquity, and in the first instance should strike out the water section of this bill. Congress should steel itself against the onslaughts of these pressure groups who are here today endeavoring to work their will on the American people whom you gentleman represent.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CULKIN. Now, I appeal to the conscience of the House to stand firm against the enactment of this legislation. Ten years from now, whether you are in the House or not, you will look back on this vote as the most important vote you cast during your service here.

For myself, I take my stand on the statesmanlike reasoning of the minority report and on the principles enunciated in that report. Doing that, I will vote to strike out the water section of this bill. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

OMNIBUS TRANSPORTATION BILL

Mr. WHITTINGTON. Mr. Chairman, under existing law the Interstate Commerce Commission has supervision over the railways and motor carriers. The Maritime Commission has supervision over coastal carriers, but there is no governmental supervision of inland waterway carriers.

I have a very high regard for the chairman of the committee and my colleagues who serve on the committee. I have such a regard for the members of the Senate Committee on Interstate Commerce. Those two committees have submitted bills that undertake to treat transportation problems in a different way. In fact, the House committee has stricken the Senate bill entirely and has submitted a substitute of its own. If the members of those two committees do not agree, surely Members of the House who do not agree with the conclusions of either committee are not to be criticized.

Mr. SOUTH. Mr. Chairman, a point of order. I make the point of order that a quorum is not present.

Mr. WHITTINGTON. I trust the gentleman will withdraw the point of order.

Mr. SOUTH. I insist on the point of order, Mr. Chairman.

The CHAIRMAN. The Chair will count. (After counting.) One hundred and ten Members are present, a quorum.

The gentleman from Mississippi will proceed.

Mr. WHITTINGTON. Mr. Chairman, we have undertaken to solve the problems of railway transportation by regulation and by governmental aid. The United States has been generous to railways, highways, waterways, and airways. All have been subsidized. In the Transportation Act of 1920, after an effort to regulate waterways had failed, it was declared in that act that waterway transportation should be promoted. The people of the United States, out of their Public Treasury, rehabilitated the railways after the World War. Executives of railways thought that their problems had been solved by the passage of legislation, but legislation will no more solve the problems of the railways than it will solve many other problems confronting the people of the United States. We have undertaken to solve the problem since 1920 by passing legislation that has largely resulted in increased compensation of employees, and for my part, I believe the laborer is worthy of his hire; and that has resulted in increased rates. It is said that the railways are sick. This bill is proposed to cure primarily the troubles of railways.

Personally I do not think it is necessary to destroy our waterways, to kill our waterways, in order to cure the railways. I have supported legislation in behalf of the employees of railways, but I regret, Mr. Chairman, that in much of the legislation that Congress has passed too much has been said about benefits to the railways proper and too little about benefits to the public. I am thinking about the railway employees who have been displaced. In our legislation we have emphasized too much increased compensation to a few of the employees and have overlooked entirely the great army of employees that has been displaced.

I ask you what benefits will accrue to the railways under the bill under consideration? The question has been asked, and thus far there have been no substantial reasons assigned as to where and how this legislation will aid the railways. It will provide for consolidations. It will provide for further financial aid, and if such provisions will aid the railways I will gladly promote them. Where will labor be promoted? What additional employees will be put on the pay rolls of the railroads? If there be consolidations, fewer employees will be given employment by the railways of the country. In a word, it is proposed to solve the transportation problem by some more regulation—by regulating the inland waterways and the coastal waterways of the country. If there are discriminations in the intercoastal waterways the remedy is to perfect existing legislation for their control under the Maritime Commission. I know of no public demand either on the part of the shippers or the part of the inland-waterway carriers asking for the regulation of the inland-waterway carriers.

The Government has subsidized all carriers. I shall not refer to the corruption, nor shall I refer to the scandals with respect to the construction of railways and the manipulations of legislatures by railways, except to say that whatever be said of the Federal contributions and appropriations for inland waterways and for the improvement of rivers and harbors in our Nation, no breath of scandal has ever attached to a dollar of the money appropriated from the Public Treasury for the improvement of the rivers and harbors of our common country.

Mr. Chairman, as a supporter of the administration I want to support any legislation that will be of real benefit to the railways and to their employees, keeping in mind the benefits that will accrue to the public. If there is any legislation that is proposed that will aid motor carriers, I will gladly support that. But thus far I have heard no advocate of the bill undertake to submit any proof whatsoever that the regulation of waterways will be of any material benefit to the railways; but, on the other hand, as a matter of common knowledge we know that it has been the purpose of those who control the railways to destroy the waterways; and, whatever be the intention of those who formulated this bill, it is well enough for us to look through the bill to the ultimate effect. In my judgment the inclusion of regulation of waterways can mean nothing more or less than the destruction of inland-waterway traffic in this country.

Mr. Chairman, it is said that the purpose is to unify and stabilize. What the public is entitled to is better services and reasonable and economical services. Whatever else may be said about the Interstate Commerce Commission, in my judgment it is railroad-minded, and, notwithstanding its 50 years of work, there are discriminations in rates that have worked against agriculture and industry in that section of the country whence I come, as well as in the great Southwest and western sections of the country, and thus far the Interstate Commerce Commission has taken no steps to solve that problem and to eliminate the discriminations that exist.

I congratulate the committee upon the provisions included in this bill that the committee undertakes to say will contribute to the solution of this discriminate-rate problem. If there have been discriminations with respect to manufacturers, there have also been and there are discriminations respecting agricultural products and raw materials. I join with the gentleman from Texas [Mr. SOUTH], supporting as I do the views of this minority report, in the amendment that he proposes to the bill that will provide for investigation and relief not only for manufacturers but for raw materials.

It is said, Mr. Chairman, in the declaration of policy that the purpose of the bill is to preserve the inherent advantages of every clan or type of transportation. I answer that a declaration of policy is not enough. It was not enough to save the Agricultural Adjustment Act in the Supreme Court, as the Chairman presiding over this Committee well knows. I shall, therefore, offer an amendment at the appropriate place to this effect and in this language:

All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy.

In an effort to be constructive, Mr. Chairman, I call attention to the fact and emphasize that under the terms of this bill private carriers are exempt, as they must be; and contract carriers of bulk commodities have been exempted. So there remains, as I am reliably informed, and as I conclude from the hearings before the committee, substantially 3 percent of the commerce of the country that will be regulated by including waterways. Coming, as I do, from the South and from the Cotton Belt, I submit that if the Standard Oil Co., if the coal barons, if those companies with private carriers, if sulphur, if other agricultural commodities are to be eliminated under the terms of this bill, I respectfully submit in all fairness that the provisions of this bill should be extended to cotton, which in reality is as much of a bulk product as wheat or corn. I shall, therefore, offer an appropriate amendment to accomplish this purpose. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 1 additional minute to the gentleman from Mississippi.

Mr. WHITTINGTON. I propose to offer amendments that will undertake to bring forward in this bill the provisions of the so-called Miller amendment adopted in the Senate so as to strengthen the language that is embraced to preserve to all modes of transportation the advantages that naturally accrue to them, and inhere in them.

Mr. Chairman, permit me to say that the waterways of the Nation are the property of the United States. They have been improved by appropriations from the Public Treasury. They should remain free and open so that the benefits intended for the public may accrue. For the waterways of America to be regulated as proposed in this bill means their destruction, and also means that waterway traffic will disappear from the waterways of our country. [Applause.]

Mr. Chairman, under leave to revise, permit me to say again that the Interstate Commerce Commission regulates railways and motor carriers, but generally exercises no supervision over water carriers. Inland waterways are not regulated. Intercoastal carriers are subject to the supervision of the Maritime Commission. The Bureau of Maritime Inspection and Navigation supervises inland waterways for safety.

The bill under consideration proposes to solve the railway problem by amendments to the existing law for railways and motor carriers by the regulation of water carriers.

The bill is so prepared that parts 1 and 2 in title I cover railways and motor carriers, while title II, part 3, provides for the regulation of water carriers. The committee evidently had in mind that part 3 for the regulation of water carriers might be stricken from the bill without impairment of the proposed beneficial legislation respecting railways and motor carriers.

The declared policy of the Transportation Act of 1920 was to foster and preserve in full vigor both rail and water transportation. An effort was then made to regulate waterways. This effort failed.

I have always supported legislation in behalf of the improvement of railways and in behalf of railway labor. Thus far the principal legislation sought by railways and their employees has resulted in an increase of rates and in an increase

of compensation to railway employees. The public has been overlooked. There is a place for railways, notwithstanding their sins, notwithstanding their past. There is a place for railways in the country. They have contributed to the development and to the well-being of the Nation. In the future, as in the past, I will promote the interests of railways and their employees.

I do not oppose railway legislation that will be of real benefit to the solution of the transportation problem. I believe that the railways for years have pursued a short-sighted policy; their efforts have been to destroy waterways; they have undertaken to promote railways by destroying the inland waterways. Their policy has been destructive.

The railway problem is acute. So are many other problems in the United States. I would like to contribute constructively to the solution of that problem. I have advocated cheaper transportation. I have advocated the elimination of the discrimination in the rates against manufactures, agricultural products, and raw materials in various parts of the country. I believe the railway problem can better be solved by the railways meeting and solving the problems of competition, rather than by destroying competition.

It is said that there is a demand for further regulation of the railways. I am responsive to that demand. It is said that there is some discrimination among intercoastal carriers. They are now regulated. I am for the further regulation of such carriers by the Maritime Commission that has supervision over them.

I know of no demand on the part of the public and no general demand on the part of the inland waterways themselves for the regulation of inland-waterway carriers.

As a matter of general knowledge, we know that the efforts of the railways have been directed toward the destruction of inland waterways. Those who advocate cheaper transportation for the great valleys and plains of the Nation are skeptical therefore respecting any policy that provides for regulating inland-waterway carriers when there is no demand for such regulation except from the railways themselves.

BENEFITS TO RAILWAYS

What are the benefits to the railways under the existing bill? Provision is made for consolidation. Provision is made for further refinancing. It is said that such provisions will aid the railways in their plight. I will support them, but candor compels me to say that thus far no advocate of the pending bill has shown wherein the provisions of the legislation under consideration insofar as the amendments to existing law respecting railways and motor carriers are concerned constitute any real benefit to the railways.

BENEFITS TO LABOR

What benefits are there to railway laborers and employees? Will the vast army of former railway employees now out of employment be reduced? Will the number of railway employees be increased? If so, how? One of the defects of legislation in behalf of railways has been to grant increases to employees retained by the railways, but by and large there have been no benefits to the employees who have lost their employment. Further consolidations will make for more unemployment.

In speaking of labor, if the waterways are destroyed, what becomes of the employees of the inland waterways? I am the friend of labor, whether employed by the railways or the waterways.

DESTRUCTION OF WATERWAYS

I have the very highest regard for the distinguished chairman and the members of the Interstate and Foreign Commerce Committee of the House. So have I for the distinguished chairman and members of the similar committee of the Senate. The Senate bill has been stricken out in its entirety. The committee in the House was evidently not satisfied with the provisions of that bill. An entirely new bill has been submitted by the committee. Those who advocate relief for the railways have thus been unable to agree upon a definite program that provides definite relief for the railways. It is evident to the most casual observer that if the substitute proposed by the House passes, the real bill will be written in conference. It is not a question of the intention of the members of the committees in charge of the legislation; it is a question of the effect of the legislation. No one can foretell in the closing days of the session the provisions of the bill that may be written in conference, but inasmuch as both bills provide for the regulation of inland waterways when there is no demand from either the inland waterways themselves or from the public for their regulation, it is safe to say that the real purpose of any bill that may be written in conference will be the regulation of the inland waterways. If there should be regulation of inland waterways, such regulation should be sympathetic. The Interstate Commerce Commission is railway-minded.

Whatever be the intent of the sponsors of the bill, the purpose of the railways is to increase waterway rates and thus eliminate the waterways. The country will suffer and the railways will not be benefited.

RATE DIFFERENTIALS

It is said that the bill provides for the elimination of rate differentials. Investigations are authorized with authority for the elimination of rate differentials. The Interstate Commerce Commission has been in existence for 50 years. Thus far no real contribution has been made toward the elimination of the rate differentials that have retarded manufacturing and agriculture, particularly in the South and in the Southwest.

The investigations are to cover manufactured products. Why manufactured products? What about the raw materials of the great agricultural sections of the country? I believe the bill should be amended so that the investigations and the resulting rates would cover both manufacture and agriculture, and I believe that the discriminations against the domestic consumers should be removed. Why should foreign buyers be accorded a cheaper rate than domestic consumers?

DECLARATION OF POLICY

Much has been said about the declaration of policy with respect to the regulation of water carriers, but declarations of policy in the titles of acts are not synonymous with the substantive law. I therefore propose an amendment, on page 199, line 8, as follows:

All of the provisions of this act shall be administered and enforced with the view to carrying out the above declaration of policy.

The declaration of policy in the Agricultural Adjustment Act, declared invalid by the Supreme Court of the United States, was not followed. The declaration of policy in the pending bill may not be followed. Declarations of policy should be followed by enactments for administration and enforcement of that policy.

Section 30, known as the Miller amendment in the Senate, has been largely eliminated from the pending bill. I therefore propose an amendment, on page 260, line 8, in the following language:

To the recognition and preservation of the inherent advantages of water transportation.

I would further amend paragraph (f) on said page, line 11, by inserting the following at the appropriate place:

To permitting water carriers to make or reduce rates so long as such rates maintain a compensatory return to the water carriers, after taking into consideration overhead and all other elements entering into the costs to the water carrier for the service rendered.

Again, if water transportation is to be regulated, if private carriers go free, the Standard Oil Co. and the great coal companies and the great steel companies will not be subject to regulation. They have their private carriers. So have some of the leading cotton buyers. If surphur and coal and oil are to be omitted from the contract-carrier provisions of the bill, why should not cotton, which can be just as easily and readily be carried in bulk, be eliminated? I, therefore, shall propose an amendment on page 245 of the bill, to be inserted at the appropriate place, that the exemption of subsection (b) shall apply to baled cotton. The textile manufacturers of North Carolina and of New England, as well as the cotton growers themselves, would benefit

by the cheaper water rates for cotton, both on the inland and intercoastal waterways.

As I have indicated, I shall gladly support the amendment which the distinguished member of the committee Mr. SOUTH, of Texas, has indicated he would propose to insert on page 202 after the words "manufactured products," the words "raw materials."

INLAND WATERWAYS CORPORATION

It has been suggested that Gen. T. Q. Ashburn, president of the Inland Waterways Corporation, favors the regulation of inland waterways, but thus far no one has quoted him as advocating the provisions of the pending bill. My understanding is that General Ashburn has always advocated the regulation of contract carriers of bulk commodities. No such regulation is provided in the pending bill.

THE REAL SOLUTION OF THE RAILWAY PROBLEM

After the passage of the Transportation Act of 1920, and after the taxpayers of the Nation had rehabilitated the railways following the World War, the railway executives felt that the future of the railways was secure. They relied upon legislation and regulation, but they overlooked a fundamental principle in the life of men and nations. The railway succeeded and replaced the canal and the stage coach. The public demanded the services that the railroads could give. Highways have multiplied since 1920. They are affording a more adequate service in many cases, and now the airways are demanding their place in the sun. The people are entitled to the very best transportation of passengers and freight that can be afforded. Legislation and regulation alone will not do the job. Railways have got to meet the advancing progress of our modern age. There is probably cutthroat competition in the manufacture of automobiles, but who would advocate the regulation of the manufacture of automobiles? The competition has resulted in a better automobile and has resulted in better transportation facilities. Railway employees and laborers are entitled to reasonable compensation. I have always supported legislation in their behalf. Railways, on their actual investments, but not on their watered stocks and on their manipulated deals, are entitled to an adequate return; so is the farmer; so is the merchant, but the merchant and the farmer have got to meet competition. They cannot conduct a store as they did 50 years ago. They cannot farm as they did 50 years ago. The railways must give the public as good service, as reasonable service, and as economical service as the waterways, highways, and airways; otherwise, many of them will disappear from the scene.

But there is a public need for the railways. I want to promote their progress and their welfare. If the railway executives, if the railway management will devote as much time in improving the railway service as they have devoted to the destruction of waterways, the welfare of the railways will be better promoted.

OPPOSITION

As has been pointed out, the Secretary of War, the Secretary of Agriculture, and the Chairman of the Maritime Commission have ably presented unanswerable arguments as to why waterways should not be regulated. But there are others. Commissioner Joseph B. Eastman, chairman of the legislative committee of the Interstate Commerce Commission, summed up the opposition to the regulation of the waterways. I quote from his testimony:

> In the first place, it seems to me that every other major objective of the bill can be accomplished, and readily, without such codification.
>
> In the second place, it seems to me there is no real demand for it.
>
> In the third place, I think it would be a better plan to continue to have a separate part for motor carriers and a separate part for water carriers. As a matter of fact, I do not personally anticipate that the regulation of water carriers will be of any great benefit to the railways.

PART III

Part III should be eliminated. Substantially no monopolistic rates and practices have been shown to require the regulation of water carriers. There is no cutthroat competition among inland water carriers to be regulated. The services of water carriers furnish natural regulation and automatically enforce their practices. There should be no regulation unless there is need shown. The various forms of transportation have their advantages. The public is entitled to the benefit of these advantages. The bill does not preserve them.

If there should be further regulation of intercoastal carriers, that regulation should be placed under the Maritime Commission. The Interstate Commerce Commission has much work to do. There are long delays at present in the investigation of rates and discriminations. A better job could be done by the Maritime Commission.

Congress has made appropriations to improve the inland waterways, the coastal waterways, and the harbors of the Nation, and millions upon millions of dollars have been appropriated for such purposes. Competition has been promoted. There were scandals in the days of subsidies and land grants to railways, but no scandals with respect to the improvements of rivers and harbors have been shown. Highways have been subsidized. The public interest has been promoted by the subsidies that have been granted to both highways and waterways. Whatever be the intention of the committee, whatever be the intention of the bill, the interests that are demanding the passage of the legislation for the control of waterways have as their ultimate goal the raising of water rates and the destruction of water carriers.

The regulation of only 3 percent of the business of water carriers has been retained in the bill. Some 18 percent of the traffic is water borne. The other 15 percent is exempted from the bill. Private carriers of course cannot be controlled or regulated. The Standard Oil Co. and the coal companies will continue to reap the benefits of the appropriations made by the Congress for years to promote inland waterways. The contract carriers of bulk commodities under the terms of the bill are exempt. There remains only the regulation of the remaining water carriers. The great, strong financial private carriers and bulk carriers, as should be the case, will not be regulated, but the small shipper and the small carrier will be regulated and destroyed.

Rivers and the ports are the property of the people of the United States. They should be preserved and kept free and open to all the people of the United States.

In the great interior plains and valleys of the United States our inland waterways are our last line of defense. The benefits should be preserved. If the waterways are regulated it means that the rates will be increased and that the water traffic will disappear.

The contract carriers of bulk commodities are temporarily exempted from the provisions of the bill, but it is well for all advocates of inland and coastal waterways to remember "The voice is Jacob's voice, but the hands are the hands of Esau."

Instead of preventing monopolies; instead of curbing monopolistic practices; instead of encouraging competition, the bill, unless the regulation of water carriers is eliminated, will at the same time eliminate competition and promote monopolies.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein the amendments I stated I proposed to offer.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WHITTINGTON. I understand all Members have been given the right to extend their remarks on this bill.

The CHAIRMAN. The gentleman is correct.

Mr. LEA. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, it would indicate a woeful lack of grace and appreciation on my part if I failed to acknowledge the long, diligent, and effective labors devoted to this transportation bill by the Committee on Interstate and Foreign Commerce by its able chairman, Mr. LEA, of California, and by each individual member of the committee. It was a monumental task to whip this legislation into shape. The measure reported to the House represents a job well done, and the committee deserves commendation.

This bill should go far toward improving the somewhat scrambled transportation situation in this country. Indeed, this Transportation Act of 1939, which is now before the House for action, marks a praiseworthy advance in our transportation policy. While not even the sponsors are claiming that it is the last word on the subject, the bill as a whole should commend itself to the favorable consideration of the House and to all fair-minded citizens of the country.

This is truly a modern transportation act. For the first time in American history Congress has recognized all modes of domestic transportation, with the exception of air transport, which is otherwise regulated, in a single act. Under this bill all forms of domestic land and water transportation among the States would be placed on a basis of substantial equality, so far as regulation by the Federal Government is concerned.

Despite the fact that water transportation is the oldest form of interstate commerce in this country, it is noteworthy that water lines are the very last carriers to be placed on substantially the same basis of governmental regulation as other common carriers. This bill would subject all domestic water transport to the supervision and regulation of the Interstate Commerce Commission, where it should have been years ago.

That provision of the bill has brought howls of rage and anguish from some of the water lines. Despite the advantages the water carriers will continue to enjoy over competing rail and highway and other transportation facilities, not only in matters of regulation but in subsidies and taxes, some of the inland waterway interests are making the welkin ring with their wails of agony. In their desperate desire to continue unchecked a destructive and uneconomic policy of cutthroat competition, certain selfish interests are resorting to false and misleading propaganda in a vain effort to influence the Members of this House. The sole purpose of these false representations is to kill the regulatory provisions which would affect the water carriers.

However, let me hasten to say this wholly unworthy effort does not have the approval or the support of a large number of the water lines. On the contrary, a considerable number of the water carriers are in complete accord with the proposal to regulate their rates. And that suggestion came from the Interstate Commerce Commission itself. It is also supported by all impartial students of the transportation problem. And anyone who does not have an ax to grind on that side can see the utter lack of sincerity and soundness of this false propaganda being spread by this greedy group of water lines.

To be sure, there have been some other objections raised against the bill on matters of detail. But we must remember that all legislation contains some element of compromise. This measure probably is no exception to that general rule. But considering all the diverse interests to be satisfied in serving the public interest, the result is little short of remarkable. In any event, the general policy of fair and equal regulation laid down in this measure is unassailable from any standpoint.

Therefore, I stand on my original statement that practically the only opposition to this bill comes from a selfish and short-sighted faction of the water lines. It must be conceded that any transportation facility which endeavors to dodge regulation and thereby gain an unfair advantage is selfish. Let me also point out that air transport and bus and truck lines did not meet with any marked success until after those industries were stabilized through regulation Hence, I say these water lines are short-sighted in their opposition to regulation.

Some of the well-paid propagandists who are conducting this ill-founded opposition to the bill have made the mistake of trying to brand it as a "railroad bill." Without success, they have sought to create the false impression that the railroads suggested the regulation of the water carriers. As a matter of fact, Chairman LEA and the other members of the committee can testify that the proposal came from the Interstate Commerce Commission, and from many of the water carriers themselves, as well as disinterested transportation experts outside the Government service, railroad labor and management.

One of the supposedly strongest pleas presented by these opponents of regulation of the water lines was the alleged opposition of the farmers to that provision. On the 14th of July last I presented to this House a large number of statements and resolutions from the leading farm organizations. Those documents most emphatically favored the regulation of rates and service of all transportation agencies—water, highway, and air—to the extent, that they are competitive with railroads. I think that presentation was sufficient to expose the wholly unauthorized use of the farmers in this false propaganda. It is unnecessary to review that conclusive evidence of the desire of the farmers for equality and fairness in the regulation of rates and service of all common carriers.

The national transportation policy laid down in this bill is well worth repeating at this point. It states:

> It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulations of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, economical, and efficient service and foster sound economical conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense.

That is so clear that he who runs may not only read but also may comprehend. It is the sound principle of "equal rights for all and special privileges for none" strictly applied to our transportation system by water, highway, and rail, as well as other means. There can be no two ways to interpret this explicit policy. There can be no escape from it by any special pleading on the part of the water lines. They must yield to the logic of the statement and to the force of its application.

Because of the rapid, mushroom growth of some of the newer transportation facilities, we have been somewhat tardy in reaching the point of adopting this broad principle in the interest of our national welfare. We may excuse our failure in the past, but there can be no excuse now for the adoption of a fair and just policy. Without a sound transportation policy in this country it is impossible to have a sound national economy.

The railroad industry, which is the Nation's second industry when measured by investment, is in an unhealthy state, I will grant. But, it is not the only unhealthy member of the transportation family. Several of the younger members are ailing. And these economic ills are due in no small degree to the lack of proper regulation in the industry as a whole. As I stated a few moments ago, the air lines, the bus and trucking industries did not achieve a healthy stability until after they were placed under proper regulation, which put a stop to cutthroat competition by wildcat companies.

Moreover, the national economy has suffered as severely as the various branches of transport as a consequence of the inequality of regulations, or the total lack of it, in some instances. Quite aside from the moral and humanitarian aspects of slavery in this country, the economic factor was the great underlying cause of the Civil War. This was recognized by Abraham Lincoln when he declared this Nation could not live "half slave and half free." The same thing applies to transportation. This country cannot live with our transportation facilities "half slave and half free."

For more than half a century the Interstate Commerce Commission has been the "master" of the railroads. The Commission has been a benevolent "master," for the most part, but the fact remains that the railroads have been forced to compete with all the other forms of transportation as they developed. And the railroads have been tied down with strict regulations while their competitors have been free. Not only have these competing modes of transport

been free from regulation until recently, but they have been the pampered pets of the Government. They have all been subsidized in some form or other but they have gone untaxed. And even now, that most of them have been brought under regulation, none of them must abide by the rigid rules provided for the railroads, and none of them bear anything like an equal share of taxation.

Now the time has come for transportation equality—at least, substantial equality—allowing for the inherent differences in the various transport agencies. We can secure substantial equality, so far as regulation of rates and service are concerned. This measure lays down the policy, and I feel confident the Interstate Commerce Commission will enforce the regulations with the even-handed justice which has characterized its actions since it was established.

It may require some years before the transportation systems can be shaken down to the point where we can reach a sound decision as to our national transportation needs. After all agencies have been given a fair trial under substantially equal regulation, we then can decide just what the inherent advantages of each may be and preserve the most economical and the most efficient branches of the industry. Up to now, even with their natural advantages added to the favoritism of subsidies, lack of regulation, and unequal taxation, none of the competitors even have challenged the railroads as a substitute. I, therefore, have little doubt about the railroads remaining the most important branch of our transportation system for many, many years to come. In fact, I doubt whether even American inventive genius and industrial superiority ever will find a complete substitute for the railroads.

Important as equal regulation may be to a sound and healthy transportation industry and the economic welfare of the Nation, I wish to emphasize that regulation alone will not solve this transportation problem. Sooner or later Congress must take steps to bring about a substantial equality of competition among the various branches of the industry. In view of the present inequalities of competition, it probably will be a long and difficult process to bring about the proper readjustment. Unless this competitive readjustment is effected the ultimate and inevitable result will be Government ownership and operation of the railroads, with all the dire consequences flowing from that undesirable end. That, however, would not solve the railroad problem by any means. The problem merely would be transferred from private management to a bureaucracy and little or nothing gained. The Government would be forced to place the railroads on an economically sound basis or subsidize them at enormous public expense.

Therefore, competitive equalization is even more vital than mere regulatory equality. It is obvious the railroads cannot continue indefinitely to stem the present tide of unequal competition. And you cannot utterly destroy one great industry like the railroads through unequal and wasteful competition and justify it from a national economic standpoint.

There are many factors which enter into this unequal and wasteful competition, but we will take the cost of maintenance to the railroads and subsidies to the inland waterways for an illustration. The average annual cost of maintaining a mile of railroad, including structures, is $1,792. That cost is paid out of railroad revenues in competition with all other modes of transportation, most of which are subsidized.

On the other hand, the yearly maintenance cost of the New York Barge Canal is $4,749 a mile. The New York Barge Canal was built at public expense entirely. Except for a short period, it has been maintained at the expense of taxpayers. No one ever has figured out what the value of New York Barge Canal is to the taxpayers of California, Florida, Texas, and Minnesota, for instance, and probably no one ever will. That value, if any, is dubious, to say the least.

The same thing is true of the Mississippi River. It has cost the American taxpayers in every State in the Union $145,000 a mile to improve the Father of Waters, exclusive of flood-control work. Users of that waterway enjoy a subsidy of more than $10,000 a mile every year at the expense of all the taxpayers.

Take a look at the other side of the picture. None of the taxpayers of any of the 48 States or any of our possessions overseas pay one red cent in subsidy for the maintenance of the railroads. And the ironic part of the whole picture is that the railroads pay a substantial part of the subsidies which go to their competitors.

Almost 10 cents out of every dollar of railroad revenue is paid out in taxes to the various governmental units. In fact, of all general transportation agencies, only the rail roads operate on their own roadways, which most of them bought and paid for, and pay all of their own costs, as well as help support the Government with the heavy taxes levied upon them.

That is a fair sample of the unequal competition with which the railroads must contend. The experts are divided on the causes of the decline in demand for railroad service. Yet they all agree that a very large measure of the difficulties besetting the railroads arise from such unequal competition from all other forms of transport, especially the newer modes, which the railroads help to support with subsidies out of their own earnings.

You can add that up any way you wish, and I defy anyone to make economic sense out of it.

And now I come to the land grants to the railroads. These lands were granted to encourage the building of railroads, which made possible the winning of the West. In return for the lands, the railroads which received them have since granted the Government reduced rates and fares. What was the value of those land grants and to what extent has that amount been paid off by the railroads?

In the period from 1850 to 1871, during which the land grants were made, the Government received on an average of 94.5 cents per acre for the sale of lands in the States and Territories involved in the grants. That is the only reasonable and logical method of arriving at the value of the lands. We must take the money value of the lands at the time they were granted, for, naturally, the coming of the railroads greatly enhanced the value of the lands in later years. At the rate of 94.5 cents per acre, the 130,000,000 acres would have been valued at $122,850,000 at the time the grants were made.

Now, a study of the savings to the Government from land-grant rates and fares, including mail, covering all American railroads, showed the amount to be about $5,000,000 a year. Recently the Interstate Commerce Commission estimated the total reduction in rates to the Government to be $7,000,000 annually. If mail and express were added, the annual savings to the Federal Government would not be less than $10,000,000.

If we assume the lands were worth $122,850,000 at the time they were granted by the Government, then, at the rate of $5,000,000 a year in reductions of transportation costs on Government traffic, the railroads would have paid off the total value of the land grants in 24½ years. If the figure of $10,000,000 a year is taken, the railroads would have paid in full for the lands in 12¼ years.

Recently I saw the figure 184,000,000 acres used in connection with the land grants. Even taking that figure, it is obvious that the lands granted to the railroads in aid of construction have been paid for many times over in reduced rates and fares on Government traffic.

The House bill, in effect, provides for the repeal of some of these land-grant provisions. That will mean an expected increase in railroad revenues from five to ten million dollars a year. And either figure would pay the wages of many railroaders and buy plenty of bread and butter, bacon, and beans for their wives and children.

Let us turn now to Government subsidies for competitors of the railroads. Reliable sources fix the total expenditures of the Federal Government to encourage the development of transportation at $6,500,000,000. Of that amount,

about $2,250,000,000 went for waterways and about $4,750,000,000 for highways. The land-grant subsidy to the railroads in the pioneering period looks like chicken feed in comparison to the other transportation subsidies.

Whenever any industry finds itself in trouble, we always hear first from the antilabor element which has a panacea—to cut the wages of labor. These big-hearted gentlemen always can find a cure-all at the expense of the other fellow, and especially the little fellow. They tell us to take it out of the hides of the workingman and all the troubles of the industry will pass. They still are harping on that familiar tune.

Some of these same gentlemen have made the astounding discovery that an immediate reduction of 10 to 15 percent in railroad pay rolls would enable the carriers to cut their rates and thus meet this cutthroat, subsidized, unregulated, and untaxed competition. Let me say as a wage earner and a low-salaried railroader for 24 years I understand the problems of the hourly wage earner and the low-salaried railroader. I also understand something of the problems of railroad management. I assert that any such cut in railroad wages at this time would be economic folly and would have no practical or lasting effect in solving the railroad problem.

In the first place, there are any number of other transportation problems, basic and fundamental problems, which should and must be solved. These should be tackled first, and, in any event, a reduction in railroad wages should come only as a last desperate resort. If the railroads fail to get the needed relief from Congress and find themselves utterly unable to compete with this cutthroat, subsidized, unregulated, and untaxed competition unless they cut wages, then, and only then, should the railroads resort to such an expedient in order to keep the railroaders employed. God knows we have enough millions of people on relief now without adding thousands of good railroaders to the relief rolls.

There are numerous reasons why railroad wages should remain at the present levels, at least, and certainly should suffer no reduction at this time. For one thing, the wages paid to the 1,000,000 railroad employees constitute a substantial portion of our national purchasing power. Our need is more purchasing power, not less. How, may I ask, are we to achieve President Roosevelt's objective of an $80,000,000,000 country by cutting wages?

Furthermore, there is no justification for a wage cut. Instead of a cut the railroaders should be entitled to an increase in pay. On the basis of value received, the railroads are getting more revenue per employee than ever before. The railroads also are getting more units of production in much less time than formerly. This comes from an increase in the speed and the size of trains, both passenger and freight, together with the dual basis of pay.

Instead of lessening and lightening the work of the railroaders, these fast and heavy modern trains place greater burdens upon the railroad crews. Hence, I say, if there is any movement in railroad wages, it should be up rather than down, to compensate the men for the increased hazard and strain incident to the operation of heavy, high-speed trains. I sincerely trust this proposed wage cut will get nowhere. I sincerely believe also that this legislation will go far toward removing the reasons behind the demand for a wage cut on the railroads.

In the short time allotted to me it is only possible to touch on some of the high spots in this voluminous measure. However, I believe it has been demonstrated that the alleged opposition of the farmers to the regulation of the water lines has been faked and that the effect of such regulation has been greatly exaggerated. I also believe time will prove that regulation will become the salvation of the water lines, just as it has benefited other modes of transportation.

When gentlemen consider the whole-hearted support of this bill that come from the public generally, the labor groups, the farmers and investors, the railroad management, disinterested experts, and the Government itself, I believe they will agree that the selfish and short-sighted opposition of a few water lines is not worthy of consideration by this House.

Certainly none of the agencies can be granted special favors in any square deal for transportation, and the main object of this bill is to place all common carriers on an equality in matters of regulation. That equality is what the railroads need most to enable them to continue to give the American public the best transportation service ever furnished at the lowest true cost.

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. LEA. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. HARRINGTON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. HARRINGTON. Mr. Chairman, I withdraw the point of order.

Mr. KLEBERG. Mr. Chairman, 5 minutes is admittedly too brief a period in which to go into a discussion of a measure which by the statements of those who have worked long and arduously on it during a space of 6 months, amounts to a rewriting of the Interstate Commerce Act. This bill was considered by an able committee. Weeks of time were taken in the hearing of witnesses and in conferences between Members and others interested. As a matter of fact, one of the Members who followed the first speaker in opposition to this bill recited with some pride that all of 73 individuals had come before the committee during that period of time to express their views. I refer to the remarks the gentleman from New York [Mr. KENNEDY] made on this floor following the address of the gentleman from North Carolina [Mr. WARREN] these two distinguished gentlemen expressing opposite views.

Mr. Chairman, I do not propose to use any of this time referring to the provisions of the bill because I think that is not the original essence of the problem before this great forum of reason and deliberation. The reasoning of one man is at best a very poor tool with which to arrive at what might be termed a definitely correct conclusion. Only through the expressions of conflicting opinions is a correct conclusion reached on a really important subject. This bill comes to us first of all therefore, in a manner which prompted my first opposition to its consideration by this body in the dying days of the session. This bill comes from the Senate in the form of a complete amendment to the Interstate Commerce Act. The House Committee on Interstate and Foreign Commerce brings to this body the Senate bill with everything after the enacting clause stricken out and entirely new language substituted. I say, therefore, that the bill comes before us in the dying days of the session under the peculiar condition which makes all of this talk about the provisions of the bill entirely beside the issue.

The bill we are discussing today, Mr. Chairman, will not be the law. That is point No. 1.

Second, all Members who are informed on parliamentary law know that when the House strikes out of a bill of another body all after the enacting clause and inserts new text, the conferees may discard language occurring both in the bill and in the substitute therefor and it may exercise a wide discretion in the incorporation of germane amendments. They may even go so far as to write a completely new bill germane to the subject.

Mr. Chairman, under these conditions I submit that the consideration of this bill cannot be as conducive to a thoroughly rational conclusion looking toward the solution of a problem as to approach it in the ordinary way at the beginning of a session of this Congress, when the entire membership would have an opportunity to discuss and rediscuss the measure. The proof that the committee itself is not satisfied with the bill is best to be found in the record of repeated amendments and changes made in the bill up to the very last

day when it got out of the hands of the committee chairman and was reported to the House.

Anyone who reviews the contents of this bill is confronted, if he looks really into it, all the way through with the conclusion which to thoughtful men should be distasteful—the idea that the legislative branch might be accused of lending itself to be used as a club to remove, forsooth, a legitimate agency which happens to compete to a very small degree with another legitimate agency.

With the genesis of this bill I find myself confronted with considerable confusion. The speaker who just preceded me starts out with the statement that this is not a railroad bill, that this is a transportation bill, and concludes his fervid remarks with an exciting dissertation pointing with great emphasis to what this bill means to the railroads. Now, as to the bill's genesis, the major objective brought before this Congress had its real origin in the Committee of Six, composed entirely of railroad executives and employees. The bill as then considered in the House by a committee which, I repeat, is an able committee, but which has had to do, insofar as transportation is concerned, up until consideration of this bill, almost entirely with land carriers, railroads. A careful study of the biographies of these Members found in the Congressional Directory indicates that these distinguished gentlemen have certainly, insofar as major past endeavors are concerned, had nothing to do with marine shipping. This would indicate at least that insofar as knowledge of railroads and rail business is concerned that a great competency of authority on this subject had to do with the origin of the bill and its final presentation in its final form to this body.

In the district which I have the honor to represent, I have two ports and more than two rail lines. Two of these lines, the Missouri Pacific and the Southern Pacific, represent the largest rail company operations in Texas. The Missouri Pacific roundhouse and shops and offices for its southern division are located in Kingsville, Tex., 39 miles from where I live, so insofar as I am concerned, as a duly-elected Representative, I could not if I would show favoritism as between the railroads and marine or water shipping. Highway carriers, trucks, and so forth, are likewise well represented and I have many friends not only in this branch of carriers but in the aviation branch as well, there being two major air lines serving the town in which I live and my district. The fifth class of carriers, pipe lines, is also well represented in my district and in my home town where two large pipe lines converge and deliver oil.

It must be conceded, Mr. Chairman, that with all five methods of transportation which serve our country so represented in my home town and district I should, at least by environment, be somewhat familiar with their characteristics and needs and problems. It is for this reason, Mr. Chairman, that I view with alarm the undue haste as well as the method by which we now propose to pass what is called the transportation bill.

The only group affected of the three lines and kinds of transportation covered by this bill which has asked for this legislation is the rail transportation system, and the only benefits to be derived by any one of the three thus affected directly is likewise the railroad interests; and yet, my friends, this bill is not a railroad bill. Members of the Committee, the bill which we will finally vote up or down will be written by the conferees, and this House will be called upon to vote the conference report in the form of a new bill up or down in such an amazingly short period by comparison to the description of their arduous labors by the Interstate Commerce Committee as to cause me wonder. Why did they take all of this time on a matter so transcendingly important and then rush in here with it when, of course, they must know far better than I, who by comparison have been here a short time, that in the final analysis the whole Committee on Interstate Commerce and the rest of the membership of the House would in reality be wasting this time and have only the opportunity to hear the conference report read and then indulge in some street-corner and corridor talk about it. Mr. Chairman, many years it has been said by a great American—and I quote Thomas Jefferson:

> If we have any doubts concerning a power we should not exercise it.

And certainly, Mr. Chairman, there is evidence everywhere of grave doubts concerning the exercise by the Interstate Commerce Commission over the water-transportation agencies affected by this bill. For my part, for the Congress to vest this power under conditions which I have recited is in my opinion entirely devoid of the earnest consideration which this question merits from the Congress of the United States. I have listened to arguments presented by the proponents of this measure with great care, and apparently the only considerations involved are those which have to do with attaining the objectives proposed and desired by the originator and authors of this legislation.

Let us pause for a moment in contemplation of our country. Recent years have shown with ever-increasing rapidity a great movement to the coastline and to points adjacent to or on the inland waterways system, and far more than just the transportation system affected by this bill will soon realize the effect of the bill which none of us here can describe and to be written by conferees yet to be named. I submit, Mr. Chairman, in conclusion that unless this measure is recommitted that in coming years, as the facts become known, this Congress will be charged with the perpetration of the most poorly and carelessly considered, and, yes, probably the most destructive piece of legislation that can be found in the annals of its now over 150 years of existence.

I am proud of my association with all of you in this body. Let no word of mine be misinterpreted or tortured into what might be construed as a criticism of any Member or committee, save only, Mr. Chairman, as to what we might do unless we free ourselves from the horns of this legislative dilemma on which we find ourselves impaled. I repeat it is impossible to emerge from this situation with any degree of satisfaction if we insist upon bringing this legislation out during these closing days.

My recommendation, as result of earnest deliberation and now a firm conviction, is that the recommitment of this bill will mean immeasurably more to our country and the transportation systems of this country sought to be served than its passage under present conditions.

The vortex in which we find ourselves is a complete violation of representative democracy in its more desirable form and it is my fervent hope that before a motion to recommit is offered that the many great and patriotic minds in this Assembly will take counsel in their respective consciences to the end that we will stop this destructive foolishness before it is too late.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield such time as he may desire to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I take this time not for the purpose of making an argument for or against this bill. I am for the bill provided certain things can be cleared up in my mind. First, I ask unanimous consent to insert in the RECORD in connection with my remarks section 5 (2) of the present Interstate Commerce Act.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

Mr. O'CONNOR. Section 5 (2) of the Interstate Commerce Act follows:

> Whenever the Commission is of opinion, after hearing, upon application of any carrier or carriers engaged in the transportation of passengers or property subject to this chapter, that the acquisition, to the extent indicated by the Commission, by one of such carriers of the control of any other such carrier, or carriers, either under a lease or by the purchase of stock, or in any other manner not involving the consolidation of such carriers into a single system for ownership and operation, will be in the public interest, the Commission shall have authority by order to approve and authorize such acquisition, under such rules and regulations and for such consideration and on such terms and conditions as shall be found by the Commission to be just and reasonable in the premises.

Mr. Chairman, on page 208, line 15, there is this language:

Lease, operating contract, or acquisition of control consistent with public interest.

The Senate bill carried the words "it may enter an order approving and authorizing such consolidation, merger," and so forth. The House has changed the word "may" to "shall." In other words, it is now made mandatory upon the Interstate Commerce Commission. I would like to have the gentleman from California tell me just why the word "may" was changed to "shall."

Mr. LEA. If the gentleman will refer to line 10, page 208, he will find that if the Commission finds that so-and-so is true, in that event they shall enter an order approving of the consolidation. The word "shall", of course, does not mean that they must approve a consolidation regardless of its merits. It is only where they find it is meritorious and complies with the requirements that it is then their duty to enter an order permitting the consolidation.

Mr. O'CONNOR. In other words, there is no necessity of their making a finding unless they deem the merger necessary?

Mr. LEA. None whatever.

Mr. O'CONNOR. On page 209, line 9, the Senate bill carried these words—and I will begin at line 9, subdivision (2):

Where appropriate, the effect upon the public interest of the inclusion, or failure to include, weak railroads in the territory involved in the proposed transaction.

The word "weak" has been substituted by the word "other." I would like to know why that substitution was made by the House committee.

Mr. LEA. The House committee cut out the word "weak" because we thought the Commission should have authority to require any kind of a road to be included, if necessary and in the public interest. This does not limit but extends the power of the Commission to approve the consolidation and to increase or widen the conditions of approval.

Mr. O'CONNOR. In other words, before any railroads may be merged, do I understand the purport of this bill is to the effect that the Commission must find, first, that it is in the interest of the public?

Mr. LEA. That is true.

Mr. O'CONNOR. Now, then, what provision is there in the bill for taking care of the men who are put out of employment, assuming that we merge some of these railroads, either weak or strong?

Mr. LEA. You will notice on page 209, line 13, there is a provision reading:

And (4) where appropriate, the interest of the carrier employees affected.

They have a right to make that a condition upon which they grant approval of consolidation.

Mr. O'CONNOR. There is one other question I want to reserve under the 5-minute rule. It is this: Just what obstacles under the existing law now standing in the way of bringing about consolidation have been eliminated in this bill? I do not ask the gentleman to answer that at this time.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I sincerely wish that every Member of this House could have the privilege of sitting on every committee of the House in order that they might all be fully informed on every subject under discussion and on which the House will ultimately be called upon to vote. This is a practical impossibility, so the work of the House is divided among the committees.

The Committee on Interstate and Foreign Commerce, on which I have the honor to sit, has done a very difficult and I believe patriotic service. In the first place, we have listened to that which now appears in 1,900 printed pages of testimony, in 10 weeks, and have since analyzed that testimony, and we now present our considered judgment in the form of this legislation.

Some question has been brought up here as to just why the original Senate bill bearing this number, S. 2009, was not merely slightly amended by our committee. May I point out to you the fact that the Senate bill was introduced in the Senate a month or so after the original House bill was introduced in the House by our chairman, Mr. LEA, and that this bill, through hearings, and so forth, was in the course of preparation when this Senate bill came to us. I believe it is a matter of convenience that we have used the Senate number in passing this bill out to the House.

Mr. Chairman, I want to make a few statements which I hope will be interesting.

The American people are an extremely busy people. We found in our committee hearings that for every man, woman, and child in the United States between 10 and 15 tons of material are moved some place every year. If it is considered that 10 tons per year are moved for every man, woman, and child, that 10 tons is moved 432 miles. We are an extremely busy people. If our country were a good deal smaller in area than it is, of course it would not be necessary to move that material so far. If we did not have so many desires and wants, we perhaps would not have to move so much material.

Nevertheless that is the case: Ten tons for every man, woman, and child in the United States were moved 432 miles last year. A sum equal to nearly one-third of our national income is spent every year for transportation. Nearly all of that, or a great share of it, is handled through land transportation means, by railroad and by truck. A small percentage of it is handled on our inland and coastwise waterways. Something like 300,000,000 tons is handled on the waterways.

On the Mississippi River system, of which I would like to speak for a moment, in 1938 there were handled 63,000,000 tons. Of this tonnage 5,060,000 were transported by common and contract carriers. Of the 5,060,000 tons a little better than one-half, or 2,767,210 tons, were handled by the Government-owned Federal Barge Lines. The Mississippi Valley Barge Lines, a privately owned carrier, was the next in order. This handled 430,000 tons. One-half of the tonnage carried on the Mississippi River system was carried in the lower Mississippi section, including the canals running east and west into Texas and into Florida. The Federal Barge Lines and the Mississippi Valley Barge Lines have nearly one-half of all the common-carrier business on the Mississippi River, and perhaps two-thirds of that is now joint rail and water and under the jurisdiction of the Interstate Commerce Commission, as far as rates are concerned. Two-thirds of it is already under the jurisdiction of the Interstate Commerce Commission.

I do not know the exact tonnage of the intercoastal canals and coastwise vessels, but as nearly as I can find out they handle something in the neighborhood of 150,000,000 tons annually. Nearly all of this tonnage handled in the coastwise and intercoastal canal service is exempted under this bill as bulk carriage, and all but 5,000,000 tons on the Mississippi River system, approximately, is exempted as either bulk carriage or private carriage.

The Panama Canal carries the traffic that runs between the two coasts, and that traffic is fairly heavy, but it is not much more than seven or eight million tons per annum. But these intercoastal carriers paid in tolls to the Panama Canal in the year 1937, $10,799,740.28. This was 34.87 percent of the operating expenses of those carriers and 29.2 percent of their entire operating revenue. They paid as tolls to the Panama Canal nearly one-third of all the money they took in.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield briefly to the gentleman from Michigan.

Mr. DONDERO. Why were the exemptions made for the Mississippi River boats, and also for the vessels on the Great Lakes?

Mr. HINSHAW. The exemptions were made for private carriers because, in the first place, anybody who owns a boat himself has the right to take it anywhere he chooses as the waterways, both inland and Great Lakes as well as intercoastal canals, are free as the highways are free. That

takes care of the private carriers. As far as the bulk carriers are concerned, those hauling sand and gravel, coal, oil, and similar materials in rough bulk, it was thought that those commodities were of such a nature that the handling of such cargoes was not competitive, consequently they were left out. In this bill we are interested in competition.

Mr. DONDERO. As it relates to the Great Lakes, is it not also true that the Canadian commerce is unregulated and that we could not compete with them unless our own Great Lakes traffic were also left unregulated?

Mr. HINSHAW. I may say to the gentleman from Michigan that the Canadian commerce is regulated except for bulk carriers. Bulk carriers are excluded from Canadian regulation, and we have excluded American bulk carriers on the Great Lakes from this regulation. The Great Lakes are international waters by treaty and any boat of any nation has a right to go anywhere on them as it pleases.

Mr. DONDERO. Is it not a fact that the Canadian commerce is regulated so that their vessels can transport goods and materials far more cheaply than can American ships?

Mr. HINSHAW. By virtue of the fact that they work their seamen 12 hours a day and pay them considerably less than ours are paid, the cost of operation of the Canadian vessels is considerably lower than the cost of operation of the American vessels.

Mr. DONDERO. It is about 35 percent lower, I believe, according to the figures given.

Mr. HINSHAW. Something like that.

The gentlemen who are opposing this bill are opposing, practically, only one part of it, and that is title II, which brings the rates of common carriers and nonbulk operations of contract carriers by inland and coastwise waterways under regulation of the Interstate Commerce Commission. It provides unified rate regulation for rail, highway, and waterway transportation within the continental limits of the United States. But especially it provides that the inherent advantages of each form of transportation shall be preserved in the public interest.

There is very little opposition to title I of this bill, or title III, so far as I can discover or so far as has been brought out in the debates in the House, which I have heard in full. Title I of the bill simply amends the present Interstate Commerce Act and adds to it a few provisions considered to be for the general advantage of the whole transportation system of the United States and in the public interest. Although title I does not comprise a very large proportion of the total number of pages in this bill, yet if you add to them the entire volume of laws of the Interstate Commerce Commission previously enacted you would have a very large body of printing. Therefore, as there is almost no controversy over titles I and III, I shall address myself for the moment to the subject of title II, which concerns the inland waterways.

Those people who object to regulation on the inland waterways must remember that a very small percentage of the tonnage on the inland waterways comes under this bill. The private carriers are completely excluded, and the bulk cargoes are completely excluded, and the remaining business of the contract carriers is to be regulated only in the matter of minimum rates. Approximately two-thirds of the common carrier water-borne commerce is already regulated as to rates by the Interstate Commerce Commission, through joint rail-and-water rates, and we merely seek in this bill to bring the other one-third under regulation. We provide also for joint rates and through routes for transportation by water and rail and transportation by water and motortruck.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman, briefly.

Mr. JENSEN. Are corn and small grains exempt from the inland water rates?

Mr. HINSHAW. If in bulk, it is exempt.

I see no particular reason why this opposition should develop. These inland waterways have been furnished to the people of the United States at very considerable expense.

On the Mississippi River and its tributaries the Government of the United States has spent $693,000,000; on the intercoastal canals and waterways the Government has spent $148,000,000; and on the lakes, harbors, and channels, $237,000,000; seacoast harbors and channels, $721,000,000. A total of $1,799,000,000 of the taxpayers' money has been spent on improving the waterways of the United States for which no tolls are charged, no gas tax, no property tax.

Mr. TERRY. Mr. Chairman, will the gentleman from California yield?

Mr. HINSHAW. Yes; briefly.

Mr. TERRY. The gentleman has pointed out the very small portion of the traffic on the inland waterways that would come under this bill by reason of coming under the Interstate Commerce Commission. I am wondering, if that is true, why it is generally stated that by putting the inland waterways under the regulations of this bill, it will have a great tendency to save the railroads from their present financial difficulties.

Mr. HINSHAW. I do not connect it with a saving to the railroads of any great financial difficulty. I connect it more with the saving of the waterways from their own difficulties.

Mr. TERRY. In other words, the gentleman feels then that so far as being of benefit to the railroads themselves is concerned, that would be very small.

Mr. HINSHAW. It is a small benefit, if any, to be sure.

Mr. TERRY. And it would not assist in bringing the railroads out of the trouble they have now.

Mr. HINSHAW. It would assist in coordinating the entire transportation system of the United States to the benefit and best interests of the people of the United States and that is why I favor it.

Mr. TERRY. Then it is simply a matter of being for the general public good.

Mr. HINSHAW. That is my belief. In support of that statement I want to read from a letter sent to me by Mr. G. K. Little, vice president of the Baker Towboat Co. of Tuscaloosa, Ala. In this letter, dated June 10, Mr. Little states as follows:

> For a number of years this company has been towing coal from mines in Walker County, Ala., to a cement plant at Spocari, Ala., for $1.25 a ton. The Federal Barge Line, over our protest, cut this rate to $1 a ton and took the business away from us. Last year the Federal Barge Line and the railroads both reduced rates from the Warrior coal fields to Spocari, Magazine, and Mobile, Ala.

So I wrote the gentleman in answer to that and told him that I believed that his complaint of rate cutting is a good argument in favor of Interstate Commerce Commission regulation of rates. He attached to his letter a copy of his letter to Maj. Gen. T. Q. Ashburn, president and chairman of the Inland Waterways Corporation.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 5 additional minutes to the gentleman from California.

Mr. HINSHAW. Mr. Chairman, here is what he said to General Ashburn:

> DEAR GENERAL ASHBURN: We understand that the Federal Barge Line has put in the following rates on coal shipments in Alabama:
>
> River mines to Magazine, Ala., 85 cents per ton.
> River minth to Mobile, Ala., 75 cents per ton.
> River mines to Spocari, Ala., 50 cents per ton.
>
> These rates have already resulted in the reduction of the rail rates from Southern Railway mines to Magazine, Ala., to $1.10 per ton, and a petition from the railroads to the Alabama Public Service Commission asking that the domestic rate of $1.80 per ton to Mobile be reduced to $1.40 per ton.
>
> In our opinion, the rates quoted by the barge line are too low and should not be less than the following:
>
> River mines to Magazine, Ala., $1.10 per ton.
> River mines to Mobile, Ala., $1 per ton.
> River mines to Spocari, Ala., 75 cents per ton.
>
> We believe that these rates are the lowest at which any private boat line can operate and make a living profit, and we do not believe that the Federal Barge Line should make a rate so low as to shut out all private competition.
>
> We are advocates of the continuation of the Federal Barge Line, as we believe that it is doing a valuable pioneer work in restoring traffic to our rivers and fighting the battle of the waterways against powerful interests that would like to see them abandoned.
>
> We believe, however, that there is danger in quoting rates so low that the railroads and other enemies of our waterways will have just grounds for criticism, and also so low as to cripple the development of private boat lines.

If you can find a better argument for bringing the intercoastal and river navigation in under the I. C. C. so far as common carriers and certain contract carriers are concerned. I would like to know where to find it. Both the Mississippi Valley Barge Line, which does 500,000 tons of business a year and the Federal Barge Line, which does more than one-half of the common and contract carrier business on the Mississippi, favor this legislation. The balance of the business to be regulated is minor, it does not amount to much, with the exception of the bulk carriers and the private carriers, which are excluded. I believe that the arguments opposed to this bill are largely jurisdictional arguments, as made by the estimable and able gentlemen of the House who are on committees that consider water legislation, and that they should carry no weight in consideration of the all-important fact that we must have a unified, coordinated, and capable transportation system over the United States. I urge the adoption of the bill as it stands.

Mr. GEYER of California. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. Yes.

Mr. GEYER of California. I know that my colleague comes, as I do, from the southwest, and is very much interested in the growth of the Los Angeles area. I have received information from my maritime unions there that they feel this legislation will be destructive to commerce in Los Angeles Harbor. Are these fears well grounded?

Mr. HINSHAW. I think that they are not. I have examined into it carefully with that in mind. This bill does not adversely affect intercoastal traffic through the Panama Canal, and has nothing to do with Los Angeles Harbor.

Mr. GEYER of California. It will increase the freight rates, will it not, from Los Angeles into the back country?

Mr. HINSHAW. No; I do not believe it will. This bill does not repeal the fourth section.

Mr. GEYER of California. The gentleman stated that because of competition he wanted it, and if we are going to bail the railroads out, will we not have to automatically raise the rates?

Mr. HINSHAW. No; I do not think that is true. What we need is more and better business. Then all transportation will receive its fair share of it.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, I have no prepared address for this occasion. In fact, I did not expect to speak until yesterday. First, I compliment the distinguished chairman of the Committee on Interstate and Foreign Commerce and the other members of that committee. The chairman of that committee came to Washington in the same Congress in which I came, 1917. I believe that he and I have stood together on almost everything that has come before Congress up to this time. We even voted against the National Transportation Act of 1920.

One point was made by the gentleman from California [Mr. LEA] yesterday which I desire to mention. He refers to the maintenance of waterways and of railways and told us that when waterways become obstructed the obstruction is removed by the Federal Government, but that when the railway becomes obstructed that obstruction is removed by the railway at its own expense. That is true, but that waterway is free to the use of every citizen of the United States, and the railway is free to the use to that particular railway company only. That is a very broad distinction.

Attention has been called to a provision in this bill in regard to the replacing of the railway bridges over waterways. On page 9 of the report of the committee attention is called to that, and it is stated that that is a change from the present practice. I am afraid that some of the railways—I would like to say "train busters," but I shall say "brain trusters"—have pulled the wool over the eyes of the members of the committee.

In the pending river and harbor bill which passed this House but a few months ago and is now pending in the Senate, there is one provision in regard to the improvement of the Calumet-Sag project in Chicago, totaling a cost of $25,200,000; $10,700,000 of that amount is for replacing railway bridges at the cost of the United States Government. So you see there is no change in that provision from the present practice. That bill passed the Committee on Rivers and Harbors by a unanimous vote, and passed the House practically by unanimous vote. It has been favorably reported by the Committee on Commerce in the Senate by unanimous vote, and is now on the Senate Calendar. If it passes the Senate and becomes a law, there is a provision in one project only where the United States pays to the railway companies more than $10,000,000 for the replacement of their bridges on one project alone. So much for that.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. BULWINKLE. How many such instances are there in the United States?

Mr. MANSFIELD. Very few. There are not many cases of that kind that arise at all, and probably no more will arise in the next 10 years.

I want to call attention to this question of subsidies. We have heard a great deal about subsidies for the waterways. I want to make this statement, and I defy any man in the United States to dispute it. Subsidies to the railways, by reason of waterway improvements, are greater today than the subsidies to any boat line or any steamship line in the United States. We have upon the Great Lakes some 10 or 12 ports, almost exclusively for railroad use, in the ferriage of railroad trains. They are saved millions of dollars by reason of it. They tell us that if they were not permitted to ferry trains across Lake Michigan they would have to run their trains around over other lines of railroads south of Lake Michigan, through the car yards at Chicago, and that it necessarily delayed the trains approximately as much as 3 weeks in addition to the great cost they would be put to; but by reason of the Government dredging and maintaining those harbors on Lake Michigan, exclusively for railroad use, at Government expense, they are saved this enormous expense, amounting to many millions of dollars every year.

Reference was made to the port of New York. The car ferriage traffic of railroad cars loaded in the harbor of New York amounts to a billion dollars a year more than traffic handled in that port in ocean bottoms. How many people know that? The false propaganda that has been going over this country by reason of railroads circulating such things is absolutely terrific to one who has had occasion to make a study of these things. I hope the truth will become known before these discussion are over.

In 1934 the railroad car ferriage traffic from the different sections of the port of New York amounted to more than $14,000,000,000 in value, while freights handled by all the ships of the world that come in there were a little more than $13,000,000,000 in value. Almost every port in the United States has car ferries for the railroads. We have four ferries between Canada and the United States at Detroit, ferrying passenger trains, United States and foreign mails, express, and traffic of all kinds, which the railroads get entirely, but the Government of the United States dredges and maintains those channels for their use. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. HARRINGTON.]

Mr. HARRINGTON. Mr. Chairman, I find myself most emphatically in accord with the views expressed by the minority when this bill was reported from the House committee. As the Members signing the minority report so cogently said, "There is no public need nor demand for such vast extension of Government regulation of water transportation as is provided in this bill." That being undeniably the case, the proper thing to do would be to strike title II in its entirety from the bill.

No one will gainsay the fact that railroads are a necessity and the national interest demands that they be maintained

in a manner that will enable them to render efficient and adequate service. But it does not follow that Congress should enact legislation that is deliberately designed to hamstring and cripple other forms of transportation.

The plan for regulation of the water carriers contained in this bill has been justly condemned by the Secretary of War, whose Department from the early days has been charged with the improvement of our inland waterways; it has been condemned by Chairman Land of the United States Maritime Commission, and its iniquities have been laid bare in a letter addressed to the Speaker of the House by the Secretary of Agriculture. As Mr. Wallace so appropriately puts it, "Any effort to improve the condition of the transportation industry should be harmonized with the general welfare." That is what the pending bill most glaringly fails to do.

The farmers of the country have long suffered from high transportation costs. In normal times they pay approximately 20 percent of the freight bill of the Nation. High rail rates tend to depopulate the interior of the country and to remove the farmer's market farther and farther from him. It increases his cost of doing business.

It cannot be successfully denied that water transportation is cheaper than rail transportation; and wherever this cheaper transportation is available to the farmers it would be a crime to deprive them of it.

Last year the farmers of the country received only 40 cents out of every dollar paid by the consumers for food. Some years back the farmer's share of the consumer's dollar went down to 33 cents. Such legislation as this would further aggravate the deplorable situation with which the agricultural producers of the country are now confronted.

As I see it, the prime purpose of title II of this bill is to raise water rates so as to place them on a level comparable with rail rates, creating a transportation monopoly. I raise my voice in protest against the perpetration of such an unwarranted outrage.

I am opposed to title II of this bill, the part placing water transportation under the devitalizing regulation of the Interstate Commerce Commission. I am not opposed to helping the railroads. On the contrary, I will go just as far as any other Member of Congress in helping the railroads to help themselves, and particularly to safeguard the welfare and interests of the employees of railroads. On the other hand, I am convinced that the strangulation of waterways, which is the obvious purpose of title II, will help neither the railroads nor the railroad employees, and, in short, that it is not the solution of the railroad problem.

I am just as firmly convinced that the incarceration of the waterways in the strait jacket of Interstate Commerce Commission regulation will only serve to saddle an additional burden on the farmers and shippers, the consumers, and the general public of this country, and further tend to stagnate the sources from which our domestic commerce springs.

To my way of thinking, this is a situation where an elephant has gotten himself tangled up in a mess of trouble, partly of his own making, and the blame is laid upon a mouse. Therefore, it is proposed to catch the mouse and put him into the same mess of trouble. It will punish the mouse, all right, but just how is it going to help the elephant?

Proponents of title II ask: "Why shouldn't the waterways be subject to the same regulations and restrictions as the railroads inasmuch as they are competitive?" My answer is that one dose of bad medicine does not warrant another. Simply because one member of a family has squandered his resources and, partly perhaps through no fault of his own, has landed in the poorhouse, is no reason every other member of the family should be placed in the poorhouse to share the pauperism of the first unfortunate. The obvious solution is to get the one out of the poorhouse rather than to put the others in.

In this discussion you will hear the inland waterways attacked as unfair competitors of the railroads, as the recipient of Government subsidies, and so forth, so much so that one might think that our waterways are an alien and illegitimate form of transportation. Should it not be recognized that the rivers and seas are our original avenue of transportation, God-given, if you please, and that if there is any interloper on the transportation scene, it is the railroads.

Rightly it has been said that our inland waterways belong to the public. Anyone can use them. But just try to operate your own private handcar over a railroad track and you quickly discover that you are trespassing. You promptly find out that the railroad right-of-way is a private monopoly and that you have no rights there unless you conform to the requirements of the private owner and are willing and able to pay whatever tariff he sees fit to exact.

Therefore, it is well to thus clearly define and understand the relative positions of these two forms of transportation—the one belonging to Mr. United States Citizen, the other owned by Mr. Private Monopoly, whose record of economic and moral sins is, well to be charitable and say the least, nothing to brag about.

Still I will grant you that everything possible should be done for the railroads, as long as what is done is constructive and not destructive as I construe title II of this bill to be. You cannot build up one fellow by tearing all the others down, but this is what the present bill proposes to do.

Personally, I feel that much of the present railroad trouble is due not so much to competition as to lack of competition. Fair competition is healthy for all, but when you tie up the railroad industry with all the rules, regulations, restrictions, and red tape that now comprises railroad law, the industry naturally loses energy and ambition and creeping inertia sets in. It seems to me that an obvious means of assistance would be to release the railroads from a lot of these restrictions, let them compete with one another, let them go after and create new business. Replace inertia with initiative, and I believe more would be accomplished than by trying to put another tiny competitor into the same strait jacket.

Let me give you an example of what, perhaps necessarily, seems to be the dominating theme of railroad operation in the United States today. Just the other day the Des Moines Register carried a story that an employee in the accounting department of one of the railroads had been handsomely rewarded. For what? For discovering that this particular railroad could save itself $50 a day by shortening the run on a certain division, thereby dispensing with a substantial number of man-hours of labor and throwing some employees out of work. I mention this as indicative of what appears to be the twin trends of thought actuating railroad operation—first to increase revenues by raising transportation rates, and second to cut down expenses by laying off employees. Any other business operating solely on these two principles could not help but go broke, and many of the railroads have.

Within recent years we have seen the railroads demonstrate what a little initiative and an idea can do toward recapturing some of their lost business. For nearly half a century the lines had been operating with just about the same type of passenger equipment and approximately the same speed schedules. Then one railroad tried out a superspeed streamlined passenger train, and things began to happen. Passenger business immediately picked up and a great deal of business lost to the airways and highways was recouped. The result is that most of the lines are now operating this type of train with gratifying increases in passenger revenue.

More of this type of initiative and effort, less regulating and restricting, and the railroads would not have to worry so much about a competitor that carries only 4 percent of the freight. Let us loan them money; let us cut out some of the red tape and restrictions; let us help get the railroads out of the hole, but why in the name of common sense subject waterways to the same type of treatment that has ruined the railroads?

Other speakers have quoted expert opinion in support of my position in this matter. They have quoted the Secretary of War and the Secretary of Labor and farm organizations and shippers in opposition to the waterways section of this bill. So I will not go over the same ground again. Instead I will conclude my remarks with a little story of how

high transportation costs have stagnated the tri-State empire of which my home town of Sioux City, Iowa, is the commercial capital.

Years ago we had river transportation on the upper Missouri River and this territory was a prosperous empire. Then the railroads came, several of them running a race, in fact, to get into this rich territory. Strange as it may seem, the railroads actually put the river out of business. These were days before Interstate Commerce Commission rule when rate cutting, rebating, and other sharp practices were indulged in.

At any rate, with the new, quicker, and just as cheap form of transportation the steamboat business slowly disappeared, the river was neglected, and eventually meandered off into another channel and became unnavigable. In the course of time the Interstate Commerce Commission came into being, stopped some of the abuses, and started regulating rates. Ever since then the trend of freight rates has been in only one direction—up.

We continued to raise crops, but high freight rates erected a new barrier to the successful marketing of our foodstuffs. As our purchasing power was reduced, we had to cut down on the things we bought from other sections of the country, and this made less business for the railroads. Railroad traffic gradually declined, railroad employees lost their jobs, and as traffic dwindled, freight rates went still higher—the higher the rates the less business, and the less business the fewer railroad men employed.

As now planned by the Army engineers, river navigation will be restored to the Sioux City territory by 1941. The return of shipping to the Missouri River will release this inland empire from the economic shackles of prohibitive freight rates, help reestablish industry in the midst of agricultural plenty, expand our trade markets, and help bring back prosperity of this section. It will mean new life, new hope, new commerce, new production, new consumption, and with it a prosperity and purchasing power to absorb the products of the East, the South, and the West, which are now denied this region by reason of high freight rates and low purchasing power.

But the important thing here is that the railroads are going to profit rather than suffer from the rehabilitation of the upper Missouri River Basin. I am informed that the roads are now losing more money proportionately in this section than in any other, and that employment for railroad men is correspondingly bad. With the return of self-sufficiency to this section, it is only reasonable to anticipate that railroad traffic will increase accordingly and that railroad employment will get back on the upgrade. It is always the history of transportation that, even with river competition, the railroads continue to carry the great bulk of the freight.

In conclusion, let me refer the Members of this House to the minority report of the Interstate and Foreign Commerce Committee reporting out this bill. The report says:

> The total amount of freight handled by the water carriers involved amounts to less than 4 percent. If this traffic were taken over by the railroads, the handling of it would be easily accomplished by slightly lengthening trains, without increasing the number of employees. In other words, both management and labor in the railroad field, we believe, are chasing a rainbow in their hope that this bill will bring them prosperity.

Therefore, with the interests of the farmers and working people of my section of the country in mind, and with the interests of the railroad employees of Sioux City and northwest Iowa just as fully in mind, I am going to express the hope that the House will see fit to eliminate title II from this bill. I am fully and firmly convinced that the welfare of the citizens of my district, including the railroad men, is wrapped up in the restoration of economic self-sufficiency to this area, and I know that the benefits of river transportation, so long hoped for, will be hampered if not altogether hamstrung by the enactment of the waterways clause. No Member of Congress wants to help the railroads and the railroad men more than I do, but I submit that drying up the rivers to freight traffic is not the solution. It can do little good. It will do much harm. [Applause.]

Mr. LEA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, yesterday, a proponent of this measure stated on the floor of the House that this is not a railroad bill, but I submit to you that every Member in favor of it bases his support on the contention that the railroads need help. I have heard no one assert that the inland waterway contract carriers have asked for legislation of this kind. I have heard no one assert that there is a public clamor for regulation of the small independent inland waterway contract carrier. No one has asserted that the inland waterway carrier has been guilty of the same practices which forced upon the railroads regulation by the Interstate Commerce Commission. No one has charged that the small waterway carrier has been guilty of the same misdeeds, of the same corruption, exploitation and building up of false-capital structures as was true of the railroads.

Low-cost water transportation is of benefit to the entire Nation; to the consumer; to the farmer and to the commercial and manufacturing interests. By assiduous and intensive propaganda, the Association of the American Railroads has sought to convey to the Congress and to the people of the country that all railroads are in desperate financial condition. I, for one, do not believe this to be true. It can be shown on the very best of authority that the majority of rail carriers are in remarkably sound condition when contrasted to business in general.

The Congress is being asked in this bill to legislate against an industry which is by every measurement only a weak competitor to the powerful railroad systems. This cannot be denied because the inland waterways sought to be regulated only carry 3 percent of the total transportation of the country. The Congress is being asked to legislate in favor of the strong and against the weak. It is being asked to sacrifice and destroy the usefulness of cheap inland waterway transportation for the sole purpose of attempting to strengthen the weak financial structure of the powerful private railroad interests.

If this bill is enacted, I predict that the small independent contract water carrier will very shortly be starved out of business and the railroads will have a practically complete monopoly.

Suppose we admit that some of the railroads of the country are in poor financial condition. Is not that generally true of every business concern? Is it not true of the farmer, the retail merchant, the skilled mechanic, and the laborer? The blame for the condition of these few railroads cannot be laid at the door of Congress. No legislation has been passed by this, or any other Congress, of which I am aware, that can be held responsible for their condition. Personally, I am not antagonistic to the railroads. I believe that their welfare is bound up with the welfare in general of all American business, but I do think that this bill goes much too far. Railroad management has shown no disposition to put its shoulder to the wheel and try to pull itself out. On the contrary, it has shown a disposition to depend upon legislation alone to lift it out of its difficulties.

This bill contains 243 pages, and in those 243 pages you will not find a single proposal which would have the railroads do anything whatever toward helping to improve or ameliorate their own situation. Every provision of the bill seems to have for its purpose the relieving and freeing of them from proper restraints and obligations which now rest upon them. While on the other hand, in provision after provision, restrictions and prohibitive tolls are imposed upon their competitors, particularly the small independent contract water carriers. Only one result can ultimately ensue, and that is a higher transportation cost to the consuming public.

There is another phase which I think is important. All over the country factories, warehouses, flour mills, steel mills,

and plants have located themselves so as to be able to take advantage of low-cost river transportation. You will find them concentrated along river fronts. Passage of this bill and the regulations to be imposed would, without any doubt, increase their overhead costs, would increase their transportation costs. These additional costs would take away from them the advantage which they enjoy by reason of their location. It would, in many cases, destroy their business and would, in most cases, demoralize the operation of the industries so located. The enormous investments by these private companies would be jeopardized because many of them are existing solely because they are enjoying the benefit of their location and of river transportation. When their transportation rates are increased, as they surely will be if this bill is passed, their prices to the consumer will necessarily be increased. Large industrial areas would suffer a paralyzing blow and thousands upon thousands of employees would lose their jobs. Vast industrial structures, such as mills, factories, and warehouses would lose the inherent advantage which they enjoy because of their location and their low-cost water transportation, and would be compelled to either operate at a loss or to close down their plants.

These large industrial enterprises, which by the exercise of sound judgment in the first instance by taking advantage of what may be said to be the natural advantages of the country, by their hard, honest work, their employment of good business ethics, would, through an act of Congress, suffer an irreparable loss and perhaps be totally destroyed. A survey of the country will, no doubt, show that the greatest industrial activity occurs in those districts adjacent to or served by navigable streams.

Are we, by the passage of legislation of this sort, to attempt to reverse the basic and fundamental principles of economy and industry? Should we be expected, in order to help the financial condition of a few railroads, to devitalize our industrial empires and to combat the principles of natural finance, economy, and industry? Are we to say that we shall not take advantage of one of the Nation's greatest natural resources, our navigable streams, by putting the use of these navigable streams under an insuperable handicap?

The small help that this bill is intended to give toward relieving the railroads is many times outmeasured by its far-reaching consequences and damages to the prosperity of the country in general and to the increase in cost to the consuming public. Other proposals are now pending before Congress to help the railroads, notably the proposal to lend them hundreds of millions of dollars for the purchase of equipment and rolling stock. Whether the proposal to lend them this money is sound I am not prepared to say; but I do say this, that there is no valid reason for the passage of the measure now pending, as I am firmly convinced that its ultimate effect will be disastrous to industry and business and to the consuming public in general, as well as being inimical in the long run to the railroads of the country. [Applause.]

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. COLE].

Mr. COLE of Maryland. Mr. Chairman, under permission previously granted I shall extend my remarks considerably by the insertion therein of numerous tables and statistical data taken from the hearings held on this very interesting subject. I hope between the adjournment this afternoon and Monday or Tuesday whenever we happen to vote formally on the controversial features of this bill, Members who are away over the week end will have an opportunity to read what I have tried to compile as a brief, succinct summary of some of the high spots from the hearings insofar as the plight of the railroads of this country is concerned.

Qualifying, as I think I may, in discussing a bill of this character, I come from a great water State. My district has much water. I doubt if there are many Members of this body who have more constituents than I whose livelihood is found along the water-front and whose problems are affected by this legislation.

I am for this bill. I am not willing to concede that my study of this problem can match that of the President of the United States, of the Honorable Jesse Jones, head of the Reconstruction Finance Corporation, now promoted to an even greater position, an agency which has loaned almost a billion dollars to the railroads of this country, much of which has been paid back. To give you an idea of what I had in mind in referring to Mr. Jones, it was my privilege to question Mr. Jones when he appeared before the committee. Reading from his testimony—which will follow herein at greater length—in answer to a question which I propounded, he said—

> I am rather inclined to the opinion that the Interstate Commerce Commission should fix, or somebody ought to fix, all of the rates for all of the different carriers, so as not to let them cut each other's throats.

I imagine that is where the "cutthroat" phrase was coined yesterday, with which so many of our friends found objection.

When I hear talk about the damage to our water-transportation systems to follow the enactment of this bill, I look naturally to such water carriers as the great Merchants & Miners Transportation Co., operating between Boston and Florida, one of the main water companies of this country. I was curious to know their reaction to the final draft of this measure presented by the subcommittee of which I am a member. You will find it set forth in full later in my remarks. I want here to pay my respects to the members of this committee of which I am a member for the hard work they have put in on this bill since January—not only the past 2 or 3 weeks, but since last January, morning, afternoon, and night. I was amazed at the spectacle we saw before the Rules Committee of this House when great Members of this Congress, chairmen of major committees, saw fit to try to stop consideration of this measure through the denial of a rule. I had never experienced anything of that kind. This bill has been available to everybody. True, it was in its final shape only printed a few days ago, but in presenting it this week end there was no idea of trying to drive it through this afternoon. The desire was to give the membership ample time. Copies of committee prints have been available from time to time. We, the members of this committee, standing unanimously behind this measure, feel that the more time you have to study it, the more you read it, the more seriously you consider the debate we have had in the past 2 days, the more convinced you will be that the transportation problem is one of the most vital before this country at this time, one of the most serious, and, as the President says, one that must be solved and should be solved through a measure of this character. So today messages similar to that from the Merchants & Miners Transportation Co. from back home are coming in.

Last night I looked over once more the report of the Maritime Commission and the latest survey of coastwise and intercoastal shipping which was presented to Congress in March last. Some of the Members pleading for water-borne transportation should read parts of that report. They will find those of the water carriers free from financial obligation in competition with other water carriers being financed today by the Maritime Commission, and possibly properly so. It is a promotional agency of this Government, not a regulatory body, an agency set up—and I hope that we might further dignify it along these channels—to promote and develop the merchant marine of this country. It should not be a rate-making body. I leave it to the fairness of the membership of this Committee if we want to legislate millions and millions of dollars at the free disposal of an agency such as the Maritime Commission, for the membership of which I have the highest regard—an agency to lend money almost at will, and at the same time throw the water traffic which that money develops into competition with the fellow who is able to travel the same road without financial help. It is not done with the railroads, it is not done with the trucks, and upon

the passage of this bill it will not be done, I am glad to say, with water transportation, except within the field that proper development of our merchant marine requires.

Mr. Chairman, I now quote from a message from President Roosevelt, dated April 11, 1938, addressed to the Congress and published as House Document No. 583:

I ask your special consideration of the fact that matters relating to transportation in its wider sense are now dealt with by the following departments or agencies of the Government:

1. The Bureau of Public Roads of the Department of Agriculture.
2. The Bureau of Air Commerce of the Department of Commerce.
3. The United States Maritime Commission.
4. The Division of Transportation of the Bureau of Foreign and Domestic Commerce of the Department of Commerce.
5. The Interstate Commerce Commission.
6. The Lighthouse Service of the Department of Commerce.
7. The Bureau of Navigation and Marine Inspection of the Department of Commerce.

These agencies deal with special phases of transportation rather than the transportation problem in its broader national aspect. Some of the functions are executive, some are legislative, and some are judicial.

From the point of view of business efficiency, such as a private corporation would seek, it would seem to be the part of common sense to place all executive functions relating to all transportation in one Federal department—such as the Department of Commerce, the Department of the Interior, or some other old or new department. At the same time all quasi-judicial and quasi-legislative matters relating to all transportation could properly be placed under an independent commission—a reorganized Interstate Commerce Commission. And such action would be highly constitutional.

I refer to this, not by way of recommendation, but only as one method which should receive congressional study.

In the meantime, and until it has been possible for the Congress to make any and all studies for permanent solution of the railroad problem, some immediate legislation is, I believe, necessary at this session, in order to prevent serious financial and operating difficulties between now and the convening of the next Congress.

The testimony before the Committee on Interstate and Foreign Commerce of Hon. Jesse Jones, in part, ties very definitely with the statesmanlike stand President Roosevelt has taken in this matter. It was my privilege to be questioning Mr. Jones in an attempt to draw from him a recommendation as to what, in his opinion, was necessary as an approach at least toward the solution of our transportation problems. I quote from pages 1776 and 1777 of the hearings, as follows:

GENERAL MODIFICATIONS

Mr. COLE. Mr. Jones, we are concluding today about 10 weeks of hearings before this committee in response to statements from the President that there is need for immediate action by Congress in this railroad situation. Committees of three and six have been appointed and have reported. Two important bills have been presented to us, one by the Committee of Three and the other by the railroads. I mean by that, management and labor. This is the first time, to my knowledge, that they have come in since I have been a member of this committee and presented anything like this, which, whether we agree or disagree with it, is the result of many hours of hard work.

Mr. JONES. You mean management and labor.

Mr. COLE. Yes. They have presented a complete bill on this entire subject, and we have heard every interest that is affected.

In view of the testimony before us, and because of your having loaned almost $800,000,000 to the railroads, and having been very closely and intimately associated with the railroads, both in or out of court for the past 7 years, I am wondering if this paper you have submitted is a complete statement of your recommendations as to what is needed at this time. Are we to accept this as the sole conclusions of the R. F. C. as to what is needed at this time to help the railroad situation in this country?

Mr. JONES. No; I could go a little further than that—the part dealing with the R. F. C.

Mr. COLE. I thought you could, and I would like to hear it.

Mr. JONES. I see; you want to smoke me out. [Laughter.]

Mr. COLE. Well, I do not know of any man in this country I would rather smoke out on this subject than you.

Mr. JONES. All right. This redraft we are suggesting has to do, of course, with the R. F. C.'s part of railroading. That has been pretty well covered.

I would like to make this comment, with all due respect to management and labor: I do not know who represented the fellow who owns the railroads, the security holders. Has he been here yet?

Mr. COLE. Yes, sir; some of them have.

Mr. JONES. He was not in the council of that Committee of Six, was he?

Mr. COLE. I do not know.

Mr. PATRICK. He was represented here.

Mr. JONES. Well, that is only an observation that the people who put up the money to build the railroads were not represented on that committee, but that is all right. I have no criticism of the committee.

I do not like this idea of lending money at 2 percent and not having any of it come back for 5 years. I think if money is worth anything people should pay for it. If it is not worth anything, let us begin printing it.

I think we ought to help the railroads, but we ought to do it in a sensible way. I do not think that way is sensible.

Now, the next thing you need is a revision, a modification, of your bankruptcy law that will make it possible to reorganize. I sent a letter to the Judiciary Committee which about covered my views on that, and it was about that long [indicating half a dozen lines]. It said when two-thirds of all of the creditors of a railroad—and it should apply to any other business—and 50 percent, or 51 percent, of each class of creditors agree upon a plan of resetting the capital, there ought to be some way to make it effective.

Mr. COLE. That is similar to the pending B. & O. plan.

Mr. JONES. Except I went a little further than that. The B. & O. already has a larger percentage. But it seems to me two-thirds of all creditors and a majority of each class ought to know what is to their best interest, and when they reach an agreement about it I cannot see any reason why we should not have some way to make it effective.

Now, that is the next important thing.

That and some little better regulation of competition.

I am rather inclined to the opinion that the Interstate Commerce Commission should fix, or somebody ought to fix, all of the rates for all of the different carriers so as not to let them cut each other's throats. I think, also, it would be proper to repeal land-grant rates and to put the cost of bridge construction over navigable waters, in substantial part, on the Government, where the changes are ordered by the War Department.

I do not think of anything else at the moment. If anybody has anything in mind, I would be glad to take a shot at it.

Mr. Chairman, I am sure all agree that statements of a character similar to the foregoing could be multipled many, many times in searching the papers produced by our leading public officials and businessmen throughout the country, including capital as well as labor; but for the purpose of persuading the House, if any persuasion is necessary, that something along the line adopted in the instant bill is necessary, I am going to content myself and limit, by reference in these remarks, the two outstanding gentlemen to whom I referred—the President of the United States and the Honorable Jesse Jones.

Let us proceed, therefore, on the theory that there is need at this time for something of a big and wholesome manner to be done by Congress—and I think it should be this Congress—on the subject. Discard, if you will, from the discussion before us the feeling of prejudice and in many instances smallness displayed by a lot of false propaganda that this legislation seeks to persecute and ruin the water carriers of this country. Again I remind you I represent a State and a district whose people are proud of our great water possessions; and I make the statement now that, aside from those interested in water transportation who have been to my office during my service as a member of the subcommittee handling this legislation, the objection of not a single, solitary water transportation man or company in my entire district, which includes much of Baltimore City, one of the finest harbors in the world, has been brought to my attention. I do not say they are entirely satisfied, and some may still be against the bill, but we feel at least that their objections have been met to a very large extent.

If there is any question as to the authenticity of this statement, let me remind you that activities within the harbor, conducted as a general thing by barges and tugs, are entirely out of the provisions of this bill, just as the commonly accepted bulk cargo carriers admittedly not in competition with common carriers are also excluded. As the strongest possible evidence of the correctness of this statement, let me read you a letter. In introducing the letter to which I have previously referred, I expect it is safe to say that every Member of this House knows of the Merchants & Miners Transportation Co.—certainly every Member of Congress representing the eastern-seaboard States does—because that company performs a service of the highest character; its boats, passenger and freight, operate daily from Boston to Florida and touch all major cities on the Atlantic coast. If the inclusion of water transportation in this legislation is as damaging as some of the weak and empty arguments ad-

vanced by the opposition to this bill, I ask, in all fairness, if you should not expect a great water-transportation company like the Merchants & Miners to be in line with that thought, let us see what they have to say on the subject. I read from a letter dated July 19, 1939, from the president of the Merchants & Miners' Transportation Co., addressed to me, as follows:

MERCHANTS & MINERS TRANSPORTATION CO.,
Baltimore, July 19, 1939.

Hon. WILLIAM P. COLE, Jr.,
Member of Congress, House Office Building,
Washington, D. C.

MY DEAR CONGRESSMAN: I understand that there will be a vote on the House substitute for Senate bill 2009 this week, and so far as I have been able to study this substitute bill it does contain similar provisions, insofar as water lines are concerned, to those contained in the Senate bill itself.

I hope that this substitute bill meets with your approval and will therefore receive your vote.

We have taken the position for years that the only fair and successful regulation of rates, etc., must be by one regulatory body, and this bill, as we understand it, accomplishes as much along this line as can reasonably be expected.

With kindest personal regards,

Yours very truly,

A. D. STEBBINS, *President.*

To this letter could be added numerous telegrams and letters from other water carriers which have come to me since this debate started.

Some of us in the past few days have received telegrams from our motor friends opposing this legislation or at least objecting to the amendment inserted in the bill last week by the Committee on Interstate and Foreign Commerce dealing with the American Railway Express and objecting so strenuously that they were almost willing to oppose the entire bill. The true situation is, as those who want to familiarize themselves with it must know and as I am sure many have since been advised, that dealing with this difficult subject in which the legislative drafting service of the House was called into service, a compromise of the attitude of the motor industry on one hand and the railway express on the other was attempted, and that compromise adopted on Friday by the full committee was found over the week end to be capable of a different interpretation than was really intended. Immediately on Monday, when after further study had been given to the matter the language was changed with the complete acquiescence of all concerned and with not only the approval but the hearty endorsement of the motor-truck industry and the railway express officials. There is nothing at all parallel in this situation from the standpoint of the conduct of the committee with that in its dealings toward water or any other phase of the bill. In my own case I received some telegrams in opposition to the bill from motor industries I have stated, but upon receipt of word that the change had been made in the language, which change had been prepared by the legislative counsel, they have been men enough to write to me counteracting their previous expression of opposition and expressing their appreciation of the fact that the features of the bill objectionable and unfair, as they saw it, had been removed. There is any concrete evidence of this situation you desire; I could insert at this point letters before me from the Maryland Motor Truck Association and many others, but I prefer to limit my references to my own State rather than go into the great bulk of correspondence I have naturally received from all over the country on the subject.

A brief history of the study given this subject preliminary to the introduction of legislation is found in this part of the opening statement by our able chairman, Mr. LEA, on page 17 of the hearings:

Chairman LEA. Last spring the President appointed a committee of 15, representing various groups interested in transportation, as a committee to consider our transportation problems. After appropriate conferences at the White House the President invited three members of that committee—Chairman Splawn, of the Interstate Commerce Commission, and Commissioners Eastman and Mahaffie—to present recommendations for legislation.

The committee of three thus appointed, headed by Chairman Splawn, gave a comprehensive report, which was submitted to the Congress with a message from the President on April 11, 1938.

On September 20, 1938, the President appointed a committee of six to consider transportation problems and recommend legislation. The report and recommendations of this committee were, on December 23, 1938, presented to the White House. This committee was composed of M. W. Clement, Carl R. Gray, George M. Harrison, B. M. Jewell, Ernest E. Norris, and D. B. Robertson; three members of this committee represented railroad management and three railroad labor.

The bill now under consideration is an outgrowth of these efforts of the administration to secure legislation to improve the transportation situation of the country.

One of the greatest demonstrations by a big mind and an intimate student of our transportation problems was furnished our committee during the testimony by Commissioner Walter W. Splawn, of the Interstate Commerce Commission. Dr. Splawn, impaired in vision, testified at great length, referring to charts and pamphlets in a way that would test the keenest sight there is, and we all marveled at the accuracy with which he proceeded. While I have prepared a historical background pertaining to the development in transportation, I am going to discard that and read at this point some of the high spots of the testimony of Dr. Splawn, because it is so very accurate and comes as a result of close and intimate association with the problem he has studied and lived with for many years. Quoting from page 19 of Dr. Splawn's testimony referring to early experiments and developments in transportation:

EARLY EXPERIMENTS AND DEVELOPMENTS IN TRANSPORTATION

Transportation has been of absorbing interest to the American people since the first colonists settled on the Atlantic seaboard and began slowly to creep up the rivers and look longingly toward the rich and fertile lands of the West that ever beckoned them. For 2 centuries the pioneers were handicapped by lack of transportation. The canoe and coastwise shipping, they had to rely upon. Then came, in the early part of the nineteenth century, the steamboat on the rivers and the lakes. The steamboat revolutionized for the time the settlement of this country. Jefferson had predicted that the country east of the river could not be thoroughly occupied for a thousand years. With the coming of the steamboat, settlers hurried into all of the fertile river valleys and along the southern shores of the Great Lakes in great numbers. Then there began an eager construction of canals. Engineers pointed out that the natural waterways might be supplemented by artificial waterways—man made. The most famous of these canals, the Erie, was completed in 1825.

There was great enthusiasm for the canals and for the turnpike. With New York connected by the Hudson and the Erie Canal with the Great Lakes, Philadelphia looked longingly toward connection with Pittsburgh on the Ohio and projected canals to the west, in spite of the expensive portages that interfered with continuous transportation.

Baltimore looked to the Chesapeake & Ohio Canal and the great business acumen of George Washington was brought into counsel in the promoting of that canal. Boston was shut off by the mountains from any canal connection with the Hudson or the Lakes to the west.

The advocates of the canals were in all of the States, particularly New York and the States bordering the Lakes and the navigable rivers; enthusiastic advocates of this type of transportation solicited the support of the States, the municipalities. States went into the transportation business. Candidates for Governor and for the legislature boldly claimed to their constituents that enough would be made from canal tolls to bear all of the expenses of the State government and relieve the people from all taxes, and some of them in their zeal prophesied that the earnings would even educate all of the children in the State.

Quoting further from page 21 with reference to the rapid extension of the railway net:

In 1873 there was a terrific panic. Overexpansion of transportation was one of the chief causes of collapse. Railroads had been built too far ahead of the traffic. The canals in 1837 had not built ahead of the traffic, but ahead of the capacity to finance them. Then in the eighties 70,000 miles of railroad were built. The great transcontinental lines for the most part were completed with some others to follow in the next 10 or 15 years, and another panic broke in 1893 in which overexpansion in transportation was again a big factor. That panic ran along for several years. It was a major depression, and yet there was railroad construction; refinancing of railroads; reorganization of railroads; borrowing much money from European investors to rehabilitate railroads during the nineties.

Quoting further from page 23 dealing with competitors emerge:

COMPETITORS EMERGE

The period of liquidation set in in the early twenties. This country then began to invest in and lend very heavily to Europe and for 6 or 7 years there was a continued foreign market, which turned out to be another abnormal demand for American products.

That is, it was not a permanent demand, though many businesses expanded, thinking it was permanent, and during that era the transportation of the country greatly expanded. The railroads invested six or seven billions of new capital. It appeared that they had a monopoly. About 1920 the Federal Government began to invest very heavily of public funds in waterways and canalizing rivers, and the like, improving the coastwise water facilities. Some $2,000,000,000 of Federal money during the period after the outbreak of the World War went into those improvements.

Then there came, with the development of the petroleum industry and the parallel development of the automotive industry, a great demand for hard-surfaced roads, and the Congress at various times extended aid to the amount of about a billion and a half dollars to the States. During recent years another half billion in the form of work projects has been added to this road construction, making a Federal investment of public funds of some two billions of dollars in our public highways.

The States, municipalities, counties, and road districts matched that money with about 5 to 1, or with something over $9,000,000,000.

So there has come during and since the World War our system of highways, our hard-surfaced roads, our revived, and repaired, and rejuvenated waterways activities; and then the oil companies have developed, as well as the gas companies, a tremendous network of pipe lines. Electricity in a general way has come to replace much coal, and there has been an improvement in the use of coal itself.

While you have already received an idea of the magnitude of our transportation set-up in the United States, it is so important, as a basis of this legislation, that I am going to insert at this point some tables and discuss that phase of the problem, even at the risk of slight repetition. I do this because, as has frequently been stated, you are not dealing with a small matter but one of the greatest activities ever developed by man. Such is illustrated by the following table with explanation accompanying it from page 24 of the hearings:

THE PRESENT TRANSPORTATION SYSTEM IN THE UNITED STATES

The line mileage of the various transportation agencies in the United States is given below according to the latest available statistics:

Agency:		*Miles*
Steam railway mileage, 1937		[1] 238,539
Pipe lines		[2] 110,580
Electric railways, reporting to I. C. C. (excludes city street railways)		[3] 5,069
Mileage of navigable rivers and canals		[4] 27,406
Highway mileage, excluding city streets, 1936:		
Local	2,535,777	
State system	533,144	
Total highway		[5] 3,068,921
Airway route miles, domestic		[6] 31,084

[1] Statistics of Railways, 1937, p. S–5.
[2] As of June 30, 1936, Bureau of Mines.
[3] Statistics of Railways, 1937, p. S–199.
[4] Office of Chief of Engineers, U. S. Army, 1935, lakes and harbors not included.
[5] Automobile Facts and Figures, 1938, p. 74.
[6] Air Commerce Bulletin, Jan. 5, 1938, p. 174.

The Pullman Co. operates over 111,507 miles of railways and the Railway Express Agency operates over 282,091 miles of route, of which 211,571 miles are on steam railways.

Let us take first the line-haul miles. Of the railroads it is about 238,000 miles—that is, owned mileage. If that included owned and duplicated operated miles it would be about 250,000. Pullman cars are operated over 111,000 of the 238,000 total owned miles. Express companies operate on 211,000 miles. The express companies operating over other agencies and the railroads total 232,000 miles. There are 110,000 miles of pipe lines, counting the gathering lines; 27,500 miles of improved inland and domestic waterways; about 5,000 miles of electric lines left, excluding city street railways; some 31,000 miles of routes over which commercial aviation is conducted.

Then you have your local highways of 2,500,000 miles and your designated State highways of something like a half a million. Of this over half a million designated highways about 160,000 are hard-surfaced and built of the best materials and are the best highways.

Then there are about 800,000 miles of designated and local that have had some sort of treatment, some type of topping, good, bad, or indifferent.

There is your line-mile transportation set-up.

Hand in hand with the picture you have of a line mileage by various transportation agencies, it is necessary and interesting to be acquainted with the investment in dollars and cents which the public, including our banks, insurance companies, and charitable institutions have in the agencies with which we are seriously dealing today. I insert therefore, at this point a table which is clear in its explanation and brief, although it covers a tremendous field. Page 24:

Investment in intercity transportation agencies

Agency	Investment		Percent
Investment in rail transport agencies:			
Steam railways—book investment	$26,598,000,000		
Less accrued depreciation	3,000,000,000	$23,598,000,000	44.31
Electric railways, not including city street railways	430,000,000		
Less accrued depreciation	51,000,000	379,000,000	.71
Sleeping car property	253,000,000		
Less accrued depreciation	162,000,000	91,000,000	.17
Express companies	43,000,000		
Less accrued depreciation	26,000,000	17,000,000	.03
Total for rail		24,085,000,000	45.25
Highways and highway vehicles:			
Passenger automobiles:			
Estimated depreciated value of vehicles	5,334,000,000		
One-half assigned to intercity use [1]		2,667,000,000	5.01
Motor trucks:			
Estimated depreciated value	1,021,000,000		
One-half assigned to intercity use (182 I. C. C. 400)		510,000,000	.96
Motorbusses:			
Investment in plant and equipment	531,000,000		
48 percent assigned to intercity use [2]		255,000,000	.48
Highway cost, not including city streets [3]		20,800,000,000	39.09
Total for highway		24,232,000,000	45.54
Water-line investment [4]		3,782,000,000	7.11
Airways (airports and airplanes) [5]		171,000,000	.32
Oil pipe-line carrier property [6]		945,000,000	1.78
Grand total		53,215,000,000	100.00

[1] Depreciated value per vehicle applied to number registered. The Passenger Traffic Report of the Federal Coordinator of Transportation, p. 112, shows 51.7 percent of private pasenger-miles to have been intercity in 1933.
[2] Bus Facts, 1938, p. 4.
[3] Research Section of Federal Coordinator of Transportation.
[4] Census of 1916 adjusted to date.
[5] Bureau of Air Commerce, Department of Commerce.
[6] I. C. C. reports taken as 85 percent of total.

In this set-up, take the steam railroads: Private investment is twenty-six billions less accrued depreciation, three billions, bringing it down to about twenty-three and one-half billion dollars, and then you add in the net of the express companies, the Pullman Co., the electric railways, and you get a little over twenty-four billions book investment, less depreciation, or about 45 percent of the total—all private capital, private investment.

Then you have an investment of public funds in the waterways of about $3,600,000,000, and in the pipe lines an investment of private capital of about $945,000,000.

Then, there is the highway set-up, the public investment of some twenty billions in the highways themselves; then private investments in the facilities on the highways: The private passenger cars, intercity, about two and one-half billions, less depreciation, and the various motor vehicles, allowing half of them for intercity and half for urban, you get for the intercity, plus the public investment in the highways, an investment in interstate transportation by highway of something over $24,000,000,000, or a shade above 45 percent.

You have a grand total for all transportation of about $53,000,000,000; some estimates have run as high as sixty-five billions—some authorities think it is that much, and if you put in the city streets it would run, they believe, to eighty-five billions—but taking a conservative estimate of the intercity highway-transportation set-up it appears to be above fifty billions and something like thirty billions of that is private capital and about twenty-three billions public investment.

I am sure the operating expense and taxes of all our transportation agencies is likewise important. Dr. Splawn presented a most interesting analysis along this line, and I insert it herewith (p. 27 of the hearings):

The importance of transportation agencies in the United States as economic factors is shown by the fact that in 1937 they charged

or paid for expenses, depreciation, and taxes over $22,000,000,000, as detailed by the following table:

Operating expenses and taxes of transportation agencies [1]

Item	Amount	1937
		Percent
Rail operations [2]	$4,397,000,000	19.77
Highway operations:		
Highway motortrucks, common and contract	708,000,000	3.18
Private trucks, not for hire	3,830,000,000	17.22
Privately owned automobiles	11,477,000,000	51.59
All other highway	678,000,000	3.05
Total highway	16,693,000,000	75.04
Waterway operations	971,000,000	4.36
Airways	46,000,000	.21
Pipe lines (fuel and gasoline)	138,000,000	.62
Total	22,245,000,000	100.00

[1] Fifty-second Annual Report of the Interstate Commerce Commission, p. 33.
[2] Includes interurban and urban electric railways and bus operations associated therewith.

The above includes the activities of motor vehicles in cities. If the table were recast by confining it to intercity operations, the relative importance of railways would be increased.

I realize that data similar to that being introduced by me and pertaining to railroads is not available as to other forms of transportation, but it should be and is gradually becoming more and more accessible to us, they seeking the protection of regulation. As railroads are, as many claim, the major consideration in this matter, a review of railway finances, in part, is of intense interest and most convincing in the formation of an opinion as to whether anything on the subject of legislation along the lines proposed is needed. In other words, from a financial standpoint are the railroads in need of something being done at our hands? I quote from pages 28 and 29 of the hearings before our committee, volume 1.

REVIEW OF RAILWAY FINANCES

The capitalization of all the railways is a complicated system of wheels within wheels. If one wishes to view them as one system with all intercorporate holdings eliminated, it appears that the net capitalization on December 31, 1937, was $18,319,000,000, of which $7,069,000,000 was stock and $11,250,000,000 unmatured funded debt. These totals exclude $3,045,000,000 of stock and $2,759,000,000 of funded debt held by some railway companies as investments or as a means of controlling their subsidiaries.

The class I line-haul companies collect over 96 percent of the total steam-railway revenues. The par value of their stock on December 31, 1937, was $8,123,000,000. Their funded debt was $10,150,000,000, mostly mortgage bonds. The equipment obligations amounted to $549,724,000. The sum of the stock and debt was $18,273,000,000 of which the debt was 55.5 percent. Their total corporate surplus was reported as $3,126,000,000, but this, of course, was not available in cash. It is mostly invested in the railway property.

Income account, class I steam railways

Item	12 months ended with October 1938	Calendar year 1937
Net railway operating income	$332,000,000	$590,000,000
Other income (largely from investments)	170,000,000	179,000,000
Total income	502,000,000	769,000,000
Miscellaneous deductions	28,000,000	25,000,000
Income available for fixed charges	474,000,000	744,000,000
Fixed charges:		
Rent for leased roads	134,000,000	157,000,000
Interest	478,000,000	473,000,000
Other	3,000,000	3,000,000
Total	615,000,000	633,000,000
Income after fixed charges	[1] 141,000,000	111,000,000
Interest charges contingent on income	12,000,000	12,000,000
Net income	[1] 153,000,000	99,000,000

[1] Deficit.

The shrinkage in net income since 1929 is striking:

Net income

District	12 months ended with October 1938	1937	1936
Eastern district	$94,034,000	$41,359,000	$78,701,000
Southern district:			
Pocahontas region	47,902,000	74,655,000	83,983,000
Southern region	12,799,000	6,601,000	10,741,000
Western district	94,256,000	24,088,000	8,798,000
Total	153,237,000	98,527,000	164,630,000

I like to think in terms of the national picture dealing with this problem; what we need for the advancement of this Nation in peacetimes as well as war. In doing so it must be admitted that our railway lines are almost totally indispensable to the needs of our Nation at all times and especially as a medium of national defense. The same is true of our highways and waterways, but at this time the known financial condition of our railway carriers is distressing and we have reason to believe that the financial condition of other carriers, if the true facts were known, might be comparable. In other words, we are face to face, as has been stated, with a demand on the part of capital, labor, our great insurance and savings banks where so much is invested in the transportation agencies of this country, to do something in order that the $50,000,000,000 set-up that the transportation agencies present today might be conserved. I am opposed to Government ownership, but I am willing to predict the inevitable that if we do not, as statesmen and not as Congressmen looking selfishly to the problems of our individual districts, legislate and legislate promptly on this subject, that the railroad systems of this Nation will be taken over lock, stock, and barrel as an agency of the Federal Government. Imagine what this means. Think of the mileage, capitalization, and all of the ramifying problems associated with such an activity. Just a casual glance at the following table taken from our hearings will, I hope, cause you to immediately rebel against any move that might lead toward the future operation of our railroads by the Federal Government in peacetimes:

Mileage, capitalization, net income or deficit, and dividend appropriations of large steam railways

Name of railway	Miles of road operated at close of November 1938	Capitalization [1]	Net income or deficit, 11 months, ended with November 1938	Dividend appropriations, 11 months, ended with November 1938
Alton R. R.	957	$79,198,590	[2] $1,485,172	
Atchison, Topeka & Santa Fe Ry. system [3]	13,500	689,749,836	6,208,907	$1,241,728
Atlantic Coast Line R. R.	5,103	235,697,330	[2] 1,284,351	9,836
Baltimore & Ohio R. R.	6,427	982,970,378	[2] 12,891,991	
Boston & Maine R. R.	1,955	223,185,158	[2] 4,844,323	
Central of Georgia Ry. [4]	1,927	81,132,735	[2] 2,768,365	
Central R. R. of New Jersey	712	77,774,351	[2] 3,786,624	
Chesapeake & Ohio Ry.	3,102	442,074,990	19,115,024	14,009,724
Chicago & Eastern Illinois Ry. [5]	927	81,125,436	[2] 1,451,801	
Chicago & North Western Ry. [5]	8,397	517,948,545	[2] 14,442,585	
Chicago, Burlington & Quincy R. R.	8,949	404,606,300	2,699,847	
Chicago Great Western R. R. [5]	1,505	133,887,193	[2] 1,151,494	
Chicago, Milwaukee, St. Paul & Pacific R. R. [5]	10,949	705,539,703	[2] 17,177,410	
Chicago, Rock Island & Pacific Ry. [5]	7,355	417,208,943	[2] 10,930,762	
Chicago, St. Paul, Minneapolis & Omaha Ry.	1,629	78,501,567	[2] 2,507,419	
Delaware & Hudson R. R.	831	103,971,898	[2] 439,649	
Delaware, Lackawanna & Western R. R.	986	88,822,447	[2] 3,777,219	

[1] Capital stock and long-term debt, including matured funded debt unpaid, as of Dec. 31, 1937.
[2] Deficit.
[3] Includes Atchison, Topeka & Santa Fe Ry., Gulf, Colorado & Santa Fe Ry., and Panhandle & Santa Fe Ry.
[4] Report of receiver or receivers.
[5] Report of trustee or trustees.

Mileage, capitalization, net income or deficit, and dividend appropriations of large steam railways—Continued

Name of railway	Miles of road operated at close of November 1938	Capitalization	Net income or deficit, 11 months, ended with November 1938	Dividend appropriations, 11 months, ended with November 1938
Denver & Rio Grande Western R. R.[3]	2,563	205,771,340	[2] 5,420,448	
Elgin, Joliet & Eastern Ry	435	23,400,067	[2] 14,819	
Erie R. R. (including Chicago & Erie R. R.)[6]	2,292	$486,344,487	[2] $10,287,804	
Grand Trunk Western R. R.	1,032	125,678,420	[2] 4,960,996	
Great Northern Ry	8,072	586,753,064	207,993	
Illinois Central R. R.	4,951	514,678,610	891,398	
Lehigh Valley R. R.	1,286	162,138,863	[2] 3,587,874	
Long Island R. R.	394	108,037,418	[2] 1,395,265	
Louisville & Nashville R. R.	4,938	344,699,655	2,347,582	$4,680,000
Minneapolis, St. Paul & Sault Ste. Marie Ry.[3]	4,200	170,045,744	[2] 6,047,829	
Missouri-Kansas-Texas Lines	3,294	243,780,104	[2] 3,590,346	
Missouri Pacific R. R.[4]	7,173	562,031,522	[2] 13,970,844	
New York Central R. R.	11,077	1,258,640,073	[2] 20,413,440	
New York, Chicago & St. Louis R. R.	1,704	229,906,510	[2] 1,351,223	
New York, New Haven & Hartford R. R.[3]	1,877	465,126,107	[2] 11,538,268	
Norfolk & Western Ry	2,191	215,780,132	17,831,213	14,752,485
Northern Pacific Ry	6,721	566,376,500	[2] 7,345,649	
Pennsylvania R. R.	10,303	1,357,860,875	8,313,981	6,035,221
Pere Marquette Ry	2,115	140,468,000	[2] 2,336,706	
Pittsburgh & Lake Erie R. R.	233	43,244,185	1,518,651	1,511,388
Reading Co	1,450	266,857,884	2,563,327	4,198,256
St. Louis-San Francisco Ry.[3]	4,843	391,776,739	[2] 10,823,331	
St. Louis Southwestern Lines [5]	1,701	91,042,135	[2] 1,171,466	
Seaboard Air Line Ry.[4]	4,318	267,379,428	[2] 7,271,701	
Southern Ry	6,502	469,240,598	[2] 2,116,423	
Southern Pacific Transportation System [7]	13,111	1,084,874,283	[2] 7,267,977	
Texas & Pacific Ry	1,936	142,799,870	1,165,342	
Union Pacific R. R. (including leased lines)	9,903	682,342,373	14,799,063	17,319,184
Wabash Ry.[4]	2,410	289,430,687	[2] 5,927,023	
Yazoo & Mississippi Valley R. R.	1,619	68,853,466	(8)	
All other class I steam railways	34,119	2,720,190,861	[2] 16,361,595	10,894,299
Total all class I steam railways	234,167	19,627,065,405	[2] 145,277,364	74,652,121

[2] Deficit
[4] Report of receiver or receivers.
[3] Report of trustee or trustees.
[6] Under trusteeship, Erie R. R. only.
[7] Includes Southern Pacific Co., Texas & New Orleans R. R., and leased lines.
[8] Net income (or deficit) was absorbed by the controlling company.

It is not possible, we discovered, to present to you how many of our water carriers and motor carriers are operating in the red, but we do have very accurately the shocking and distressing situation that faces our great railway systems. This table illustrates very definitely their difficulties. Page 39:

[Source: Interstate Commerce Commission, Bureau of Statistics, Washington, D. C., September 1938]

STEAM RAILWAYS IN THE HANDS OF RECEIVERS AND TRUSTEES ON DECEMBER 31, 1937, AND CHANGES IN THE LIST OF COMPANIES AFFECTED BY RECEIVERSHIP OR TRUSTEESHIP TO JULY 31, 1938

STATEMENT NO. 3846, FILE 52-A-2 (11 PAGES)

Steam railways in the hands of receivers and trustees (excluding switching and terminal companies)

Item	July 31, 1938 [1]	Dec. 31, 1937	Dec. 31, 1936
In charge of receivers:			
Number of class I railways	11	10	11
Number of other railways	30	32	34
In charge of trustees:			
Number of class I railways	28	25	22
Number of other railways	42	42	24
Total in charge of receivers or trustees:			
Number of class I railways	39	35	33
Number of other railways	72	74	58
Total	111	109	91
Miles of road:			
Owned	70,489	65,618	64,878
Operated	78,016	70,884	69,712
Investment in road and equipment		$5,258,419,403	$5,086,950,852
Capital stock		$1,987,788,923	$1,879,562,202

[1] Miles of road are as of the close of the year 1937. Items omitted are not available.

Steam railways in the hands of receivers and trustees (excluding switching and terminal companies)—Continued

Item	July 31, 1938	Dec. 31, 1937	Dec. 31, 1936
Unmatured funded debt		$2,810,040,163	$2,757,139,657
Receiver's and trustee's certificates		$70,638,936	$70,478,797
Nonnegotiable debt to affiliated companies		$141,465,372	$121,631,701
Matured funded debt		$526,235,553	$529,697,016
Percent of all steam railways:			
Miles of road operated		28.15	27.57
Investment in road and equipment		20.51	19.98
Capital stock		19.84	18.34
Unmatured funded debt		23.01	22.30

You will find in the hearings, volume 1, pages 40, 41, 42, and 43, a break-down in detail of the various roads in the hands of the receiver and trustee as of December 31, 1937; and as those exhibits are most too lengthy to insert as a part of my remarks, I do call them to the attention of the Members because of the interesting data they contain.

Mr. Chairman—possibly I should say Mr. Speaker, for the distinguished Speaker of the House honors us at this time with his presence—this is a tremendous problem. For the first time in the number of years I have been a Member of Congress we see a great business set-up, one of the giant industries of this country, coming hand in hand with the labor it employs in happy agreement recommending their idea as to the solution of their problems. Upon consideration by your committee, with two exceptions—two gentlemen for whom I have the highest regard, the gentleman from New York [Mr. WADSWORTH], who made the same speech in substance yesterday, I think, as he made when the truck legislation was on the floor, and the gentleman from Texas [Mr. SOUTH], who is looking out for the interests of his section as he sees them—the balance of this committee, after intensive study, coming not from railroad men but men having possibly more water than railroads and motor transportation in their districts, recommend its passage. It has been a hard job. We are now rewarded with the wholehearted and enthusiastic endorsement of the President of the United States and many others. We now submit to you with confidence and satisfaction that after a very short period of operation under its provisions it will go down upon the records of big and worthwhile accomplishments by a Congress willing to look at our great transportation agency from a broad national viewpoint and not from what the interests of a local district here and there might present. [Applause.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. TAYLOR] for the purpose of asking a question of the chairman of the committee.

Mr. TAYLOR of Tennessee. Mr. Chairman, I am very much interested in the subject treated by this measure and I expect to vote for the bill, but there are one or two questions I would like to ask the chairman of the committee, and the first one is this: Will he point out to me for my own information in what respect this bill provides better facilities for mergers and consolidations than is provided by existing law?

Mr. LEA. The present law, as the gentleman is perhaps aware, requires that the Commission itself must devise the plan and present it to the railroads subject to their approval. The original scheme involved the idea of the Commission's dividing the country into about 15 sections and providing for consolidations in each of these general groups. This bill discards that and permits the railroad companies to present their own plans for consolidation subject to approval, rejection, or approval with modifications by the Commission. The Commission may require a showing that it is in the public interest as a condition on which it gives its approval.

Mr. TAYLOR of Tennessee. The other question is this: Under existing law as I understand it, when the Commission arrives at certain specified findings they may order a merger

or consolidation; but the pending bill, as stated, in line 15, on page 208, instead of giving the Commission discretion in this matter makes it mandatory that they shall order the consolidation. Why is the Commission denied discretion in matters of this kind?

Mr. LEA. Mr. Chairman, I yield the gentleman 1 additional minute. You will notice line 10 provides that "if the Commission finds, subject to such terms and conditions and such modifications as it shall find to be just and reasonable," and so forth, "will be consistent with the public interest, it shall enter an order approving and authorizing such consolidation" and, if you go over to page 209 you will find there are four considerations, including the proper consideration for the carrier employees before they approve and before they can make this finding. So that the Commission has a very broad discretion. It is not compelled to do anything, even though the word "shall" is used there, unless it first finds that it is in the public interest.

Mr. TAYLOR of Tennessee. I thank the gentleman for his explanation.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, in the time allotted me I wish in the first place to answer some of my colleagues who oppose this bill and who make the statement that there was haste used in its consideration and presentation here. They say that it is being jammed down the throats of the Congress.

The first bill was introduced in January. There were 10 weeks of hearings by the House committee, at which 20 or more witnesses representing the waterways appeared, in which Members of Congress came before the committee and then after an additional time the subcommittee of which I was a member had three committee prints made of a bill in order that we could draft as good a bill as possible. We submitted those committee prints to the various interested parties. Each and every member of the subcommittee listened patiently to the railroads, water lines, motor lines, forwarding companies, express companies, and so forth. There was not the slightest attempt by anyone to jam this down the throat of any person.

Who, pray you, started all this anyhow? We hear it is the railroads, that they are pulling the wool over our eyes, that they are covering our heads and that we are railroad-minded. If it be that I am interested in a great industry like this, one which has largely brought the country to its present industrial growth, and has helped to make of it a great Nation in which over a million men are employed, and that by being interested in such industry which is the very life blood of the Nation, I am railroad-minded, then I am proud to admit I am railroad-minded.

Who started this, I ask you? A year ago the President of the United States sent a message to the Congress asking it to consider the question of the regulation of all these transportation agencies in one agency. Pray, tell me was he, the President, railroad-minded? Did he have the wool pulled over his eyes? Nothing was done in the last Congress. In September the President appointed a committee consisting of three railway executives and three executives of railway labor organizations. They filed a report. But before this the President had appointed a committee of three from the Interstate Commerce Commission who likewise made a report to the President. When Congress convened the Interstate and Foreign Commerce Committee took the matter up and we held hearings. Before I forget it, may I say that we have heard how the great Secretary of Agriculture, how the Secretary of War, and how the admiral in charge of the merchant marine and other gentlemen connected with the Government are opposed to this measure; but not one word on this floor have I heard about the President of the United States favoring the bill. So I want to tell you how the President stands now.

Here is an Associated Press dispatch from New York issued last night:

ROOSEVELT ASSURES LABOR HE'S FOR IT

HYDE PARK, N. Y., July 21.—Representatives of railway labor and management have been informed that President Roosevelt wants House action on a bill for regulation of railway, water, and highway transportation.

The President said at a press conference today he had so advised E. E. Norris, president of the Southern, and B. M. Jewel, head of the railway employees department of the A. F. of L., at a White House conference in Washington yesterday. Norris and Jewel are members of a Committee of Six which drafted for the President recommendations for aiding the railways.

Mr. Roosevelt said he did that on two grounds:

That a year ago he thought something ought to be done, and he recommended that Congress act. Congress has been in session 6½ months and has done nothing to help the railroads.

Action would be absolutely in line with what he had been advocating for years—getting all forms of transportation coordinated so that wholly separate Government agencies would not be running transportation policies.

I want to hear something more now about what Secretary Wallace says. The Chief Executive has asked the Congress to pass the pending bill.

Let us see what is said in opposition to the measure. They do not like what has been placed in there about bridges. The gentleman from Texas [Mr. MANSFIELD] said he knew of only one such bridge. I could name other instances in Texas, California, right here on the Potomac River in the District of Columbia, in Alabama and other States of the Union. It is only fair and just that where a railroad company has built a bridge over a navigable stream and has had it there for years, put there under the direction of the Secretary of War, put there by authority of the Congress, and by the expenditure of their own money, if they be required, in order to help navigation on the river, to change the bridge, there should be an apportionment of the cost between the railroad and the Government. That is fair. That is just. I know that every Member of this House will approve that.

We heard a lot said about southern freight differentials. My good friend from Texas said that we threw a sop in there. Let us see what that sop is. I would hate to call BOB RAMSPECK's bill a sop, because before the committee some 35 or 40 southern men appeared. What did they ask for? They said they did not want any law enacted because they knew that the Congress could not engage in the rate-making power itself. They stated further there was sufficient law now, and the only thing that should be done was to jog up the Interstate Commerce Commission.

Mr. SOUTH. Will the gentleman yield?

Mr. BULWINKLE. Mr. Chairman, it has always been the custom for one member of the committee to yield to another one. The gentleman did not yield to me yesterday, but I will yield to him now and let him ask me any question he wishes to ask.

Mr. SOUTH. I thank the gentleman and apologize to him for not yielding yesterday. It was because I had such a short time and needed it very badly.

May I ask the gentleman if anyone said that the investigation which this bill proposes should be limited to manufactured goods, and if this bill does not limit the investigation which the Interstate Commerce Commission is to make to manufactured goods? I also ask the gentleman if it is not a fact that most of the goods shipped from our section of the country are raw materials?

Mr. BULWINKLE. Now, I will answer the gentleman. That is the Ramspeck bill verbatim, which I had the subcommittee put in this bill.

Mr. SOUTH. The gentleman is talking about the witnesses, not the Ramspeck bill.

Mr. BULWINKLE. I am talking about the Ramspeck bill, the one that the gentleman from Georgia [Mr. RAMSPECK] asked for, and the one that every member of that so-called committee that met on southern freight differentials asked for.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman heard the testimony to which he has just referred. Is it not a fair statement to say that the investigation those people wanted made has particular reference to manufactured goods and the transportation of manufactured goods?

Mr. SOUTH rose.

Mr. BULWINKLE. I am not going to yield any more. I will answer that question.

Yes; because in the South we have commodity rates on our products such as cotton, fruits, and vegetables, and lumber that are as cheap if not cheaper than similar rates in any other section of the country today, and this fact cannot be disputed.

Mr. Chairman, I want to bring other matters to your attention that were said in regard to this subject, not only the question of the southern freight differentials, because I know and every man here knows that the Interstate Commerce Commission is fair and just. I wish to call to the attention of you southerners that on the Commission today there are three men from the South. There are two from Alabama, and there is Dr. Splawn, from Texas. Dr. Splawn came before the committee asking for this in simple justice in order that this bill should represent a national transportation policy.

We are Members of Congress. We men must rise above our little localities and remember that we are legislating for great industries the entire Nation over, and not just a few communities in the United States.

Now speaking in general terms about the bill, I call to your attention that for a number of years now the thoughtful American citizen has seen the necessity for a national transportation policy. The bill now for consideration before the House of Representatives, the Lea substitute for S. 2009, provides for this national transportation policy in its declaration of policies. I quote:

NATIONAL TRANSPORTATION POLICY

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions;—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense.

In 1932 a committee comprising former President Coolidge as chairman, Bernard M. Baruch as vice chairman, former Governor Alfred E. Smith, Alexander Legge, Clarke Howell, and John W. Powers, who acted as secretary, and known as the National Transportation Committee, met, organized, and thereafter met to investigate and consider what should be done as effecting the national transportation policy of the Government. The report of the committee was far reaching in its scope, and I read to you the first part of the report, quote:

The railroad system must be preserved. Changed conditions require new policies but not abandonment of railroad regulations.

Among other things, the committee was examining and reported on the question of competition from water carriers, motor carriers, and airplanes. The entire report would be well worth the study of every Member of Congress for it must be realized that we as legislators under the changing conditions in the last quarter of a century have to do and look at the situation from a national standpoint. The one trouble, and it is no small matter, has been that time and time again the Congress as well as State legislators have never gone beyond the vision of their own locality.

President Roosevelt has sent frequent messages to Congress in regard to the situation, and in the fall of 1938 the President appointed a special committee consisting of three railway executives, namely: Mr. Clemment, Mr. Gray, and Mr. Norris; and three representatives of the railway labor who were, namely: Mr. Harrison, Mr. Jawell, and Mr. Robertson, to study this question and to make a report to the President. This they did, and this report is also well worth the reading by every Member of Congress who desires to study this question from a national standpoint and in the interest of all the people in the United States.

Prior to this, there was also another committee appointed from the Interstate Commerce Commission, known as the Splawn Committee, and the committee made an excellent report with many recommendations for the consideration of Congress; and likewise, do I advise the reading of this report. At the beginning of this Seventy-sixth Congress, the Committee on Interstate and Foreign Commerce of the House gave consideration to this question and after extended hearings and after very lengthy discussions before a subcommittee, as well as the consideration of the Representatives on the subcommittee, by the full committee which lasted several weeks or more, the Lea substitute was finally reported to the House and this substitute provides in its entirety for amendments to the existing Interstate Commerce Act, a new title regulating water carriers, and a miscellaneous title providing for the construction of bridges over navigable rivers; second, the repeal of the land grant act provision; and third, amendments to the Reconstruction Finance Corporation Act; but in order that it may be brought to your attention I shall state to you a short analysis of its provisions in the law as is shown in the report:

TITLE I. AMENDMENTS TO EXISTING LAW

SECTION 1. SHORT TITLE; NATIONAL TRANSPORTATION POLICY

This section contains a declaration of national policy with respect to all modes of transportation subject to the provisions of the Interstate Commerce Act. In this declaration, for the first time, there is a statement of a policy which includes all forms of transportation made subject to that act.

SECTION 2. REGULATION OF FORWARDING CARRIERS

This section makes forwarding companies subject to part I of the Interstate Commerce Act and defines such carriers as persons which in undertaking to transport property for compensation employ other transportation agencies for the transport services. Such companies are made subject to regulation as forwarding carriers except with respect to transport operations which they perform as common or contract carriers otherwise subject to the act.

SECTION 3. THROUGH ROUTES

This amends section 1 (4) of the present act so as to make it the duty of carriers by railroad to establish through routes and reasonable rates with common carriers by water. The duty in respect of through routes between carriers by railroad is not changed.

SECTION 4. TRANSPORTATION FREE OR AT REDUCED RATES

This section amends the free-pass and free-transportation provision of the present act, section 1 (7), so as to permit the railroads to grant free transportation to executives, general chairmen, and counsel of employee organizations designated to represent employees under the Railway Labor Act.

It amends section 22 (1) of the act so as to permit railroads and other carriers to enter into contracts with the United States Government for the transportation of persons for the Government at free or at reduced rates. It also amends the same section so as to permit the free transportation of the household goods and other personal effects of employees when such effects must be moved as the result of change in the place of employment of such employees.

SECTION 5. CAR SERVICE

Section 5 amends section 1 (14) of the act so as to make it clear that the Commission's jurisdiction with respect to car service and the compensation to be paid for the use of any car not owned by the carrier using it includes a car of private as well as of carrier ownership.

SECTION 6. UNDUE PREFERENCE OR ADVANTAGE; INVESTIGATION BY COMMISSION; LIABILITY OF BENEFICIAL OWNER AND SHIPPER; FACILITIES FOR INTERCHANGE OF TRAFFIC

This section amends section 3 of the act in three respects: (1) It adds to paragraph (1) the words "region, district, territory" to the list of places to which a railroad may not give any undue preference or advantage, or subject to undue prejudice or disadvantage; (2) a new paragraph is added after paragraph (3) to relieve a shipper or consignor of a shipment of property, under specified conditions, from liability for transportation charges, and

imposing such liability upon the party to whom delivery is made, if such party is the beneficial owner; and (3) it amends paragraph (3), which prohibits railroads from discriminating against connecting lines, by renumbering such paragraph as (4) and by including all common carriers by water subject to new part III (which regulates water carriers) as well as carriers by railroad.

Section 6 also includes a direction to the Commission to institute an investigation into the rates on manufactured products between points in one classification territory and points in another such territory and into like rates within any such territory maintained by common carriers by rail or water subject to part I of the act to determine whether any unlawfulness exists in such rates per se or in their relation to each other. Such investigation may be confined in the discretion of the Commission to such manufactured products as shippers thereof may specifically request to be included in the investigation.

SECTION 7. REPEAL OF PROVISIONS RELATING TO RAISING RATES REDUCED TO MEET WATER COMPETITION

This section repeals section 4 (2) of the act, which declares that when a railroad carrier, in competition with a water route, reduces rates on any species of freight to or from competitive points it shall not be permitted to increase such rates unless the Commission finds such increase rests upon changed conditions other than elimination of water competition.

This provision was considered to be no longer necessary in view of the increased jurisdiction of the Commission over rail and water carriers, and in view of certain decisions by the Supreme Court of the United States which had greatly lessened the application of this section as a deterrent in the matters the section was designed to reach.

SECTION 8. POOLING—CONSOLIDATIONS, MERGER, AND ACQUISITIONS OF CONTROL IN CASE OF CARRIERS BY RAILROAD, MOTOR VEHICLE, AND WATER

Section 8 amends section 5 of the present act—

First. By including in the pooling provision carriers by motor vehicle and water carriers. The present section deals only with agreements between carriers for the pooling of freight traffic and earnings of different and competing railroads. No change is made with respect to the findings that must be made by the Commission in each case as to the probable effect of such a pooling arrangement upon service, operation, and competition. The assent of all carriers involved must be obtained as provided in the present law.

Second. By repealing the provisions of existing law requiring the Commission to prepare and adopt a general consolidation plan.

Third. By including in one section all the provisions of the Interstate Commerce Act with respect to consolidations, mergers, and acquisitions of control of all types of carriers. In addition to rail carriers and motor carriers, heretofore included under the old section 5 and section 213, water carriers are included, and express companies and forwarding companies are included for the first time. Section 213 is repealed. Certain special provisions therefrom are retained and included in the amended section 5.

Fourth. Three additional paragraphs are added to renumbered paragraph (2)—corresponding to paragraph (4) of present section—these additional paragraphs direct the Commission to give weight to the following considerations when passing upon any proposed transaction: (1) The effect upon adequate transportation service; (2) effect upon the public interest of the inclusion or failure to include other railroads in the territory involved; (3) the total fixed charges; and (4) the interest of the carrier employees affected. In respect of employees the Commission is directed to require as a prerequisite to its approval of any proposed transaction under this section "a fair and equitable arrangement to protect the interests of the employees affected." The Commission is also instructed not to approve any consolidation, merger, purchase, and so forth, which contemplates a guaranty of dividends except upon a specific finding that such guaranty is not inconsistent with the public interest. A specific finding must also be made with respect to an increase of total fixed charges on funded debt, that such increase in a particular case would not be contrary to the public interest.

SECTION 9. REPEAL OF POWER TO FIX CERTAIN THROUGH ROUTES AND JOINT RATES

Section 9 repeals subparagraph (b) of paragraph (13) of section 6. That subparagraph as now in effect limits the Commission's jurisdiction with respect to the establishment of through routes and joint rates by rail and water by providing that the Commission may prescribe only the maximum joint rate that may be charged. The bill gives the Commission full authority over rates by water carriers including authority to prescribe both the minimum and the maximum joint rail and water rates. It was necessary to repeal the subparagraph in paragraph (13) of section 6 which limits the authority as aforesaid.

SECTION 10. EXPENSES OF STATE COMMISSIONERS; COOPERATION WITH STATE AUTHORITIES

Section 10 adds to paragraph (2) of section 13 of the act an additional provision which directs that representatives of State commissions sitting with the Interstate Commerce Commission, under the provisions of that section, in cases pending before the Commission shall receive such allowances for travel and subsistence expenses as the Commission shall provide.

Paragraph (3) of section 13 is amended by providing for cooperation between the Commission and State authorities in matters arising under new part III of the act, relating to water carriers as well as in matters arising under part I.

SECTION 11. AMENDMENTS TO SECTION 15

Section 11 amends section 15 of the act by striking out in paragraphs (1) and (3) the provisions which restrict the Commission to the prescription of maximum rates over rail and water routes. This repeal is necessary inasmuch as new part III gives the Commission authority over minimum rail-water rates as well as over maximum rates.

SECTION 12. AMENDMENTS TO SECTION 16

Section 12 amends section 16 of the act by reducing from 3 years to 2 years the period within which actions at law by carriers subject to part I may be begun for recovery of their charges and making the same change with respect to actions by shippers against carriers for recovery of overcharges. No change is made in the present 2-year period of limitation for the filing of complaints by shippers against carriers for recovery of damages not based on overcharges.

SECTION 13. COMMISSION PROCEDURE; DELEGATION OF DUTIES; REHEARINGS

Section 13 amends provisions dealing with procedure before the Commission and with the methods of carrying on the work of the Commission now in sections 16a, 17, 204 (e), and 205 (a). The purpose of the change is to include so far as possible all such general provisions in one section.

Section 16a, which provides for rehearings by the Commission, is repealed and the matter therein is incorporated in amended section 17. This change results in a more logical and orderly arrangement.

Section 17 is amended in several important respects:

First. The Commission may as now create divisions of its members and in addition designate one or more divisions of its members as appellate division.

Second. The assignment or reference to divisions of any work or functions relating to rates, fares, or charges shall be made according to the character of the regulation to be exercised and not according to the kind or classes of carriers, or form of transportation in which such carriers are engaged. This is intended to prevent the establishment of divisions to deal exclusively with a particular class of carriers.

The Commission may also assign any of its work or functions (except matters required to be referred to joint boards by pt. II) to an individual Commissioner, an examiner, or a board of examiners, with full power to act thereon. The prohibition upon such assignments in present section 17 in matters involving investigations upon the Commission's own motion, or (without consent of the parties) in contested proceedings involving public hearings, is repealed. Under section 17 in the existing law the Commission has authority to assign any of its work or functions (except as noted) to any employee or to a board composed of employees, as well as to individual Commissioners.

Third. Power to issue subpenas is granted to examiners but this power may be exercised only as to the work or functions of the Commission which by order under this section is specifically assigned or referred. Where an examiner performs other duties he has no authority to issue subpenas. The Commission may continue to assign duties to examiners, as it does now, to conduct hearings and to prepare and issue proposed reports and with respect to such duties he has no additional authority.

Fourth. Any finding, report, or requirement of an individual Commissioner, examiner, or board of examiners with respect to any matter assigned under this section, as to which a hearing is held, shall be accompanied by a statement in writing of the reasons therefor, together with a recommended order. This order if not excepted to by the parties or stayed by the Commission or a division, or otherwise postponed, becomes the order of the Commission and is effective as such after 20 days after service upon the interested parties. This is substantially the same as the procedure now provided for in section 205 (a) with respect to certain matters under part II, as to motor carriers, extended to apply to regulation of the other classes of carriers subject to the act.

Fifth. In view of the broadening of the authority to assign work or functions it is considered desirable to limit the class of employees to which such assignments may be made. The amended section therefore provides that assignments of work or functions of the Commission with power to act as the Commission itself or a division may act shall be made to an examiner or to a board composed of examiners in addition to such assignments to individual Commissioners.

Sixth. The rights of parties are protected by providing that upon exceptions to a recommended order of an individual Commissioner, examiner, or board, the Commission or a division, as the Commission may provide, shall reconsider the matter either upon the same record or after a further hearing. It is further provided that where such recommended order becomes the order of the Commission after a period of 20 days as specified in this section, if no exceptions are filed, an application for reconsideration or rehearing, if filed within 20 days after the recommended order has become effective shall be granted and the matter shall be reconsidered by the Commission or an appropriate division. If such application is filed after the expiration of said 20 days, the reconsideration may be granted in the discretion of the Commission for good cause shown. Litigants by

prompt application are thus assured as a matter of right of a reconsideration or rehearing by the Commission or a division of any so-called automatic or 20-day order resulting from a recommended order of an individual Commissioner, examiner, or board.

Application for rehearing of a decision, order, or requirement of a division shall be considered and acted upon by the Commission or referred to an appropriate division for consideration and action, but the Commission may by general rules or orders establish limitations upon the right to a rehearing of a decision, order, or requirement of the Commission or of a division so as to confine such right to proceedings or classes of proceedings, involving issues of general transportation importance. This is a change in the present law under which the entire Commission is required to consider and pass upon applications for reconsideration or rehearing of any decision, order, or requirement of the Commission or a division. The change in procedure will operate to expedite the work of the Commission while affording shippers, carriers, and other interested parties in any proceedings full consideration of matters before the regulation agency in accordance with the importance of such matters.

Seventh. A new paragraph is added at the end of section 17 providing that representatives of employees of a carrier may intervene and be heard in any proceedings arising under part I affecting such employees.

SECTION 14. SHORT TITLE FOR PART I

Section 14 amends section 27 of the Interstate Commerce Act by changing the present short title of part I of the Interstate Commerce Act.

SECTION 15. SHORT TITLE FOR PART II

Section 15 amends section 201 of the act by changing the present citation of part II from the "Motor Carrier Act, 1935," to "part II of the Interstate Commerce Act."

SECTION 16. REFERENCES TO POLICY DECLARED IN PART II

Section 16 repeals references in part II of the act to the declaration of policy in section 202 (a) and substitutes in lieu thereof the words "the national transportation policy declared in this act."

SECTION 17. REPEAL OF DECLARATION OF POLICY IN PART II

Section 17 amends section 202 of the act by repealing the declaration of policy in part II. The national transportation policy declared in section 1 of the bill applies to all forms of transportation included in parts I, II, and III, and makes it unnecessary to include separate declaration for each part.

SECTION 18. AMENDMENTS TO SECTION 203

Section 18 amends section 203 in part II of the act by changing the definitions of "common carrier by motor vehicle" and "contract carrier by motor vehicle."

Under the present definitions transportation of passengers or property "by a lease or any other arrangement" is included. This language is omitted from the definitions as rewritten. Its application is not clear. Presumably, it was intended to cover the case of a person who, though not performing service as a carrier, leased vehicles to another person to be used by such other person for his own purposes. Careful consideration was given to this question, but the committee decided that it was best to leave this or any similar language out of the definitions.

Motor vehicle operations of express companies will continue to be subject to regulation upon the same basis as under present law, notwithstanding certain changes in the language of these definitions.

The amended definitions provide that transportation by motor vehicle performed by carriers by raidroad or by water of transfer collection, or delivery services, in terminal areas, shall be considered to be transportation subject to, and shall be regulated under, part I or part III, as the case may be, when such services are incidental transportation regulated by such parts. Performance within terminal areas of motor carrier transfer, collection or delivery services, for common carriers by railroad, motor vehicle, or water, or for express companies subject to part I, when performed by any person as an agent for such carriers, or under a contractual arrangement, is to be considered to be transportation by the common carrier for which it is performed, and regulated as such under parts I, II, or III, as the case may be. This provision, as contained in paragraph (14), is one of the exceptions referred to in the language in parentheses contained in paragraph (15).

SECTION 19. EXEMPTION OF CERTAIN INTERSTATE AND FOREIGN COMMERCE OPERATIONS OF MOTOR CARRIERS

Section 19 amends section 204 (a) of part II by adding a new subparagraph (4a). This authorizes the Commission to exempt from provisions of part II, as specified in the certificate of exemption, any motor carrier (or a group of such carriers) engaged in operation solely within a single State which also incidentally engages in transportation in interstate or foreign commerce within the State. The certificate shall be issued where the Commission finds that such transportation in interstate or foreign commerce is in fact of such nature, character, cr quantity as not substantially to affect or impair uniform regulation by the Commission of transportation by motor carriers engaged in interstate or foreign commerce in effectuating the national transportation policy. The filing of an application for exemption under this subparagraph shall exempt the carrier from regulation under part II until final disposition has been made of the application, provided that the application is accompanied by a certificate of the State board of the State in which the operations of the applicant are carried on stating that in the opinion of such board the carrier is entitled to exemption under this subparagraph.

SECTION 20. AMENDMENTS TO SECTIONS 204 AND 205

This section repeals subsection (e) of section 204 of part II. The substance of that paragraph which deals with application for rehearing, and so forth, has been incorporated in amended section 17 of part I. It also repeals subsection (a) of section 205 of part II, which deals with procedure in matters arising in the administration of such part. The substance of the subsection is incorporated in amended section 17 of part I.

SECTION 21. AMENDMENTS RELATING TO POWER OF THE COMMISSION TO LIMIT SCOPE OF MOTOR-CARRIER OPERATIONS

Section 21 amends subsection (a) of section 208 and subsection (b) of section 209 of part II. Those subsections authorize the Commission to impose conditions and limitations upon the operations of common and contract carriers by motor vehicle as the public convenience and necessity may require. The amendments provide that the Commission shall not impose any condition or limitation which shall prevent a motor carrier entitled to a certificate or permit on the basis of its operations on or prior to June 1, 1935, from transporting any commodity or class thereof which it transported, or from engaging in transportation from or to points to and from which it transported such commodity or class, on or prior to said date.

SECTION 22. REPEAL OF MOTOR-CARRIER PROVISIONS RELATING TO CONSOLIDATIONS, MERGERS, AND ACQUISITIONS OF CONTROL

This section repeals section 213 of part II, which deals with consolidations, mergers, and acquisitions of control of motor carriers. The substance of section 213 is incorporated in amended section 5 of part I, which deals with the same matters in connection with carriers by railroad, express companies, forwarding carriers, motor carriers, and water carriers.

SECTION 23. NEW SECTION ADDED TO PART II

Section 23 amends part II of the act by adding a new section, 213, providing that if an owner of property transported under such part renders any service connected with such transportation or furnishes any instrumentality used therein, the allowance therefor which may be made by the carrier shall be reasonable, and authorizes the Commission upon complaint or upon its own initiative, after a hearing, to determine the maximum amount of such allowance. This section is the same as section 15 (13) of part I.

SECTION 24. PUBLICATION OF INFORMATION CONTAINED IN CONTRACTS

Section 24 amends subsection (a) of section 218 of part II of the act, which relates to schedules of rates and contracts of carriage of contract carriers by motor vehicle. The subsection at present provides that such carriers shall file, at the request of the Commission, in lieu of schedules of minimum charges, copies of contracts containing their minimum charges. There are also provisions relating to publishing and keeping open for public inspection such schedules and copies of contracts. In order to clarify these provisions, the amendments to the section provide that such carriers shall not be required to publish copies of such contracts and keep them open for public inspection, but the Commission is empowered to make public the minimum rates or charges contained therein. The names of the persons for whom property is transported and other terms of the contracts shall not be made public by the Commission, but the Commission may make the contracts, or any part thereof, available as a part of the record in a formal proceeding where it considers such action consistent with the public interest.

SECTION 25. INVESTIGATION OF NEED FOR REGULATING SIZES AND WEIGHT OF MOTOR VEHICLES

Section 25 directs the Commission to expedite the investigation of the need for Federal regulation of the sizes and weight of motor vehicles, already authorized by section 225 of part II of the Interstate Commerce Act.

SECTION 26. REPEAL OF SECTION 3 (e) OF INLAND WATERWAYS CORPORATION ACT

Section 26 repeals subsection (e) of section 3 of the Inland Waterways Act of June 7, 1924, as amended (U. S. C., title 49, sec. 153 (e)). That subsection relates to certificates of public convenience and necessity obtained under the provisions of part I upon application by any person engaged or about to engage in common-carrier service by water on the Warrior, Mississippi, Columbia, Snake, Sacramento, San Joaquin, or Savannah Rivers, or tributaries. Such operations are included in the new part III of the Interstate Commerce Act and the procedure for obtaining certificates is provided for in that part.

Subsection (e) also provides that the Commission shall by order direct connecting common carriers and their connections to join with a common carrier by water possessing a certificate so issued, in through routes and joint rates, and that the Commission shall fix reasonable minimum differentials between all-rail rates and joint rates in connection with such water carrier to apply until changed by the Commission. Provision is made in section 307 (d) of new part III of the Interstate Commerce Act for the establishment by the Commission of through routes and joint rates by railroad and common carriers by water. Such section further provides that the Commission may prescribe such reasonable differentials, if any, as it may find justified between all-rail rates and joint rates in connection with a common carrier by water.

TITLE II. REGULATION OF WATER CARRIERS IN INTERSTATE AND FOREIGN COMMERCE

This title of the bill consists of two sections, 201 and 202. Section 201 amends the Interstate Commerce Act by adding at the end thereof a new part III providing for the regulation of domestic water transportation. Section 202 relates to the effective date of the provisions of the new part III.

Most of the regulatory provisions included in the new part III were modeled on provisions of part I dealing with the same subject. However, it was found that the provisions of part I were, in many cases, unnecessarily repetitions, and in many cases not logically arranged. Much unnecessary language was omitted or condensed, and some provisions were rearranged, in the drafting of the provisions of part III. It seems desirable to state this in order that undue significance, from the standpoint of their legal effect, will not be attached to these differences in language and arrangement.

The provisions of the new part III are as follows:

SECTION 301. SHORT TITLE

This section contains the short title of the new part, and a table of contents.

SECTION 302. DEFINITIONS

This section contains the definitions. Reference is here made only to those definitions which seem to require some explanation.

Paragraphs (d) and (e) contain definitions of common carrier by water and contract carrier by water. The only features of these definitions which need explanation are the exceptions contained therein which are principally for the purpose of dealing with the subject of water transportation engaged in by carriers which are primarily engaged in other modes of transportation.

By virtue of these exceptions the definition of common carrier by water does not include transportation by water by a carrier by railroad subject to part I, or by a common carrier by motor vehicle subject to part II where such transportation is incidental to transportation subject to parts I and II, and where such transportation is performed within terminal areas in transfer, collection, or delivery services, or where such transportation constitutes the performance of floatage, lighterage, or towage. Such water transportation by railroads and motor carriers is to be regulated under parts I and II of the act according to the type of carrier performing it. A similar exception is contained in the definition of contract carriers by water with respect to water operations of contract carriers by motor vehicle. This latter exception was confined to contract carriers by motor vehicle because of the fact that operations by railroads and by common carriers by water do not involve contract carriage.

The definition of contract carrier by water excludes transportation of the character defined in paragraph (d) and in the various exceptions in that paragraph.

Each of these definitions contains a provision to the effect that transfer, collection, or delivery services by water by any person—whether as an agent or under a contractual arrangement—for a common carrier by railroad subject to part I, an express company subject to part I, a common carrier by motor vehicle subject to part II, or a common carrier by water subject to part III, shall be considered to be performed by the common carrier or express company for which such person performs such services, and shall be regulated on that basis. This provision as contained in paragraph (d) is one of the exceptions referred to in the language in parentheses contained in paragraph (e).

Paragraphs (g) and (h) contain definitions of "transportation facility" and "transportation." Some question has been raised as to the broadness and comprehensiveness of these two definitions, apparently based on the misconception that this will result in the regulation of persons generally. It seems well to point out that these definitions are merely for the purpose of giving definite meaning to other definitions contained in part III. No regulation of transportation or of the use of transportation facilities is provided for except where such transportation or use is by, or incidental to operations of, water carriers subject to part III.

Paragraph (i) defines the terms "interstate or foreign commerce" and "transportation in interstate or foreign commerce." This paragraph defines the jurisdiction of the Commission so far as the type of water transportation covered by part III is concerned. In general terms the scope of regulation is all domestic water transportation or transportation by a combination of water, railroad, or motor vehicle, and also such transportation in foreign commerce to the extent that there is a movement from a point in the United States to another point in the United States either before or after transshipment at a place within the United States. To illustrate, a shipment of goods by water from Albany, N. Y., to Liverpool, England, would not be covered by part III if there were no transshipment at an intermediate point within the United States. On the other hand, goods shipped by water from Albany to New York City and there transshipped for movement beyond by water to Liverpool would be subject to regulation insofar as the shipment from Albany to New York City was concerned.

SECTION 303. APPLICATION OF PROVISIONS; EXEMPTIONS

Certain water transportation, principally by carriers owned and controlled by railroads, has heretofore been subject to regulation under part I. Much of this transportation will be subject to the new part III. However, it is deemed advisable to have part I continue to apply to such transportation to the extent that it imposes regulation in addition to what is imposed by part III, and subsection (a) of this section so provides.

Subsections (b), (c), and (e) relate to exemptions in the case of contract carriers. Very painstaking consideration was given to the working out of these exemptions. Every effort was made to avoid imposing unnecessary regulation upon carriers of this type, which have never before been regulated, and at the same time to insure that the exemptions would not result in regulated carriers being subjected to unfair competitive disadvantages.

Subsections (b) and (c) are unqualified exemptions, and the carriers exempted are not required to apply to the Commission for exemption. These exemptions are written in terms of the transportation engaged in, so that any other transportation which the carriers may engage in will be subject to such regulation as may be provided for. Subsection (b) exempts transportation by any contract carrier by water of commodities in bulk in a vessel the cargo space of which is used for the carrying of not more than three such commodities at any given time. In order to further limit the exemption, it only applies in the case of commodities which are (in accordance with the existing custom of the trade in the handling and transportation of such commodities as of June 1, 1939) loaded and carried without wrappers or containers and received and delivered by the carrier without mark or count. It is provided that two or more vessels, while navigated as a unit, shall be considered as a single vessel. This is necessary for purposes of the application of the "three commodities" provision, and will apply in the case of barges and similar vessels physically connected with one another and towed or propelled under or by the same motive power. It is provided that the subsection shall not apply to transportation subject, at the time part III takes effect, to the provisions of the Intercoastal Shipping Act, 1933, as amended. This provision does not exempt intercoastal contract carriers because such carriers are already under regulation by the Maritime Commission. Such carriers will, however, be entitled to be exempted under the provisions of subsection (e) if they can qualify thereunder.

Subsection (c) exempts transportation by a contract carrier by water of commodities in bulk in a nonoceangoing vessel on a normal voyage during which the cargo space of the vessel is used for carrying not more than three such commodities, and during which the vessel passes within or through waters which are made international for navigation purposes by any treaty to which the United States is a party. This will apply on the Great Lakes. If the contract carriers in question were regulated, it would place them at an unfair advantage in their competition with unregulated Canadian vessels.

Subsection (d) exempts transportation of liquid cargoes in bulk in tank vessels designed for such use exclusively and certified under regulations approved pursuant to section 4417a of the Revised Statutes.

Subsection (e) provides for an exemption, which may be obtained only upon making application to the Commission, in the case of contract carriers engaged in transportation which, by reason of the inherent nature of the commodities transported, their requirement of special equipment, or their shipment in bulk, is not actually and substantially competitive with transportation by a common carrier subject to part I, II, or III. This provision is more liberal than the similar provision in the Senate bill (S. 2009) in that it provides that an application made prior to October 1, 1939, by a carrier in operation on June 1, 1939, shall exempt the carrier until a final determination of the application. This gives the carrier an opportunity to escape from being brought under regulation at all if he is entitled to the exemption. Under the Senate bill the carrier would come under regulation and then have to prove his right to be relieved from it. This special privilege relating to an application made prior to October 1, 1939, does not apply, however, to intercoastal contract carriers, since they are already under regulation; but such carriers are entitled to exemption in due course if they can establish their right to it.

Subsection (f) is to insure that laws of navigation, and certain other admiralty matters, will not be affected by part III unless there is a conflict.

Subsection (g) exempts certain transportation within a single harbor or between places in contiguous harbors, and transportation by ferry, and by small craft.

Subsection (h) provides for exempting water carriers engaged solely in transporting the property of persons owning all—or substantially all—of their voting stock.

Subsection (i) relates to the application of the provisions of part III to water carriers owned or controlled by the United States.

Subsections (j) and (k) make it clear that the regulatory powers of the States over matters within their respective jurisdictions are not impaired by the provisions of part III.

SECTION 304. GENERAL POWERS AND DUTIES OF THE COMMISSION

Subsections (a) and (b) grants the Commission administrative powers similar to provisions contained in parts I and II.

Subsection (c) empowers the Commission to classify carriers to establish just and reasonable rules, regulations, and requirements consistent with the provisions of part III to be observed by the carriers so classified. This is similar to section 204 (c) of part II.

Subsection (d) gives the Commission power to relieve water carriers from the provisions of part III to the extent necessary to avoid or lessen undue disadvantages suffered by reason of the practices of persons operating to or from ports of foreign countries.

Subsection (e) authorizes the Commission to investigate for the purpose of determining whether any water carrier has failed to comply with any provision of part III or with any requirement established pursuant thereto, and to issue appropriate orders to compel compliance.

SECTION 305. RATES, FARES, CHARGES, AND PRACTICES: THROUGH ROUTES

Subsection (a) contains the general requirement regarding the duty of a common carrier by water to render service and to establish just and reasonable rates, and so forth. The requirements are similar to those in section 1 (4) and (6) of part I.

Subsection (b) imposes the duty upon common carriers by water to establish through routes with other such carriers and with common carriers by railroad. Permission is given to establish reasonable through routes with common carriers by motor vehicle. Just and equitable divisions of joint rates are required. Comparable provisions of part I are in section 1 (4).

Subsection (c) prohibits a common carrier by water giving undue or unreasonable preferences to any person, port, port district, and so forth, but it contains a proviso that the subsection is not to apply to any discrimination, prejudice, or disadvantage to the traffic of any other carrier. Except for the proviso, comparable provisions of part I are in section 3 (1).

Subsection (d) prohibits discriminations by common carriers by water in the interchange of traffic between their lines and connecting lines of railroad. The comparable provision of part I is in section 3 (3) as amended.

SECTION 306. TARIFFS AND SCHEDULES

Subsection (a) imposes the duty on common carriers by water to file with the Commission, and to keep open for public inspection, tariffs of its rates, charges, classifications, rules, regulations, and practices. It is comparable to section 6 (1) of part I.

Subsection (b) imposes certain requirements relating to rates and tariffs.

Subsection (c) requires observance of rates and tariffs filed with the Commission.

It also makes applicable to common carriers by water the provisions of section 1 (7) and 22 (1) of part I relating to transportation free or at reduced rates.

Subsection (d) requires notice to be given of changes in rates. It is comparable to section 6 (3) of part I.

Subsection (e) deals with contract carriers by water, and requires such carriers to file with the Commission and keep open for public inspection schedules of minimum rates actually maintained and charged, but the Commission is authorized to require the filing in lieu of such schedules, of copies of the contracts containing the charges of such carriers. Such contracts are not required to be open for public inspection, but the Commission may make public the information contained therein under certain specified circumstances. The Commission may, for good cause, grant relief from the requirements of this subsection. It is comparable to section 218 (a) of part II as amended.

SECTION 307. COMMISSION'S AUTHORITY OVER RATES, ETC.

Subsections (a) and (b) give the Commission authority to inquire into the justness and reasonableness of rates of common carriers by water, and to prescribe, in proper cases, maximum or minimum rates, or both. This provision is comparable to provisions contained in sections 13 (1) and (2) and 15 (1) of part I.

Subsection (c) specifies certain elements which shall not be considered in determining value for rate-making purposes. This provision is comparable to section 216 (h) of part II.

Subsection (d) authorizes the Commission, and makes it the duty of the Commission when found necessary or desirable in the public interest, to establish through rates and joint rates applicable to transportation by common carriers by water and by such carriers and carriers by railroad. This provision is comparable to a similar provision in section 15 (3) of part I. This subsection (d) also provides that in case of a joint rail and water rate the Commission may prescribe such reasonable differentials as it may find to be justified between all-rail rates and the joint rates in connection with such common carrier by water.

Subsection (e) gives the Commission authority to establish equitable divisions of joint rates between carriers subject to the act. This subsection is comparable to section 15 (6) of part I.

Subsection (f) is the "rate making" rule directing the Commission to take into consideration, among other factors, certain specified considerations. Among these is the need, in the public interest, of adequate and efficient water-transportation service at the lowest cost consistent with the furnishing of such service. This subsection is essentially the same as section 15a of part I and section 216 (i) of part II, except that each is written from the standpoint of the type of transportation covered in the particular part of the act.

Subsection (g) gives the Commission power to suspend new rates of common carriers by water pending determining of their lawfulness. It is similar to section 15 (7) of part I. It will not apply to schedules filed prior to January 1, 1941, except in the case of carriers which have been under regulation under laws administered by the Maritime Commission.

Subsection (h) gives authority to the Commission to prescribe minimum rates of contract carriers by water. The subsection contains special provisions regarding consideration to be given to the competitive relationship between contract and common carriers, and to the cost of the services rendered by contract carriers, and to the effect of such minimum charge on the movement of traffic by such carriers.

Subsection (i) authorizes the Commission to suspend rates of contract carriers for new services, or rates representing a reduced charge, pending determination of their lawfulness. It applies to schedules, contracts, and so forth, filed by contract carriers now subject to regulation under existing law by the Maritime Commission, and to schedules, contracts, and so forth—except initial schedules, contracts, and so forth—filed prior to January 1, 1941, by contract carriers made subject to regulation by this part.

SECTION 308. REPARATION AWARDS; LIMITATIONS OF ACTIONS

This section provides for liability for damages for violations of part III by certain water carriers and is similar to certain provisions in sections 8, 9, 16 (1), (2), (3), and (4) of part I. This section does not apply to all water carriers, but only to those carriers which have heretofore been subject to similar liability for damages under the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933. It is so limited by the definition of "carrier" in subsection (a).

It also deals with the time for bringing suits against such carriers for recovery of damages for violations of part III. It conforms to the provisions of part I as amended by this bill, except that it does not include provisions for actions by carriers for recovery of their charges. Such actions will be governed by several principles of law.

SECTION 309. CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY

Subsections (a) to (e) are similar to certain provisions in sections 206, 207, and 208 of part II, relating to certificates of public convenience and necessity, and contains a "grandfather" provision as to common carriers by water in operation on June 1, 1939.

Subsections (f) and (g) require the securing of permits in the case of contract carriers by water. The "grandfather" date is June 1, 1939, as in the case of common carriers. These subsections compare with section 209 of part II.

SECTION 310. DUAL OPERATIONS UNDER CERTIFICATES AND PERMITS

This section provides for issuance of both a certificate and a permit to the same carrier when the Commission finds it consistent with the public interest. It is similar to section 210 of part II.

SECTION 311. TEMPORARY OPERATIONS

This section permits the Commission to authorize temporary operations by water carriers to meet immediate and urgent needs, and in cases where delays occur in connection with the determination of applications for consolidations and mergers. It is comparable to section 210a of part II.

SECTION 312. TRANSFER OF CERTIFICATES AND PERMITS

This section permits certificates and permits to be transferred under regulations to be prescribed by the Commission. It is comparable to section 212 (b) of part II.

SECTION 313. ACCOUNTS, RECORDS, AND REPORTS

This section provides for the making of reports to the Commission by water carriers, and authorizes the Commission to prescribe the forms of accounts, records, and memoranda of such carriers. It is comparable to certain provisions in section 20 (1) to (5), inclusive, of part I.

SECTION 314. ALLOWANCES TO SHIPPERS FOR TRANSPORTATION SERVICES

This section is similar to section 15 (13) of part I, and relates to allowances to shippers on account of services rendered or facilities furnished by them in connection with transportation performed by a water carrier.

SECTION 315. NOTICES, ORDERS, AND SERVICE OF PROCESS

This section relates to routine administrative matters, and is comparable to similar provisions relating to carriers subject to part I.

SECTION 316. ENFORCEMENT AND PROCEDURE

Subsection (a) makes applicable to the new part III general procedural and judicial review provisions which apply in case of the administration and enforcement of part I.

Subsection (b) relates to procedure for the enforcement of the provisions of part III and of orders issued thereunder other than orders for the payment of money.

Subsection (c) relates to the reports and findings of the Commission and the publication thereof.

Subsection (d) relates to the preservation as public records of copies of schedules, tariffs, contracts, etc., of water carriers filed with the Commission and the use of certified copies thereof as evidence.

SECTION 317. UNLAWFUL ACTS AND PENALTIES

This section defines certain unlawful acts and prescribes penalties therefor and for violations of provisions of this part.

SECTION 318. COLLECTION OF RATES AND CHARGES

This section provides that a common carrier by water shall collect its tariff rates and charges before delivery of freight transported by it, except under rules as prescribed by the Commission. It also provides for credit arrangements, and for liability of the consignor, consignee, and the beneficial owner of the property transported under specified conditions. It is similar to section 3 (2) of part I.

SECTION 319. EMPLOYEES

This section authorizes the Commission to employ such experts, agents, examiners, attorneys, or other employees as may be necessary for the efficient administration of this part.

SECTION 320. REPEALS; TRANSFER OF EMPLOYEES, RECORDS, PROPERTY, AND APPROPRIATIONS

Subsection (a) repeals the provisions in the various shipping acts and the Merchant Marine Act, 1920, and the Merchant Marine Act, 1936—except section 205—insofar as they provide for the regulation of transportation in interstate or foreign commerce—as defined in part III—and insofar as they provide for the regulation of persons engaged in such transportation.

It was impossible to repeal the various provisions of these acts by specific reference, due to the fact that regulation of domestic commerce by water is intermingled with regulation of foreign commerce by water. While some uncertainty will probably result, particularly at first, by reason of the necessity for handling these repeals in this way, no more satisfactory way was found.

It is believed that the general purpose is clear, namely, to supersede the provisions of present law to the extent that they are inconsistent with the provisions of the new part III, and to the extent that the new part III covers the same subject matters covered by the present provisions of law.

Subsection (b) relates to the transfer of such officers and employees of the United States Maritime Commission as the President shall determine to be necessary.

Subsection (c) relates to the transfer of certain files, reports, records, tariff schedules, and other documents filed with the United States Maritime Commission, to the jurisdiction and control of the Interstate Commerce Commission.

Subsection (d) relates to the availability for expenditure by the Interstate Commerce Commission of appropriations and unexpended balances of appropriations available for expenditure by the United States Maritime Commission in the administration of any provision of law repealed by this part.

SECTION 321. EXISTING ORDERS, RULES, TARIFFS, ETC.: PENDING MATTERS

Subsection (a) relates to the continuance in effect of all orders, rules, regulations, permits, tariffs, contracts, and so forth, issued, authorized, or filed under provisions of law repealed by this part. Such orders, rules, regulations, permits, tariffs, contracts, and so forth, shall continue in effect as though issued, authorized, or approved by the Interstate Commerce Commission under this part.

Subsection (b) provides for the continuance by the Interstate Commerce Commission of any proceeding, hearing, or investigation commenced or pending before the United States Maritime Commission at the time this section takes effect to the extent it relates to any provision of law repealed by this part.

Subsection (c) provides for the continuance and determination of any judicial proceeding arising under any provision of law repealed by this part.

SECTION 322. SEPARABILITY OF PROVISIONS

This section provides that if any provision of this part shall be held invalid the remainder of the part shall not be affected thereby.

TITLE III. MISCELLANEOUS

PART I

This title of the bill consists of three parts. The provisions of part I relate to the construction and alteration of bridges over navigable waters. They include sections dealing with definitions of terms used in the part; the obstruction by a bridge of free navigation of any navigable waters of the United States; the alteration of bridges over such waters; sections governing the building and alteration of such bridges; the apportionment between the owner of the bridge and the United States of the cost of building and altering such bridges; sections dealing with authorization of appropriations; penalties for failure to comply with orders, together with provisions for judicial review thereof. These provisions will supersede present law relating to the same subject.

PART II

Part II deals with rates on Government traffic. This part consists of two sections, 321 and 322. Subsection (a) of section 321 provides that notwithstanding any other provision of law the Government shall pay the full applicable commercial rates, fares, or charges for transportation by any common carrier subject to the Interstate Commerce Act of persons or property for the United States or on its behalf; and the full compensation determined by the Interstate Commerce Commission as reasonable therefor for the transportation by railroad of the United States mail. The provision with respect to the transportation of persons or property is, however, subject to section 22 of the Interstate Commerce Act, as amended, which permits railroads and other carriers voluntarily to enter into contracts with the United States Government for the transportation of persons or property for the Government at free or reduced rates.

There is also a provision that any carrier by railroad and the United States may enter into contracts for the transportation of the United States mail for less than the compensation prescribed as reasonable by the Commission. It is provided also that section 3709, Revised Statutes (U. S. C., 1934 ed., title 41, sec. 5), shall not be construed to require advertising for bids in procuring transportation services when such services can be procured from any common carrier lawfully operating in the territory where such services are to be performed.

The effect of subsection (a) is to relieve the carriers from the necessity of transporting persons or property of the United States at land-grant rates.

Subsection (b) provides that before any carrier by railroad may obtain the advantage of subsection (a) it shall file with the Secretary of the Interior a release of any claim it may have against the United States to lands, interest in lands, compensation, or reimbursement on account of lands or interests in lands, which have been granted, claimed to have been granted, or which it is claimed should have been granted to such carrier or any such predecessor in interest under any land grant to such carrier or such predecessor in interest as aforesaid.

Section 322 provides for prompt payment to any common carrier subject to the Interstate Commerce Act for transportation of persons or property for the United States and includes a provision for deduction of overpayments.

PART III

Part III amends section 5 of the Reconstruction Finance Corporation Act, as amended. The amendments in part III provide that the Reconstruction Finance Corporation, with the approval of the Interstate Commerce Commission, may purchase the obligations of railroads, including equipment trust certificates, or guarantee the payment of the principal of, or interest on, such obligations, or both, or make loans to such railroads. The purchases, guaranties, or loans may be made to aid in the financing, reorganization, reduction, or readjustment of principal or interest charges, consolidation, maintenance, or construction of railroads. It is provided that in every case of such a purchase, guaranty, or loan, the Commission and the Corporation shall, in connection with the approval or authorization thereof, find that the prospective earning power of such railroad, together with the character and value of the security offered, furnish, in the opinion of the Commission and the Corporation, reasonable protection to the Corporation.

Section 5 of the Reconstruction Finance Corporation Act is further amended by adding a provision to the effect that the title of any owner to property leased or conditionally sold to a railroad which the Corporation has financed, or aided in financing, any right of such owner to take possession of such property under such lease or sales contract, and the title of any owner of a collateral note evidencing a loan to a railroad from the Corporation and the right of any such owner to acquire title to the collateral securing such note, free of any equity of redemption, and the absolute ownership thereof, shall not be affected by the provisions of the Bankruptcy Act of July 1, 1898, as amended, or by any other provision of law applicable to any proceedings thereunder.

Section 3 of the act approved January 31, 1935 (49 Stat., ch. 2, pp. 1–2), is amended by extending the time within which loans made by the Reconstruction Finance Corporation may mature from January 31, 1945, to January 31, 1955.

5. COMPLIANCE WITH PARAGRAPH 2A OF RULE XIII

In view of the voluminous character of the provisions of law amended by the bill, a supplemental committee print is being prepared showing in bill-size type the textual changes proposed to be made in the Interstate Commerce Act and other provisions of law. This print will be made available for Members of the House.

It is said by some that the bill, even though enacted into law, will increase freight rates and will not help the railroads. This is not necessarily true. The bill, if enacted into law, will help the railroads because it will prevent cutthroat competition, which always destroys. If this is done, the public will not pay any increased freight rates because the public does not get an advantage from cutthroat competition. The same thing was said when we passed the Motor Carrier Act. I heard practically the same argument then against that bill that I am hearing now. If motor transportation had not been regulated, no efficient, capable operator of trucks or busses could have stayed in business. One of the main reasons that we passed the law was on account of the fact that there were so many irresponsible operators of motor vehicles that cut the prices so that any operator wanting to give service to the public could not compete. We had illustrations where motor carriers of freight who were not financially responsible were moving largely furniture of individual people in moving from town to town where the property was lost or destroyed by fire, and it was an absolute loss to the shipper. In the hearings it was also shown that there were irresponsible bus owners or operators whose bus broke down long distances away from where the journey started or where it was to end and passengers were left stranded.

Water regulation will prevent these irresponsible, both morally and financially, persons from engaging in the transportation business. This will be a benefit to the public. It will not increase the freight rates to the public and it will benefit the legitimate water carriers as well as the railroads.

But if the cost of transportation should be increased slightly, both the passenger and the freight, is it not better to have a sound transportation system in the United States rendering the service to the people by an authoritative regulation, to take care of the people's interest, than it is to have

an unregulated, irresponsible system liable to break down at any time not rendering the service to which the public is entitled?

The railroad company employs approximately a million persons; the rights of railway labor are to be considered, and should be considered, in the passage of any legislation. The rights of railroad securities owners, totaling billions of dollars, are to be considered in the passage of any legislation, but there should also be considered, because we are representing the public interest, what is in the public interest, and, as I stated in the beginning, those who have studied this question for a number of years have unanimously decided that all forms of transportation should be regulated in order that all forms of transportation be dealt justly with and have an equal opportunity. We cannot have a transportation policy with the railroads, the motor carriers, and the airplane carriers regulated and leave one great transportation agency unregulated, to prey upon the public as well as its competitors. The next question then comes, Who shall regulate the water carriers? To my mind there is only one agency of the Government who should do this and that is the Interstate Commerce Commission. For over 50 years they have regulated the railroads; for over 4 years they have regulated the motor carriers; they have rendered at all times high and efficient services, and the criticism that has been made here on the floor of the House of the Commissioners is unjust and uncalled for. Men like Chief Justice Hughes, lawyers not representing the railroads, and others having no connection have not hesitated to praise the work of the Commission very highly. With the reorganization of the Commission, as provided in this bill, there is no question but what they will be able to handle an additional transportation agency as well as they have handled the motor carriers and the railroads. All of the regulations necessary for the various forms of transportation should be coordinated by one regulatory body.

As the bill is read under the 5-minute rule, the members of the committee and I remind you that 23 out of the 25 members of the committee are for the bill; and if it becomes necessary will explain to you the various sections.

Those of us who were fortunate enough to be on the subcommittee and all who were on the committee realize the importance of this question and all gave to it their best in order that the country might have a national transportation policy. [Applause.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I have no further requests for time on this side, so I yield myself the remainder of the time.

Mr. Chairman, the purpose of the bill now before the House, known as the Transportation Act of 1939, is to fix a national transportation policy that will unify or coordinate the several transportation agencies—railroads, trucks, and water carriers—into a national transportation system under the jurisdiction of the Interstate Commerce Commission with power to regulate each of them in the public interest.

THE NEED FOR A NATIONAL TRANSPORTATION POLICY

The present distressed condition of railroads throughout the Nation is known to all. Over 63,390 miles of class I railroads—those earning $1,000,000 or more of gross revenues—are in the hands of receivers or trustees. This represents nearly one-third of the entire railroad mileage of the Nation. More than 60 roads, with an approximate mileage of 140,000, have during recent years showed a deficit of nearly $160,000,000 per annum.

Railroads are not the only agency of transportation in distress. In recent years the trucking industry and water carriers on the Great Lakes, in coastwise and intercoastal trade have likewise suffered continual and heavy losses. Aviation has had a similar experience.

The chaotic condition of transportation became a problem that could no longer be ignored. Numerous investigations and surveys, both governmental and private, have been conducted. The problem has been studied from every angle by men of experience and training. Varied recommendations and solutions have been offered, but, practically all are of the opinion that first and above all the thing most necessary to be done, regardless of what else might be done, was to coordinate our different transportation agencies under common regulatory control so that all forms of transportation might operate as a unified system in serving the public.

VIEWPOINT OF PRESIDENT

On September 17, 1932, Franklin D. Roosevelt, in his campaign for the Presidency, at Salt Lake City, recognized the need of a national transportation policy that would coordinate all carrier service and in that speech forcibly advocated the development of such a policy.

In conformity with this viewpoint, President Roosevelt in a message to the House of Representatives on May 4, 1933, said among other things:

> Our broad problem is so to coordinate all agencies of transportation as to maintain adequate service.

In another message to Congress on June 7, 1935, the President said:

> It is high time to deal with the Nation's transportation as a single, unified problem. For many years in the past transportation meant mainly railroads. But the rise of new forms of transportation, great expenditures of Government funds for the development of waterways, and for the building of great highways, and the development of invention within the railroad system itself, have enlarged the problem far beyond that conception which dominated most of our past legislation on the subject. In some instances, the Government has helped a little. In others it retarded. In still others it has given special assistance from time to time—in many instances without rhyme nor reason—in all instances without considering every aspect of the problem in the light of all the conditions. It is small wonder that it is a transportation picture so confused the public have been inadequately served.

Continuing, and I invite your close attention to his words, he said:

> I have from time to time, in this session, addressed the Congress as to the necessity of various forms of Government aid and regulation of transportation. * * * I can see no reason why the responsibility for the regulation of intercoastal, coastwise, and inland waterways should not be vested in the Interstate Commerce Commission, with proper provision for the departmentalization of the work of the Commission * * *.

In a radio address from the White House, on April 28, 1935, the President said:

> Not only business recovery, but the general economic recovery of the Nation will be greatly stimulated by the enactment of legislation designed to improve the status of our transportation agencies. There is need for legislation providing for the regulation of interstate transportation by bus and trucks, to regulate transportation by water, new provisions for strengthening our merchant marine and air transport, measures for the strengthening of the Interstate Commerce Commission to enable it to carry out a rounded conception of the Nation's transportation system in which the benefits of private ownership are retained, while the public stake in these important services is protected by the public's Government.

FORMULATION OF NATIONAL TRANSPORTATION POLICY

The first step toward bringing all the transportation agencies of the Nation into unified control under the Interstate Commerce Commission, as suggested by the President in his declaration for a national transportation policy, was taken in 1935 when the Interstate Commerce Commission was given the power to regulate trucks and busses engaged in interstate operations.

Then, in 1938, the President recognizing that the transportation problem, particularly with reference to railroads, was becoming exceedingly serious he requested Chairman Splawn, of the Interstate Commerce Commission, and Commissioners Eastman and Mahaffie to consider the transportation problem and present recommendations for legislation.

No one who is familiar with the character, ability, and experience of these three members of the Interstate Commerce Commission would doubt the wisdom of the President in selecting them for this important task, nor question the soundness of their findings.

This committee of three after careful consideration and study presented to the President a report. The report was

transmitted to Congress on April 11, 1938, House Document 583, accompanied by a message from the President.

In his message to Congress the President stated that during the past month he had "consulted with a large number of individuals on the increasingly difficult problem of our railroad transportation" and pointed out that it was "important for all of us to cooperate in preventing serious bankruptcies among a large number of railroad companies, great and small." In the same message the President further stated:

The troubles of the railroads are not new, but they have been getting, on the whole, steadily more difficult since before the World War. It is true that a general upturn in business would undoubtedly help to keep many railroads from actual receivership. But it is also true that resumption of traffic at last year's level would not solve their growing difficulties permanently.

On September 20, 1938, the President appointed another committee to consider transportation problems and recommend legislation. This committee comprised six men who knew the practical side of railroading. Three of the committee represented railroad management and three represented railroad labor. Every member of that committee is recognized as having outstanding ability in his particular field of activity. The character, ability, and experience of these men was sufficient to justify confidence in their findings and conclusions. On December 23, 1938, this committee submitted its unanimous report and recommendations to the President.

A reading of the reports submitted to the President by these two committees reveals that each had made a profound study of the transportation problem; and it is not surprising that in many particulars similar recommendations were made as a part of a program to solve some, though not all, of the difficulties with which the different agencies of transportation were faced. Both of these committees, as well as every other responsible person or group making a study of the question, have recommended the formulation of a national transportation policy that would unify under one single regulatory governmental body the several agencies of transportation. Both the Committee of Three and the Committee of Six recommended that the regulatory body should be the Interstate Commerce Commission.

PROBLEM STUDIED BY COMMITTEE AND REPORT MADE TO HOUSE

Upon the convening of this session of Congress the appropriate committees of the Senate and the House undertook the study of the transportation problem and the formulating of legislation to meet the existing needs. This task in the House was undertaken by your Committee on Interstate and Foreign Commerce. For 10 weeks the committee conducted hearings on the proposed legislation. Numerous witnesses were heard, representing every conceivable interest. Never has any committee of this House been more zealous and earnest in the desire to obtain all possible information and every worthwhile opinion and viewpoint. The one and only thought that dominated the committee was to formulate legislation that would be helpful to all forms of transportation and in the public interest and that would justify the confidence that this House has always had in its Committee on Interstate and Foreign Commerce. At no time did political partisanship divide us in either thought or action. Consequently this bill comes before the House with practically the unanimous approval of the committee. Only two members have dissented, and their objection is only to one or two features of the bill.

Nothing could more clearly set forth the fundamental purpose of this legislation and the desire to preserve the inherent advantages of every form of transportation than the declaration of this committee in the bill as to what should be our national policy in this important matter. Permit me to read from the bill:

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; and to encourage fair wages and equitable working conditions established through collective bargaining. All to the end of insuring the development and preservation of a national transportation system adequate at all times to meet most economically and efficiently the full needs of the commerce of the United States, of the Postal Service, and of the national defense.

That declaration of policy is the foundation upon which this bill has been drawn. In no particular does any provision of this bill deviate from it in the slightest degree; each provision and all of them taken together do nothing other than make that declaration effective as a national policy. With the administration of the act in accordance with the spirit and intent of the act no unfair or unjust advantage can be gained by one means of transportation over another. And certainly there is neither probability or possibiltiy that water carriers will be ruined or wiped out as has been so extravagantly stated by some Members during the course of this debate. The same arguments were made and fears expressed when motor carriers a few years back were brought under the regulatory jurisdiction of the Interstate Commerce Commission. The short time that has intervened has been sufficiently long to disprove the foundation of such fears and to demonstrate the advantages and resultant benefits that have been gained by that industry. This in itself is sufficient to answer every argument that has been made against the extension of regulatory power to the Interstate Commerce Commission over water carriers. [Applause.]

OPPOSITION NOT JUSTIFIED BY FACTS

Now, a word or two to those Members of the House who are members of the President's own party, and who have spoken bitterly against this bill. Men who have been and now are ardent, zealous, and perpetual followers of the President, if we are to judge by the fervent manner in which they pledge to him their allegiance—I have been astounded by the manner in which some of them have attacked this measure as a railroad bill, as a bill in the interest of Wall Street, as an effort to destroy water carriers throughout the Nation. When they make these and similar attacks upon this bill they are thereby impugning the motives of their own leader, the President. For it was he who as a candidate for the Presidency pointed to the necessity for this type of unified regulatory control. It was he who, as President, on numerous occasions in messages to Congress and in addresses to the Nation advocated and sought from Congress just what your Committee on Interstate and Foreign Commerce has presented to this House in this bill. It was he who in these recent days requested the consideration and passage by Congress of this legislation at this session of Congress. Thus, when you condemn this bill as being based upon ulterior motives you are making your charges against the President. The members of the committee that reported this legislation, Democrats and Republicans, were only fulfilling a task laid upon them by the President. They have responded whole-heartedly and to the best of their ability because, casting aside all considerations of partisanship, we have believed the President to be right in the policy he has advocated for a coordinated system of transportation under the regulatory jurisdiction of the Interstate Commerce Commission. Let me remind these erring brothers "that so long as the light holds out, the vilest sinner may return," and you still have an opportunity to repent and show your contrition by voting for the bill in its entirety.

Unfortunately, the time at my disposal does not give me an opportunity to address my remarks to all the baseless charges that have been made by the opponents of the bill.

WATER CARRIERS WILL NOT BE DESTROYED

First. The charge has been made that the purpose of the bill is to destroy water carriers. I challenge any Member of this House to point to one provision, or, any combination of provisions, that could effect such a purpose even if the desire to do so existed. The charge is so ridiculous that I doubt whether it should be dignified with an answer. If this charge be true then the President in suggesting this regulatory policy was planning for their destruction. If this charge be true then the Committee of Three, composed of three of the Government's most trusted and able public servants, and

the Committee of Six were in conspiracy to effect a purposeful destruction of water carriers in the interest of the railroads of the country and in similar fashion such a charge lays at the door of the membership of the House committee a willingness, either through ignorance or intent, to accomplish by legislative means what otherwise could not be accomplished. And if none of these were imbued with the intent to do this thing then who is guilty of having led the President to recommend and your Committee on Interstate and Foreign Commerce to cooperate in such an enterprise. Of course, there is no foundation for such a charge either in the provisions of the bill or the intent and purpose behind the bill.

It may be that those who make such a charge do so upon the theory that the power to regulate is the power to destroy. This reduced to plain language would mean that they believe the Interstate Commerce Commission would use the power of regulation to destroy the water carriers. If the charge is made seriously, then I ask, why would the Commission do so? They have not done so with reference to that portion of water-carrier transportation that is now within its jurisdiction. They have not done so with respect to motortrucks and busses that are now within its regulatory power. On the contrary, the trucking industry is on a more stable basis than at any time in its history. With the experience already gained additional benefits will accrue in the days ahead.

The Interstate Commerce Commission needs no defense at my hands. Its faithful, conscientious, and able handling of the powers and duties committed to it, for the more than 50 years of its existence, is a guaranty of the high quality of service that can be expected in the future as additional powers and increased jurisdiction is given to it.

BILL WILL NOT RAISE WATER RATES TO LEVEL OF RAIL RATES

Second. Those less antagonistic than the class of opponents to which I have just referred, express fear that the Interstate Commerce Commission if given the power over rates as provided for in this bill will raise water-carrier rates to the level of rail rates and thereby divert the traffic to the railroads. Neither reason nor logic would justify such a charge. The provisions of this bill would preclude the possibility of such a result. Everyone recognizes that under certain circumstances transportation by water is cheaper than by rail. In fact, this bill recognizes that in many instances that it is so cheap that actual competition between rail and water carriers does not exist. The exemption of bulk carriers under the provisions of this bill is a recognition of this principle. Remember, this bill specifically requires that the regulation shall be "fair and impartial" as to all modes of transportation, and, the act so administered "as to recognize and preserve the inherent advantages of each."

Furthermore, I direct your attention to the results of regulation of motor carriers engaged in interstate operations. The same fear was expressed when that bill was under consideration by this House. There is a striking similarity to the arguments then and now made. Already the administration of that regulatory act has not only proved generally satisfactory to the parties affected, but it has not resulted in increasing rates. Shippers today, because of the stabilizing effect of the regulation of the motor industry, are receiving better and more economical service than at any previous time. Likewise, it might be pointed out that regulation of railroads has shown a gradual and continual dropping of rates over a period of 15 years. The fear of increased rates to drive business away from water carriers to the railroads is a myth without any substance of justification. [Applause.]

All water carriers are not opposed to regulation

Third. Some of the Members opposing this bill have sought to make it appear that all water carriers are opposed to regulation. Such is not the case. Many of them, through their representatives, have made known to the committee their desire for the stabilizing influence of regulation. Regulation invariably cuts out the "chiseler" whether it be a carrier or a shipper seeking some unfair advantage over a competitor.

As evidence of this desire upon the part of some of the established water carriers, I direct your attention to the testimony of General Ashburn, president of the Federal Barge Line, a Government-owned and operated water carrier. In testifying before the House Committee on Merchant Marine and Fisheries on May 8, 1935, with reference to a bill similar in effect as that now before the House, he said:

> The fact that I bring these matters up does not alter my belief that the Interstate Commerce Commission is the proper body to administer the regulation of all forms of transportation.

Testifying further, he said:

> I advocate all forms of shipping should be placed under the Interstate Commerce Commission.

Similar views as to the necessity and advisability of regulation of water carriers were expressed by L. W. Childress, president of the Mississippi Valley Barge Line, a privately owned company operating on the Mississippi River. At a joint hearing held by the Committee on Interstate Commerce of the Senate and a subcommittee on merchant marine of the Senate Committee on Commerce in the Seventy-fourth Congress, first session, when a bill to regulate rates of water carriers by the Interstate Commerce Committee was under consideration, Mr. Childress testified:

> Conditions prevailing in the transportation industry persuade me to believe that stabilization of rates—a matter in which the public has a very vital interest—can come only through Federal regulation. I am informed that this is also the view of those responsible for the management of the Inland Waterways Corporation, a Government-owned enterprise. More than 95 percent of the common-carrier traffic on the Mississippi and Ohio Rivers is handled by that company and ours.

Continuing, he said:

> That the shippers are overwhelmingly in favor of regulation appears to be evidenced by the vote on a referendum on the subject taken by the United States Chamber of Commerce. One thousand six hundred and fifty-four local chambers of commerce voted in favor of regulation, while but 286 voted in opposition to regulation. It is significant that the votes of the chambers of commerce of St. Louis, Cincinnati, Louisville, Evansville, Memphis, and New Orleans, which are served by river transportation, were in favor of regulation.

Now, with respect to the coastal or intercoastal shipping viewpoint, there is a similar expression of approval of regulation by Edward P. Farley, of the American-Hawaiian Steamship Co. In his testimony before the Committee on Merchant Marine and Fisheries at a hearing on a bill for the regulation of water transportation during the first session of the Seventy-fifth Congress, he said:

> I can only say that at the Senate hearing I appeared for a number of common-carrier companies who were in favor of the bill. I have not inquired of them or asked them whether they have changed their opinion. So far as our company is concerned, we still believe that coordinated regulation, as provided in this bill, is valuable and helpful and a necessary clarification of the regulation we are now under. Putting such regulation under the Commission will enable the regulating body to be more helpful in regulating transportation as a whole.

There is much more testimony of similar character that could be presented if time permitted. All of this indicates that the water carriers themselves are anxious for regulation because of its stabilizing effect on an industry that at times has bordered on chaos.

As a concluding statement on this question of whether or not water carriers are opposed to regulation, and, to refute the statement so frequently made that they are opposed, permit me to make reference to the testimony of Mr. John J. Burns, counsel for the American Merchant Marine Institute, before the Senate committee on S. 2009. The association for whom he appeared represents 49 percent of the total tonnage operating out of Atlantic and Gulf ports under the American flag. He testified:

> I am informed that several of the intercoastal and several of the coastwise operators are in favor of the general provisions of this bill and some of the ones you mentioned are members of

the association. Eastern Steamship Co. is, the Luckenbach is not, but an affiliated company is, and the American-Hawaiian is.

Continuing, he said:

It may be conservatively stated, therefore, that a majority of the substantial waterway carriers are in favor of regulation by the Interstate Commerce Commission.

I am certain that these references to the favorable attitude taken by the substantial water carriers of the Nation is sufficient to show that the charge that the water carriers do not want regulation is without any foundation in fact.

FARMERS ARE NOT OPPOSED TO REGULATION OF WATER CARRIERS

Fifth. The charge that the farmers of the Nation are opposed to regulation of the water carriers is likewise without justification. It cannot be truthfully said that the farmers have at any time so expressed themselves. As a complete answer to such a charge of opposition upon the part of farmers I direct your attention to that very able, complete, and informative speech of our colleague from Pennsylvania [Mr. VAN ZANDT], appearing upon pages 9197–9202 of the Appendix of the CONGRESSIONAL RECORD. This speech contains a compilation of the resolution adopted by recognized farm organizations in some 15 or more of our so-called farm States expressing their opinion that all forms of transportation, including water carriers, should be brought under governmental regulation.

In this same connection I wish that time would permit me to dwell at length upon the splendid speech of Senator REED, made in the Senate when the Wheeler bill was under discussion a few weeks ago. He plainly and emphatically showed that there was no reason either in principle or in the language of the bill that made regulation of water carriers harmful to the best interests of the farmers. In that speech he said:

I am saying that nobody has ever been able to point out how any benefit has been derived by a farmer in the State of Kansas from the water rate. I think this statement applies equally to Minnesota, to North and South Dakota, and the rest of the so-called grain States. It has never been possible for anybody to show that the farmer got any benefit out of the water rate and General Ashburn's letter to me dated May 10, 1939, is a complete demonstration of that fact.

That is the statement of a Senator who spoke, as he said—

Without fear of successful contradiction, having tried for 20 years the class of cases in which the question of marketing costs and the effect of water transportation rates upon the price of grain to the farmer is involved.

INTERSTATE COMMERCE COMMISSION IS APPROPRIATE REGULATORY BODY

Sixth. In concluding my answer to the charges that have been made by opponents of this bill, I wish to make slight reference to the claim that has been argued with such fervor by the distinguished chairman of the Committee on Merchant Marine and Fisheries of the House, namely, that regulation of water carriers should come under the jurisdiction of the Maritime Commission instead of the Interstate Commerce Commission. He does not argue that water carriers are not a proper subject of regulation. In fact, he has introduced, and the committee of which he is chairman has favorably reported, a bill, which is now on the calendar of the House, providing for the complete and effectual regulation of water carriers. Thus we have the opinion of this distinguished chairman and the committee over which he so ably presides, expressed both by appropriate bill and written report, that regulation of water carriers is necessary and advisable. What better answer could be made to those who are opposing any regulation? It is irrefutable and unanswerable, coming as it does from the Committee on Merchant Marine and Fisheries of the House.

Thus the only question at issue is with reference to the particular body or governmental agency that can most appropriately exercise the regulatory jurisdiction to be conferred.

If there was to be no effort to provide a unified transportation system and policy for the Nation; if each mode of transportation was to be given unbridled leave to compete by means fair or foul; if the policy was to be inaugurated to let "dog eat dog" in a wild effort to procure traffic—then there would be some justification in permitting each form of transportation to have its own particular governmental agency. The mere statement of the issue is sufficient to demonstrate the fallacy of providing separate control boards if the public interest is to be served in the highest sense. The spirit and purpose that underlie every effort to reorganize the departments of government to promote efficiency of operation protest against the suggestion of separate commissions for differing modes of transportation.

The President, in recommending a single regulatory body for all transportation, is right. He can clearly see and appreciate the tremendous difficulties that would be encountered in working out a national transportation policy based upon a coordinated and unified system of transportation, hence his recommendation that in the public interest this regulatory power should be conferred upon the Interstate Commerce Commission, that already exercises jurisdiction over railroads, motortrucks and busses, pipe lines, and a considerable portion of water carriers. This Commission already has under its jurisdiction nearly 90 percent of all traffic moving in interstate commerce. Consequently what commission could more fairly and reasonably serve the best interests of all—railroads, motors, water carriers, shippers, and consumers—to better advantage? The President is right in urging the enactment of legislation for a national transportation policy to provide unification and coordination of all transportation facilities throughout the Nation. He is equally right that this important task can be best accomplished by the Interstate Commerce Commission.

Most of my time has now been consumed. There is much of a worthwhile character within this bill. I wish that time was available to enable me to go into the details of the bill. I am certain that a study of this bill will demonstrate to any impartial mind that a great task has been accomplished in a most commendable way, and the results will prove most beneficial to all methods of transportation, and likewise beneficial to the public.

In conclusion, I do wish to acknowledge with appreciation, the fine compliment that has been paid by the chairman of the Committee on Interstate and Foreign Commerce to those who have labored with him in the drafting of this legislation. As one of those to whom he has made reference I wish to express my high regard for the chairman of the committee. In the fulfillment of the arduous duties incident to the consideration and writing of this legislation he has displayed outstanding ability that will ever distinguish him as one of the great chairmen of this great committee. His fine sense of justice and fairness and always judicial attitude has enabled the committee to bring to this House legislation on this important subject that will be harmful to none, and we believe, helpful to all. As such it is entitled to the support of this House. [Applause.]

Mr. LEA. Mr. Chairman, I yield 1 minute to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Chairman, yesterday was Friday—to many people just another ordinary day—but to railroad labor it was black Friday, to maritime labor it was black Friday, to the producers and consumers of America it was black Friday, to the young and ambitious of our Nation who may have real hopes of gaining a foothold in the water transportation field it was black Friday, to the organized trucking interests of this country of ours it was black Friday, to the taxpayers of the United States it was black Friday.

I make this statement because, on Friday, we had presented to us this transportation bill which should be renamed the railroad management bill. We have already been told that this bill incorporates many of the suggestions of the Committee of Six, but we should be told again that the Committee of Six was entirely and wholly imbued with the railroad complex and atmosphere, and we should continue to keep in mind that this legislation is doubtlessly the quid pro quo resulting from agreements reached during

the railroad wage reduction conference of several months ago—arguments which were reached between railroad management and some branches of railroad labor but evidently not all branches as is evidenced by the opposition of the Brotherhood of Railroad Trainmen to this bill. It is my opinion that the trainmen have analyzed the pending legislation correctly. They have recognized the fact that when consolidations, mergers, and coordinations of railroad carriers or divisions within the railroad carriers are effected, then their interests as employees are necessarily jeopardized. In this connection I quote from a statement made to house members of the Maine delegation by Mr. W. E. Easler, who is the able and conscientious chairman of the Maine legislative board of the Brotherhood of Railroad Trainmen. In a communication dated May 3, 1939, Mr. Easler stated:

> At that time I advised that the provisions of the Lea bill were not favorable to either the public interest or the employees of the railroads in the different districts of the State of Maine, because of the consolidation features incorporated therein, as well as the coordinating of service possibility which would allow railroads to combine among themselves, eliminating a large number of employees because of the changes of divisional lines.
>
> By further analysis of the matter contained in the Wheeler bill we find that this bill contains the same consolidation features, and the possibility of the throwing out of employment of a large number of railroad employees, if the provisions are maintained as outlined in the bill. For this reason, we are not in favor of the Wheeler bill any more than we were for the Lea bill, unless these provisions covering consolidation and coordination of service are eliminated in the interest of both the public and the employees.

Referring to the New England situation with particular reference to Maine and the interests of the port of Portland, he further states:

> As you know, we now have had over some period of time considerable difficulty as between the port of Portland and Boston, with relation to the matter of water transportation, into which from time to time there has come a question as to how much influence has been exerted by the railroads in diverting of traffic and the handling of business.
>
> You should also know the possibility of what consolidation might mean when you realize that one management now operates the Boston & Maine and the Maine Central properties. If it were possible to eliminate divisional lines on these railroads, they could make flag stations of a lot of our towns and run trains over twice the distance, through which half of the employees would be put out of service, which I do not believe is what the trouble is with the railroads for they are still at the old trough, seeking additional advantages where the private interests can still further sacrifice and create additional unemployment through legislative procedure.

It is my opinion that the railroad experience and the labor-organization activity of Mr. Easler eminently qualify him as one in whom great confidence and reliance may be placed in matters pertaining to the welfare and best interests of railroad labor.

I note that the pending bill pays some lip service to the interests of railroad employees, but it is not my opinion that the language contained in the pending bill adequately protects such interests. There can be no doubt that consolidations and mergers desired by railroad management will be made without too great consideration of the interests of employees affected. We who have observed and experienced such consolidations of control and operations as are vividly portrayed by the merging of operating control of the Boston & Maine and Maine Central Railroads fully appreciate the significance and the merit of the criticism made by Mr. Easler in this connection. Certainly those railroad employees who were thrown out of employment by the merging of operations of the two roads to which I have referred stand as concrete symbols of the results which may be expected when, as, and if this legislation is finally passed by this House. Because of the consolidation and merger authorization in this bill, railroad labor will look back upon yesterday as a truly black Friday, indeed.

Maritime labor also appreciates the vital significance of this legislation to their welfare. Communications from maritime unions, from the International Longshoremen's Association, and other individuals who obtain their livelihood along the water fronts of our port cities, our lakes, and our rivers, indicate the alarm which this legislation is occasioning them. They are fully aware of the fact that this is a railroad-management bill and they know that the incorporation of the maritime industry under the rate-regulating powers of the Interstate Commerce Commission can have only one effect, which is that of increasing the rates of water-borne transportation. These men who for years have fought to obtain working conditions satisfactory to them in the maritime industry know that the natural effect of increased transportation rates will be to deprive them of productive hours of labor and will also increase the cost of living to them.

The longshoremen of Portland, Maine, are fully aware of the loss which they have incurred not only in dollars and in jobs, but in increased taxes as a result of the loss of business to our community because of the transportation discriminations resulting from the dual control and management of the Maine Central Railroad, a trunk line in our State, by the Boston & Maine Railroad which has been subject to the banking and financial connections of the New Haven and the Pennsylvania Railroad interests. So it was a black Friday for maritime labor all over the country when we realize that similar conditions will develop as a result of this legislation, not only because consolidations and mergers with dual control will follow, but because competitive modes of transportation will be forced by the I. C. C. to raise their freight rates and thereby cause a diversion of traffic from water to rails.

The producers and consumers of America will also feel the heavy effects of this legislation which is, in my opinion, designed to satisfy to a material extent the wishes and desires of the banking and financial interests which have been milking the railroad systems of this Nation. Producers and consumers will be compelled to pay the increased cost of transportation which must be inflicted on them as a result of this bill. But every Friday is black Friday for them because they are not organized to protect their own interests as are those who dictate the policies of the railroad operations of this country. Certainly, the consumers of our Nation are not in a position to send lobbyists to Washington to protect themselves against the impact of this rate-raising attempt to take more dollars out of their pockets in the form of increased transportation rates. Water-borne transportation has been a boon and a tremendous benefit to the consumers of this country and now this natural advantage is to be taken away because railroad management finds itself unable to cope with its problems without the assistance of Federal legislative compulsion. This was just another black Friday for the producers and consumers of every locality of this country who now have available the facilities of water-borne transportation.

To those in our Nation who are imbued with youth and ambition and who have vision and the hope of engaging in the business of transporting commerce by water, this bill establishes an almost insurmountable barrier. Any owner of a vessel which he desires to use in the transportation field, in the event that this bill, as it is now written, becomes a law, must appear before the I. C. C. and obtain a certificate of necessity and public convenience before he is entitled to develop the vision of transportation which he has had. In this connection, Mr. Chairman, I may be pardoned if I indulge briefly in a recital of the facts surrounding an enterprise in my own State which vividly illustrates the point which I am making.

In the great potato empire of Aroostook County in the State of Maine, we have portrayed for us the all-too-usual example of the farmer being exploited by a railroad transportation system controlled by the financial interests of Wall Street. Here, in a county which at one time was the second greatest wealth-producing county of the entire Nation, we find farmers and potato producers literally driven to the wall by exorbitant costs of transportation. One railroad has been able to operate through this area and wax fat on profits while the producer of real wealth, the potato farmer, has taken the rap and today stands as a dramatic illustration of the results of monopolistic exploitation by an entrenched financial control of the railroad transportation system of this community. The Bangor & Aroostook Railroad, under

the financial domination of a New York investment banking and securities-brokerage corporation, has operated for years, extending its monopolistic service to the potato farmers of Aroostook County. It has operated wholly intrastate and, although presumably under the regulations of the State public utilities commission, has, in my opinion, written its own ticket for the most part. It has charged high rates for the transportation of potatoes out of this region and has charged higher rates for taking back to the inhabitants of Aroostook County from the rest of the Nation those commodities which they had needed and used. The Bangor & Aroostook Railroad is one of the few railroads of the Nation which, because of its peculiar operation and because of its peculiar monopolistic position in the transportation field, has been able to meet the demands of its financial control because it has had no competition from other modes of transportation. It is true that the advent of the truck did cause some little disturbance to the financial manipulators of this natural railroad monopoly, but since 1935 the Motor Vehicle Act has been quite effective in handicapping this type of competition. So it is that the usual picture of financial exploitation has been developed and the farmer-producer has paid the bill and is now flat on his back.

But, within the past year, two young men, realizing the possibilities available for a venture in water-borne transportation of potatoes from Aroostook County to markets in New York and along the Atlantic Seaboard to the South, started with a relatively few dollars of capital to establish a coastal service for the distribution of this commodity. They purchased an obsolete fishing vessel of the beam-trawler type, solicited cargoes from the potato growers of Maine and began to transport these potatoes to the Eastern Seaboard. As a result, the Bangor & Aroostook Railroad immediately petitioned for a schedule of lower freight rates for potatoes although they had previously denied that they could operate on a lower schedule. This was granted and today, as a result of this venture of these young men in this field, we find the producers and the consumers of this area benefited. Now, then, the point is, that if this legislation which we are today considering had been in effect when these young men visualized the possibilities of this operation, there would have been no such operation and the old freight rates would still be in effect. I say that there would have been no such water-borne competition for the Bangor & Aroostook Railroad because, under the provisions of this bill these potential business men would have been compelled to file their application with the I. C. C. for a certificate of public convenience and necessity and this certificate would have been required before these young men could have started. Naturally, it is easy for a person to contemplate and appreciate the strenuous objections on the part of the Bangor & Aroostook Railroad to such an application. We all realize the delays which would have occurred in the granting of such a certificate. We all know the time that would have elapsed while hearings were held before the I. C. C., while briefs were filed, while arguments in opposition were made by highly paid railroad attorneys and we all know the tremendous expense which would have been necessitated on the part of these young men before they could have even started on their venture. Frankly, Mr. Chairman, if this bill had been in effect at the time these men had this typical American vision of making their way in the commercial world, they would not have been able to extend to the farmers of Aroostook County this valuable service during the past year. This example, briefly outlined, is only one case of thousands of similar cases that exist today and will come into existence tomorrow provided that this legislation is adopted. As a matter of fact, I am advised that a group of individuals has already considered a similar development of water transportation in the potato area of Aroostook County and stands ready to finance a modern streamlined refrigerated service for this purpose. They are waiting, Mr. Chairman, to check the final results of this pending legislation because they realize that the necessity for obtaining a certificate of necessity and public convenience may well be the millstone which may too heavily weigh down their hopes and aspirations for the inauguration of such a venture. They know that railroad attorneys obstructing such an application for a certificate before the I. C. C. can delay them almost indefinitely. It is my honest opinion that the inclusion of water carriers under the regulating power of the I. C. C. will seriously impair the possibility of this great development in the transportation activities of our State and the Eastern Seaboard.

The trucking interests, particularly the small operators, in a similar manner have felt the restraining hand of the I. C. C. during the past few years and the maritime and water interests will feel that same paralyzing effect if this legislation is adopted. Certainly today in this country we do not wish to close the door to the youth of our Nation who should have the same opportunity to engage in the water transportation field as we and as our fathers have had. This legislation means the end of small operations in the maritime industry. I submit to you, Mr. Chairman, that every move which has been made during the past several years in the Congress of the United States has been effective in strangling the initiative, the opportunity, and the chances for a man with small capital to start in any field of commercial activity and this holds particularly true of the transportation field.

Additional opportunities by new operators to engage in trucking are seriously impaired. Maybe this is justified because of the so-called chaotic condition of trucking operations before the Motor Vehicle Act was adopted. I do not know whether or not this is true, but this is the representation of those who sponsored and supported the Motor Vehicle Act. But certainly no such chaos or confusion exists today in the maritime industries. The same arguments that led to the adoption of the Motor Vehicle Act certainly do not apply to water-borne transportation as it exists today in this country. If this bill passes with title II included as it is now written, it will be black Friday, indeed, for those who have the ambition, intestinal fortitude, and a few dollars to engage in water-transportation activity.

Mr. Chairman, a communication dated July 17 from the American Trucking Association, Inc., of Washington, D. C., indicates that today will be noted as "black Friday" for the trucking interests of this country, provided that language originally used in this bill, which is to be deleted for the time being, as I understand, is incorporated once again when this bill goes to conference. Can anybody doubt after he has read the original language of this bill that the railway express agency was given the right-of-way in intercity operations over all other trucking interests? Why was this the fact? Why was the railway express agency—a railroad affiliate—granted such an extension of privilege? Naturally this is a railroad-management bill and naturally we can expect that other language in this bill has been designed to give other activities of the railroad industry an extension of privilege and of discrimination against other modes of transportation.

Of course, this language granting the railway express this advantage has been temporarily deleted as a sop to the trucking interests of the country, and I certainly am pleased that this growing type of transportation has been able to exert the influence necessary to obtain this proposed deletion. But those who are guarding the destiny of the trucking interests fully appreciate the fact that they cannot rest easy in this present deletion because it is only a matter of time when this approach will be made again by the railroad-management lobby, and once again legislation will come before this House granting to the competitive railway express a privilege and an advantage over the other trucking interests of our country. So, indeed, it was black Friday for the truckers of the Nation as they realize this attack which has been made upon their interests and which doubtlessly will be continued when the conferees meet to discuss further this legislation.

And then, Mr. Chairman, as one scans the provisions of part III of the bill, which outline amendments to the Reconstruction Finance Corporation Act, there is certainly evidenced

the fact that this was black Friday for the taxpayers of our country. Here we find provisions making it possible for the R. F. C. to aid by loans or by direct purchase in the financing, reorganization, reduction, or readjustment of principal or interest charges of the railroads of America. Here we find that a Government agency is authorized to make loans to railroads or their receivers or trustees for the purpose of purchasing the financial obligations which are now on the financial markets of the United States. In other words, any of these securities which may be purchased which do not liquidate themselves by repayment will eventually be paid for by the taxpayers of this Nation. The depreciation of these obligations has been a vital loss to the investors of our country, and now the taxpayers are called upon to make loans for the purpose of repurchase of these obligations and depreciated values. If these values depreciate further, the taxpayers and the investors once again as taxpayers must pay the bill. Financial and legal exploitation of the railroads of this Nation is so well known and so well established that further words are unnecessary in this connection. Certainly this Congress should not be called upon to aid and assist further in this financial debauchery.

For these reasons and many others, Mr. Chairman, I am opposed to this bill.

The statements have been made that title II is necessary because chaos and confusion exist in the water-borne transportation; because water commerce is not now regulated; because we need a coordinated and unified regulatory system of transportation. As a matter of fact, confusion does not exist; water commerce by water is regulated for the most part and that which is not is willing to be regulated by the Maritime Commission. Why do we need a unified system of transportation? Who is asking for it? Who demands this legislation other than railroad management? Unified control means higher rates, higher cost of living, more unemployment, loss of opportunity for those with the ambition and vision to establish new transportation ventures.

It has been stated that intercoastal and coastal interests have asked for the bill. I am told that the Eastern Steamship Line of New England, the Merchants & Miners Transportation Co., operating out of Boston and other shipping concerns have joined in this request. That is most easy to understand when one realizes that a partner of Hayden & Stone, investment bankers of Boston, is a director of the Eastern Steamship Lines and at the same time is vitally interested in the Boston & Maine Railroad. I do not know whom the Merchants & Miners may have as directors on their board interlocking with railroad financiers but it is most probable that some such affinity of interests exists. The only requests of shipping interests for regulation under this bill doubtless come from similar interlocking interests and financial combinations of that character.

Certainly farmers have not asked for the legislation and for the most part know nothing about it. The National Grange, through its national office, opposes it.

Certainly shippers have not asked for it and when they find that rates will be increased as a result of it, will condemn any Member who votes for it.

Truckers, maritime labor, and a large segment of the Railroad Brotherhoods' membership have not asked for it and are opposed to it.

No person, except railroad management, Mr. Chairman, who fully appreciates the eventual effect of this bill wants it, and by the same token all such strongly oppose it.

Therefore, because it will reduce railroad and maritime employment; because it will raise transportation rates; because it will stifle any further development by the small fellow in water transportation; because it will use the taxpayer through Reconstruction Finance Corporation to finance the repurchase of depreciated railroad debt; because it will serve to assist one type of transportation at the expense of another, I am opposed to this legislation at this time. Let us make this past Friday a good Friday rather than a black Friday in our legislative annals by determining to kill off this bill.

Mr. LEA. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. ZIMMERMAN].

Mr. ZIMMERMAN. Mr. Chairman, I have the honor to represent an agricultural district. The east part of my district is bounded by the Mississippi River, and when we started the discussion of this bill I was inclined to be opposed to it, but after reading the provisions of the measure and listening to the arguments I am convinced the committee has done a wonderful job in bringing to the Committee, and I hope ultimately to the House, this splendid, coordinated plan of transportation which will inure to the benefit of the entire Nation in the years to come. It seems to me that our transportation problem has reached the point where we must consolidate all forms of transportation, abandon regulation altogether, or resort to Government ownership. The only logical solution is to place all forms of transportation under one regulatory body, the Interstate Commerce Commission. It appears to me that the arguments against the bill are based upon fear of something that may happen and distrust in the honesty and integrity of a great governmental body, the Interstate Commerce Commission.

Therefore I shall support this bill, because I believe it is the only solution of this very difficult problem that confronts us.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Chairman, transportation has been called the circulatory system of commerce.

Commerce would be impossible without it.

Transportation must be over ways or roads which are the common property of all the people. If they were private property, commerce could be obstructed and prevented. All roads or ways, whether of one kind or another, are held and must be held in trust for the benefit of all the people.

The equal benefit of highways, canals, rivers, and railroads can be assured to the people in only two ways. They must be either regulated in the common interest or they must be publicly operated for the benefit of the people. At this time we need not discuss the relative advantages or disadvantages of the two methods since regulation is at present the accepted public policy.

My colleague on the committee, Mr. WADSWORTH, inveighs against interference or regulation on the theory that it is an improper and therefore unjust interference with individual effort and freedom. The assurance of the greatest possible freedom of individual effort and initiative in the use and management of private property I approve.

Highways and roads are not, however, private property, and that fact and that distinction must be kept in mind in any consideration of the subject now before the House. Since canals, highways, rivers, and railroads are public highways, they must be so utilized as to assure as far as possible to all of the people equal rights in the benefits of the same.

In fact, it is only by control of transportation agencies by the public in order to assure all the people equal opportunity on equal terms, that private efforts and private business can progress and thrive and commerce develop.

Regulation is one form of operation by the public. The public stipulates certain duties and conditions to be observed by the persons entrusted with its property, the different kinds of highways, just as it places certain obligations upon a person to whom it pays a salary to operate such property.

Now those who do the actual work of operating agencies of transportation of whatever kind are important factors in the business. The safety of the traveling public, and the care of property requires that competent and intelligent persons shall operate the motive power and guide the instruments used in transportation. Proper working conditions and just compensation for service must prevail in order to attract to the service such competent and intelligent persons as I have mentioned. On the other hand, inferior mechanism and less-

skillful workmen could be employed to operate similar agencies of transportation. In such cases, however, the degree of safety to both passengers and property would be greatly lessened. If allowed to continue uncontrolled and unregulated they would not only jeopardize the safety of passengers and cargo but would also drive out of business those who endeavor to observe the requirements for efficient and safe operation of transportation agencies.

We are told that the regulation of waterways would retard the development of transportation thereunder. That same argument was made in the past in regard to the operation of railroads and yet no one would think of saying to the railroads, now do just as you please. It seems to be assumed by the opponents of regulation that those who are to be entrusted with the duty of regulation would be persons of neither intelligence nor enterprise, and therefore would be unable, if not unwilling, to provide for a proper and prompt development of such agencies of transportation.

As already stated, the use of any kind of highway must be subject to public regulation, either through the public's own direct action or as applied to private persons entrusted with the management of such agencies. The more complex becomes our civilization and the more concentrated becomes the population the greater the need for rules of traffic. If we are to regard the means of transportation as the circulatory system of commerce, certainly there must be a power, as in the body, to assure the natural and proper circulation. Proper regulation must prevail in all of the agencies of transportation in the interest of justice to all of the persons engaged in such particular line of transportation.

It is true, of course, also that as between one kind of transportation and another, the same principle applies. If we are to encourage highway transportation for example, and provide for regulation, from the standpoint of the public welfare, certainly the same principles should apply to water and railroads. To compel any type of transportation agencies to observe sane methods of operation and to provide fair conditions for employees engaged by them while allowing all others to run riot would simply mean that you destroy the agencies compelled to follow proper methods and to provide proper conditions for those actually doing the work.

If we compel the greatest agency of transportation in the country, namely, the railroads, to observe as far as possible standards of modern civilization we should not allow other types of transportation to disregard all such standards. If we should do so we shall not only wreck and destroy the main agency of transportation in the Nation, but ultimately destroy private industry, commerce, and even the unregulated kinds of transportation themselves. Transportation agencies must be considered as a whole in order to be properly operated. That being true, there must be a single authority exercising jurisdiction over all. There should be a single authority for the reason that we should have one kind of judgment, one interpretation of the principles which are applied to regulating all forms of transportation. To do otherwise is to apply one standard to this and another standard to that form of transportation according to the conceptions of the different regulating authorities.

Nor must it be assumed, for a single moment, that regulating the different kinds of transportation agencies requires the fixing of the same rates for each of the transportation agencies. Applying the same principles to the different kinds of transportation agencies in the matter of rate-making might, and very likely would result in entirely different rates from the standpoint of dollars and cents. That being true, we will find each agency of transportation carrying the particular traffic to which it might be naturally adapted. This is as it should be in any comprehensive system of regulation.

It has been urged, however, that legislation is now pending for the regulation of all waterways by the Maritime Commission and that the regulation there proposed, as far as rate-making is concerned, is substantially what is proposed in the present Lea bill. The Bland bill also proposes, however, that a kind of board of arbitration be established to reconcile rates that may be fixed by the Maritime Commission and those fixed by the Interstate Commerce Commission for the other forms of transportation.

Now since the Interstate Commerce Commission has been in existence for 52 years, being the oldest regulating agency of the Government, thoroughly familiar with the whole subject of regulation, and composed of persons who have not only shown the ability but the desire to serve the best interests of the public, it would seem that instead of transferring their work to some new agency familiar at best with only one form of transportation agency, that the reverse proposal is better, namely, the transfer to the Interstate Commerce Commission of the jurisdiction over inland waterways. This would bring all of the agencies of transportation under the jurisdiction of experienced, able, and intelligent men. It would make sure that the same interpretation of principles would be applied to one agency of transportation as to the others, and that is the ultimate goal of just regulation. [Applause.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

That this act, divided into titles and sections according to the following table of contents, may be cited as the Transportation Act of 1939:

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TITLE I—AMENDMENTS TO EXISTING LAW

Sec. 1. Short title for act to regulate commerce; declaration of national transportation policy.
Sec. 2. Regulation of forwarding carriers.
Sec. 3. Through routes.
Sec. 4. Transportation free or at reduced rates.
Sec. 5. Car service.
Sec. 6. Undue preference or advantage; investigation by Commission; liability of beneficial owner and shipper; facilities for interchange of traffic.
Sec. 7. Repeal of provision relating to raising rates reduced to meet water competition.
Sec. 8. Pooling; consolidations, mergers, and acquisitions of control in case of carriers by railroad, motor vehicle, and water.
Sec. 9. Repeal of power to fix certain through routes and joint rates.
Sec. 10. Expenses of State commissioners; cooperation with State authorities.
Sec. 11. Amendments to section 15.
Sec. 12. Amendments to section 16.
Sec. 13. Commission procedure; delegation of duties; rehearings.
Sec. 14. Short title for part I.
Sec. 15. Short title for part II.
Sec. 16. References to policy declared in part II.
Sec. 17. Repeal of declaration of policy in part II.
Sec. 18. Amendments to section 203.
Sec. 19. Exemption of certain interstate and foreign commerce operations of motor carriers.
Sec. 20. Amendments to sections 204 and 205.
Sec. 21. Amendments relating to power of Commission to limit scope of motor-carrier operations.
Sec. 22. Repeal of motor-carrier provisions relating to consolidations, mergers, and acquisitions of control.
Sec. 23. New section added to part II.
"Sec. 213. Allowances to shippers for transportation services."
Sec. 24. Publication of information contained in contracts.
Sec. 25. Investigation of need for regulating sizes and weight of motor vehicles.
Sec. 26. Repeal of section 3 (e) of Inland Waterways Corporation Act.

TITLE II—REGULATION OF WATER CARRIERS IN INTERSTATE AND FOREIGN COMMERCE

Sec. 201. Part III of Interstate Commerce Act.
"Part III
"Sec. 301. Short title.
"Sec. 302. Definitions.
"Sec. 303. Application of provisions; exemptions.
"Sec. 304. General powers and duties of the Commission.
"Sec. 305. Rates, fares, charges, and practices; through routes.
"Sec. 306. Tariffs and schedules.
"Sec. 307. Commission's authority over rates, and so forth.
"Sec. 308. Reparation awards; actions by carriers; limitation of actions.
"Sec. 309. Certificates of public convenience and necessity and permits.
"Sec. 310. Dual operation under certificates and permits.

Sec. 201—Continued.
"Sec. 311. Temporary operations.
"Sec. 312. Transfer of certificates and permits.
"Sec. 313. Accounts, records, and reports.
"Sec. 314. Allowances to shippers for transportation services.
"Sec. 315. Notices, orders, and service of process.
"Sec. 316. Enforcement and procedure.
"Sec. 317. Unlawful acts and penalties.
"Sec. 318. Collection of rates and charges.
"Sec. 319. Employees.
"Sec. 320. Repeals; transfer of employees, records, property, and appropriations.
"Sec. 321. Existing orders, rules, tariffs, and so forth; pending matters.
"Sec. 322. Separability of provisions."
Sec. 202. Time effective.

TITLE III—MISCELLANEOUS

Part I—Bridges Over Navigable Waters

Sec. 301. Definitions.
Sec. 302. Obstruction of navigation.
Sec. 303. Notice, hearings, and findings.
Sec. 304. Submission and approval of general plans and specifications.
Sec. 305. Contracts for project; guaranty of cost.
Sec. 306. Apportionment of cost.
Sec. 307. Payment of share of the United States.
Sec. 308. Appropriation authorized.
Sec. 309. Failure to comply with orders; penalties; removal of bridge.
Sec. 310. Review of findings and orders.
Sec. 311. Relocation of bridges.
Sec. 312. Application of provisions.

Part II—Rates on Government Traffic

Sec. 321. Government to pay full rates.
Sec. 322. Deduction of overpayments.

Part III—Amendments to Reconstruction Finance Corporation Act

Sec. 331.

TITLE I—AMENDMENTS TO EXISTING LAW

SHORT TITLE FOR ACT TO REGULATE COMMERCE; DECLARATION OF NATIONAL TRANSPORTATION POLICY

SECTION 1. The act entitled "An act to regulate commerce," approved February 4, 1887, as amended (U. S. C., 1934 ed., title 49, secs. 1–27; Supp. IV, title 49, secs. 3, 6, 11, 15, 18, 21, 22, 25, 26, 301–327), is amended by inserting before part I the following:

"SHORT TITLE

"This act may be cited as the Interstate Commerce Act.

"NATIONAL TRANSPORTATION POLICY

"It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense."

Mr. LEA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. JONES of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. COLE of New York—at the request of Mr. HALLECK—on account of death in family.

EXTENSION OF REMARKS

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to extend my remarks on the pending bill by inserting therein part of the report of the committee.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short address by Fletcher Padgett at Springfield, Ohio.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a telegram with regard to the work-relief bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address by Robert H. Jackson, Solicitor General of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

HULL'S PEACE FETISH

Mr. SHORT. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes and to extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHORT. Mr. Speaker, our Secretary of State, Hon. Cordell Hull, is an able and a good man. For many years he served with high honor and great distinction in this House and in the United States Senate. When I first came to Congress 10 years ago, I learned to respect the man for his own personal qualities, and to admire his serene dignity. Notwithstanding my great admiration for him, I have never been able to accept the philosophy underlying the reciprocal-trade agreements. I was rather surprised that the able gentleman from Georgia [Mr. COX], on one afternoon early this week stood here in defense of those treaties, because I think the reciprocal-trade program perhaps has done as much to rob the American cotton farmer of his market as any other one thing. I had hoped to answer the gentleman from Georgia at that time but it was late in the day and I did not desire to detain the House longer. I have here about an hour's speech. I do not want to inflict such punishment on Members at this late hour, but I have prepared it rather carefully and invite the attention of the membership to it, the title of which is "Hull's Peace Fetish."

Peace! Peace! Peace! The cry that Secretary of State Hull's reciprocal trade treaty policy is an instrument for world peace has been dinned into the American people so long that some of them, all unwittingly, are beginning to believe it. And yet there is no peace. Look at Europe and the Far East, and dare imagine the certainty of understanding and good will among men.

This propaganda in America, academically hooking up peace and trade, is reminiscent of that which inundated the country in 1916, and, curiously, under similar conditions. The Underwood free-trade policy helped initiate the Wilson depression. The executive branch of the Government used its powers of diplomacy secretly and arbitrarily to push us into the war in Europe at the very time it appealed for the sympathies of the people solely because of its pacific aims. We were pulled out of the depression all right, but at the cost of going to a war for which every man, woman, and child in America is still paying in countless ways.

Today we have the same situation in new spangles. Originally the main objective of the trade agreements was the promotion of American agricultural exports, which has been wholly unattained. As soon as Secretary Hull discovered that the purely economic objectives of his folly could not be achieved—owing to foreign resistance—he switched over to the emotional appeal for the sympathy of the American public in the word "peace."

Now his policy is the road to peace, notwithstanding that all Europe is arming to the teeth and millions of shells are now being dropped in China and recently in Spain—4 years after Mr. Hull's treaties have been initiated. It is ironical, incidentally, that the only appreciable increases in America's exports by virtue of the trade treaties are war exports.

The fact is that the reciprocal-trade policy, parading under the mantle of peace propaganda, is little else than emotionally clever. Some Americans, capable of the mass delusion that they were being invaded by Martians should be easy enough prey for the charms of the word "reciprocal." It has a sincerity, a magic all its own.

The word "reciprocal" means to make a return for something done or given, implying mutual exchange, or a return in kind or degree. But actually this particular reciprocal has exactly the opposite of its real meaning. Let me show a bit later on why this is true.

The essence of Mr. Hull's program is the necessity to depend upon consultation with foreign governments in bargaining for concessions on specific items of trade; that is, trading for reductions in tariff. Falling back on cognizance of the great American habit of winning its wars and losing its conferences, I contend that any conversations between our Government—especially as constituted in personnel at the present time—and others must be one-sided, and naturally injurious to our own welfare, and in the end to the welfare of others. We Americans have never demonstrated any marked ability as students of foreign trade, nor of our own actual and theoretical relationship thereto. Foreign governments, on the other hand, know what they want and—too bad for us—that we do not.

When two sides sit in conference on any knotty problem, one lacking full knowledge of the governing facts, and the other full of them, some result may be obtained, it is true. The temptation, however, for the side having the preponderance of possession of the facts to outsmart the other is generally too great for anything but dangerous result for both. An agreement may be reached and it may work after a fashion for a time, but in the end it collapses and generates problems greater and more difficult than the original. The classic example is the Treaty of Versailles.

If there were a remote possibility in the reciprocal trade agreement program that we Americans could come out somewhere near even in this conversational bargaining I would be in favor of it. That is but a sanguine hope, in my opinion, under the conditions which prevail.

In my work as a Representative I am often reminded that "ignorance plays the chief part among men." A great many of our legislators will admit privately that they did not know enough about world commerce intelligently to support or oppose the trade-agreements policy originated by our Lochinvar out of the South, Secretary of State Cordell Hull. In that respect they reflected a condition prevalent among the people, despite the fact that for years they have been reminded daily that the United States is the biggest single world-trader among the nations.

Regardless of the political weather of the moment the topic of American-international commerce consumes more space in the public prints than almost any other. It would be an off day, indeed, that batches of stories did not emanate from Washington, setting out figures, or some view or theory—often sheer propaganda—concerning this exchange of goods and services. We have a host of members in foreign-policy associations, international trade councils, financial organizations, export and import clubs, of bureaucrats, politicians, and academicians holding forth incessantly with shouts of their ideas of the meanings of world commerce.

All this ado, after all, is quite understandable and logical. International commerce is a vast affair, involving billions of dollars in annual turn-over, signifying the employment of millions of people at home and abroad, and the supplying of great sections of the world's population with the goods and services necessary for living. In point of fact, it is such a great and complicated affair that there are almost as many opinions about its proper functioning as there are authorities.

A legislator runs into the exponents of these conflicting opinions on world trade every day. At the present time they, in common with millions of their fellow citizens, gaze in unison toward the Washington horizon hoping there to find the reason for and, therefore, salvation from the depression calamities so inopportunely visited upon us anew. Yet few seem to see that one of the important reasons for the depression might be found in the conduct of our foreign trade. Apparently these experts know too little about America's world commerce, which would be reason enough as to why it had been so successfully and persistently mismanaged. The public, meanwhile, having neither the time nor the patience to question and examine what is said about the subject, permit vague, high-sounding generalities concerning it to get by without serious challenge.

In this welter of loose talk about world trade from statesmen and economists there is, notwithstanding the lessons of the past 20 years, a woeful lack of willingness to really study some of the fundamental truths concerning it. In fact, one of the most striking phenomena of our times is the failure of our leaders to interpret the facts regarding world commerce, and to formulate sensible concomitant policies to make it work as efficiently as it might be made to. Rather there has been a remarkable preference, contributing absolutely to the present degeneration and decay in world political affairs, for various expediencies to postpone the inevitable consequences of refusal to take account of the facts. The incredible and long-standing chaos in America's foreign-trade policies has resulted in a terrible loss of employment and purchasing power with its attendant psychology of despair not only at home but in foreign countries as well.

It is the movement of goods and services between countries which we call foreign trade which constitutes the soul of life. Anything tending to disrupt or prevent its normal flow obviously is harmful, the degree depending on the gravity of the disruption or prevention. The primary reason for international disputes attaches to the surrender of hunger to envy and hatred. We have been watching the near anarchy in Europe and the Far East for 20 years and have observed something of its reflection, in spite of our protective oceans, on our own economic, social, and political life. A sixth sense again warns us that a new great war, the possibility of which is with us every moment, holds more moral and material dangers for us, even if we, by some miracle, escape actually being in it.

Now we Americans, all the world knows, are profound lovers of peace both from selfish and altruistic motives. Few other nationals constantly put forward as much organized effort toward harmony and good will between nations. Characteristic American idealism, wishing to minister to the sufferings of a confused world, has expressed itself for three decades now in the spending of billions upon billions in charities abroad, as well as in the blessings of American schools, hospitals, and scientific institutions of one kind and another, and in the economic tools with which to attain better living standards. This generosity, rising to fantastic heights, has no precedent in all history.

At times Americans have, and rightfully, become obsessed with uneasy suspicions that their spontaneous emotions of generosity to peoples in other lands had been cynically exploited by the latter. Nevertheless, they still vaguely believe in the sincerity and logic of their public servants when over the radio and in the press the statement is made that world trade is an adjunct to peace. A good-neighbor principle, promising that trade will move freely between countries, keeping people contented and happy, naturally fascinates them with its idealistic appeal.

One might, unhesitatingly, say that the right international movement of goods and services is not just an aid to peace, but peace itself. But such a statement is the mouthing of a platitude which solves nothing. The attainment of perennial peace in the world is as likely as the total eradication of disease. However, if we approach the cosmic problem of trade in the same spirit of humility which we consider health, knowing that studied, careful moderate policy has the

best chance of reward in longevity, we may, if it should be in the divine scheme of things, inject into world commerce some of the morality it sorely needs.

The trouble with world trade as it now exists rests in its not actually being an orderly process of interchanging goods and money under strict economic demand and supply. It is economic and financial warfare arbitrarily promoted, and leading ultimately to the employment of armies and navies. To a man traveling and studying abroad it becomes increasingly apparent that expressions of good neighborliness, brotherly love among other nations and the similar phrases of diplomats are often pretenses, the dementia of excuse. World commerce has become a mad international scramble for markets, governed by the rule that "all's fair in war." In very truth, the governments behind this scramble have become chiselers of the first water. The traders, the economic exploiters, concession hunters, and diplomats are frequently fronts for the baneful influences behind the scenes of voracious hunger for more world trade, control of raw materials and outlets for production, promoting the feverish building or navies for the protection of trade routes.

The unholy mess does, to be sure, call for the expert work of social science in various directions and the abridgment of old economic and political ways of behavior. For 150 years we in America have had peculiarly happy conditions of life, but times have changed. Unless we learn some sad facts these conditions will simply and imperceptibly vanish. While we want no entangling alliances, our paradise is not so isolated we can dismiss all other countries from mind. The world is getting too small to insure the well-being of any one nation without the cooperation of others, a reality with which even we, from a strictly selfish view, have to wrestle whether we like it or not.

Men and women in every land literally plead in their hearts that international intercourse slip its bonds of ignorance and stupidity. The world's finer minds call especially for trade policies to check undue dependence on force and the threat of force for prosperity. Why should not the more decent, the more like-minded nations, they ask, set examples to attract their weaker neighbors to sensible policies, to lessen the impulse behind their aggressions of the nations poor in resources by assisting them as much as possible to improve themselves?

In this picture America's influence is enormous, but sad to relate the public does not know what is going on. Perhaps the reason the public has been so apathetic to the problem thus far lies in the premise that it acquired a certain state of mind, inherited from the fact which has been existant from the dawn of our history, that we as a people enjoyed great self-sufficiency in natural resources and the means of their production—the skill of individuals—into usable wealth. It takes a long time to get rid of a state of a mind, but those good old decades of self-sufficiency and almost complete economic independence, however fervently we may wish them back, are gone forever.

Following the World War we have become more and more dependent on certain products of foreign countries. Our industrial technique and our increases in population and living standards caused new demands for raw materials from abroad—so much so that our imports of merchandise and materials rose from a total of $880,000,000 in 1901 to the enormous figure of $4,399,000,000 in 1929. By the same token, foreign countries became more and more dependent upon us for distinctive American products. Our exports grew from $1,465,376,000 in 1901 to $5,241,000,000 in 1929.

If one bears in mind that foreign trade consists of not simply the imports and exports of merchandise but also of the economic services imported and exported in terms of money, the physical imports and exports of gold and silver, and the movement of money by investments in countries, the subject of world trade is stripped down to its essentials. Without quoting the mass of statistics which prove the point, let me say that we have been selling ourselves short in our trade operations overseas, taking a net loss of great proportions.

Since the enactment of the reciprocal trade agreements policy into law, June 12, 1934, the United States made 447 reductions in duty on specific products of over a dozen foreign countries. It was said that as a result our exports would increase, and that such injuries as we would suffer in industry and agriculture would be offset by the benefits. But in reality while our imports of dutiable products increased between 1934 and the beginning of 1938 by 93.4 percent, exports of all United States merchandise increased by only 56.9 percent, according to official Department of Commerce figures. While the quantity of all our imports increased 52 percent during this period the quantity on the items on which tariff rates were reduced increased by 123 percent. But that is not all. In the meantime while foreign countries in certain cases gave us reciprocal-tariff concessions, they were nullified by their quota and exchange control policies.

The proponents of the reciprocal-trade agreements point with great pride to the fact that in 1937 our export shipments increased. But, do these reciprocal trade agreement admirers tell us that this showing would not look so good if we really examined it? Of course not. Running down the list of these increases we find great impetus in iron and steel scrap exports; in pig-iron shipments; in steel ingot sales, and so forth. Aircraft, parts and accessories, automobiles and parts, and a host of other implements of war accounted for the additional increases. Is anyone so naive as to imagine these upswings are due to a sudden return to normal mass demand abroad for American products of this kind? Who in the impoverished debt-ridden rank-and-file population of Europe buys these things? Why, naturally, the governments, or government subsidized or controlled interests.

Is it any wonder that anyone close to legislation which reaches into the disposition of our lives must of necessity get sick of the false preaching that our peace is dependent upon all ill-conceived foreign-trade policy? It demands no perspicacity to draw the connection between this sort of propaganda and the fact that our National Congress ponders the building of a naval force of the size no nation has ever dared to contemplate. It is a sad commentary on our affairs that this prating of the peace that comes out of the reciprocity agreements makes no mention of the signal fact that there has been no great revival in our export trade because of these agreements, beyond exports of the implements of war.

Nor will the advocates of the reciprocal-trade treaties tell us a great deal about the effect on our national welfare of the increase of hundreds of millions of dollars in our 1937 imports, including iron and steel, tremendous amounts of corn, barley, cattle, cotton, meat and meat products, all things with which we could inundate the world. Anyone grounded in arithmetic, and particularly one who has observed life abroad, knows that the production of every sort of product in foreign countries is literally sweated out of their people. We in America pay wages from 2 to 400 percent in excess of those paid abroad. The connection is obvious: The Hull program permits foreign nations to pay us in their sweated products, since they cannot give us gold for our exports of oil, steel products, nitrogens, sulfur, and similar accoutrements of war.

We do not realize—because no one takes the trouble to point it out to us—that our exports of goods represent the high-dollar value f. o. b. United States, whereas the figures for our imports represent the foreign value. This latter value does not include ocean insurance, freight, duty, importers' profits, and selling expenses. It is this low foreign value which compares with the high-wage and high-cost American valuation of exports, including profits, taxes, and so forth. To get at the real analysis of where we stand on these transactions we would have to multiply the figure of imports by at least the factor of two, according to experts. The picture then would reveal the American people paying out over $2,000,000,000 more in 1937 than they took in on the movement of goods alone.

The reciprocal trade treaty proponents counter that since we are a creditor country this is exactly the end desired.

The theory is that the only way foreigners can pay us what they owe is by shipping us their goods. I venture the view that at the present time we are a creditor nation on paper only. If we really are, it is exceedingly doubtful whether we can ever collect. But assuming that we can stand this loss of $2,000,000,000 in the exchange of goods, can we in addition stand the further loss of millions of dollars which our tourists expend abroad every year, which we pay out to foreign shipping countries for their freight services to us, in our immigrant remittances, and so on? I seriously question that we can.

Again, if these losses were not sufficient to break down our possibilities of prospering, what about the more serious question of labor displacement which results when we import goods which we make or grow ourselves? If we import $1,000,000 worth of chinaware from Japan and sell her machinery and scrap iron worth $2,000,000, we in effect also import $600,000 in Japanese labor. The million dollars' worth of chinaware would contain 10,000,000 hours of Japanese labor at 60 cents a day. The American chinaware workers, getting 60 to 75 cents an hour, could not claim their jobs very long after this million dollars' worth of Japanese china reached the American market. There are, in fact, 5,000 chinaware workers in Ohio out of work now, and will continue to be, so long as the foreign product has free access to our market. Certainly the $2,000,000 we received for the machinery and scrap iron sale to Japan cannot counteract the unemployment loss in American factories to which it contributed.

It may be argued, to stretch a point, that in periods of prosperity the United States can withstand this kind of short selling without irreparable damage, because of our resources. But now, in this new recession, the dangerous relapse after a severe economic illness, it is highly speculative as to whether we can pull through safely unless we radically revise our policies on world trade. The cumulative effects of our consistent foreign-trade losses through the years are such as to make its study and solution as imperative for immediate needs as balancing the Budget. We cannot go on sustaining a loss of well over a billion dollars a year, which is the actual excess of our imports over our exports of merchandise, of additional losses through gold and silver movements, and still more losses because of the huge excess of our expenditures abroad for services to our tourists and services to our business by foreign shipping companies over similar foreign expenditures in the United States.

The most important point of all is that if the countries to which we make tariff concessions do not fully reciprocate, in the long run they are damaging not only the people of the United States but their own nationals as well. Their economic systems, catering to the politics of armament, are purely artificial, and it is only a question of time before such trade intensifies the inevitable depression, sucking into its wake a thousand other social evils that cannot live in the sunlight of peace and understanding. I visualize this danger in other countries more significant than the material loss that we entail.

Now, while I am constrained to applaud Secretary of State Hull for explaining to the American people that they no longer enjoy the economic isolation of the pre-war epoch, I am far from happy over his bland assertions that his reciprocal-trade treaties make for peace. At least it seems utterly fantastic anyone could make the sweeping generalization that world peace is contingent upon the sacrifice of American industries by tariff concessions to foreign countries without compensating return, such concessions being theoretically the heart of the reciprocal-trade treaties. In effect, the good American people are asked to sacrifice their resources again for the sake of a decidedly nebulous international peace. I have no doubt many of them would gladly lay down their lives, if only they saw the promise that genuine international goodwill would ensue. In the light of past experience, and the war clubs now being brandished abroad, there is overwhelming doubt that such generous sacrifice would be of the slightest value. Accordingly, the only conclusion to be reached is that the reciprocal-trade treaties are destructive in policy, heading us for endless trouble in the manner that the peace treaties of 1919 placed us in the turmoil in which we live today.

Upon due reflection one is struck with the stark similarity which exists between this latest peace-marking effort of Secretary of State Hull and those which were instituted in our age of "normalcy"—the 1920's. At that time we were led to believe that investments in and trade with foreign countries were imperative to our national husbandry. We poured billions into Europe alone for governmental purposes, industry, and trade. We achieved a $5,000,000,000 export trade, and simultaneously became the world's largest buyer of the necessities from abroad which we could use, to the tune of four billions or so annually. But our peacemakers of that day ignored the realities of Europe's politics and economics. European insecurity and dispute, which we could not appreciate fully because of our own happy circumstances on this side of the Atlantic, caused the flight of European capital—much of it composed of American loans as well as of American payments for foreign goods and services—to the United States, contributing materially toward our inflation. With the 1931 collapse in Europe, this European capital was heavily withdrawn, acting as a powerful deflationary force, and helped to precipitate the national headache of 8 years of depression still with us. Unintelligent meddling in the finances and trade of foreign countries brought us disillusionment, cataclysm, and paralysis.

Nevertheless, this sad ending still staring us in the face, here we are again with our reciprocal-trade treaties, giving the same old aid and comfort to foreign countries, but in a more dangerous form. From 1921 to 1929 we sold $42,000,000,000 worth of goods abroad, sales facilitated by the credits which we extended foreigners. The losses on these loans, at least, gave us a form of cheap unemployment insurance, for during all that time we had full employment in the United States.

If there be grounds for criticizing a policy for keeping up employment by a great export trade built on the contingency of extending credits to our customers only to have it collapse one day, what can be said for the policy of the reciprocal treaties whereby our unemployment is increased by excessive imports of competitive products and we receive no compensating return in appreciable healthy increases in exports?

Foreign customers are not buying much more of our goods for the simple reason that they are more nationalistic, if anything, than they were in the 1920's, and that we are extending them no credits. The additional money they receive from Americans because of increased sales to us of competitive factory and farm products is not being used for greater purchases of our goods. As in former days the money is being used for speculation in our investment securities and holds nearly the same power over our credit which it held in 1931, the reason being the only change that has occurred in economic and social conditions abroad is greater instability and confusion. The difference obtaining, so far as the basic effects on our economy are concerned, between our former policy of lending our customers money to support a $9,000,000,000 foreign trade, and the present one of excessively increasing imports to subtract from our employment, seems to be one of degree. Of the two evils, perhaps the losses on loans would be the preferable, for unemployment is the prime breeder of civil disorder and strife.

It so happens that nowadays we are not minded to, and cannot by law, lend very much money abroad. The reciprocal trade treaty theory, therefore, would increase our exports and employment by increasing our imports.

The only way we can increase imports, since we are always large buyers of raw materials, is to step up our importations of products competitive to those grown or manufactured in the United States. This naturally breaks down the price structure in the American industry affected. Foreign products are made or grown by labor of long hours,

harsh conditions, and are often given rebates or subsidies in one form or another by the government of the country in which made. When such articles come into the United States and undercut our products we must lower the price, disproportionately to actual value, which reflects high wages and living standards, taxes, and exceptional quality of product. The margin of profit becomes low or disappears altogether, in turn causing shut-downs, unemployment, and resultant economic distress.

It is curious but true that American industries most harmed by imports of competitive products have no appreciable export market. On being forced out of the American market, their unemployment is absolute. Meantime, our industries which export (few of them export more than 5 to 7 percent of their production) could not exist were it not for the demands at home on their production. Consequently, any unemployment due to lack of export trade is merely relative.

Again, there is coincidence in the fact that the most rabid American business supporters of the reciprocal treaties are the few and powerful who have profitable export markets, but no foreign competition in their own domestic market. They happen to be in specialized lines which admit of no alien competition because of their technique, requiring a vast domestic market to lower costs. It is these few who are still dreaming of that five-billion-dollar export velvet. It is amazing they do not realize that the way this colossal trade was conducted was not a healthy state of affairs for the Nation. These exports minimize our enormous chronic deficit in our international operations, it is conceded, but not sufficiently to offset our folly in flooding the world with billions of dollars (exclusive of loans) in our tourist expenditures, our immigrant remittances, the charges we had to pay for foreign shipping services, and other items entering into the financial aspect of our international relations. We wasted these staggering sums of money because of an abysmal ignorance in international dealings, and thus brought on the present hardships and sufferings of our people.

Even American enterprises which have an export demand of considerable proportions, but which are also subjected to the competition, in the United States, of foreign products by virtue of the reciprocal treaties, find the net outcome to them very baneful in price losses and employment. In the final analysis these losses are peculiar, therefore, both to the industries having no export and to those who have.

The reciprocal-trade treaties falsely assume that American tariffs compared with foreign have been inordinately high. This narrow-brained, inaccurate basis for the reciprocal-treaty program permits a surreptitious downward revision of the American tariff, bear meat which foreign nations go for. The truth is, incredible as it may seem, our tariffs, relatively, have not been high at all. For years the schedules have provided free entry to nearly 67 percent of our import items, while foreign nations have resorted to every device known to man to keep out foreign goods, especially American, from their boundaries. If all the world resorted to the philosophy of extreme nationalism, and Americans remained aloof from it by permitting the world to dump their goods on our market, I should say we would be fools deserving whatever dire consequences ensued.

The American tariff of 1922 followed in fear, rather than fostered the high trade restriction policies of European countries. They were bankrupt, and they naturally did not want a plethora of goods from us which they could not pay for. We blithely ignored this fundamental, and proceeded to high-pressure them, lend them money so they could take the excess of our production which had been geared up for war purposes, and which we were unwilling to gear down to common-sense peacetime needs. We had simply an inflated idea of our importance in the world-trade scheme, and imagined that efficiency, quick turn-over, machine skill would indefinitely remain an American monopoly. Instead of trying to maintain our exports somewhere at levels dictated by rock-bottom national necessity, in which 95 percent of our production is consumed at home, we went export mad.

The American tariff of 1922 was faulty, however, in one great respect. It put up certain barriers against foreign merchandise without considering that realinement in international commerce had taken place. Costs of production in all European countries had increased. Though American costs likewise increased, Congress failed to perceive the very low production costs of several countries, notably Japan, not involved in the international debt structure of the war. The standards of living in these particular countries were much lower than those prevailing in European countries. Both our major political parties followed the mirage of applying uniform tariff increases, affecting certain commodities to all the countries of the world.

We should have applied increases first to the products of those countries where costs and standards of living were below the world average, and preferential treatment should have been accorded to others. Such consideration would have greatly pacified most European countries, and Americans would have disarmed both Europe's wails for debt cancelation on the ground that our tariff discriminated against their goods, and escaped the infiltration of cheap merchandise from the Orient.

European politicians naturally perverted to their own uses the basic significance of our muddled tariff thinking and our avidity to increase exports. They played on our theories with the subtle propaganda, looking always to debt cancelation, that the American people must become import minded as well as export minded. This was a Machiavellian stroke of diplomacy which had the psychological value of putting the onus of the world's trade troubles, in the eyes of the European public, on the United States. The truth was that the United States was the world's largest buyer of raw materials, with average annual imports constantly increasing.

But the invisible items of our foreign trade, our immigrant remittances, insurance payments, tourist expenditures, payments for foreign shipping services, amounted to hundreds of millions of dollars annually, items which affect our favorable physical balance of trade to the immense advantage of foreigners. Of course, the Hawley-Smoot Tariff Act of 1932, although 65 percent of the import items remained on the free list, caused a new storm of European criticism, our brethren in America who saw their exports falling and our politicians seeing an opportunity to pander to this criticism, gladly joining. But I believe the Hawley-Smoot Act was the first real attempt in our history to take the tariff out of politics. It gave the President power under the recommendations of the Tariff Commission to decrease tariff rates where investigation showed an actual injustice was being done to a foreign product under our law.

I have the feeling, too, that President Hoover was personally against any tinkering with the tariff, and he was well aware that political gangsters and special interests sought to put him on the spot by slightly increasing certain rates on import items from abroad. When he signed the Hawley-Smoot bill he hoped that the provision in it for decreasing the tariffs where justice demanded would give him the leeway he needed to fight propaganda, centered on the psychology abroad which clever, unqualified mention of United States tariffs could arouse. But before Hoover could give this provision the effect of constructive action other political issues overwhelmed him.

So it was that the reciprocal-trade-treaty program strutted on the Washington stage. The Democratic high command did not dare, directly, repeal the Hawley-Smoot law, but by the indirection of the Hull trade treaties accomplished something of the desire of the European sirens preaching the leveling of American tariffs, and of selfish American interests considered vital to the fortunes of self-seeking politicians and bureaucrats. By these treaties, gifts of tariff, cuts are made to extend to all favored-nation countries—virtually the world—without even the constitutional formality of ratification by our Senate, and in effect abrogating the tariff-making power of Congress.

I see honest differences of opinion among Americans as to the probable results of moves designated to improve and maintain our national and international position. These

are inconsequential as compared with the differences in viewpoint between those who consider the question of our strategy rationally, affecting America and the world as a whole, and those motivated by the personal and selfish, or the well-intentioned visionary, interest which longs for a world condition of social and economic harmony while living in a world of ruthless fact.

The contention that in addition to the imports of raw materials, an enormous trade in itself, we ought to import manufactured wares and farm products made or grown abroad cannot stand still another analysis. Specifically expressed, if we import raw silk, of which we are large buyers, for our silk-goods production, the reciprocal-treaty advocates say we do not go far enough. We ought also, according to these extremists, import silk manufactures. It stands to reason we must either cut out our imports of raw silk, if we allow silk manufactures to come in and put our silk-goods plants out of business, or we must stop imports of products made from silk. We cannot do both—import raw silk and at the same time invite the competition in finished silk of the nations who furnish us with the raw material.

In answer to this situation, the favorite argument of the experts on reciprocal-trade treaties is that if an American industry is "inefficient" it deserves to succumb to the onslaughts of foreign competition. The definitions of efficiency are, of course, carefully avoided. But what this point amounts to is the condemnation of nine-tenths of American industry and farming because of high costs and living standards. If efficiency means consequent low standards of living and low costs, I propose that my reciprocal trade treaty friends are playing with dynamite in suggesting that such standards are ideals for Americans to follow.

The present confusion in America with regard to the problem of world trade, traceable to the inexperienced in high places and to vested interests, is symbolized by the hue and cry of extreme nationalists, who bellow that self-contained America ought to forget all about foreign trade. Our science, according to them, can make it unnecessary to import a single commodity of any kind. Science has not yet made us independent of foreign materials, and in order to pay for them we must export. Were it desirable or possible to refuse to import, we would be more vulnerable than we are now to the bitter envies and hatreds of the nations.

Extreme nationalism or internationalism based on hysteria and prejudice both lead to war. Only that nation wins the respect of its neighbors that knows its economic facts and thus can insist on being treated fairly. With America, the vital problem is the protection of its standard of living; so inextricably a part of our foreign-trade problem, it is above all controversy. Next to liberty their living standard is the most precious thing Americans have and is the direct result of that liberty. As our living standards become lowered by excessive imports of cheap merchandise and farm products, it will be most difficult to restore the loss. Every step taken to decrease that standard means simply that we are giving up also some measure of our independence. If we lose part of one, we just as surely lose part of the other. A declaration of policy that we stand ready to protect our standard would serve as the best possible check against any international attempts to take advantage of us and lead the nations of the world to practice honest cooperation, requiring mutual concessions to secure mutual benefits.

At this point it is well to remember that the world at large is more indebted to the United States than vice versa. While men have ever surged back and forth striving to secure the good things of life, no people have so tremendously and consistently played the good Samaritan to others as have Americans. We ought to be considered as practical contributors to world peace for the still greater reason that if we practiced the imperialism which our vast resources dictate we could very nearly rule the earth. Imagine what would happen if as a people in whose borders alone half of the business of the world is done we took the notion to really exploit the world markets. All our businessmen and bankers would be trained in international trade and finance; our diplomatic staff would be increased aggressively; our Army and Navy would be built to several times the present size. With such a combination, no group of nations could prevail against the power of the United States which, practical economists know, can support twice its present population with ease.

Thus the annual import into our country of a billion dollars or two of products over and above our necessary imports of raw materials can have only one possible result if the wrath of Americans in the past over public questions is any criterion. As soon as they find out what additional losses they are called upon to sustain in favor of nationals abroad and the social consequences to American life their sentiment of human sympathy for foreigners will again be transformed into the violent passion of resentment. Overnight Americans will go to extremes and demand really high tariffs. The foreigners who had been allowed by our peacemakers to build up a tremendous stake in our market will naturally become angry, and there is your risk of war. In that event the pity of it would be that America's dreads and suspicions would serve to postpone indefinitely the day when Americans, without whose aid no formula of peace is considered to be possible, would be willing to use their good offices to persuade the nations to modify their warlike policies and purposes with some hope of success.

The exercise of moderation is the key to the problem of world trade, as it is in all the problems of living. We Americans should promote our exports to the highest possible level without mortgaging our future in foolish extensions of credit abroad. If, when, and as we resume loans abroad, we ought to provide that their proceeds are used for productive enterprise. In reciprocity we would buy all the foreign raw materials we need and only such competitive and farm products as are produced on a basis comparable with the American and which are at least as good in quality and utility.

The constructive steps we could take to improve our world trade and earn the respect of our neighbors are several. First, scrap the Reciprocal Trade Agreements Act and make two-way treaties with individual nations through Congress. Secondly, through the Tariff Commission the Government could prevent pressure groups at home from inflicting outright injustices on deserving foreign products by extreme tariffs. Next, our Government must perceive that circumstances demand organized scientific assistance to American exporters and importers engaged in world markets, since they are in business as individuals finding they have to compete in world markets against foreign governments, which either subsidize their individual producers or themselves maintain monopolies of various kinds.

At one time—it was seriously curtailed in 1933 "for reasons of economy"—we had a Commercial Attaché Service, which the British commended as the finest body of economic diplomats in the world. This service, in spite of exchange regulations, formidable tariffs, clearing agreements, quotas against trade, did yeoman work for 12 years in promoting and protecting American interests in world trade. Incidentally, foreign government officialdom and business made beaten paths to the doors of these attachés of ours, seeking their knowledge and advice. Today, every Government considers its own commerce attaché service, copied after the American pattern, a most valuable arm in its world-trade work. We must have equality in this form of representation abroad again. Until we do, foreign governments know we are handicapped in the gathering and application of the perishable facts of world economics, and can therefore beat us in any conference.

World trade has its place in the economy of every important nation. It cannot continue to consist of a chaotic scramble for markets. A definite determination by our Government, after careful study of how much and what we can import and export, not injuring the American farmer and manufacturer, would do more to point the way of peace to nations than all the treaties of any kind put together. Foreign capitals would then realize that at last America had grown up, become really world-trade conscious, and given up

its amateurish dabbling in one of the most important features of our national life. That knowledge alone is the key to any contribution we can make to world peace. [Applause.]

EXTENSION OF REMARKS

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend the remarks I made today and include therein certain exhibits to which I made reference.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHANDLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include resolutions adopted by the Tennessee delegation in the House on the death of our late colleague, Sam D. McReynolds.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter I received as chairman of the Expenditures Committee from the Home Owners' Loan Corporation, and also a memorandum enclosed in that letter.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAVENNER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a radio speech delivered by the Secretary of Labor.

The SPEAKER. Is there objection?

There was no objection.

SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1610. An act to prevent discrimination against graduates of certain schools, and those acquiring their legal education in law offices, in the making of appointments to Government positions the qualifications for which include legal training or legal experience; to the Committee on the Civil Service.

S. J. Res. 176. Joint resolution providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of The Star-Spangled Banner; to the Committee on the Library.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 4646. An act to provide means by which certain Filipinos can emigrate from the United States;

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States;

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia;

H. R. 5735. An act to authorize the acquisition of additional land for military purposes;

H. R. 6065. An act to authorize major overhauls for certain naval vessels, and for other purposes;

H. R. 6205. An act to provide for additional clerk hire in the House of Representatives, and for other purposes;

H. R. 6503. An act relating to the exchange of certain lands in the State of Oregon;

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1871. An act to prevent pernicious political activities.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 4646. An act to provide means by which certain Filipinos can emigrate from the United States;

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States;

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia;

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H. R. 6503. An act relating to the exchange of certain lands in the State of Oregon;

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

ADJOURNMENT

Mr. LEA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 58 minutes p. m.), the House adjourned until Monday, July 24, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

There will be a meeting of the Committee on Naval Affairs at 10:30 a. m., Monday, July 24, 1939, for the consideration of the conference report on the naval personnel bill, H. R. 4929.

COMMITTEE ON INSULAR AFFAIRS

There will be a meeting of the Committee on Insular Affairs on Tuesday, July 25, 1939, at 10 a. m., for the consideration of H. R. 6197, creating the Puerto Rico Water Resources Authority, and for other purposes; and S. 2784, to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, July 26, 1939, at 10 a. m., for the consideration of H. R. 793, H. R. 3521, House Joint Resolution 288, House Joint Resolution 290, and S. 72.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1035. A letter from the Acting Secretary of the Navy, transmitting the draft of a proposed bill to permit per-diem employees of the Naval Establishment to work more than 8 hours per day under certain circumstances; to the Committee on Naval Affairs.

1036. A letter from the Attorney General, transmitting the draft of a proposed bill to provide for the seizure and forfeiture of motor vehicles, vessels, aircraft, and other conveyances used in the commission of certain offenses; to the Committee on the Judiciary.

1037. A letter from the Acting Secretary of the Department of Commerce, transmitting the draft of a proposed bill to amend section 4472 of the Revised Statutes to provide for the safe carriage of explosives or other dangerous articles on board vessels; to the Committee on Merchant Marine and Fisheries.

1038. A letter from the Secretary, Reconstruction Finance Corporation, transmitting a copy of the resolutions adopted by the board of directors of the Reconstruction Finance Corporation in connection with the resignation of Hon. Jesse H.

Jones as chairman and member of the board; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BUCKLER of Minnesota: Committee on Indian Affairs. H. R. 6054. A bill authorizing the Secretary of the Interior to pay salaries and expenses of tribal officials of the Minnesota Chippewa Tribe; without amendment (Rept. No. 1248). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 268. Resolution providing for the consideration of H. R. 7096, a bill to amend an act entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes"; without amendment (Rept. No. 1249). Referred to the House Calendar.

Mr. COLMER: Committee on Rules. House Resolution 269. Resolution providing for the consideration of House Joint Resolution 367, a joint resolution to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes; without amendment (Rept. No. 1250). Referred to the House Calendar.

Mr. CELLER: Committee of conference. S. 2150. An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act (Rept. No. 1251). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. WHITE of Idaho: Committee of conference. H. R. 6984. A bill to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes (Rept. No. 1252). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. DELANEY: Committee on Rules. House resolution 270. Resolution providing for the consideration of H. R. 6830, a bill to authorize the construction of new buildings for the Navy Department in the District of Columbia; without amendment (Rept. No. 1253). Referred to the House Calendar.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 7320. A bill to amend the District of Columbia Revenue Act of 1939, and for other purposes; without amendment (Rept. No. 1254). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 6692. A bill authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site and other public purposes; with amendment (Rept. No. 1255). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5685. A bill to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937; with amendment (Rept. No. 1259). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5405. A bill authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes; without amendment (Rept. No. 1260). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 7086. A bill to provide for insanity proceedings in the District of Columbia; with amendment (Rept. No. 1261). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 7314. A bill to amend the act of Congress known as the District of Columbia Alcoholic Beverage Control Act, as amended, to permit the sale of beer to persons seated in automobiles parked upon the premises of the permittee in the District of Columbia; without amendment (Rept. No. 1262). Referred to the House Calendar.

Mr. HEALEY: Committee on the Judiciary. H. R. 7193. A bill prohibiting the use of military uniforms or arms by certain organizations; with amendment (Rept. No. 1263). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. S. 2697. An act to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad; with amendment (Rept. No. 1264). Referred to the Committee of the Whole House on the state of the Union.

Mr. LESINSKI: Committee on Invalid Pensions. S. 522. An act to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 75 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes; with amendment (Rept. No. 1265). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCK: Committee on Ways and Means. H. R. 7263. A bill to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939; without amendment (Rept. No. 1266). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCK: Committee on Ways and Means. H. R. 6687. A bill to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by, sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in the United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction; without amendment (Rept. No. 1267). Referred to the Committee of the Whole House on the state of the Union.

Mr. BOEHNE: Committee on Ways and Means. H. R. 1648. A bill to provide for the refund or credit of the internal-revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937 where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government supervision as provided by law and regulations; with amendment (Rept. No. 1268). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POAGE: Committee on War Claims. S. 1081. An act for the relief of John B. Jones; without amendment (Rept. No. 1256). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on War Claims. H. R. 5953. A bill for the relief of Marie Heinen; without amendment (Rept. No. 1257). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on War Claims. H. R. 1368. A bill for the relief of the Pokegama Sanatorium; without

amendment (Rept. No. 1258). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAY:

H. R. 7328. A bill to promote the efficiency of the national defense; to the Committee on Military Affairs.

By Mr. PETERSON of Florida:

H. R. 7329. A bill amending section 8 of the Soil Conservation Domestic Allotment Act, as amended, to authorize the utilization of county committees or associations; to the Committee on Agriculture.

By Mr. RANKIN:

H. R. 7330. A bill to authorize the Administrator of Veterans' Affairs to transfer by quitclaim deed to the Pennsylvania Railroad Co., for right-of-way purposes, a small strip of land at Veterans' Administration facility, Coatsville, Pa.; to the Committee on World War Veterans' Legislation.

By Mr. BLAND:

H. R. 7331. A bill to amend section 601 (c) (8) (A) of the Revenue Act of 1932, as amended; to the Committee on Ways and Means.

By Mr. BULWINKLE:

H. R. 7332. A bill to discharge national banks in the process of voluntary dissolution from all liability with respect to certain dormant claims; to the Committee on Banking and Currency.

By Mr. MARTIN of Iowa:

H. R. 7333. A bill to provide for the increase in certain pensions payable under section 6 of the Railroad Retirement Act of 1937; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH:

H. Res. 268. Resolution for the consideration of H. R. 7096; to the Committee on Rules.

H. Res. 269. Resolution for the consideration of House Joint Resolution 367; to the Committee on Rules.

H. Res. 270. Resolution for the consideration of H. R. 6830; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARTON:

H. R. 7334. A bill for the relief of Nicholas G. Niedermiller, Peter A. Beklemishev, and Nicholas M. Tikhmenev; to the Committee on War Claims.

By Mr. HEINKE:

H. R. 7335. A bill granting a pension to Ulysses H. Franklin; to the Committee on Invalid Pensions.

By Mr. O'BRIEN:

H. R. 7336. A bill granting an increase of pension to Mary A. Ward; to the Committee on Invalid Pensions.

By Mr. PETERSON of Florida:

H. R. 7337. A bill for the relief of Harriet T. Johnston; to the Committee on War Claims.

By Mr. WOOD:

H. R. 7338. A bill for the relief of sundry claimants, and for other purposes; to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4861. By Mr. ASHBROOK: Petition of Robert McCormick, Coshocton, Ohio, and 496 others, asking for certain amendments to the relief bill; to the Committee on Appropriations.

4862. By Mr. BARRY: Petition of the New York Board of Trade, Inc., New York City, concerning the Mead-Allen bill; to the Committee on Banking and Currency.

4863. By Mr. JOHNS: Resolution of the County Board of Marinette County, Wis., in regular session duly assembled, requesting that they go on record as being opposed to the decrease in Works Progress Administration rolls by the Federal Government at this time, and that Congress be memorialized as herein provided; to the Committee on Appropriations.

4864. By Mr. LUTHER A. JOHNSON: Petition of Frank Harlen, of Palmer; G. B. Arnold, of Ennis; R. R. Morrel, of Milford; Cary Wilson and W. W. Hart, of Waxahachie, all of the State of Texas, favoring House bill 6749; to the Committee on Agriculture.

4865. By Mr. KEOGH: Petition of the United Mine Workers of America, favoring the passage of Senate bill 2420 and House bill 6352; to the Committee on Mines and Mining.

4866. Also, petition of the Brotherhood of Locomotive Firemen and Enginemen, Cleveland, Ohio, concerning the Lea bill, substitute for Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

4867. Also, petition of Barnwell Bros., Inc., New York City, concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4868. Also, petition of William Feinberg, secretary, Local 802, American Federation of Musicians, New York, urging support of House bill 3840; to the Committee on Military Affairs.

4869. Also, petition of the Allied States Association of Motion Picture Exhibitors, Washington, D. C., favoring the passage of Senate bill 280; to the Committee on Interstate and Foreign Commerce.

4870. Also, petition of the Vessel Owners and Captains Association, Philadelphia, Pa., concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4871. Also, petition of the Southern Transportation Co., Philadelphia, Pa., concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4872. Also, petition of A. L. Burbank & Co., New York City, concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4873. Also, petition of Strohmeyer & Arpe Co., New York City, concerning enactment of House bill 7003; to the Committee on Ways and Means.

4874. By Mr. PFEIFER: Petition of the National Knitted Outerwear Association, New York City, concerning House bill 944, the Wool Labeling Act of 1939; to the Committee on Interstate and Foreign Commerce.

4975. By Mr. KEOGH: Petition of the Union Barge Line Corporation, Pittsburgh, Pa., concerning the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4876. By Mr. LAMBERTSON: Petition of Mrs. Stewart Sayles and 18 other Meriden, Kans., citizens, urging Congress to do everything possible to keep our country out of a foreign war; to the Committee on Foreign Affairs.

4877. By Mr. PFEIFER: Petition of A. L. Burbank & Co., New York City, opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4878. Also, petition of the Vessel Owners and Captains Association, Philadelphia, Pa., opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4879. Also, petition of the Merchants Association of New York, opposing enactment of the Lea bill and Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

4880. Also, petition of Local 802, American Federation of Musicians, New York City, urging support of House bill 3840; to the Committee on Military Affairs.

4881. Also, petition of the Union Barge Line Corporation, Pittsburgh, Pa., opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4882. Also, petition of the Allied States Association of Motion Picture Exhibitors, Washington, D. C., favoring the enactment of Senate bill 280; to the Committee on Interstate and Foreign Commerce.

4883. Also, petition of the Strohmeyer & Arpe Co., New York City, approving enactment of House bill 7003; to the Committee on Ways and Means.

4884. By Mr. KEOGH: Petition of the National Knitted Outerwear Association, New York City, concerning House bill 944, the wool labeling act; to the Committee on Interstate and Foreign Commerce.

4885. By Mr. TENEROWICZ: Resolution of the Michigan Federation of Post Office Clerks, petitioning Congress for the appointment of a joint congressional commission for the purpose of investigating conditions surrounding the employment of substitute post-office clerks in first- and second-class offices, and clerks in third-class post offices, with the view of recommending needed and desirable legislation to the next session of the Congress; to the Committee on the Post Office and Post Roads.

4886. By the SPEAKER: Petition of the Descendants of the American Revolution, Washington, D. C., petitioning consideration of their resolution with reference to House bills 4860, 5138, 5643, 6075, and Senate bill 409; to the Committee on Ways and Means.

SENATE

MONDAY, JULY 24, 1939

(Legislative day of Tuesday, July 18, 1939)

The Senate met at 12 o'clock meridian on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O God, who makest us glad with the weekly remembrance of the glorious resurrection of Thy Son, our Lord, vouchsafe us this day such blessing through our remembrance of Thee, that the week to come may be spent in Thy service, and we may conclude our labors without haste in all faithfulness and diligence, to Thy greater glory and the welfare of this Nation. Through Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, July 21, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Russell
Andrews	Ellender	Lee	Schwartz
Ashurst	Frazier	Logan	Schwellenbach
Austin	George	Lucas	Sheppard
Bailey	Gerry	Lundeen	Shipstead
Bankhead	Gibson	McCarran	Stewart
Barbour	Gillette	McKellar	Taft
Barkley	Glass	McNary	Thomas, Okla.
Bilbo	Green	Maloney	Thomas, Utah
Bone	Guffey	Mead	Tobey
Borah	Gurney	Miller	Townsend
Bridges	Harrison	Minton	Truman
Bulow	Hatch	Murray	Tydings
Burke	Hayden	Neely	Vandenberg
Byrd	Herring	Norris	Van Nuys
Byrnes	Hill	Nye	Wagner
Capper	Holman	O'Mahoney	Walsh
Chavez	Holt	Overton	Wheeler
Clark, Idaho	Hughes	Pepper	White
Connally	Johnson, Calif.	Pittman	Wiley
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Michigan [Mr. BROWN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], and the Senator from Illinois [Mr. SLATTERY] are absent on important public business.

The Senator from Ohio [Mr. DONAHEY] is unavoidably detained.

Mr. AUSTIN. I announce that the Senator from Massachusetts [Mr. LODGE] is absent on official business.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE DURING RECESS—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Under authority of the order of the 21st instant,

On July 22, 1939, the following message from the House of Representatives was received by the Secretary:

That the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 1871. An act to prevent pernicious political activities;

H. R. 4646. An act to provide means by which certain Filipinos can emigrate from the United States;

H. R. 4647. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States;

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia;

H. R. 5735. An act to authorize the acquisition of additional land for military purposes;

H. R. 6065. An act to authorize major overhauls for certain naval vessels, and for other purposes;

H. R. 6205. An act to provide for additional clerk hire in the House of Representatives, and for other purposes;

H. R. 6503. An act relating to the exchange of certain lands in the State of Oregon;

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

FELICITATIONS TO JESSE H. JONES

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Reconstruction Finance Corporation, enclosing copy of resolutions adopted by the Board of Directors of that Corporation in connection with the resignation of Jesse H. Jones as Chairman and a member of the Board and his appointment as Federal Loan Administrator, and extending congratulations to Mr. Jones for services rendered and also felicitating him upon undertaking the new position in charge of the Federal Loan Agency, which, with the accompanying paper, was referred to the Committee on Banking and Currency.

CARRIAGE OF EXPLOSIVES AND OTHER DANGEROUS ARTICLES ON VESSELS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Commerce, transmitting a draft of proposed legislation to amend section 4472 of the Revised Statutes (U. S. C., 1934 edition, title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semidangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes, together with a memorandum of the Director of the Bureau of Marine Inspection and Navigation explaining the purpose of the proposed legislation, which, with the accompanying papers, was referred to the Committee on Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution, in the nature of a petition, of the Legislature of Wisconsin, praying that the Federal Surplus Commodities Corporation purchase dairy and cheese products of Wisconsin for distribution to relief agencies so that the market and prices for the farmer will be protected and restored, which was referred to the Committee on Agriculture and Forestry.

(See resolution printed in full when presented by Mr. WILEY on the 17th instant, p. 9211, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate the petition of members of the Workers Alliance of America, of Pampa, Tex., praying for the enactment of legislation to restore the art and other so-called white-collar projects

under the W. P. A., and to eliminate wage cuts and the payless furlough in the W. P. A. program, which was referred to the Committee on Appropriations.

Mr. WILEY presented the following joint resolution of the Legislature of Wisconsin, which was referred to the Committee on Agriculture and Forestry:

Assembly Joint Resolution 112

Joint resolution memorializing the Congress of the United States to reimburse the counties on lands acquired by the United States for forestry purposes for loss of tax revenue.

Whereas the United States Government has acquired a large acreage in 11 counties of Wisconsin for forestry purposes, which has seriously reduced the property valuations of these counties, depleted the source of tax revenues, continued the cost of government and education because of Federal employees, and impaired otherwise the essential services of government; and

Whereas the Woodruff bill, known as bill H. R. 3384, provides that counties be reimbursed 10 cents per acre for each year for lands actually acquired by the United States; and

Whereas the Colmer bill, known as bill H. R. 4833, provides that counties be reimbursed each year 3 percent of the acquisition price of lands actually acquired by the United States; and

Whereas the enactment of either one of the above bills will substantially alleviate the northern counties of Wisconsin of the perplexing plight of continued educational and governmental services with an inadequate and decreasing tax base: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature respectfully memorializes the Congress of the United States to enact into law either the said Woodruff bill, H. R. 3384, as first choice, or the Colmer bill, H. R. 4833, as second choice: And be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, to both Houses of Congress, and to each Wisconsin member thereof.

The VICE PRESIDENT laid before the Senate a resolution identical with the foregoing, which was referred to the Committee on Agriculture and Forestry.

Mr. WILEY also presented the following joint resolution of the Legislature of Wisconsin, which was referred to the Committee on Finance:

Assembly Joint Resolution 96

Joint resolution relating to memorializing the President and the Congress of the United States to amend the General Welfare Act so as to include provisions for the care of crippled adult persons who are not capable of being rehabilitated

Whereas various forms of aid and assistance have been provided by the Federal Government to States who have provided aid to many classes of people, but no aid has been provided as yet for the adult crippled who cannot be rehabilitated; and

Whereas there are a great many persons included in such adult crippled class; and

Whereas most of them are in a crippled condition through no fault of their own and are in as great or greater need than many in other classes receiving aid; and

Whereas it is a meritorious undertaking to assist persons in financial distress, more especially those who are physically handicapped and unable to care for themselves: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature memorializes the President and the Congress of the United States to provide financial aid to States who shall in turn provide financial assistance to adult crippled persons; be it further

Resolved, That properly attested copies of this resolution be sent to the President and to both Houses of the Congress and to each Wisconsin Member thereof.

The VICE PRESIDENT laid before the Senate a resolution identical with the foregoing, which was referred to the Committee on Finance.

Mr. CAPPER presented a petition of sundry citizens of Conway Springs, Kans., praying that the United States discontinue the sale of war supplies to Japan, which was referred to the Committee on Foreign Relations.

He also presented the petition of members and friends of Bethel Presbyterian Church, Bethel, Kans., praying that the United States refrain from any participation in connection with Japanese aggression in China, which was referred to the Committee on Foreign Relations.

POSITION OF THE C. I. O. RELATIVE TO W. P. A. LEGISLATION

Mr. MURRAY. Mr. President, I ask unanimous consent to have printed in the RECORD, and appropriately referred, a letter from Mr. Ralph Hetzel, Jr., unemployment director of the Congress of Industrial Organizations, discussing the problems relating to W. P. A. legislation and the necessity for appropriate action at this session.

There being no objection, the letter was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, July 24, 1939.

Hon. JAMES E. MURRAY,
United States Senate, Washington, D. C.

DEAR SENATOR MURRAY: Several Members of Congress have made inquiry about the position of the Congress of Industrial Organizations with regard to W. P. A. legislation. Since the legislative history of the W. P. A. bill is somewhat long and complex it may be helpful for me to recapitulate briefly the position of the C. I. O.

Before the appropriation for 1939–40 was under consideration by the House Appropriations Committee, President Lewis wrote a letter to the Committee asking for an appropriation sufficient to provide a minimum of 3,000,000 W. P. A. jobs. Such an appropriation, according to the position stated, should be based on certain fundamental principles which were:

1. That in order to be eligible to the W. P. A. workers need only be out of work and ready and willing to work.

2. That full rights to self-organization be accorded to workers on the projects and that there be no discrimination for any reason.

3. That the W. P. A. be empowered to establish such projects as may be necessary to get the kind of employment needed by the unemployed. That means that all workers should be employed on work suited to their needs and skills.

4. That all projects shall be socially useful and productive. This means the continuation of the present types of W. P. A. projects and authorization to do such work as public housing, slum clearance, flood control, building of schools and hospitals, health measures, cultural and "white collar" projects, and vocational training.

5. That wages paid on the projects shall be sufficient to maintain an American standard of living and to prevent the reduction of standards set by union organization in private industries.

Subsequently, Mr. CASEY of Massachusetts introduced in the House and you introduced in the Senate bills which, in the judgment of the C. I. O., would, if passed, establish a sound W. P. A. program. Included in these bills were provisions for a minimum of 3,000,000 jobs, increase of certain of the present security wages, maintenance of the prevailing hourly rate, and a number of other provisions which substantially retained the W. P. A. under the conditions under which it operated in the previous fiscal year.

The C. I. O. requested passage of these bills in both the House and the Senate. Its representatives presented its position to the committees considering the W. P. A. bill. In the Senate committee the C. I. O. pointed out the very serious and harmful aspects of the bill as it came from the House. Among the provisions protested were the reduction of the security wages, abolition of the prevailing hourly rate, and the 18-month lay-off clause. The C. I. O. pointed out at that time that unless these measures were substantially changed very serious suffering and resentment would occur throughout the country.

The bill was finally passed and signed under such pressure of time that no careful consideration of its vicious provisions was possible on the part either of Congress or of the Executive.

After the passage of the bill the C. I. O. renewed its request to Congress that certain amendments be made. In both Houses amendments were introduced changing some of the most harmful provisions. The C. I. O. warned that unless such changes were made a very serious situation would arise. It pledged itself to seek such changes by supporting proper legislation.

The spontaneous strikes which arose throughout the country following the passage of the bill justified the C. I. O.'s prediction. In that situation the C. I. O. pointed out to its affiliates that the way to seek relief was through legislation and requested its affiliates to act accordingly. Our affiliates have acted in accordance with this position.

The amendments which in our opinion are absolutely necessary to make the W. P. A. at all operable are: First, revision of the wage provisions to prevent cuts in the security wage and to allow payment of the prevailing wage. We do not want to see the wage provision amended to prevent projected raises in the South but we believe it would be a great mistake to allow cuts in the already inadequate monthly rates in the North.

Second. The clause requiring the lay-off of workers needs to be amended to prevent those who are unable to get jobs in private industry from being thrown back into a situation which, in many communities, may mean starvation.

The legislation introduced by you and 21 other Senators to correct the wage situation and the bill introduced by you to stop the 18-month lay-offs will do a great deal to improve the W. P. A. situation. We believe that unless these measures, or very similar ones, are passed at this session there will arise in this country, as you have said, a Nation-wide resentment such as has not been experienced since the days when the Republican Party's "do nothing" policy on unemployment was overwhelmingly repudiated. This time, as then, it will be the party in power who will be blamed by the people.

Sincerely yours,

RALPH HETZEL, JR.,
Unemployment Director.

REPORTS OF COMMITTEES DURING RECESS

Under authority of the order of the 21st instant,

Mr. BARKLEY, from the Committee on Banking and Currency, on July 22, 1939, reported an original bill (S. 2864) to

provide for the financing of a program of recoverable expenditures, and for other purposes, and submitted a report (No. 896) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which were referred the following bills, on July 22, 1939, reported them severally without amendment and submitted reports thereon:

H. R. 6538. An act to amend the Agricultural Adjustment Act of 1938 (Rept. No. 897);

H. R. 6539. An act to amend the Agricultural Adjustment Act of 1938 (Rept. No. 898);

H. R. 6540. An act to amend the Agricultural Adjustment Act of 1938 (Rept. No. 899); and

H. R. 6541. An act to amend the Agricultural Adjustment Act of 1938 (Rept. No. 900).

REPORTS OF COMMITTEES

Mr. LA FOLLETTE, from the Commitee on Education and Labor, to which was referred the bill (S. 1970) to eliminate certain oppressive labor practices affecting interstate and foreign commerce, and for other purposes, reported it with amendments and submitted a report (No. 901) thereon).

Mr. PITTMAN, from the Committee on the Judiciary, to which was referred the bill (H. R. 5988) to amend an act entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States and for other purposes," approved June 8, 1938 (Public Law No. 583, 75th Cong., 3d sess.), reported it without amendment and submitted a report (No. 902) thereon.

Mr. HATCH, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 2953) authorizing States owning lands or interests therein acquired from the United States to include the same in certain agreements for the conservation of oil and gas resources, reported it without amendment and submitted a report (No. 903) thereon.

Mr. ELLENDER, from the Committee on Education and Labor, to which was referred the bill (S. 2682) to amend the Fair Labor Standards Act of 1938 to provide a special procedure for fixing minimum-wage rates for Puerto Rico and the Virgin Islands, reported it without amendment and submitted a report (No. 904) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 2201) for the relief of Alabama Lewis Poole, reported it without amendment and submitted a report (No. 905) thereon.

Mr. McCARRAN, from the Committee on the Judiciary, to which was referred the bill (S. 2365) for the protection against unlawful use of the badge, medal, emblem, or other insignia of veterans' organizations incorporated by act of Congress, and providing penalties for the violation thereof, reported it with amendments and submitted a report (No. 906) thereon.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2046. A bill to change the designations of the Abraham Lincoln National Park, in the State of Kentucky, and the Fort McHenry National Park, in the State of Maryland (Rept. No. 907); and

H. R. 3025. A bill to amend an act entitled "An act to reserve lands to the Territory of Alaska for educational uses, and for other purposes," approved March 4, 1915 (38 Stat. 1214–1215) (Rept. No. 908).

Mr. ADAMS also, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 3959) to authorize the Secretary of the Interior to dispose of recreational demonstration projects, and for other purposes, reported it with amendments and submitted a report (No. 909) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 3795) to provide a right-of-way through the Chilkoot Barracks Military Reservation, Alaska, reported it without amendment and submitted a report (No. 910) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (H. R. 4008) to authorize an exchange of lands between the War Department and the Department of Labor, reported it without amendment and submitted a report (No. 911) thereon.

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (H. R. 4783) to provide a right-of-way, reported it without amendment and submitted a report (No. 912) thereon.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (H. R. 4784) to provide a right-of-way, reported it without amendment and submitted a report (No. 913) thereon.

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (H. R. 5912) authorizing the Secretary of War to permit Salt Lake City, Utah, to construct and maintain certain roads, streets, and boulevards across the Fort Douglas Military Reservation, reported it without amendment and submitted a report (No. 914) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 2575) to provide pensions, compensation, retirement pay, and hospital benefits for certain Reserve officers of the Army of the United States, reported it with amendments and submitted a report (No. 915) thereon.

ENROLLED BILLS PRESENTED

Mr. TRUMAN (for Mrs. CARAWAY), from the Committee on Enrolled Bills, reported that on July 21, 1939, that committee presented to the President of the United States the following enrolled bills:

S. 2170. An act to improve the efficiency of the Coast Guard, and for other purposes; and

S. 2805. An act to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BONE:

S. 2865. A bill granting the consent of Congress to the Secretary of the Interior, the State of Washington, and the Great Northern Railway Co. to construct, maintain, and operate either a combined highway and railroad bridge or two separate bridges across the Columbia River, at or near Kettle Falls, Wash.; to the Committee on Commerce.

By Mr. GEORGE:

S. 2866. A bill to provide for allowance of expenses incurred by Veterans' Administration beneficiaries and their attendants in authorized travel for examination and treatment; and

S. 2867. A bill to authorize the Administrator of Veterans' Affairs to transfer by quitclaim deed to the Pennsylvania Railroad Co. for right-of-way purposes a small strip of land at Veterans' Administration facility, Coatesville, Pa.; to the Committee on Finance.

By Mr. SHEPPARD:

S. 2868. A bill to facilitate the procurement of aircraft for the national defense; and

S. 2869. A bill to promote the efficiency of the national defense in connection with promotions in the Army; to the Committee on Military Affairs.

By Mr. GILLETTE:

S. 2870. A bill to permit Koreans who have been temporarily admitted to the United States as students to remain in the United States until there is a change in political conditions in Chosen (Korea); to the Committee on Immigration.

By Mr. CAPPER:

S. 2871. A bill to provide for the office of public defender for the District of Columbia; to the Committee on the Judiciary.

By Mr. ASHURST:

S. 2872. A bill for the relief of the holders of the unpaid notes and warrants of the Verde River Irrigation and Power

District, Arizona; to the Committee on Irrigation and Reclamation.

S. 2873 (by request). A bill to provide for the seizure and forfeiture of motor vehicles, vessels, aircraft, and other conveyances used in the commission of certain offenses; to the Committee on the Judiciary.

By Mr. MURRAY:

S. 2874. A bill to amend subsection (b) of section 16 of the Emergency Relief Appropriation Act of 1939; to the Committee on Appropriations.

By Mr. WHEELER:

S. 2875. A bill to amend section 508 (a) of the Federal Crop Insurance Act; to the Committee on Agricultural and Forestry.

By Mr. BULOW:

S. 2876. A bill to amend the Annual and Sick Leave Acts of March 14, 1936; to the Committee on Civil Service.

By Mr. WILEY:

S. 2877. A bill relating to the payment of principal on certain loans made by the Federal land banks and the land bank commissioner; to the Committee on Banking and Currency.

By Mr. PEPPER:

S. 2878. A bill for the relief of Harry C. Whitman; to the Committee on Claims.

By Mr. WAGNER:

S. 2879. A bill to authorize the posthumous appointment of the late Arthur Mortimer Fields, Jr., to be an ensign of the United States Navy; to the Committee on Naval Affairs.

PUBLIC DEFENDER FOR THE DISTRICT OF COLUMBIA

Mr. CAPPER. Mr. President, I am today introducing a bill providing for the appointment of a public defender in the District of Columbia. This measure has the approval of the Bar Association of the District of Columbia and also a number of labor groups and citizens' associations.

Despite the claim made by some lawyers and judges that the accused is always amply safeguarded under our law and that the conviction of an innocent person is impossible, the fact remains that striking instances of miscarriages of justice constantly are brought to public attention.

Newspaper reports are constantly referring to cases of innocent men who have been wrongfully convicted because of their inability to make a proper defense or to produce adequate proofs in their favor at the trial.

The criminal law must be so amended that the poor and helpless defendant shall be accorded the same adequate defense as is given to the wealthy malefactor. No one should be compelled to suffer because of his race, creed, or purse.

The system of assigned counsel should give way to the more enlightened system of public defense to those who are unable properly to defend themselves.

The office of public defender, where it has been tested in this country, has resulted in avoiding unnecessary trials, in the more efficient administration of justice, and in saving expense to the community.

Recent developments in aid of the public-defender movement have been significant and indicate that the public defender is likely to become a part of our system of criminal law in the near future.

Public defense of accused persons long since has passed the experimental stage in this country and is now an accomplished fact in many communities where the office of public defender has been established by legislative enactment or local provision. Among those communities are Los Angeles; Portland, Oreg.; Omaha; New Haven; Hartford; Bridgeport; Minneapolis; Pittsburgh; Memphis; Wilmington, N. C.; Columbus, Ohio; Evansville; Cincinnati; Dallas; Oakland, Calif.; San Francisco; and Temple, Tex. The comments of judges, district attorneys, and lawyers in these cities, notably in Los Angeles, where the office has been in operation for over 10 years, are most favorable. I think it is time that the city of Washington should be added to this list of progressive cities of America which have adopted this progressive program.

This proposed reform has received strong approval in a Nation-wide preferential vote taken by the National Economic League with respect to this and other reforms looking toward an improvement in the administration of justice.

The proper defense of indigent persons accused of crime is, in my judgment, a necessary counterpart of public prosecution. The state should shield the innocent as well as protect society against the criminal.

It is true that under the law an accused person has the "presumption of innocence" until proved guilty. But in practice, society, and in too many instances prosecutors, take just the opposite view—the accused is guilty unless he can prove himself innocent.

It is also true that in theory, and I will say that primarily in practice, the function of a prosecuting attorney is to defend in his own office the presumption that a suspected person is innocent until the prosecutor has sifted the available evidence and has become convinced himself that a person is guilty of crime. We put upon the public prosecutor the double role of prosecutor and defender. But his principal function is to prosecute and not to defend. It is impossible for him adequately to perform the double role, even though he conscientiously attempts to do so. The popular impression that many defendants are persecuted rather than prosecuted is not without reason. While there are fair-minded prosecutors with a keen sense of justice, unfortunately too many of them are dominated by the desire to "make a record." To them accusation is often equivalent to proof. The average prosecutor scents guilt, not innocence. The tendency of many prosecutors to seek convictions has been frequently commented on by the appellate courts. The law reports abound with criticisms directed against overzealous and ambitious prosecutors "who run dangerous, foolish, and unprofessional risks to secure a conviction," and who often evince "ignorance of the ordinary rules of evidence or disregard the interests of both the people and the defendant, which alike require that a trial should be had according to law."

The failure of the "assigned counsel system" generally in vogue in the United States is too evident to require elaborate discussion. It is sufficient to say that this system has been a source of constant criticism and attack for many years by those coming in contact with the criminal courts. It is fundamentally wrong from nearly every standpoint. It is as unfair to counsel as it is to the accused. Accused persons are entitled to a real defense not a perfunctory one. Even the "crook" is entitled to a fair trial. Under our Constitution, any person charged with crime is entitled to competent counsel. He is entitled to a fair trial, which means that he should have every facility and resource to produce the law or the facts bearing upon the question of his guilt or innocence.

Assigned lawyers are required to serve without compensation. Assuming that the accused person is fortunate enough to have a competent and conscientious lawyer assigned to him, it must be obvious that with the best skill and attention it is impossible for him to cope with the power, strength, and resources of the prosecution. He has no money available to pay the expense of witnesses, fees of experts, and to take appeals. Too frequently defendants are compelled to suffer, not because they are guilty but because they are poor.

The public defender is a step in the direction toward the democracy of justice, and as such it should appeal to all fair-minded people. It means a real equality before the law and will result in changing the present attitude of the public mind that there is one law for the rich and one for the poor.

(See Senate bill 2871, to provide for the office of public defender for the District of Columbia, which was referred to the Committee on the Judiciary and appears under the appropriate heading.)

CHANGE OF REFERENCE

On motion of Mr. LOGAN, the Committee on Claims was discharged from the further consideration of the bill (S.

804) for the relief of John W. Barbrick, and it was referred to the Committee on Foreign Relations.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—AMENDMENTS

Mr. BYRD submitted sundry amendments intended to be proposed by him to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which were ordered to lie on the table and to be printed.

INSPECTION OF RAINY LAKE WATERSHED

Mr. SHIPSTEAD submitted the following resolution (S. Res. 170), which was referred to the Committee on Foreign Relations:

Resolved, That the members of the subcommittee of the Senate Foreign Relations Committee appointed by the chairman of such committee to hold hearings on the proposed convention between the United States and Canada providing for emergency regulation of the level of Rainy Lake and of other boundary waters in the Rainy Lake watershed are authorized to make an inspection of the region to which the provisions of such convention are applicable. The expenses incurred by said Senators in making such inspection, the aggregate amount of which shall not exceed $, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of such subcommittee.

PERNICIOUS POLITICAL ACTIVITIES (S. DOC. NO. 100)

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that there may be printed in the RECORD the full text of Senate bill 1871, popularly known as the Hatch bill, which was passed by the Senate last week, with the amendments proposed and agreed to by the House. There has been a great deal of demand for the text of the bill as it was passed, and as is usual in such cases, there is no print now available. So that in addition to asking unanimous consent that the full text may be printed in the RECORD, I also ask unanimous consent that a print of the bill be ordered to be placed in the document room.

Mr. HATCH. Mr. President, with respect to the request for authorization of the reprint of the bill, the Senator means, of course, the bill with the House amendments?

Mr. O'MAHONEY. Exactly; the bill as it finally passed the Senate.

Mr. HATCH. Yes.

The VICE PRESIDENT. Without objection, the bill as amended by the House of Representatives and agreed to by the Senate will be printed in the RECORD and also printed as a Senate document.

Senate bill 1871, as passed, is as follows:

An act to prevent pernicious political activities

Be it enacted, etc., That it shall be unlawful for any person to intimidate, threaten, or coerce, or to attempt to intimidate, threaten, or coerce, any other person for the purpose of interfering with the right of such other person to vote or to vote as he may choose, or of causing such other person to vote for, or not to vote for, any candidate for the office of President, Vice President, Presidential elector, Member of the Senate, or Member of the House of Representatives at any election held solely or in part for the purpose of selecting a President, a Vice President, a Presidential elector, or any Member of the Senate, or any Member of the House of Representatives, Delegates or Commissioners from the Territories and insular possessions.

SEC. 2. It shall be unlawful for any person employed in any administrative position by the United States, or by any department, independent agency, or other agency of the United States (including any corporation controlled by the United States or any agency thereof, and any corporation all of the capital stock of which is owned by the United States or any agency thereof), to use his official authority for the purpose of interfering with, or affecting the election or the nomination of any candidate for the office of President, Vice President, Presidential elector, Member of the Senate, or Member of the House of Representatives, Delegates or Commissioners from the Territories and insular possessions.

SEC. 3. It shall be unlawful for any person, directly or indirectly, to promise any employment, position, work, compensation, or other benefit, provided for or made possible in whole or in part by any act of Congress, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

SEC. 4. Except as may be required by the provisions of subsection (b), section 9 of this act, it shall be unlawful for any person to deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit provided for or made possible by any act of Congress appropriating funds for work relief or relief purposes, on account of race, creed, color, or any political activity, support of, or opposition to any candidate or any political party in any election.

SEC. 5. It shall be unlawful for any person to solicit or receive or be in any manner concerned in soliciting or receiving any assessment, subscription, or contribution for any political purpose whatever from any person known by him to be entitled to or receiving compensation, employment, or other benefit provided for or made possible by any act of Congress appropriating funds for work relief or relief purposes.

SEC. 6. It shall be unlawful for any person for political purposes to furnish or to disclose, or to aid or assist in furnishing or disclosing, any list or names of persons receiving compensation, employment, or benefits provided for or made possible by any act of Congress appropriating, or authorizing the appropriation of, funds for work relief or relief purposes, to a political candidate, committee, campaign manager, or to any person for delivery to a political candidate, committee, or campaign manager, and it shall be unlawful for any person to receive any such list or names for political purposes.

SEC. 7. No part of any appropriation made by any act, heretofore or hereafter enacted, making appropriations for work relief, relief, or otherwise to increase employment by providing loans and grants for public-works projects, shall be used for the purpose of, and no authority conferred by any such act upon any person shall be exercised or administered for the purpose of, interfering with, restraining, or coercing any individual in the exercise of his right to vote at any election.

SEC. 8. Any person who violates any of the foregoing provisions of this act, upon conviction thereof, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

SEC. 9. (a) It shall be unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof. No officer or employee in the executive branch of the Federal Government, or any agency or department thereof, shall take any active part in political management or in political campaigns. All such persons shall retain the right to vote as they may choose and to express their opinions on all political subjects. For the purposes of this section the term "officer" or "employee" shall not be construed to include (1) the President and Vice President of the United States; (2) persons whose compensation is paid from the appropriation for the office of the President; (3) heads and assistant heads of executive departments; (4) officers who are appointed by the President by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in the Nation-wide administration of Federal laws.

(b) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person.

SEC. 9A. (1) It shall be unlawful for any person employed in any capacity by any agency of the Federal Government, whose compensation, or any part thereof, is paid from funds authorized or appropriated by any act of Congress, to have membership in any political party or organization which advocates the overthrow of our constitutional form of government in the United States.

(2) Any person violating the provisions of this section shall be immediately removed from the position or office held by him, and thereafter no part of the funds appropriated by any act of Congress for such position or office shall be used to pay the compensation of such person.

SEC. 10. All provisions of this act shall be in addition to, not in substitution for, of existing law.

SEC. 11. If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

INTRODUCTORY REMARKS OF SENATOR MALONEY AT ANNUAL CONVENTION OF CONNECTICUT POSTMASTERS

[Mr. MALONEY asked and obtained leave to have printed in the RECORD introductory remarks made by himself in connection with an address delivered by Postmaster General Farley at the annual convention of the postmasters of Connecticut, held at West Haven, Conn., July 22, 1939, which appears in the Appendix.]

ADMINISTRATION OF THE W. P. A. IN MARION COUNTY, W. VA.

[Mr. HOLT asked and obtained leave to have printed in the RECORD an open letter addressed by him to the residents of Marion County, W. Va., relative to the administration of W. P. A. in that county, which appears in the Appendix.]

THE W. P. A. SITUATION — MEMORANDUM OF UNITED STATES CONFERENCE OF MAYORS

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a letter from Paul V. Betters and a memorandum of the United States Conference of Mayors concerning the W. P. A. situation, which appear in the Appendix.]

DEMOCRATIC SUCCESS IN 1940—ARTICLE BY HON. JAMES A. FARLEY

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an article from the Philadelphia Inquirer of July 24, 1939, written by Hon. James A. Farley, in which he discusses his reasons for believing that there will be Democratic success in the election of 1940, which appears in the Appendix.]

MEMORIAL RADIO SERVICE—THE MILITARY ORDER OF THE PURPLE HEART

[Mr. MEAD asked and obtained leave to have printed in the RECORD the first annual international memorial Sunday radio service under the auspices of the Military Order of the Purple Heart, held on May 28, 1939, which appears in the Appendix.]

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

Mr. ASHURST obtained the floor.

Mr. BRIDGES. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from New Hampshire?

Mr. ASHURST. I yield.

Mr. BRIDGES. Mr. President, I desire to take a few moments of the time of the Senate. So I will wait until the Senator from Arizona concludes.

Mr. ASHURST. Mr. President, I wish to make a brief statement. When on last Friday the bill proposing additional judgeships was made the unfinished business, it was understood that it might be laid aside at any time for the consideration of the so-called lending-and-spending bill and for the consideration of the motion to reconsider the vote by which the truth-in-fabric bill was passed. Of course, so far as I am able to do so, I shall strictly live up to that agreement.

The Senator from Utah [Mr. KING] is opposed to the bill providing new judges, or, at least, to much of the bill, and I am not disposed to request that the bill be considered in his absence. I believe, however, he will come into the Chamber within a few minutes. Therefore I will ask, if Senators desire me to do so, that the unfinished business be temporarily laid aside in order that the motion made by the Senator from Oklahoma [Mr. THOMAS] may be considered. But, Mr. President, I hope that the unfinished business will not be laid aside for any purpose other than the so-called lending-and-spending bill and the motion to reconsider.

The VICE PRESIDENT. Is there objection to laying aside temporarily the unfinished business for the purpose of enabling the Senator from Oklahoma to call up his motion to reconsider the vote by which Senate bill 162 was passed? The Chair hears none, and the unfinished business is temporarily laid aside.

TRUTH IN FABRIC

Mr. THOMAS of Oklahoma. Mr. President, I desire to make a statement about the motion to reconsider.

Immediately following the adjournment of the Senate on Friday I sent a telegram to two national officers of the Mill Owners' Association. One is located in New York City, and one is located in Boston. I have not a copy of the telegram. I shall have it in a few minutes and shall place it in the RECORD. I asked them to advise me if cotton is used in conjunction with wool in making cloth; and if so, to what extent. I had a telephone conversation from the New York office in which it was stated that they are sending me a telegram, which should be here within the next few minutes. Immediately upon receipt of the telegram I shall place my telegram and the answer in the RECORD. Until I get that telegram I am not able to make my motion to reconsider.

Mr. O'MAHONEY. Mr. President, it becomes clear that the Senator from Oklahoma desires to have some additional information before he will feel at liberty to bring up his motion to reconsider the vote by which the truth-in-fabric bill was passed. It also would appear from his statement that immediately upon the receipt of the telegram he is perfectly willing that the motion shall be considered.

Mr. President, may I have the attention of the Senator from Arizona?

Mr. ASHURST. I beg the Senator's pardon. I was called out of the Chamber. I will remain here if the Senator wishes to address his remarks to me.

Mr. O'MAHONEY. I desire the attention of the Senator from Arizona in order that it may be possible to work out the matter of the reconsideration of the truth-in-fabric bill in the most efficient way, in order to give the Senator from Oklahoma the opportunity to have in his hand the material which he desires to see.

I therefore ask unanimous consent that at the hour of 1 o'clock the pending business may be temporarily laid aside in order that the Senate may consider the motion of the Senator from Oklahoma.

Mr. ASHURST. I have no objection.

Mr. THOMAS of Oklahoma. Mr. President, what is the request?

The PRESIDENT pro tempore. The Senator from Wyoming asks unanimous consent that the motion of the Senator from Oklahoma be considered at 1 o'clock.

Mr. THOMAS of Oklahoma. I object.

The PRESIDENT pro tempore. The Senator from Oklahoma objects.

Mr. O'MAHONEY. Mr. President, I wonder if it would be possible to secure an understanding with the Senator from Oklahoma as to the time when it would be agreeable to him to have the Senate consider this matter.

Mr. THOMAS of Oklahoma. Mr. President, the moment I receive the telegram about which I spoke I shall be glad to confer with the Senator from Wyoming about the matter, but until I receive the telegram and read what it says I cannot enter into any agreement. The telegram should be on my desk within the next few minutes; at least I am expecting it.

Mr. O'MAHONEY. I understand that the Senator is in good faith expecting the telegram, but it is a matter which is altogether outside of his control. The Senate, however, has to proceed with the consideration of its business. So far as I am concerned, I shall be perfectly happy to agree, at any particular time which will be agreeable to the Senator from Oklahoma, to take up this matter, and then, if his telegram has not been received, perhaps to consider not going any further with it. Is it not possible for us to come to a fair understanding as to the consideration of this motion?

Mr. THOMAS of Oklahoma. Mr. President, the matter is of no more interest to me than it is to the Senators from the other States which produce cotton. If the bill has no effect upon the use of cotton, of course, I shall have no objection to the bill; but if it does have some effect upon the use of cotton, that will govern my action. I think I am entitled to have the information I am seeking; and, as I said, I should have it shortly.

Mr. O'MAHONEY. I also think the Senator is entitled to have the information.

Mr. THOMAS of Oklahoma. I will say to the Senator from Wyoming that there is no place to get it except from those who have it.

Mr. O'MAHONEY. The information is already in the RECORD, according to the statement of the junior Senator from Wyoming [Mr. SCHWARTZ], who was in charge of the bill, and who reported it from the Committee on Interstate Commerce. The Senator from Oklahoma is certain he is going to have his telegram in a few minutes. Therefore I made the request to fix a time three-quarters of an hour hence. Will the Senator be good enough to fix an hour?

Mr. THOMAS of Oklahoma. Mr. President, until I receive the telegram I shall not be willing to make any agreement.

Mr. O'MAHONEY. Mr. President, I withhold the request for the present; but it must be perfectly obvious that, with Congress endeavoring to bring the session to an end very shortly, and with the majority leader about to ask unanimous consent to lay aside the judicial bill to take up the so-called self-liquidating loans bill, which may be the subject of prolonged debate, it is of the utmost importance, if the will of the Senate as expressed in the vote on the truth-in-fabric bill last week is to be carried out, that there shall be

an agreement and action upon the motion to reconsider before the spending-lending bill shall come before the Senate for consideration.

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

Mr. ASHURST. Mr. President, I wish it to be understood that when the bill for additional judges was made the unfinished business, it was agreed so far as faith and honor could bind us—and we do not lightly enter into bonds here; our word is good; I have already given my word—that the judgeship bill might be laid aside at any time to consider the motion made by the Senator from Oklahoma [Mr. THOMAS], and to consider the self-liquidating loans bill. Since neither Senator wishes to proceed now——

Mr. O'MAHONEY. Upon receipt of a telegram by the Senator from Oklahoma we shall probably be in position to proceed.

Mr. BARKLEY. Mr. President——

Mr. ASHURST. I yield.

Mr. BARKLEY. When the judicial bill was taken up last Friday, the disposition on the part of the Senator from Arizona and most Senators was to go right ahead and consider it and dispose of it. The Senator from Utah [Mr. KING], however, asked that it go over until today—the Senator is in the Chamber now—and indicated that he wanted to make a speech on the bill, but that he would not delay its consideration. On consulting with the Senator from Arizona I ascertained that he is of the opinion that the consideration of the judicial bill can be concluded within a couple of hours. Therefore, I did not wish to lay it aside and take up the other bill, which may take 2 or 3 days. It is entirely agreeable to the Senator from Arizona to go ahead with his bill. I will say also that whenever the Senator from Oklahoma receives the material for which he is waiting, I think the motion to reconsider should be disposed of before we enter upon the consideration of the other bill.

Mr. ASHURST. Mr. President, being in favor of the judicial bill, I wish not to consume much time in speaking. I can probably better serve the bill by remaining silent than by speaking, but I assume, in view of the position I hold as chairman of the Committee on the Judiciary, that a word is expected from me.

All Senators know what the judicial conference is. Under the law of 1922 it is provided that the senior circuit judges shall assemble once a year, presided over by the Chief Justice of the United States, and make a survey of various situations affecting the work of the courts. I wish here to say that in my opinion that was a good law. The judicial conference each year makes a careful survey of conditions in the judicial department and makes its reports, which reports are printed. With relation to the particular subject under consideration the judicial conference at its session in September 1938 made a number of recommendations as to the creation of additional judgeships.

I shall not even take the time of the Senate to enumerate the judgeships recommended by the judicial conference. Suffice it to say that I have great respect for their judgment and their recommendations. Thereupon the Attorney General of the United States, in his annual report for the year 1938, made recommendations supporting those made by the judicial conference. The report of the judicial conference and the report of the Attorney General were carefully considered by a special committee which was created in 1937. Its particular duty was to make an investigation as to the need of any judicial reform in procedure, adjective, or substantive law, and ascertain what, if any, new judges were needed.

The special committee was composed of the Senator from New Mexico [Mr. HATCH], the Senator from Nevada [Mr. MCCARRAN], the Senator from Kentucky [Mr. LOGAN], the Senator from Nebraska [Mr. BURKE], the Senator from Vermont [Mr. AUSTIN], and the chairman of the Committee on the Judiciary. I wish to pay my tribute of respect and gratitude to the special committee for the assiduity and the diligence with which they addressed themselves to this duty.

The special committee did not agree with the conclusions of the judicial conference, nor with the decision of the Attorney General as to some of the judges, but reached the definite conclusion that the only additional judges now needed were the following: An additional circuit judge for the sixth circuit, an additional circuit judge for the eighth circuit, an additional district judge for the district of New Jersey, an additional district judge for the western district of Oklahoma, an additional district judge for the eastern district of Pennsylvania, an additional district judge for the southern district of New York, an additional district judge for the southern district of California, and one additional district judge for the northern and southern districts of Florida.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ASHURST. Certainly.

Mr. WAGNER. I am sure the Senator will agree with me that this does not really mean an additional judge for the southern district of New York. The Senator will remember that a year or two ago we passed a law providing for one additional judge for the southern district of New York, and in the same law we provided that the next vacancy which occurred in that district would not be filled, on the theory that perhaps an additional judge in that district was needed only for the period of the life of one of the incumbents.

Mr. ASHURST. Yes.

Mr. WAGNER. Immediately after that one of the district judges, Judge Patterson, was elevated to the circuit court of appeals, where he is now sitting. This bill really provides that we should have the same number of judges we had before his elevation to the circuit court of appeals. Am I not correct?

Mr. ASHURST. The Senator is correct.

Mr. WAGNER. So that it may be misleading to say New York is getting an additional judge. As the Senator knows, we did ask for two judges, in addition to the filling of the present vacancy. I think the Senator will agree with me that Judge Knox, who appeared before the committee, made out a very persuasive case for three additional judges, including the one provided for in the proposed legislation. I am wondering why the Committee on the Judiciary did not give us at least one additional judge to take care of the terrifically congested calendar in that particular area.

Mr. ASHURST. It is human nature usually to defend what a committee has done if one is a member of the committee. The Committee on the Judiciary needs no defense, but the committee addressed itself to this question with diligence, and I say to those Senators who seek the appointment of additional judges, that considering all the circumstances, they are fortunate to secure the passage even of the pending bill. They must believe me when I tell them that we on the committee who favor the creation of these judgeships consider ourselves successful to have been able to have reported a bill calling for additional judges. I happened to be of opinion that more additional judges were necessary, but Senators who went into the field and, with a diligence and care which I have not been able to exercise, investigated the situation, went into the courtrooms, examined the dockets of the judges, and brought back their report, and I shall support their report.

As to the New York situation, it is true the able senior Senator from New York [Mr. WAGNER] appeared before the special committee and introduced to the committee Judge John Clark Knox, who argued for two additional judges. I am sure that I but speak the judgment of every one of its members when I say that the Committee on the Judiciary holds in the highest esteem Judge Knox, not only for his character but for his ability and his diligence. Judge Knox ably argued, as the senior Senator from New York ably argued—and the arguments will be found on page 14 of the hearings held in April of this year—for the additional judges. But, after all their arguments and the consideration of all the data they submitted, the committee reached the conclusion that one judge for the southern district of New York was all

we should ask or could ask. I shall not relate the vote in the committee on that question. The report of the special committee went to the entire Committee on the Judiciary, composed of 18 members, and the 18 members sustained the special committee.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. ASHURST. Certainly.

Mr. WAGNER. The bill originally provided that the section of the law which prohibited a vacancy being filled by an additional judge should be repealed.

Mr. ASHURST. Yes.

Mr. WAGNER. Now the committee has decided that that shall not be repealed, but shall remain law.

Mr. ASHURST. If the Senator will pardon me, the chairman of the Senate Committee on the Judiciary, as he introduced the bill, provided for one additional judge for the seventh circuit and two for the eighth circuit, but the Senate Committee on the Judiciary—and I know they think highly of their chairman, and I am proud to know they do—did not agree with their chairman, but struck out the provision for an additional judge for the seventh circuit, and agreed to one additional judge for the eighth circuit. The Senate Committee on the Judiciary did not agree with the chairman when he introduced this repealer. So I have no quarrel with the committee when, in a free and frank way, after months of investigation, they reached this conclusion. I make no threats; I do nothing more than repeat, that if Senators want to have additional judges appointed, I hope they will take the bill as it is, for my opinion is that they cannot add to it by providing for any additional judges. That is all I have to say.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. MEAD. First of all I wish to compliment the chairman of the committee [Mr. ASHURST] for the consideration he has given to the bill, and I know he will agree with me when I rise to supplement the argument advanced by the senior Senator from New York [Mr. WAGNER], in bringing out the great need for additional judges in the southern district of New York. I trust that if the pending measure is the sum total of all of the relief in that connection we may secure at this session, there will remain in the mind of the chairman of the Judiciary Committee the argument advanced by the senior Senator from New York as to the great need, which I know exists, so that at some future time adequate relief may be afforded.

Mr. ASHURST. Mr. President, I was on the point of saying that I did not make a personal investigation, but one of the reasons why I was so profoundly convinced of the need for more than one judge in New York was the able and comprehensive brief handed to me more than 4 months ago by the junior Senator from New York [Mr. MEAD], which brief, in my judgment, conclusively demonstrated the need for more than one additional judge. But 17 votes in a parliamentary body always overcome 1.

I cannot give a promise for the future, I do not know what may be done. When a Senator undertakes to initiate legislation he is like a man on roller skates, he goes partly where he wishes to go, and partly where the skates take him.

The Committee on the Judiciary has done its best. We have had no easy task. It has taken many months of work to frame the proposed legislation. We sent Senators into the field to make a personal investigation, and I believe the members of the committee will support me in my declaration that it is practically impossible to get any additional judges at this time other than the ones provided for in the bill.

I have talked longer than I had expected to.

Mr. WAGNER. Mr. President, my question was not intended to indicate that I proposed to offer an amendment, as I do not. I am very grateful to the Committee on the Judiciary for its action in providing at least for the filling of the vacancy which now exists. I merely desire to emphasize that the calendar in the southern district of New York is tremendous. That section is the most litigious in the country, because it is the commercial and financial center of the whole country. I know that the judges, as the committee was informed at the hearing, are working day and night in an effort to bring the calendar up to date. They are really required to do more work than ought to be imposed upon them. They are very diligent and very able.

Mr. ASHURST. I agree 100 percent with the able Senator from New York. But this is a realistic world, and one of the reasons for the distress that has come to our country is our failure to be realistic.

There may be a need for additional judges in certain districts, and I believe there is, but in my opinion Senators will be fortunate to secure the enactment of the bill providing for the judges covered by the measure before us.

I do not wish to shut the Senator off, but I do desire to yield to the Senator from Kentucky.

Mr. WAGNER. I am realistic, and it is because I am realistic that I recognize the need for additional judges in the southern district of New York. But I shall accept the practical view expressed by the Senator from Arizona, and be content with the provision made.

Mr. ASHURST. I thank the Senator.

Mr. BURKE. Mr. President, will the Senator from Arizona yield to me.

Mr. ASHURST. I yield to the able Senator from Nebraska.

Mr. BURKE. In the light of the question asked by the senior Senator from New York, I think it ought to be stated that the committee had in mind two factors, among others. First, the records gathered by the committee indicate a very striking falling off in business in the Federal courts at the present time. In the second place, both Houses of Congress have recently passed an administrative court officer bill, one of the main purposes of which is to expedite the trial of cases in the Federal courts. The measure is now in conference to iron out some of the minor difficulties, and the conferees will undoubtedly reach an agreement very quickly. It is hoped that the passage of that bill will give us some guiding light in the next session of Congress, so that if the general trend of business over the country is not very evident in the southern district of New York, and if the administrative court officer is unable in that particular district to accomplish anything in expediting the trial of cases, then the New York situation will have further attention.

Mr. ASHURST. Mr. President, before I yield the floor to the Senator from Kentucky [Mr. LOGAN], who will probably want to make a short statement regarding the need for an additional judge in the sixth circuit, I wish to revert to an editorial in the New York Times, which I think was printed on the 17th of July, entitled "Help Sorely Needed," in which Congress is criticized for its delay in providing additional judges. I am not irritated in referring to this article. I join with the New York Times in its criticism of Congress for the delay. I read the last paragraph of the editorial:

> Multiplication of judges for political purposes and to fatten patronage is an obnoxious thing, sometimes achieved by shrewd logrolling. Appointment of judges sufficient to keep step with the business before the court is a clear public duty. Delay in providing for such appointments is a delay of justice.

This bill is not in any sense the result of any logrolling. Some Senators whom we esteem most highly have importuned us at great length, but we could not meet their demands. So I say this bill, in my judgment, keeps step with the demand of the American Federal judiciary for additional judges.

I now yield to the Senator from Kentucky [Mr. LOGAN], who desires to speak concerning an additional judge for the sixth circuit.

Mr. LOGAN. Mr. President, I had no idea of saying anything about this bill, but, since the distinguished chairman of the Judiciary Committee yielded to me, I will make a very brief statement.

The Senator from Nebraska [Mr. BURKE] has, I think, stated the position of the special committee which considered these matters. We did not allow the number of

judges which the judicial conference had requested, because we thought that with the new legislation which will be enacted at the present session, the courts perhaps would speed up their work.

Then we found another condition. The number of criminal cases has been reduced very materially within the last few years, and, strange as it may seem, the number of cases in which the United States Government is interested has likewise been very materially reduced. I think litigation between individuals has increased somewhat.

Mr. KING. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. KING. The table of private civil cases filed indicates that there has been a reduction. For instance, in 1931, 24,000 cases were filed; in 1932, 26,000; in 1934, 26,000; and so on. The lowest number filed in recent years was 22,000.

Mr. LOGAN. Mr. President, that is true; but I may state to the Senator from Utah that, taking the situation as a whole, the number of civil cases between private litigants has gradually risen through a period of years. If one goes back and checks up in the last 25 or 30 years, he will find that the number of cases has risen during that period. I think there was a little increase in 1938; also in 1937, though I am not sure about that. It is not very material.

In the sixth circuit, which is composed of the States of Michigan, Ohio, Kentucky, and Tennessee, the docket is very much behind. I do not know why that is so, because we have good judges in that circuit, and they are hard working. But, on the record, there is no doubt that they need help. I found that at the beginning of this year they had cases on hand from 1936. Some cases had been on the docket for 3 years. My information is that it takes about a year and a half to get a trial in that court after the issues have been joined. The judges are working hard, but they have not been able to bring their dockets up to date. We have five judges in that circuit. This bill would allow another, who would be the sixth.

I agree with the chairman of the committee that it would not be worth while to try to get additional judges in connection with the consideration of this bill. Perhaps some of us did not agree that even six additional district judges and two additional circuit judges could be added. But we all finally concurred with the recommendations that had been made by the members of the subcommittee who went into the field and checked up on the matter. The Senator from Nebraska [Mr. BURKE], the Senator from Vermont [Mr. AUSTIN], the Senator from New Mexico [Mr. HATCH], the Senator from Nevada [Mr. MCCARRAN], and I went into the respective districts and actually talked with the people there, with the members of the court, with the clerks and the lawyers, until we were convinced that these six district judges and two circuit judges were needed. We eliminated from the bill a number that had been recommended by the Judicial Conference, and a number included in the bill as originally introduced by the chairman of the committee.

So, in my judgment, the Senate can very well accept the recommendation of the committee, knowing that we have reduced the number to a minimum.

Mr. AUSTIN. Mr. President, I will not take the time of the Senate for more than a brief explanation of facts regarding the southern district of New York as they compare with the general picture throughout the United States. Referring to Judge Otis' article, which I put into the CONGRESSIONAL RECORD, and which appears at page 9677, I call attention to this comparison: Taking all the criminal cases filed—now notice I say "filed"—in all the district courts of the United States, we find that in 5 years, from 1929 to 1934, the total business equaled 432,249 cases, which is an average per year of 86,450 cases. The last 5 years in the decade from 1934 to 1939 shows a total of 175,114 criminal cases, with an average per year of 35,023 cases. It is hard to keep the figures in mind, so I am going to simplify the statement. In the first half of the decade the round number was 400,000; in the second half the round number was 200,000 for all criminal cases filed. The average number in round numbers in the first half of the decade was 86,000, and in the last half 35,000. Note the striking reduction in the amount of judicial business during that decade from 1929 to 1939.

Compare those figures with those of New York and Senators will see clearly that the same sharp decline in judicial business occurred in the southern district that characterized all the other districts of the entire United States. For the first part of the decade the total number of criminal cases filed was 38,210, with an average per year of 7,642 cases. For the second half of that decade the total number of such cases filed was 4,270, and the average per year 854 cases.

To make it easy, we have against 38,000 cases 4,000 cases; and we have against 7,000 cases, 800 cases—a striking decline and a much more sharp decline in judicial business in the southern district of New York than in any of the other districts of all the United States. This decline characterizes civil cases in which the United States is a party.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WAGNER. I am sure the Senator, as a distinguished lawyer, will agree that the number is not altogether a test of the requirement for additional judges. In that particular district, more so than in any other, we have unduly protracted litigation. There are many antitrust cases; I understand one of them has been in progress for 3 months. While there has been a decline, therefore, I think the character of litigation is such that more time is taken on the cases than in some of the other sections of the country. Am I not correct in that statement?

Mr. AUSTIN. Mr. President, I believe the Senator from New York is correct. The southern district of New York is peculiar in another respect. According to the 1930 census, it has a population of 4,145,557, and yet I found in my studies that the volume of private litigation was far in excess of what one would judge it should be with that population, comparing that district with other districts.

I am convinced that cases requiring a long time to try have been brought for trial to the southern district of New York from the far West. Those which I have in mind were not civil cases but criminal cases. However, the efficiency of law enforcement which grew out of that method was indeed gratifying.

I have put into the RECORD tables which are not difficult to interpret, which clearly demonstrate the sharp decline of business in the southern district of New York, with a constant increase in the number of judges. In 1928, for example, there were only 6 judges. From 1929 to 1935 there were 8 judges. In 1936 and 1937 there were 11 judges. In 1938 there were 11 judges for the first 6 months and 12 judges for the last 6 months. Notwithstanding that increase in the number of judges, the performance of judicial business per judge went through the experience shown by the graph which I have before me. I presume it is not possible to put the graph into the RECORD, but I think it is possible to see the red line and to note the astonishing variation in the curve of judicial business. The curve is plotted from perfectly authentic information furnished by the Department of Justice and by the clerk of the court for the southern district of New York.

We find that beginning in 1928, when that court had only 6 judges, the amount of business dispatched—that is, performance of judicial work—was a total of 13,946 cases. There was a sharp decline in the amount of business until 1931, when the figure was between 7,000 and 8,000 cases. Then the curve began to rise until 1933, which represented the highest point of the judicial load, when 11 judges were determining 19,915 cases.

Then we hit the long toboggan slide. Downward goes the curve, probably as a result of the change in the liquor laws, until in 1935 the total amount of judicial work in the southern district of New York had dropped to between 3,000 and 4,000 cases. Throughout the years 1935, 1936, 1937, and 1938, and the first half of 1939, the curve has been gradually upward. In the year 1938, when there were 11 judges for a portion of the year and 12 judges for another portion of the year, and when the district had a considerable amount of

assistance from outside judges who were assigned to assist in the work, the total amount of judicial work was 6,851 cases. That is to say, the significant point is that half as much work was done as in 1928. In 1928 the number of cases was 13,000. In 1938 it was slightly more than 6,000. Half as much work was done, although at the beginning there were only 6 judges and in 1938 there were 11 judges in the first half of the year and 12 in the second half of the year.

The graph and the statement I have just made, Mr. President, are based on United States Government civil cases and all other civil cases, all criminal cases, and all bankruptcy cases. I was interested to take bankruptcy cases out of the list and see what the result would then be, because I realized that the great majority of bankruptcy cases do not require a lengthy hearing. Many of them are disposed of on a motion which requires less than 5 minutes. So I made a graph of the bankruptcy cases alone, and found a corresponding sort of curve. The curves are clearly interpretable by the tables which I put into the RECORD last week, and which appear on pages 9679 and 9680.

Mr. KING. Mr. President, will the Senator yield?

Mr. AUSTIN. If any Senator is sufficiently interested in this proposed legislation to examine those tables he can plot his own curve if he wishes; but he cannot resist the conclusion to which I was brought. It is an irresistible conclusion that there is no need of three more judges than that court now has; and that probably the wisest manner in which to handle the situation today is to create an additional judge instead of leaving open or by some additional legislation repealing that clause of the act which created an additional judge a year ago, because then the purpose of adding one judge to the present number would be served without upsetting the seniority which occurs naturally over the course of years. So the committee, considering both those objectives, decided to strike section 3 from the bill and to increase the number of judges for the southern district of New York by one.

Mr. KING. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. KING. I rose a moment ago when the Senator was referring to bankruptcy cases. I inquire if the Chandler bill would not considerably diminish the work of the courts in dealing with bankruptcy matters?

Mr. AUSTIN. Mr. President, it would; but let me make a further observation. I have plotted the curve for all cases, including bankruptcy cases, and also for all cases excluding bankruptcy; and I obtained the result shown by the blue and red lines, which are almost parallel. It makes little difference with the evidence of the sharp decline in judicial business, whether or not we take the bankruptcy cases into consideration. I will say that I was led to separate the bankruptcy cases and to make a curve of all the other judicial business together by a consideration of the excellent article by Judge Otis. I wanted to make a comparison with the yardstick which Judge Otis suggested for all America. After a very thorough study of the judicial situation he recommended a yardstick of 400 to 200 to 200; that is, to have no more judges in a district than are required to carry the burden per judge of 400 criminal cases, 200 civil cases in which the United States is interested, and 200 civil cases of all other kinds. When we make that comparison with the load which the judges of New York are now carrying and have carried for the past 4 years, we find this result:

Criminal cases terminated in the southern district of New York, 315 cases in 1935.

Mr. KING. While the Senator is examining his book, I make the suggestion that many of those criminal cases in the various years to which he refers were not tried; many were nolle prossed, and a considerable number of the defendants pleaded guilty. So that the actual time required by the court in the disposition of the cases would be very much less than would be implied by a statement of the number of criminal cases.

Mr. AUSTIN. A very different picture is presented when the number is analyzed, as I find I have done in my memorandum. Eleven judges, in the first 6 months of 1938, and 12 judges, during the second 6 months, terminated in the total 12 months cases of such number as, when calculated for per judge load-criminal cases 83, United States civil cases 71, other civil cases 210.

This compares with Judge Otis' yardstick—criminal 400, United States civil 200, other civil 200.

So, in determining whether another judge is necessary for the southern district of New York, one must consider that, if this bill should become a law and the new judge should be appointed, he would take a share of the load, and there would be the same number of judges as were holding court in the last half of 1938, which is one more than the number of judges in the first half of 1938.

Mr. WAGNER. Mr. President, will the Senator yield there?

Mr. AUSTIN. I yield.

Mr. WAGNER. Am I correct in the statement that, so far as the additional judge who is to be created by this bill is concerned, the act of 1938, which prevents the filling of any vacancy created by any judge then in office leaving the bench for any cause, would not apply to the additional judgeship which we are now creating under the proposed legislation?

Mr. AUSTIN. My answer is that there is no qualification or limitation that makes this proposed new judgeship temporary. He would serve under the same terms as all the other judges.

Mr. WAGNER. As to the judges who were in office on May 1938, does the qualification apply, so that if one should resign or die, or otherwise become disqualified, the next vacancy so created could not be filled?

Mr. AUSTIN. That is not my understanding of the law.

Mr. WAGNER. That is what I wanted to have made clear.

Mr. AUSTIN. My understanding is that when the last judgeship was created a peculiar phrase was written into the law, namely, that the first vacancy that might occur thereafter would not be filled, so that it made no difference upon whom the mortality fell the vacancy created thereby would not be filled. But that provision is now functus officio.

Mr. WAGNER. That was my understanding of the law, but I was somewhat confused. Perhaps the Senator can enlighten me by reference to the provision on page 2 which is stricken from the bill. After providing for the creation of an additional judge for the southern district of New York, this proviso was inserted in the present law:

Provided, That the first vacancy occurring in the office of district judge for the southern district of New York by the retirement, disqualification, resignation, or death of judges in office on the date of enactment of this act shall not be filled.

Mr. AUSTIN. That occurred with the elevation of Judge Patterson and, of course, that is all over. The vacancy thereby created cannot be filled. The present bill as amended pointed a finger at that particular vacancy, and said it could not be filled.

Mr. WAGNER. That is my understanding. I merely wanted to be clear about that.

I should like to ask the Senator another question: Is it not true that the southern district of New York is not really securing an additional judge, so far as the number of judges is concerned, because if this bill should become a law we would simply have the same number of judges we had before the elevation of Judge Patterson to the circuit court of appeals?

Mr. AUSTIN. That is correct. There would be 12 district judges.

Mr. WAGNER. The Senator, I know, has made an exhaustive investigation of the subject, particularly with reference to the southern district of New York. Is the Senator satisfied that the condition of the calendar in that particular district does not require any greater aid than is provided in this proposed legislation?

Mr. AUSTIN. At the present time I believe that to be true. If there should be a marked change, it might not be true. There have been times, as shown by the history of the southern district of New York, when it was entitled to have more judges than it did have. That was when the load was

around 19,915 cases per year. The southern district certainly should then have had help, and it did have it, but it was of a temporary character. In that period there were sessions held by visiting judges numbering 409 in 1931; 334 in 1932; 314 in 1933. But a peculiar thing is that during this period of their work, that is the period of the low number of cases dispatched, the southern district of New York had altogether, when one counts the regular judges and the visiting judges, the following number for the various years:

In 1933 and 1934, regular judges 8, visiting judges 13; in 1935, regular 8, visiting 18; in 1936, regular 8, visiting 15; in 1937, regular 11, visiting 13; and in 1938, regular full-time 11, part-time 1, and visiting 17. The total number of sessions held by those visiting judges for those years was as follows: 1933, 314 sessions; 1934, 466 sessions; 1935, 474 sessions; 1936, 461 sessions; 1937, 376 sessions; and 1938, 335 sessions.

From January until June 20, 1939, the number of regular judges was 11 full-time, 1 part-time, and 11 visiting judges who held 261 sessions.

This must indicate, I think, that the character of the work in the southern district of New York is special in a degree, and that that district must have to carry some very heavy cases of themselves; that is, cases important not only in principle but in the amount of property rights involved.

Mr. WAGNER. I presume we both can appreciate the reason for that. New York is the commercial and financial center of the country, and a great deal of very important litigation involving very important rights comes before that court, to a greater degree than in the case of other courts, with the exception perhaps of the eastern district.

I am sure that the Senator, while making his investigation, was impressed with the industry of the judges of that particular court.

Mr. AUSTIN. I have the highest regard for that bench. I have met them personally and have talked with them and visited their clerks. They are a hard-working group of men; there is no doubt as to their diligence or their capacity, and they are doing a fine work there; but when we are considering the entire judicial set-up of the country I think we should at least be prudent in respect of the creation of new judgeships and take plenty of time to make sure that what we do will work out satisfactorily before we shall vote to create the new judges. In other words, I do not want to move so rapidly that we will have many judges who are not necessary.

Mr. WAGNER. I am not going to quarrel with the committee. I have made somewhat of a study of the subject and have estimated that at least two additional judges will be needed if we are not to have delay in the disposition of litigation now pending there. Such delays often results in great injustice being done, particularly to the poorer litigants. However, so far as I am concerned, I am willing to bow to the judgment of the committee; but next year, if experience indicates that additional aid is needed in that court, I shall perhaps press again for an additional judge.

DESIRABLE LEGISLATIVE OBJECTIVES

Mr. WILEY. Mr. President, I expect shortly to leave for Europe, to attend the sessions of the interparliamentary Union, at Oslo, Norway, which will be held there from the 15th to the 19th of August. I hope to come back with a better grasp upon the European situation and a better understanding of the effect of our American foreign policy. Before I leave I want to thank the Members of the Senate for the very friendly and courteous treatment shown me since becoming a Member of this distinguished body. I also want to thank all others connected with the Senate—the official reporters, clerks, and pages—for their courtesy and kind treatment.

These 7 months have been wonderful months, filled to the full with many experiences. There is a great deal of legislation which has not been passed which I should have liked to see passed, and there is legislation which has gone on the books which I should have preferred to see killed in committee. Some of the legislative measures I should have liked to see passed, include some of my own, and I give notice that I shall continue to urge the passage of these bills at the next session of Congress.

First. I should have liked to see a bill introduced and fostered by the Senate that would have repealed all laws on our statute books that relate to neutrality. I am not in favor of the Bloom bill. I am in favor of a return to the basic principles of international law, not giving more power to the President, but less power, particularly in relation to international affairs.

In this connection, let me say that I should have welcomed the sight of a group of Senators, Democrats and Republicans, New Dealers and off-the-wagon Democrats—some call them purged and unpurged—getting together to originate—and I use the word "originate" advisedly—this legislation. But in recent years it appears that to a large extent the constitutional provision—section 3 of article II—that the President shall recommend to the consideration of Congress such measures as he shall judge necessary and expedient has been interpreted to mean that the Executive shall define the course of Congress. This has been true in spite of the fact that section 1, article I, provide that—

> All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Everyone agrees that if war should break out in Europe, the legislation on our books is not conducive to neutrality. It provides, in substance, as follows:

(1) There would be an automatic embargo on arms, ammunition, and implements of war.

(2) Americans would not be permitted to travel on the ships of belligerents; loans to belligerents would be banned; belligerent submarines could be kept out of our waters.

(3) All goods except arms could be shipped to the belligerent countries in American ships manned by American sailors.

(4) Title to these goods could remain with Americans while the goods were being shipped.

These rules are practically the same as they were when war started in 1914, except for the embargo on arms and the ban on travel. Under the present situation, our ships would roam all seas and be torpedoed.

If international law obtained, we should then be in such a position that we could by legislation, if we saw fit, restrict the sale of all goods, including arms, to belligerents. We could put into effect a cash-and-carry clause. The Johnson Act, the loan embargo, would remain in force; and we could ban, if we thought fit, travel of our citizens, and also bar submarines from our ports. But this problem apparently will be held over until the next session of Congress.

Second. I should have liked to see Congress, if it had returned to the basis of international law, pass my joint resolution (S. J. Res. 140), which provides for an amendment to the Constitution relating to the power of Congress to declare war, and which reads as follows:

> SECTION 1. The Congress shall have power to declare war when the United States or any of its Territories or possessions have been invaded, or are in immediate danger of invasion, and when any part of the Western Hemisphere has been invaded by, or is in immediate danger of invasion by, the forces of any non-American nation, and shall have power to declare war in other cases only if a majority of those persons voting in a national referendum held in such manner as the Congress shall by law provide shall vote in favor of such declaration of war.
>
> SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in three-fourths of the several States, as provided in the Constitution, within 7 years from the date of its submission to the States by the Congress.

I wanted to read this joint resolution into the RECORD because I wanted to make it plain that this is not the amendment that has been floating around Congress for a number of years. It is something different. It provides an added check on war. Jefferson, when he wrote into the Constitution that Congress alone should have the power to declare war, said that he had put a check on the dogs of war. In

my joint resolution, as you note, I put a double check on the dogs of war. The horror of war, the aftermath, with present-day war facilities, words cannot describe. Another check is very badly needed.

I believe America should be the lighthouse keeper. The business of a lighthouse keeper is to keep the light burning. It is not the business of a lighthouse keeper to go out and attend to the wrecks. He must keep the light burning so that when the navigators of ships look for the light it will be there. If Europe "goes to pot," it is not our business to "go to pot" with her. It is our business to keep the light of democracy burning, so that in the years that are ahead stricken people everywhere will be able to see the glory and the worthwhileness of democratic principles. If we keep our thinking straight, America will not get mixed up in any future wars. Especially is this true if we in the Senate recapture the traditional dignity and position and power of the Senate and put the Executive power where it belongs.

Third. I am sorry the Senate has not appointed a committee to study the economy of our country, having in mind meeting head-on the situation that would arise in case war should break out in Europe; having in mind especially the need of trying to find ways and means of resisting the economic pressure that would be brought, resulting in a dislocation of our economy, with resulting break-down after the cessation of war. We should see to it that economic maladjustment abroad should not create economic maladjustment here.

Fourth. I should have liked to see this session of Congress pass the measure which I introduced (S. J. Res. 93) to provide for a moratorium on Government-owned mortgages. Let me read you a letter I just received today, telling about the situation:

POYNETTE, WIS., *July 18, 1939.*

ALEXANDER WILEY,
Senate Office Building, Washington, D. C.

DEAR SENATOR WILEY: The farm situation in Wisconsin, as to Federal land bank foreclosures, is becoming very acute.

Hundreds of farms through northern part of the State are under foreclosure and same condition gradually creeping into central and southern Wisconsin.

This throws hundreds of farmers out of their homes and the farms on the market for sale, not only demoralizing farm sales value, but putting an increasing number of families on relief.

The Land Bank Commissioner's loan, originally an appropriation by Federal Government to save the farm and agricultural situation in 1933–34–35, accomplished its purpose at that time. Today it is the cause of so many foreclosures and is having exactly the opposite effect. Payments and interest are in such large amounts that the farmer—where he could even under the poor prices for farm products—meet his taxes, interest, and principal payments on his Federal land bank loan and also living expenses, is absolutely up against a stone wall when he comes to pay the interest and principal on the Land Bank Commissioner's loan and is losing his farm.

As this money is a Federal appropriation and already appropriated to take the chances on losses, to start money in circulation, and to keep families off relief, why should it be allowed to rebound and wreck all the good that it accomplished in 1933–34–35, and why should present appropriations for administration expenses—foreclosure and resale—and farm-tenancy plans be made when this whole additional expense can be saved by giving the present farm owner a chance to save his farm?

Very truly yours,

JOHN R. LEATHERMAN.

Fifth. I should have liked to see Congress pass Senate Joint Resolution 145, which also provides for an amendment to the Constitution, giving Congress the certain right to levy taxes for old-age pensions. There are those who claim Congress has that right. There are those who say Congress has not the right. If this joint resolution amending the Constitution were submitted to the people, it would enable the people to decide whether they wanted the Congress to have that certain right. The problem of old age is one of the serious problems confronting this Republic.

Sixth. In view of the current multiplicity of interstate trade barriers, I am sorry that the Senate did not pass my resolution which called for an investigation of the trade barriers between the States. The House had such an investigation, which developed many facts; but the resolution calling that situation to the attention of the people was first introduced in this body.

Seventh. Another thing which I think the Senate should have accomplished is this: It should have met the capital-labor issue head-on; I mean, the issue presented by the Wagner Act. Congress should have recognized the right of the public in these labor quarrels.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. PEPPER. I was very much pleased to hear the intimation in the Senator's remarks of his friendliness toward an adequate pension plan. I am sure the Senator knows my keen personal interest in the Townsend plan. I wonder if the Senator could be counted upon to be, with me, a militant and vigorous advocate in the Senate of the Townsend plan?

Mr. WILEY. Let me say to the distinguished Senator from Florida that when the joint resolution was introduced in the Judiciary Committee I think the votes stood about 12 to 5 in favor of submitting to the people the joint resolution suggested by the Senator. I voted in favor of it, because I believe the sentiment throughout the country is such that the people want not a bogus, pseudo, so-called social-security plan, but something which hits at the vitals of this problem, which cuts through all the intricacies and fallacies of human reason and gets results.

In relation to the Townsend plan, I will say that I have heard it discussed in the Senate by the distinguished Senator from California [Mr. DOWNEY], who intimated that there were many factors of the plan that were uncertain; for instance, the question of the kind of tax that should be imposed. If the Senator from Florida wants to know where I stand in relation to old-age pensions, I will state that I voted in favor of the joint resolution, which means that I am in favor of vesting in the Congress of the United States power to levy a tax for old-age pensions.

Mr. PEPPER. Mr. President, if the Senator will yield further, in the question I asked the Senator I stated that I was sure that he knew of my own advocacy of the Townsend plan, and I asked him whether he would join in militant and vigorous support of the Townsend plan.

Mr. WILEY. Mr. President, I have answered the question, so far as I can answer it, in saying that I am in favor of a plan for old-age pensions. In view of the fact that certain factors of the Townsend plan are undecided, to the extent that even the leaders themselves are not sure about it, as intimated by the Senator from California [Mr. DOWNEY] a few days ago, if I should answer the question "yes" or "no," it would be no particular answer. I shall be pleased to answer "yes" or "no" on a final and definite plan. I am in favor of the Congress of the United States having the power to levy a tax for old-age pensions.

Now I will have to carry on with my argument, because I have many points to cover in a short period of time.

Mr. PEPPER. Mr. President, if the Senator will yield on another phase of the matter, I wish to ask him what the attitude of the Republican Party is, and whether it will sponsor and vigorously assist in the passage of the Townsend plan. I saw the Senator in consultation with the leader of the minority, and I think it would be appropriate for the Senator to make an unequivocal yes-or-no statement on that subject.

Mr. WILEY. I did not rise to discuss the Townsend plan, especially since we do not know what its final form will be. Let me ask the Senator from Florida, can he tell me the attitude of the Democratic Party in relation to the Townsend plan?

Mr. PEPPER. I am for the Townsend plan.

Mr. WILEY. That does not answer the question. What is the attitude of the Democratic Party?

Mr. PEPPER. I asked the Senator whether he was for the Townsend plan.

Mr. KING. Mr. President, will the Senator yield?

Mr. WILEY. We are getting nowhere. The Senator is trying to divert the attention of the people from the particular issues to which I am attempting to call attention.

My sixth point was that I was sorry that the Senate did not adopt my resolution calling for an investigation of the trade barriers between the States.

My seventh point was that the Senate should have met the capital-labor issue head-on; and by that I refer to the issue presented by the Wagner Act. Congress should have recognized the rights of the public in these labor quarrels.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. WILEY. Not until I conclude my remarks. Then the Senator may talk.

Who is the greatest sufferer when great strikes occur? The answer must be—the workmen themselves, their families, and the public.

Mr. SCHWELLENBACH. Will the Senator yield?

Mr. WILEY. Mr. President, I stated that I would yield when I concluded, and I expect the Senator from Washington to observe the rules of the Senate.

Mr. SCHWELLENBACH. The rules of the Senate provide that a Senator may yield for a question.

Mr. WILEY. When I conclude I shall be happy to have the Senator ask me a question.

What sense is there in permitting a small group to dislocate the life, the security, the economics of a country? Riot and license do not make for liberty or democracy.

Apparently, the reason why we have not solved this problem, and also the so-called neutrality problem, is that this administration has indulged in Fabian tactics, delaying both matters.

Eighth. I believe that Congress should again consider the entire problem of the reciprocal-trade treaties and their effects on the Nation's economy. Certainly the necessity for that study is well illustrated in my State, where both the zinc and fox-fur industries are being crucified by our existing trade policy.

Ninth. Before Congress adjourns I should like to see some action on my constitutional amendment to limit the office of President to one 6-year term.

Mr. President, in that connection I offer at this time, and ask leave to have incorporated in my remarks, an editorial taken from the Saturday Evening Post of this week entitled, "Third Term."

The PRESIDENT pro tempore. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post of July 22, 1939]

THIRD TERM

The Constitution is eloquently silent on the subject of a third term, Secretary Ickes has written, in launching the drive for a third term for Mr. Roosevelt.

Mr. Ickes is right for once. It says nothing about a third term, not in oversight, but because its drafters were of many minds and could not agree. Their proposals varied from a term of 3 years and no limitation on reelection to a single term of 7 years. Most of them wished to restrict the period a President might serve. The minority, who held that the Chief Executive should serve as many terms as the people liked, make strange bedfellows for Mr. Ickes. Alexander Hamilton was one, and Hamilton was suspected of being a monarchist at heart.

The Convention first decided that Congress should elect the President, that he should serve 7 years and be ineligible for reelection, then changed its mind twice about the latter detail. When the Committee of Detail attacked the naming of the President by Congress, the delegates referred the whole problem to a special committee of 1 from each of the 11 States represented. It was that committee which settled upon election by an electoral college and a term of 4 years, ignoring the number of terms permissible.

New York unsuccessfully demanded a prohibition of more than two terms before she ratified.

Nor did Washington, in refusing a third term, have any demonstrable thought of setting a precedent. He declined ostensibly because he felt that he had done enough for his country, to the neglect of his private interests—plus his detestation of politics. In his Farewell Address he spoke only of his "sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire" in having accepted the office at all.

It is Mr. Ickes who is "eloquently silent" about the fact that Thomas Jefferson founded the precedent and Andrew Jackson nailed it down—the two fathers of the Democratic Party. Jefferson had announced that he would serve one term only, as an example. When he accepted a second nomination, he blamed the Federalists. "I sincerely regret," he said, "that the unbounded calumnies of the Federalist Party have obliged me to throw myself on the verdict of my country for trial, my great desire having been to retire at the end of the present term to a life of tranquillity."

But he would have no third term. Originally of the opinion that "the President should have been elected for 7 years and be forever ineligible afterward," he decided later that "service for 8 years, with a power to remove at the end of the first 4," came nearer to his "principle as corrected by experience. General Washington set the example of retirement at the end of 8 years. I shall follow it; and a few more precedents will oppose the obstacle of habit."

He wrote this in a letter to a friend. The people, knowing nothing of his decision, began to suggest a third term midway of his second. The legislatures of seven States memorialized him and he waited 13 months before making a public disavowal.

"If some termination to the services of the Chief Magistrate be not fixed by the Constitution, or supplied by practice," he wrote, "his office, nominally for years, will in fact become for life; and history shows how easily that degenerates into an inheritance. Believing that a representative government responsible at short periods of election is that which produces the greatest sum of happiness to mankind, I feel it a duty to do no act which shall essentially impair that principle; and I should unwillingly be the first person who, disregarding the sound precedent set by an illustrious predecessor, should furnish the first example of prolongation beyond the second term of office."

Jefferson's party acclaimed "the manly and sublime effort which dictated your determination," derived "consolation from the consideration that your example may operate on all future Presidents to pursue a course which has added luster to your character, already dear to liberty and your country."

Constitutional amendments to prohibit a third term were proposed several times in the next 20 years, but the public showing no interest, Congress took no action. It was not until the contested election of 1824, the defeat of Jackson and his prompt renomination that the issue came alive again. Ten resolutions intending to limit the President to one term were introduced in Congress.

Jackson took office already earnestly on record as an advocate of one term and asked in each of his eight annual messages that the Constitution be so amended. Twenty-four such joint resolutions were offered in his two terms, but his party failed to support them actively.

William Henry Harrison took office pledged to one term. "Republics could commit no greater error," he said, "than to adopt or continue any feature in their systems of government which may be calculated to create or increase the love of power in the bosoms of those to whom necessity obliges them to commit the management of their affairs."

In a month Harrison was dead, and for the first time in our history a Vice President inherited the Presidency—another detail on which the Constitution was vague. No one was quite sure whether Tyler was President or merely Acting President.

But the Whigs were quite sure that he was a turncoat and a villain, and for the first time a political party adopted officially the doctrine of one term. While the quarrel with Tyler was at its height the legislatures of eight States sent one-term amendments to Congress.

It was Grant who came closest to a third term. Hardly had he been reelected in 1872 when the opposition press began to proclaim that the Republic was threatened with overthrow by the probable reelection in 1876 of this man on horseback, and raised the cry of Caesarism.

With the Southern States the vassals of the Federal Government, under Reconstruction, the danger was real unless Grant himself should refuse. The Republican State convention in Pennsylvania adopted resolutions declaring "unqualified adherence to the unwritten law of the Republic which wisely, and under the sanction of the most venerable examples, limits the Presidential service to two terms."

This led Grant to reply. In a letter to the chairman he recounted the cry of Caesarism. He had ignored it because it was beneath the dignity of his office to answer such a question until it was presented by a body "of such dignity or authority as not to make a reply a fair subject of ridicule." He had not sought the office for either the first or second term, did not wish a third term any more than he had a first. "I would not accept a renomination if tendered, unless it should come under such circumstances as to make it an imperative duty—circumstances not likely to occur." Grant presumably referred to a recurrence of civil war.

Republicans and Democrats alike in Ohio and New York resolved that no third term was a fundamental rule of the unwritten law of the Republic, and in 1875 the House adopted, by 234 to 18, a resolution introduced by Springer, of Illinois, to that effect. The next President, Hayes, in his inaugural address, asked for an amendment limiting the office to one term of 6 years, but the public had lost interest again.

Two years later, however, Grant returned from a triumphant world tour just as his party was looking for a successor to Hayes. Despite the evil record of his two terms, corruption in which Grant himself had not shared, the American people gave him a reception such as no American ever had had until then.

Conkling, Cameron, and Logan, counting upon this, and determined to stop Blaine, decided to renominate Grant, and he consented. The third-term issue was drawn for the first time. The public reaction was so immediate and so violent that Grant wished to have his name withdrawn, but Conkling refused, and Ulysses S. Grant narrowly missed nomination. For 36 ballots he never received fewer than 303 votes.

That, the country felt, was that, and no more was heard of a third term until 1912. In 1904 Theodore Roosevelt had expressly said that the 3½ years of his succession to the assassinated McKinley constituted his first term. "The wise custom," he went on, "which limits the President to two terms regards the substance, and not the form, and under no circumstances will I be a candidate for, or accept, another nomination" (after 1904).

When Theodore Roosevelt accepted the Bull Moose nomination in 1912 these words came back to haunt him. He disingenuously explained that when a man said, "No, thank you, I do not wish a second cup of coffee," he did not mean that he never again would wish another cup of coffee.

That same year the Democrats at Baltimore wrote into their platform at the demand of Bryan: "We favor a single Presidential term, and to that end urge the adoption of an amendment to the Constitution making the President ineligible for reelection, and we pledge the candidate of this convention to this principle."

But in 1916 the candidate pledged to one term was renominated by the party which had pledged him, Mr. Bryan not opposing. The party and everyone thought the pledge had been no more than Mr. Bryan's plot to have Woodrow Wilson out of the way 4 years hence.

From 1912 to 1927 the third-term issue was forgotten once more. Calvin Coolidge, like Theodore Roosevelt, had finished out the term of a dead President and had been elected for a second term. There began to be speculation about a third term for Mr. Coolidge, who remained silent.

It was then that Senator LA FOLLETTE introduced, and the Senate voted, 56 to 26, the following resolution, about which Mr. Ickes is silent, if not eloquent: "It is the sense of the Senate that the precedent established by Washington and other Presidents in retiring from the Presidential office after their second term has become, by universal concurrence, a part of our republican system of government, and that any departure from this time-honored custom would be unwise, unpatriotic, and fraught with peril to our free institutions."

Among the Democrats who voted for the resolution were BARKLEY, ASHURST, MCKELLAR, HAYDEN, NEELY, PITTMAN, SHEPPARD, THOMAS of Oklahoma, and WAGNER. Among the Republicans were NORRIS, BORAH, NYE, CAPPER, FRAZIER, and HIRAM JOHNSON—the latter Mr. Ickes' political mentor and the man who made him Secretary of the Interior.

A year ago, when there was some fear in the party that Mr. Roosevelt might have Mr. Ickes in mind as his successor in 1940, Senator PITTMAN was quoted as saying, "I have an inherent prejudice against a third term, but, between Ickes and a third term, I'll take a third term."

KEY PITTMAN was a miner at Dawson, at Nome, and at Tonopah when those camps were flush. He is a hard-bitten man, but he blanched at the thought of Mr. Ickes in the White House.

That danger, if it ever was a danger, has passed, however, and the Nevadan is free to resume his inherent prejudice against a third term.

Mr. WILEY. Mr. President, in one form or another this timeless proposal has been before the public for almost 100 years. Last week the Senate Judiciary Committee sent to the Senate for consideration two such proposals, one of which was mine. With opinion just as much divided as in the turbulent Jacksonian era, it is likely that these proposals will be talked to death by partisan proponents of not only a second, but a third term.

Because of political implications of a single term at this time, it is equally possible that this century-old debate will flare up hotter than ever in 1940. It is probable that this controversial proposal may assume the proportions of a political campaign issue. That is unfortunate. It is unfortunate because the very purpose of such an amendment is to free a Chief Executive from the political back-slapping attendant upon placating political interests to insure another term. This issue should be debated on its merits rather than its politics.

The framers of the Constitution debated this same idea. Jefferson was opposed to a third term, and at one time favored a single term. Jackson wanted to limit a President to a single term. Buchanan and Hayes both advocated a single term, and both kept their pledge not to seek reelection.

Cleveland advocated a single term, though he later battled for a second term. Wilson's 1912 platform pledged him to a single term, though he did not keep that pledge.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. WILEY. Not until I get through, please.

Taft publicly expressed his dislike of a second term, though he failed to stand by this philosophy. Grant and Theodore Roosevelt both sought a third term, and both lost their fight.

It is time that this issue were decided. It is time that a President be permitted to be a statesman rather than a politician. By that I mean it is time that a man who goes into the Executive office of this Nation and holds it for 6 years shall think in terms of the national welfare and not in terms of being reelected, not in terms of paying political debts, not in terms of building a political machine.

Mr. President, some time ago I received a communication from some of my constituents expressing the approval and gratitude of the Christian people, regardless of denomination, of the efforts being made by His Holiness, Pius the Twelfth, to promote and secure peace among the nations. This communication stated that his outstanding pronouncements and unflinching attitude for peace represents the sentiments of the American people, specifically those of some of the citizens of my own State.

I am glad at this time to place the gist of this communication in the RECORD. It was signed by Protestant ministers, thirty-second-degree Masons, businessmen, laboring men, as well as prominent Catholics. It expressed truly the sentiment that the world is hungering for peace; that it is diligently seeking the way out of the grave situation it faces today.

Congress will soon adjourn. We who have been in positions of leadership will go back to our constituents. What we say and do will provide the chart that may determine the course of the Nation tomorrow. How important it is, then, that we reflect sanity and Christianity in our talks. How important it is that we remember that we are, above all, Americans—no matter what our racial origins are—Americans. We owe no political allegiance to any other nation on earth. As the Nation thinkest, so will the Nation's course for peace or war be determined. We cannot take time to hate Frenchmen, or Germans, or Englishmen, or Italians, but we can take time to love America and her institutions. We have problems within our own borders which need remedying. Yes; we have ills here to cure; and if we seek the remedy for those problems and ills, we will be minding our own business. If we of the Senate and the House permit ourselves to become hysterical, filled with fear, to become men who do not reason or think sanely, then we are traitors to the present.

I know that to some this is superficial thinking, but to me it is basic, fundamental.

We are supposed to be leaders in thought. We go to our various homes, cities, and communities, and if we give the impression that war must come to the United States, we are then indeed traitors.

It is well, then, that we realize that only when the people want war will there be war; and I say "the people" because, to a large extent, we reflect what the people want. If the people want peace, then there will be peace. This will be true as long as we maintain our democracy. It is very important, then, that through the succeeding months we, as leaders of thought, keep our minds on even keel, not allow ourselves to be stampeded, keep clear of the propaganda that comes from many quarters, and keep ourselves—our individual selves—free from the entangling alliances of fear, prejudice, and hysteria.

And now I yield to the Senator from Indiana. If he has no question to ask, I yield to the Senator from Washington.

Mr. SCHWELLENBACH. Mr. President, I was very anxious to ask the Senator a question, and I hope he did not feel I was being discourteous to him in interrupting his remarks. It happened that right in the midst of his discussion he referred to a matter about which I wish to ask a question.

Mr. WILEY. If the Senator had been in the Chamber when I opened my remarks, he would have noted that I paid particular attention to the gentlemen on the other side of the aisle, complimenting them on their courtesy and friendliness, and I am sure that is particularly applicable to the Senator from Washington.

Mr. SCHWELLENBACH. I should like to ask a question, if I may. The Senator referred to the trade-barrier question, and it was at that particular point that I attempted to interrupt him. Is the Senator familiar with the issue which arose in this country as the result of trade-barrier activities on the

part of the State of Wisconsin, and in making the statement that he thinks we should have done something to solve the problem is he taking the position that his own State was mistaken in its original efforts several years ago to set up trade barriers?

Mr. WILEY. I do not know whether I got the gist of the question of the distinguished Senator from the State of Washington. What I said in my remarks was that many instances were apparent throughout the Nation where the application of the so-called reciprocity treaties worked hardship and harm, and it certainly worked financial loss to certain communities and States. I was only, as it were, giving a sketch of the 9 or 10 matters that I thought we should have taken up, but I called attention to the fact that in my own State, because of these trade agreements——

Mr. SCHWELLENBACH. I am not talking about trade agreements. My understanding was——

Mr. WILEY. Let me finish the sentence. That on account of the trade agreements we in Wisconsin were hurt particularly with respect to zinc and our fox-fur industry.

Mr. SCHWELLENBACH. I was talking about trade barriers between States. Did I hear correctly that the Senator said he felt that Congress should have done something in reference to treaty barriers between States?

Mr. WILEY. Yes.

Mr. SCHWELLENBACH. Then the question I want to ask is whether the Senator appreciates the fact that the State of Wisconsin was the first offender along this line, and whether he is criticizing his own State along that line?

Mr. WILEY. I might say to the distinguished Senator that that kind of an argument is no argument at all. It is trying to throw dead cats. If my State made a mistake some years ago, that is not the point. The point is that I introduced a resolution in the Senate asking the Senate to appropriate a little money to provide for an investigation of the ill effects of artificial trade barriers created by various States. In the city of Washington we had an investigation that related to milk. If my State made a mistake, I trust my State will correct it. Out there we have good people. In fact, I think the Senator's mother lives out there and I believe the Senator was born there. He should not say anything that would reflect on his birthplace.

Mr. SCHWELLENBACH. Yes.

Mr. WILEY. We are glad that he can claim that as his State, as well as his mother's residence.

Mr. SCHWELLENBACH. That is the reason why I am asking the question. I would greatly like to know from the State of Wisconsin, through its official representative, that my place of birth has repented its former sins and now wants to correct the thing which started it.

Mr. WILEY. Mr. President, no; that is not the reason the Senator asked the question. The reason he asked the question is that he wanted to divert the attention of the Senate and the people from the issue, and that is that the Senate did not investigate this trade-barrier situation which they should have investigated. That is the problem. And we now acknowledge, and the Government itself has made a record of it, that these trade barriers are not only pernicious but that they are a virtual cancer in our system, which bring about serious results to the Government.

Is there any other question?

Mr. SCHWELLENBACH. I should like to have the floor in my own right.

Mr. WILEY. I yield the floor.

ADDITIONAL CIRCUIT AND DISTRICT JUDGES

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

Mr. SCHWELLENBACH. Mr. President, in reference to the bill, I should like to have the attention of the Senator from Arizona if I may. I notice in this bill creating new judgeships that there is no provision for the creation of another judgeship in the State of Washington. I want the RECORD to show the situation. In the last session of the Congress there was adopted as a part of the bill which created additional judges a provision for a judgeship in the western district of Washington. That provision was inserted as a result of a bill introduced by the Senator from Arizona at the request of the Department of Justice, and testimony was heard before the committee showing the need for an additional judge in the western district of Washington.

Mr. President, this year there was introduced in the Senate by the Senator from Idaho [Mr. CLARK], Senate bill 1554, which changed the character of the judgeship which was established last year in the western district of Washington, making it in the nature of a roving judgeship, which would entitle the occupant of that office to sit in the various sections of the State of Washington. That measure was referred by the Judiciary Committee to a subcommittee headed by the Senator from Kentucky [Mr. LOGAN]. I interposed no objection to that bill at the time it was introduced in the Senate. I told the Representative from my State, representing eastern Washington, and I told the Senator from Idaho [Mr. CLARK] and the Senator from Kentucky [Mr. LOGAN] that if there were presented to the Judiciary Committee sufficient facts showing the need of a roving judgeship to take care of business in eastern Washington, that I, of course, could not object to it and would agree to it. It was my feeling at that time that if there was sufficient business in eastern Washington for a judgeship, a judgeship should be created in eastern Washington, rather than to enlarge the activities of a judgeship which was created under a statement of facts showing the necessity for an additional judge in western Washington. However, on the basis of the testimony submitted to it, showing that there was sufficient need in eastern Washington, the committee reported the bill favorably, and the bill was passed by the Senate and went to the House.

In the meantime the House committee, acting upon the same question, reported House bill 6167, which is now on the Union Calendar of the House as No. 441, which is different from the Senate bill in that it makes the judgeship which was created last year as a full-time judgeship—and by that I mean a judgeship which would continue permanently—a temporary judgeship, so that whoever might be appointed to that particular judgeship would serve, and then after his time of service the judgeship would lapse, and we would go back to the present system in the State of Washington.

I discussed this matter with the Representative from eastern Washington, and had the assurance that that bill would not pass until such time as the bill which is now before the Senate was adopted by the Congress providing for an additional judgeship for the State of Washington. In other words, I took the position with him, and I take the position with the Senate, that since we last year or the year before created a permanent judgeship for the State of Washington, I am not willing to trade that for a temporary judgeship; and the reason I ask the attention of the Senator from Arizona is to serve notice in the RECORD now that if the House should pass the House bill I shall vigorously oppose it, because I am not willing to agree that we shall give up what we have in the nature of a permanent judgeship, which was based upon the record made last year showing the need of a permanent judgeship, for a mere temporary judgeship in the State of Washington.

Mr. ASHURST. Mr. President, I happen to know personally of the diligence with which the Senator from Washington [Mr. SCHWELLENBACH] has labored with this subject. I have great confidence in him, and I am sufficiently familiar with the situation to say here and now that I shall be disposed personally to follow his lead in the matter. The general policy is to follow the views of Senators with reference to problems in their own States. I shall gladly cooperate with the able Senator from Washington in trying to achieve the objective which he desires, as indicated by his speech.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. MINTON. Will the Senator please indicate why the committee saw fit to amend the bill by striking out one judge for the seventh circuit?

Mr. ASHURST. If the Senator from Indiana will pardon me, I shall ask the Senator from New Mexico [Mr. HATCH] to make reply. I should be glad to answer the question, but I believe the able Senator from New Mexico is in a much better position, more directly and with a greater degree of accuracy, to make reply than I am, for the reason that, as I stated earlier in the day, the special committee to investigate the need for judges divided the work, and the Senator from New Mexico was selected by the chairman—myself—to proceed to the seventh circuit and make a personal investigation. He did make a personal investigation, and therefore is in a much better position than am I to reply concerning that situation.

Mr. HATCH. Mr. President, I am very glad to reply to the question of the Senator from Indiana [Mr. MINTON], because in a measure the elimination of the judgeship in the seventh circuit is the result of an investigation I made in that circuit. It is not altogether certain that the judgeship should be eliminated. I am glad to have the opportunity of explaining the exact situation to the Senate, and let the Senate take such action as it may desire.

First, I believe an additional judge was recommended for the seventh circuit by the Attorney General and by the judicial conference. On those recommendations an additional judgeship was included in the bill which the chairman of the committee introduced. I was designated a member of the special committee to make a personal investigation of conditions in that circuit. I first took the matter up by correspondence and later went to Chicago, where I conferred with the judges. I did not see all the judges. They were not all present. However, the majority of the court was present.

The court itself, Mr. President, is heavily crowded with work. There is no question that at this time the judges of the seventh circuit have as much work as they can attend to. They are active, busy, industrious men. I found a very wholesome atmosphere around the court, in the method of dispatching business, and so forth. Some of the judges believe that it is really necessary that the additional judgeship be authorized. They were all in accord that an additional judge could be used. There was some slight difference of opinion as to whether or not it was really necessary, there being a difference as between actual need and the desirability of having an additional judge. There is no question that there is plenty of work in the seventh circuit for an additional judge.

However, Mr. President, after considering the matter, I came to the conclusion that, in view of the fact that at the previous session of Congress the court had been increased by one judge, it would be better to wait until the court had functioned for a few months with the new judge added at the previous session of Congress, so that we might be better able to determine whether or not the bench as now constituted could handle the business. I myself am not sure that there are sufficient judges in the seventh circuit. I merely wanted to see the present number tried for a few months so that the question could be determined as a result of actual experience. However, I wish to say that all the judges agree that there is plenty of work and that an additional judge could be used. The only difference arose over the question whether or not it could be said that an additional judge was really necessary to dispatch the business.

The PRESIDING OFFICER (Mr. BULOW in the chair). The question is on agreeing to the first committee amendment, which will be stated.

The first amendment reported by the Committee on the Judiciary was, on page 1, line 4, after the word "Senate" and the comma, to strike out "four" and insert in lieu thereof "two", so as to read:

That the President is authorized to appoint, by and with the advice and consent of the Senate, two additional circuit judges.

The amendment was agreed to.

The next amendment was, on page 1, line 7, to strike out "(b) One for the seventh circuit."

Mr. ASHURST. Mr. President, I ask that the committee amendment in line 7 be agreed to.

Mr. MINTON. Mr. President——

Mr. ASHURST. If the Senator from Indiana wishes to discuss the amendment I shall not press for action on it now, but I shall ask later that the amendment be agreed to. If I have the floor, I yield to the able Senator from Indiana.

Mr. MINTON. Mr. President, in view of the fact that the Attorney General and the judicial conference recommended an additional judge for the seventh circuit, and notwithstanding the fact that the committee has disagreed to that recommendation, I venture to suggest that it is advisable for the Senate not to follow the opinion of the committee, but rather to take the judgment and opinion of the Attorney General and the judicial conference.

The seventh judicial circuit is made up of the States of Indiana, Wisconsin, and Illinois; and I think in point of business it is perhaps the second largest circuit in the United States. Until last year it had only four judges. Last year an additional judge was provided. Up to that time the judges in that circuit had been burdened beyond endurance. In fact, the work in that circuit had very materially affected the health of at least one of the older judges, one of the truly great judges of the circuit courts of this country.

Mr. President, while it may be true, as the Senator from New Mexico has stated, that the seventh circuit could get along without an additional judge, I understand that, while the seventh circuit is keeping fairly well abreast of the docket, the fact remains that the judges are working day and night, Sundays and holidays, in order to accomplish that end. In my judgment, such a condition is exacting too much of the judges, especially those who have served until almost the time for retirement. Among their number are some of the greatest judges in the country. So, Mr. President, I think they are entitled to the consideration which the Attorney General and the judicial conference thought they were entitled to by way of an additional judge.

Mr. KING. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. KING. Was not an additional judge provided in 1938?

Mr. MINTON. One additional judge was provided last year. The Senator from New Mexico [Mr. HATCH] stated that it was his judgment that we should try out the new personnel to see if it is possible to get along without the additional judge suggested. For that reason he thought the creation of the additional judgeship should be postponed.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. ASHURST. I consider the Senator from Indiana [Mr. MINTON] to be one of the ablest lawyers in this body. Before coming to the Senate he practiced law in the State of Indiana and in other States. I should be inclined to accept his judgment as to the need of an additional judge for the seventh circuit, which happens to be the circuit in which the able Senator resides. However, after months of careful investigation and after an examination of the field, the committee, having given the seventh circuit an additional judge last year, felt, as the Senator from New Mexico has said, that while, of course, a new judge could be used and there would be work for him to do, it was not absolutely necessary that the new judgeship be created.

In addition, the committee took into consideration the fact that there are two retired judges in the seventh circuit. They are able men. Under the law they may be called upon to perform service if they are needed. In fact, with much pride I refer to the fact that a retired justice of the Supreme Court, Mr. Justice Van Devanter, has been called into service and has presided with great ability, industry, and intellect in one of the trial courts in New York.

Mr. MINTON. I think one of the circuit judges who was in retirement has died.

Mr. ASHURST. There is at least one retired circuit justice.

Mr. MINTON. Yes; I think that is correct.

Mr. ASHURST. We cannot make promises or give assurances. However, if we shall all be here next year, and

if the able Senator shall then suggest the fact that an additional justice in the seventh circuit is necessary, of course, the committee will give his request the most courteous and careful consideration, as we do in the case of any proposal advanced by the able Senator from Indiana.

In all the circumstances—and this is not said in order to discourage the offering of amendments—I repeat that we who believe that additional justices are necessary think that any additional justices beyond the number in the bill would weight down the bill to such an extent that it might fail. While I regret that the views of the able Senator from Indiana have not been met, the Committee on the Judiciary made a conscientious, able, diligent, and prolonged effort to reach a composition.

I must not be understood as saying that the committee was unanimous in any of these matters. However, I do say that the committee was unanimous in its conclusion that no other justices but those included in the bill were absolutely necessary at this time, or could be obtained at this time.

Mr. MINTON. Mr. President, I should not want to be understood as being critical of the action of the committee. However, I think the Senate should know the situation briefly with respect to the seventh circuit. I think the Senate should know that the action of the committee was taken in opposition to the recommendations of the Attorney General and the judicial conference.

Mr. ASHURST. Mr. President, will the Senator yield further?

Mr. MINTON. I yield.

Mr. ASHURST. It will be remembered that the Senator's colleague [Mr. VAN NUYS] is also an able lawyer, and is a member of the Senate Committee on the Judiciary. Had any personal consideration been permitted to intervene, certainly the Committee on the Judiciary would have granted an additional justice to a State which is in the district of one of its own members. However, we acted as judges should act. We acted, as we thought, judiciously in the matter. No personal consideration was involved. Much as I dislike to fail to agree with my able friend the Senator from Indiana [Mr. MINTON], I hope the committee amendment will be agreed to.

Mr. MINTON. Mr. President, I have nothing further to say. The amendment may be put to a vote of the Senate. However, I should like to have an expression of the Senate on the amendment.

Mr. ASHURST. I ask that the committee amendment on page 1, line 7, be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 1, line 7. [Putting the question:] The ayes seem to have it.

Mr. MINTON. I ask for a division. I really do not know what the vote is.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. The inquiry is, What is the parliamentary situation; what is the amendment pending?

The PRESIDING OFFICER. The question is on the committee amendment, on page 1, line 7, striking out "(b) One for the seventh circuit."

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 1, line 8, to strike out "(c) Two" and insert "(b) One", so as to read:

(b) One for the eighth circuit.

Mr. ASHURST. Mr. President, with respect to that amendment, let me say that the eighth circuit made what appeared to be a very good showing for two additional circuit judges; the judicial conference asked for two additional judges for the eighth circuit, as did the Attorney General, and there was considerable evidence before the committee on that point; but, I repeat for the fifth time, that, after careful investigation, the committee came to the conclusion that one additional circuit judge for the eighth circuit was sufficient at this time. Of course, two additional circuit judges could be used, but, I repeat, that the committee acted judiciously, I believe. I hope that the committee amendment will be agreed to, striking out "Two" and inserting "One" on line 8, page 1.

Mr. KING. Mr. President, will the Senator yield?

Mr. ASHURST. I yield to the Senator from Utah.

Mr. KING. I sincerely hope the amendment will be agreed to. I may state, in view of the suggestion made that the judicial conference makes recommendations from time to time, that in the magnificent article which was prepared by Judge Merrill E. Otis, one of the ablest judges upon the Federal bench, he makes this statement:

Regretfully it must be said that instances of such efforts have been numerous. Even the Conference of Senior Circuit Judges occasionally has been misled to suggest additional judgeships where there was no need. The conference and Congress would do well to consult the district judges on the ground and the organized bar, not for recommendations but for facts. They might hope to get accurate information from such sources.

Mr. ASHURST. If the Senator will pardon me, I inquire if he is quoting Judge Otis?

Mr. KING. I have quoted a paragraph from the article by Judge Otis.

Mr. ASHURST. No one ever spoke with greater wisdom. In fact, I say it with pride, our special committee did not merely consult circuit judges but our special committee consulted district judges, the clerks of the courts, read the court calendars, and talked with lawyers. I ask that the committee amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 1, line 8, striking out "two" and inserting "one."

The amendment was agreed to.

Mr. ASHURST. Mr. President, there is an amendment in line 10. As the bill was originally introduced it provided for seven additional district judges. The committee reported six instead of seven. I ask that that committee amendment be agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, line 10, after the word "Senate", it is proposed to strike out "seven" and insert "six", so as to read:

SEC. 2. The President is authorized to appoint, by and with the advice and consent of the Senate, six additional district judges.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. ASHURST. Mr. President, the next much-discussed and much-contested amendment is on page 2, line 4. It is needless to traverse that ground again. I ask that the amendment be agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 4, after the letter "(b)", it is proposed to strike out "Two" and to insert "One", so as to read:

(b) One for the southern district of New York.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment reported by the committee will be stated.

The CHIEF CLERK. On page 2, after line 6, it is proposed to strike out:

SEC. 3. The provision of subsection (d) of section 4 of the act entitled "An act to provide for the appointment of additional judges for certain United States district courts, circuit courts of appeals, and certain courts of the United States for the District of Columbia," approved May 31, 1938 (52 Stat. 585; U. S. C., title 28, sec. 4j–l), which reads: "*Provided*, That the first vacancy occurring in the office of district judge for the southern district of New York by the retirement, disqualification, resignation, or death of judges in office on the date of enactment of this act shall not be filled," be, and it is hereby, repealed.

The amendment was agreed to.

Mr. ASHURST. Mr. President, that disposes of all the amendments reported by the committee. As amended, the

bill now makes provision for one additional circuit judge for the sixth circuit, one additional circuit judge for the eighth circuit, and one district judge each for California, New Jersey, Oklahoma, Pennsylvania, New York, and Florida.

PAUL V. M'NUTT AND THE FEDERAL SECURITY AGENCY

Mr. BRIDGES. Mr. President, under the set-up of the Federal Security Agency, which is today headed by Mr. Paul V. McNutt, there are various divisions. Among those divisions is the Social Security Board, which reaches out into the 48 States. Among its divisions in each of the various States of the Union are the Unemployment Insurance Divisions or the Unemployment Compensation Divisions.

As I understand, the Federal Security Agency—and, of course, I am not as great an authority as is Mr. Paul V. McNutt on these questions—I believe local divisions of the Social Security Board are supported by Federal funds or, at least, by Federal and State funds jointly—I am not sure which.

The other day in this Chamber I had something to say about the Two Percent Club of Indiana; I had something to say about Mr. McNutt and his political career and his political ambitions, and the placing of some 40,000,000 American citizens under his direction as the head of this important new agency of the Government. The statement was made by the junior Senator from Indiana [Mr. MINTON] that some of the charges made by me were groundless. I have in my hand a very interesting publication which is called the Indiana Unemployment Compensation Advisor. It is the official publication of the Indiana Unemployment Compensation department, division, or commission, or whatever it may be called, which is a unit of the Social Security Commission, which is a unit of the Federal Security Agency, which is headed by Paul V. McNutt.

On the cover of this publication is a picture of Paul V. McNutt, and under his picture is the wording "Paul V. McNutt Again, 'the Boss.'" Below the picture and the words to which I have called attention on the cover of this publication are set forth the stepping stones of Mr. McNutt's career.

Dean, Indiana University Law School, 1925.
National commander, American Legion, 1928.
Governor, State of Indiana, 1933.
High Commissioner, Philippines, 1937.
Administrator, Federal Security Agency, 1939.

And at the top there is a picture of the Capitol and White House in Washington, and underneath is the date "1941." On the first page inside the cover is an editorial entitled "Congratulations, Paul! Good Picking, Mr. President!" The editorial begins with the words:

Congratulations to Paul V. McNutt and to the millions of Americans who will be benefited by his appointment as head of the newly established Federal Security Agency.

Congratulations to President Franklin D. Roosevelt for securing Paul V. McNutt to head the most enduring, humane, and far-reaching program of his administration.

In the Federal Security Agency, approximately 40,000,000 people are covered by the old-age insurance and approximately 28,000,000 by unemployment compensation. In the social-security program, which also includes old-age assistance, aid to dependent children, aid to the blind, and aid to crippled children, McNutt will find himself very much at home.

And so on. I ask unanimous consent that the entire article may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CONGRATULATIONS, PAUL—GOOD PICKING, MR. PRESIDENT

Congratulations to Paul V. McNutt and to the millions of Americans who will be benefited by his appointment as head of the newly established Federal Security Agency.

Congratulations to President Franklin D. Roosevelt for securing Paul V. McNutt to head the most enduring, humane, and far-reaching program of his administration.

In the Federal Security Agency, approximately 40,000,000 people are covered by the old-age insurance and approximately 28,000,000 by unemployment compensation. In the social-security program, which also includes old-age assistance, aid to dependent children, aid to the blind, and aid to crippled children, McNutt will find himself very much at home.

As Governor of Indiana, he summoned a special session of the legislature in 1936 and recommended a program of social-security legislation to dovetail with the Federal Act. The legislature, following his suggestion, adopted the Indiana unemployment compensation law and the Indiana public-welfare act. In preparation for this special session, McNutt studied every detail of this far-reaching program. The Indiana laws, written with his personal help and passed under his leadership, have been outstanding in the country. Neither the law nor its administration has been attacked either by Indiana agencies or by the Federal Government—something that can be said of few other States.

The National Youth Administration and the Civilian Conservation Corps, embracing close to a million of the under-privileged youth of America, can expect enlightened leadership from McNutt. In his activities in the American Legion, which ranged from post commander to national commander, he showed a constant interest in the Americanization and youth programs of the Legion.

The Federal Public Health Service which will fall within his jurisdiction needs only to look at the outstanding health department he established in Indiana to be reassured of the future success of this Federal agency.

The Office of Education, another important division of the new Security Agency, is indeed fortunate to have McNutt, one of America's outstanding educators, one thoroughly familiar with its needs and problems, at its helm.

The responsibilities of McNutt's new position are terrific. The coordination of the Social Security Board, the United States Employment Service, Civilian Conservation Corps, the Public Health Service, National Youth Administration, and Office of Education, is a man-sized job. Innumerable administrative tangles must be straightened out, if these agencies are to function with any satisfactory degree of efficiency, and at minimum cost to the tax-paying public. Paul V. McNutt has demonstrated repeatedly in his unusual career his leadership, administrative ability, and integrity in the long list of organizations he has headed, from grammar-school days up through the offices of national commander of the American Legion, dean of the Indiana University School of Law, Governor of the State of Indiana, and more recently United States High Commissioner to the Philippine Islands.

The passage of the Federal Reorganization Act, authorizing President Roosevelt to consolidate many agencies from an administrative standpoint, was accomplished only after a bitter fight. Although the President's Reorganization Act is merely the first step toward an obviously much-needed consolidation, much good can be accomplished between now and the next session of Congress.

Indiana is proud of McNutt's record. Indiana has been his home, and Indiana has profited most from his civic and governmental leadership. Now the Nation is to be the recipient of his public service.

CLARENCE A. JACKSON.

Mr. BRIDGES. I merely want to point out at this time that the parade has started; politics is on the march in the Federal Security Administration. His own unit in Indiana is the first one coming to the foreground. "Congratulations, Paul, good picking, Mr. President; McNutt again the boss." The official publication of a State unit, which is a branch of a Federal agency, marks the stepping stones up to 1941, when, in their opinion and by their prediction, Mr. McNutt will step up to further honors. On that point I do not agree with them; but I merely point out that it is very clear that the old traditions still hold; the Two Percent Club is apparently functioning in another way, and Mr. McNutt is certainly starting his campaign without loss of time.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2139. An act to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes; and

S. 2666. An act providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with refer-

ence to interlocking bank directorates, known as the Clayton Act.

The message further announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 10), in which it requested the concurrence of the Senate, as follows:

Whereas this year marks the twenty-fifth anniversary of the organization of the American Association of State Highway Officials, which is composed of officials of the highway departments of all the States, Hawaii, Puerto Rico, the District of Columbia, and the United States Bureau of Public Roads; and

Whereas said association through its members represents the State and Federal governmental agencies which have constructed and maintained a vast system of highways throughout the Nation, which highways are becoming increasingly important in local and interstate transportation; and

Whereas said association has announced that it is planning to celebrate in a fitting manner this quarter century of road building at a national meeting to be held during the month of October 1939 in the cities of Washington, D. C., and Richmond, Va.: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the splendid results which have been accomplished in the vital development of our national highway-transportation system merit an expression of public appreciation by the Congress.

SEC. 2. A special committee of the Congress is hereby established, to consist of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, to convey to the members of the American Association of State Highway Officials at the national meeting of said association to be held in the cities of Washington, D. C., and Richmond, Va., during the month of October 1939, an expression of appreciation by the Congress of the praiseworthy accomplishments realized under their leadership and direction in the field of highway development.

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

STATEMENT ON JUDGES BILL BY SENATOR SMATHERS

Mr. BARBOUR. Mr. President, although my colleague, the senior Senator from New Jersey [Mr. SMATHERS], is greatly interested and intended to support by speaking in its favor on the floor of the Senate the pending legislation which provides an additional Federal district judge for New Jersey, he has been necessarily detained at the bedside of his aged father, who is seriously ill. The senior Senator from New Jersey has, however, prepared a statement in support of the bill. I ask unanimous consent to have the clerk read the statement of my colleague, which I send to the desk.

The PRESIDING OFFICER. Without objection the clerk will read as requested.

The Chief Clerk read as follows:

I desire to make a brief statement in support of the additional district court judge provided for New Jersey in the bill now under consideration.

When I first came to the Senate 3 years ago, I knew from my contact as a lawyer with the Federal courts that New Jersey needed additional United States district court judges. I introduced a bill providing for one. The bill did not get anywhere because the New Jersey Bar Association passed a resolution opposing it, and the four Republican United States district court judges presiding in New Jersey got together in a huddle and decided to oppose the bill. I ceased my efforts and forgot about the matter. Within 6 months or a year after my first effort to give to New Jersey an additional district court judge, the Federal Judicial Council, headed by Chief Justice Hughes, after studying the situation recommended an additional district court judge for New Jersey. The New Jersey Bar Association reversed its decision and passed a resolution recommending an additional district court judge for New Jersey. And the three Republican United States district court judges in New Jersey, which constitutes the whole district court today, went on record recently urging the Congress of the United States to provide an additional district court judge for New Jersey. These three Republican United States district court judges filed a report with the Judiciary Committee wherein they set forth that at the present time there are 400 civil and criminal cases in which the Government is a party that are over 2 years old. The New Jersey Bar Association as late as June 1939 passed a resolution wherein it petitioned the Congress of the United States to pass with all convenient speed Senate bill 1481 providing for an additional district court judge for the State of New Jersey.

My Republican colleague from New Jersey, Senator BARBOUR, having been convinced by the record of untried cases and by the delay in the Federal courts in deciding the cases, joined me in urging the Judiciary Committee to favorably recommend this additional United States district court judge.

My Republican colleague, Senator BARBOUR, joins me in urging upon the Senate the passage of this bill.

New Jersey, it must be remembered, has a population of approximately 5,000,000; therefore five United States district court judges to preside over the district of New Jersey, with its population of 5,000,000, is not too many judges. New Jersey lies between the metropolitan areas of New York and Philadelphia. Hundreds of thousands of citizens of New Jersey have their offices and do business every day in either Pennsylvania or New York. By reason of this proximity to the great metropolitan centers, the question of diversity of citizenship entitles all the citizens of New Jersey and millions of New Yorkers and Pennsylvanians to enter the Federal court upon the jurisdictional grounds of diversity of citizenship.

All these facts would indicate to any reasonable mind that this bill providing for an additional United States district court judge for the district of New Jersey is not a patronage grab or an effort to create a job, but, on the contrary, it is an effort to supply an additional judge much needed in the State of New Jersey so that the Federal court business may be expedited.

Therefore I urge upon the Members of this body to join with me in the passage of this bill.

WM. H. SMATHERS.

Mr. BARBOUR. Mr. President, I now ask unanimous consent that the resolutions of the New Jersey Bar Association, adopted at its annual meeting in Atlantic City on June 3, 1939, be inserted in the RECORD at this point as a part of my remarks.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Whereas the Honorable Homer S. Cummings, then Attorney General of the United States, and the judicial conference of 1938, recommended the appointment of a fifth United States district judge for the district of New Jersey; and

Whereas the New Jersey State Bar Association, at its meeting held in Atlantic City in June 1938, endorsed such an appointment; and

Whereas the Honorable William Clark, formerly United States district judge for the district of New Jersey, was appointed to the United States Circuit Court of Appeals for the Third Circuit in July 1938, and no judge has been appointed to fill the vacancy caused by his elevation to the United States Circuit Court of Appeals; and

Whereas there were pending in the United States district court as of March 15, 1939, 253 cases at Newark, 136 cases at Camden, and 86 at Trenton, a total of 475 cases on the current calendar; and

Whereas on said date there were over 400 civil and criminal cases pending in said court in which the United States is a party, and which are over 2 years old; and

Whereas between January 1, 1939, and March 15, 1939, 119 indictments were returned by United States grand juries in the district of New Jersey; and

Whereas the administration of justice in the United States District Court for the District of New Jersey is being seriously delayed by reason of the fact that the existing vacancy, which has existed for the last year, has not been filled, and because an additional judgeship has not been created: Be it

Resolved by the New Jersey State Bar Association, in convention assembled, as follows:

(1) That the President of the United States be, and he hereby is, urged and requested, as promptly as possible, to appoint a suitable and qualified person as United States district court judge for the district of New Jersey to fill the existing vacancy; be it further

(2) *Resolved*, That the Congress of the United States be petitioned to pass, with all convenient speed, Senate bill 1481, which provides for an additional district judgeship for the district of New Jersey; be it further

(3) *Resolved*, That copies of this resolution, certified to be true copies, be forwarded by the secretary of this association to the President of the United States, and to the Secretary of the United States Senate, and to the Secretary of the House of Representatives, with all convenient speed.

Mr. BARBOUR. Mr. President, these resolutions, and the hearings before the committee on April 14, 1939, show that there are pending in the United States District Courts in the

State of New Jersey more than 400 civil and criminal cases over 2 years old. For this reason I join my colleague [Mr. SMATHERS] in urging, as I do very strongly, the creation of an additional Federal judgeship in the State of New Jersey.

Mr. ASHURST. Mr. President, I wish to commend and compliment the able Senator from New Jersey [Mr. BARBOUR]. By his labors he has very greatly assisted the committee in gathering the data regarding the necessity for this bill. His attitude has been, I think, helpful and certainly statesmanlike.

Unless some other Senator wishes to discuss the bill, I ask that it be put on its passage; but before doing so I desire to be perfectly fair to my friend the able Senator from Utah [Mr. KING]. I understand that he wishes to oppose the bill. I do not wish to have the bill passed in his absence. I earnestly hope the bill may be passed, but I feel reluctant to ask for a vote when the Senator from Utah is absent, knowing as I do that he is opposed to the bill.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BONE in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Russell
Andrews	Ellender	Lee	Schwartz
Ashurst	Frazier	Logan	Schwellenbach
Austin	George	Lucas	Sheppard
Bailey	Gerry	Lundeen	Shipstead
Bankhead	Gibson	McCarran	Stewart
Barbour	Gillette	McKellar	Taft
Barkley	Glass	McNary	Thomas, Okla.
Bilbo	Green	Maloney	Thomas, Utah
Bone	Guffey	Mead	Tobey
Borah	Gurney	Miller	Townsend
Bridges	Harrison	Minton	Truman
Bulow	Hatch	Murray	Tydings
Burke	Hayden	Neely	Vandenberg
Byrd	Herring	Norris	Van Nuys
Byrnes	Hill	Nye	Wagner
Capper	Holman	O'Mahoney	Walsh
Chavez	Holt	Overton	Wheeler
Clark, Idaho	Hughes	Pepper	White
Connally	Johnson, Calif.	Pittman	
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

CRITICISMS OF CONGRESS

Mr. BRIDGES. Mr. President, it has been apparent for some time that the tendency has been to create a government in Washington that is individually conducted. Recently that newspaper columnist by the name of Jay Franklin, who acts as a sort of mouthpiece of the New Deal and a stooge for President Roosevelt, has stated, in effect, that Congress has outlived its usefulness. That is a pretty drastic statement for any man who purports to cover Washington news stories as a newsman, a radio commentator, and columnist.

Yesterday there appeared in the newspapers an Associated Press dispatch entitled "Elliott Roosevelt Hits Congress as 'Disorganized.' May Have Outlived Its Usefulness, He Suggests." Under a New York date line the article reads:

Elliott Roosevelt, son of the President, hazarded the opinion in a national radio talk tonight that Congress might have "outlived its usefulness."

Speaking from New London, Conn., in the twenty-second of a series of triweekly sponsored programs, Mr. Roosevelt, head of the Texas State radio network, vigorously criticized Congress as being factionally disorganized, principally over the question of the 1940 election.

"If you will consult the record," he said, "you will see that Congress has indulged in so many dubious coalitions, it has made so many cloakroom deals, designed for no other reason than to embarrass the administration, that all sense of direction has been lost.

"One can respect an honest difference of opinion, and in the opposition that has gone down the line, measure for measure, against the administration, you will find many whose integrity is unquestioned, but with them you will also find men who act with an appalling irresponsibility. Their chief desire is to see the administration take a trimming. Instead of devoting their time to constructive debate, they spend it in venomous attacks on the personal integrity of the administration leaders.

"When men of this character are able to reduce Congress to a form of political slugfest, then I think Congress has outlived its usefulness."

He said debate on the President's Hyde Park Library proposal, which had occupied half a day, should have taken only 30 minutes, commenting:

"How can you retain respect for a body that conducts itself in this manner?"

Mr. Roosevelt said his discussion of Congress had been evoked by many letters asking his attitude toward the body.

He referred to Congress' activity on the silver and neutrality questions and also on the District of Columbia administration.

"Congressional neglect of the District of Columbia is inexcusable," he said.

"Until the issue of 1940 clarifies itself, very little in a constructive sense may be expected from Congress," he concluded, characterizing the body as "fidgety and half sick."

Mr. President, this is a pretty brazen attack upon one branch of our Government in Washington today, made by the son of the President of the United States. I realize that Elliott Roosevelt on many occasions does not reflect his father's views. Primarily I believe that, I suppose, because from time to time he has advocated the candidacy of Mr. GARNER, the Vice President of the United States, for the Presidency. From all I hear, that does not please the "Big White Chief" in the White House. So I would not say that Elliott at all times represents his father's views.

When Jay Franklin, however, in either a radio talk or in his column, makes the statement that Congress has outlived its usefulness, or something of that nature, and when Elliott comes out with the statement I have read, I wonder what it is all about, if there is a plot or plan to do away with one agency of the Government. I am just wondering whether Mr. Elliott Roosevelt reflects the views of the majority leader the Senator from Kentucky [Mr. BARKLEY], when he says that Congress should be liquidated, that it has outlived its usefulness, whether Elliott Roosevelt, the son of the President, represents the New Deal leadership here in Congress and in the country. The country would be interested in knowing by what authority Elliott has been speaking.

I bring this up for the RECORD, that the people of the country may have some idea of the propaganda that is going out from certain individuals in high places, or the relatives of people in high places in Washington today.

ADDITIONAL CIRCUIT AND DISTRICT JUDGES

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

Mr. KING. Mr. President, notwithstanding the support given to the pending bill, I am opposed to it. The distinguished chairman of the Committee on the Judiciary has submitted an eloquent statement urging its approval. It has the support of the members of the Committee on the Judiciary of the Senate, and undoubtedly the active support of some office holders and office seekers—residents of the States and judicial districts for which provision is made in the pending bill. I mention office seekers because it is recognized that there are many aspirants for judicial and other Federal positions, and there are also groups, if not organizations, concerned in creating new Federal positions and adding to the Federal personnel. I have, upon a number of occasions, called the attention of the Senate and the country to the great increase in the number of Federal organizations and agencies and the enormous increase in the number of Federal employees. The administrative and executive departments of the Government have become an oppressive burden and the almost numberless employees of the Government, with their increasing demands for gratuities, and so forth, constitute a danger to our form of government.

We have perhaps the most powerful bureaucracy in the world. Executive and administrative units are increasing in number and power, and the judicial branch of the Government is not immune from this disease which is affecting and indeed infecting our political and governmental institutions.

The bill under consideration provides for more judicial machinery; calls for a considerable increase in the number of Federal judges, and, of course, will require Federal appropriations to meet the demands for larger Federal appropriations.

The appropriation bills which have received the approval of Congress during this session call for an enlarged personnel and increase the number of Federal agencies and organizations. Stupendous have been the appropriations during the past 5 or 6 years. They will be materially increased before this Congress adjourns. Perhaps the appropriations will reach the gigantic sum of $11,000,000,000, and a considerable part of that enormous sum will be required to pay the salaries and compensation of the millions of persons whose names are upon the Federal pay rolls. Demands for economy are unheeded; opposition to increased expenditures meets with but little support, and the rolling tide of governmental expenditures is sweeping over the land like a mighty wave of the ocean.

It were well that the judicial branch of the Government could be preserved from some of the ailments that afflict the executive and legislative branches of the Government; indeed the judicial department of the Government is the crowning glory of this Republic and to it we look for protection from assaults against constitutional government.

I realize that with the propaganda abroad in the land; the increasing demands for Federal activities and for larger Federal appropriations, opposition to this bill will be unavailing. All efforts to resist Federal encroachments and Federal appropriations have been futile, as a result of which in nearly every branch of the Government there have been additional bureaus, organizations, and agencies created and appropriations made for hundreds of thousands of additional employees. But slight attention is given to sound fiscal policies and to the adoption of measures which will call for a balancing of the Budget and the return of the Government to the paths of safety and sanity.

Mr. President, the pending bill in my opinion is not warranted. The condition of the Federal courts does not call for an increase in the number of judges and for the expenditures which the enactment of this bill would necessarily require.

I have examined the reports of the judicial conferences and records dealing with the work of the courts for many years last past. Such examination has strengthened my view that this bill is not meritorious. I should make one qualification. I am inclined to believe that an additional judge in the southern district of New York is justified.

I invite the attention of Senators to the facts disclosed by the records showing the very large increase in the number of judges since 1920. During the incumbency of President Harding, provisions were made for the appointment of 26 district-court judges and 1 circuit-court judge. I was a member of the Committee on the Judiciary, and opposed the bill, as I believed that there was no necessity for providing for so many additional judges. The excuse offered by some of my Republican friends was that the enforcement of the Volstead Act had greatly increased the burdens of the courts. I regarded the reason assigned as wholly inadequate. However, following the enactment of the law the authorized appointments were made. It is my opinion that politics entered into the selection of the judges authorized by the act and I should say, to be entirely fair, that political considerations have not been absent from the filling of judicial positions which have been created since the days of President Harding.

As a matter of fact, a very large percentage of the prohibition cases were disposed of without imposing any very heavy burden upon the courts. Many of the defendants pleaded guilty; others entered pleas of nolo contendere. I am certainly within the bounds of accuracy in stating that the enforcement of the prohibition laws afforded no justification for the additional judicial machinery which was set up.

In the administration of President Coolidge, Congress provided for 22 additional district judges and 2 additional circuit judges. I was opposed to the enactment of the law providing for these additional judges, but the pressure from within and without the party in power, and from office seekers, was so great as to secure the enactment of the measures providing for these additional judges.

Under Mr. Hoover's administration Congress enacted laws providing for the appointment of nine additional district judges and two circuit court judges.

May I add that several of the positions provided for in the acts passed in the administrations of Presidents Harding, Coolidge, and Hoover dealt with judicial districts and circuit court districts which received consideration in the bill before us.

During President Roosevelt's administration there have been enacted laws authorizing the appointment of 41 district judges and 7 circuit court judges. Some of these 41 judicial positions likewise relate to judicial districts in the various States which are receiving consideration in the present bill.

As indicative of the lack of necessity of additional judges, may I state that there have been 98 district-court and 12 circuit-court judges appointed during the administrations of Presidents Harding, Coolidge, Hoover, and Roosevelt. Perhaps there should be a modification of that statement growing out of the fact that a few of the judges were appointed subject to the qualification that when their terms expired by reason of death, retirement, or disability, the vacancies should not be filled unless authorized by Congress; and by subsequent acts in a limited number of cases, Congress has filled such vacancies, and these are included in the totals given.

Notwithstanding the fact, as I shall show before concluding, that the litigation in the Federal courts has decreased during the past few years, the number of judges has greatly increased. There are now 187 active district judges, and my information is that there are approximately 8 retired district judges and a few vacancies.

In considering our judicial machinery, reference should be made to the fact that there are other Federal judges. There are 9 Justices of the United States Supreme Court, 5 judges of the United States Court of Customs and Patent Appeals, 5 judges for the United States Court of Claims, 9 for the United States Customs Court, 13 Federal judges for Hawaii, and 6 for Puerto Rico. I should also mention the fact that there are 57 judges of the circuit courts of appeal, so that the total number of Federal judges is, including 12 vacancies, 311.

There are, in addition, 15 retired judges. It would seem from these figures that the Federal Government is not lacking in judicial machinery.

In considering the costs connected with Federal courts, we cannot be oblivious to the fact that the machinery of the courts calls for an army of marshals, deputy marshals, clerks, bailiffs, stenographers, and so forth. An examination of the appropriation bills reveals the fact that millions of dollars are expended by the Federal Government in the maintenance of its judicial machinery.

I am inviting attention to these facts to indicate that the Government has not been lacking in provision for the administration of justice in its courts.

Mr. President, reference has been made to an article written by Hon. Merrill E. Otis, United States district judge for the western district of Missouri, which appeared in the University of Kansas City Law Review. This article was placed in the RECORD last Friday. Judge Otis is a man of character and ability, and is recognized as one of the ablest of the Federal judges. His article should be read by Senators before they vote upon the pending bill. I am sure that if they give careful consideration to the same, they will reach the conclusion which has been reached by others, that this bill lacks merit and ought to be recommitted or defeated.

Inviting attention to this article, Judge Otis has presented records showing the decline in the amount of litigation in the Federal courts. The record, I think, will indicate that in various classes of cases there has been a reduction of approximately 65 percent. I call the attention of the Senate to the decline in the amount of business in the Federal courts.

The statement just made by the able and just and fair Senator from Vermont—and no man is more just and more fair than he—has strengthened me in the position which I have taken, that there was no necessity for the increase in the number of judges provided for in this bill.

I now invite attention to the table presented by Judge Otis, showing the decline in the number of cases in the Federal courts from the year 1929 to 1938, inclusive. Table I deals with criminal cases and states that in 1929 there were 86,348 cases. In 1930, 87,305 cases; in 1931, 83,747; and in 1932, 92,174. In 1933, 82,675; and in 1934 the number had been reduced to 34,152, a decline of 65 percent.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. CONNALLY. Was not the decline in the number of criminal cases due to the repeal of the prohibition amendment, which resulted in the wiping out of a great many cases of violation of the prohibition law?

Mr. KING. In part.

Mr. CONNALLY. When the prohibition amendment was adopted it resulted in a great increase in criminal cases, but after the prohibition amendment was repealed there were no more cases brought of violation of the prohibition law.

Mr. KING. I am trying to point out that the increase in the number of judges provided in the bill is not warranted by reason of the condition of the dockets.

Mr. CONNALLY. Ordinarily those criminal cases to which the Senator is referring do not consume much of the time of the court. They result mostly in pleas of guilty, and a judge may be able to dispose of as many as 50 of them in 1 day, whereas one civil case may last as long as a month.

Mr. KING. I shall refer to civil cases in a moment. This morning, when interrupted by the Senator from Arizona [Mr. ASHURST], I stated that a large number of defendants in criminal cases pleaded guilty or nolle contendere, so that the observations of the Senator are correct, that criminal cases consume less time of the courts than civil cases.

Returning to the criminal cases in the Federal courts, in 1935 there were 35,365; in 1936 substantially the same number of cases were brought in the Federal courts; in 1937 the number was 35,475; and in 1938 the number was reduced to 34,202.

In Judge Otis' article, under the head of Civil Cases in which the United States was a party, he presents the following table:

1929	24,307
1930	24,934
1931	25,332
1932	34,189
1933	25,797
1934	9,487
1935	11,679
1936	13,051
1937	10,202
1938	11,526

Judge Otis also submits a table showing the private civil cases from 1929 to 1938, inclusive. It is as follows:

1929	20,980
1930	23,371
1931	24,000
1932	26,326
1933	26,656
1934	26,372
1935	23,302
1936	26,334
1937	22,697
1938	22,065

Mr. President, from this record, which has not been questioned and cannot be controverted, the proof is conclusive that the work of the Federal courts is diminishing. The number of cases has materially been reduced, and there is every indication, in view of various conditions, that there will be a still further reduction in the number of cases brought in the Federal courts.

I again invite the attention of the Senate to Judge Otis' article. He states that reducing the criminal cases and civil cases to which the United States was a party, in both the first and second halves of the 10-year period, to terms of cases between private litigants, there had been commenced in the first half of the period 178,002 cases, while in the second half only 143,876 cases. The business of the courts, however, in the second half may be said to be 81 percent of the business in the first half.

A review of his article clearly demonstrates not only the reduction in the number of cases but the lack of necessity of any increase in our judicial machinery. He suggests that a measuring stick be applied to determine the number of judges required and, incidentally, the number of cases which should be disposed of by each trial judge.

I ask permission to insert in the RECORD without reading excerpts from pages 223–224 of his article.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Let us take, then, the 10 districts having the largest volume of business in the 10-year period portrayed on our charts; let us consider the work terminated in those districts in the peak year of 1933; let us then determine from what was done in those districts in that year what is within average judicial capacity. The 10 districts are: (1) The southern district of New York, (2) the eastern district of New York, (3) the northern district of Illinois, (4) the southern district of Florida, (5) the district of New Jersey, (6) the northern district of Ohio, (7) the eastern district of Michigan, (8) the southern district of California, (9) the northern district of Texas, and (10) the eastern district of Pennsylvania. Forty judges in 1933 terminated in these districts 19,686 criminal cases, 11,089 civil cases to which the United States was a party, 8,893 cases between private litigants. The average work terminated by each of the 40 judges in the 10 districts in 1933 was 492 criminal cases, 227 civil cases to which the United States was a party, 221 civil cases between private litigants.

As a check upon this conclusion, the compiler of this study, who himself is and has been for 14 years a United States district judge, of average capacity and industry only, has examined the work of his own district, the western district of Missouri, for the year 1933. It so happens that this district is the eleventh from the top in volume of business. It had two judges in 1933. One of them terminated slightly more than one-half of the cases terminated in that district in 1933. The total number terminated by both judges was: Criminal, 1,148; civil, United States, 496; civil, private, 482. One judge could and easily did dispose of at least 574 criminal cases, 248 United States civil cases, and 241 private civil cases. That is a little more than the average number of cases in each class disposed of by each of the 40 judges in the 10 districts with the greatest volume of business.

Let us now arbitrarily reduce the averages for the 10 heaviest districts, as follows: Criminal, from 492 to 400; civil, United States a party, from 227 to 200; civil, private, from 221 to 200. That arbitrary reduction certainly will take care of every possible contingency, such as the temporary incapacity of judges and sporadic increases in work in certain districts.

So here is the measuring stick, 400–200–200.

The reasons justifying this measuring stick have been stated. If a measuring stick more nearly accurate can be devised, it ought to be devised and its justification set out. To refuse any measuring stick is to confess an unworthy purpose. Certainly those in authority will wish reason and intelligence as guides, rather than that their action shall be influenced by selfish desires for patronage, moving along ancient logrolling ways.

Mr. KING. I should say in passing that in view of a measure which will soon be enacted into law, which calls for an administrative officer to check up on the courts and to expedite the consideration of cases pending, there will be a still further reduction in the number of actions brought, or if not, greater efficiency, if I may use that word, in the administration of justice in the Federal courts.

Senators will recall what was denominated a "drive" in connection with the court-packing bill to increase the number of Federal judges. A survey was made of the condition of the Federal courts, and as a result, a measure was passed to create, as I have indicated, 41 additional district judges and 7 additional circuit court judges. I did not believe that the situation required such additions to the Federal judiciary. I could not help but believe that there was a feeling upon

the part of some that because of the defeat of the court-packing plan there should be some plan adopted that might have some mitigative effects, and for that reason, as stated, provision was made to increase the judiciary to the extent just mentioned.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. DANAHER. The Senator is aware, is he not, of the Senate bill 188 providing for administration of the United States courts?

Mr. KING. Yes.

Mr. DANAHER. Various of the circuit court judges appeared before the subcommittee in charge of that bill, and I may say to the Senator from Utah that one of the chief reasons urged for the adoption of the bill was that it would facilitate and expedite business in the United States courts, whether in the district or circuit courts. They pointed out that since it is possible in a circuit to allocate judges where there is congestion, that that will relieve the situation if distress exists.

In view of the report, not only of the subcommittee that considered that bill but of the Judiciary Committee itself which reported the bill, and the fact that it passed both the Senate and the House, and at the present time is waiting conference action for adjustment in some particulars, does not it seem advisable to the Senator that the pending bill should await until a fair opportunity to try out that bill and to observe its effect shall have been had?

Mr. KING. I agree with what the Senator has stated. As I recall it, the claim was made in support of that bill that it would greatly expedite the trial of cases and reduce the number of cases, and would provide an increase in the number of judges. But as soon as that bill was passed, demands are made, sometimes by lawyers and perhaps politicians, too often without any rhyme or reason, for an increase in the number of judges in various parts of the United States.

Mr. DANAHER. Mr. President, will the Senator yield once more?

Mr. KING. I yield.

Mr. DANAHER. I thank the Senator. I should like, if I may, to direct to the attention of the chairman of the Judiciary Committee, for whom we hold such respect and regard, the question of whether or not we may properly ask the chairman's views, in his own time, of course, as to whether or not Senate bill 188 could not properly have a trial before we advance the pending bill?

Mr. KING. I yield to my friend.

Mr. ASHURST. Mr. President, it is my decided opinion that the administration bill, which has for its effect and purport really the giving of the judiciary the right to arrange their own budget, is a great advance and a great reform, making the judiciary more nearly independent.

It is not in human nature to be objective, cold, and distant toward one who holds the purse strings. I do not assert that the present Attorney General, or any Attorney General, would seek to use the power of his office to influence any judge. However, I repeat that I think I know human nature. No one is so exalted or so Attic that he is wholly impersonal and objective toward one who holds the purse strings. Congress holds the purse strings; but the budget for the judges is made up by the judges themselves. They are not required, forsooth, to go to the Attorney General to obtain an additional pencil, a piece of blotting paper, or traveling expenses. Congress, and not the Department of Justice, passes upon such questions.

I think the public interest would not be promoted by delaying the bill for the additional justices until the Budget bill or the administration bill is worked out. The bill for the administration of the courts has been the subject of much discussion in the newspapers and before various committees of Congress. So, so far as I may quote the Supreme Court with propriety, it is very much favored by the Supreme Court Justices and generally.

I will say to my able friend [Mr. DANAHER] who has served so well on the Senate Committee on the Judiciary that the judges provided for in the bill comprehend but half the quota of new judges asked by the judicial conference and by the Attorney General. The judicial conference assembled in September 1938. It was composed of the senior circuit judges of the various circuits and of the Court of Appeals of the District of Columbia, and was presided over by the Chief Justice of the United States. That conference recommended almost twice the number of judges carried in the bill. Likewise, the Attorney General requested and recommended to Congress the creation of nearly twice the number of judgeships carried in the bill. However, your committee scrutinized every circuit and every district and reached the conclusion that the judges provided for in the bill were necessary in the judicial branch of the Government for the common good. Of course, I have the highest respect for my able friend from Utah [Mr. KING]. He does not think they are necessary.

Mr. KING. I do not.

Mr. ASHURST. I respect him for his views. I wish to be respectful in my view and in my statement, but I am just as profoundly convinced that, for example, the southern district of New York, and the States of California, Pennsylvania, New Jersey, and other States mentioned in the bill need additional judges.

If I have ever made any impress on the country, I hope I have never made the unfortunate impress that I would create a judgeship because of any partisan or patronage view. I agree with the editorial which I read from the New York Times. It would be monstrous to think of a Senator who would attempt to create a judgeship because of partisan or patronage views. Likewise it is monstrous to refuse to create judgeships where they are actually needed. I need not quote at this point that "justice delayed is justice denied."

Mr. REED. Mr. President, will the Senator yield?

Mr. ASHURST. I do not have the floor.

Mr. KING. The speech now being made by my able friend, appearing in the middle of the remarks I have made, will, of course, give to my remarks a prominence which otherwise they would not deserve.

Mr. ASHURST. The Senator is too generous to me.

Mr. REED. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. REED. I happen to come from the State of Kansas. The judicial conference, to which reference has been made, recommended an additional Federal judge for Kansas.

Mr. KING. It did.

Mr. REED. Both Senators from Kansas told the committee that we did not need the additional judge. Kansas has a population of nearly 2,000,000; and yet we get along with 1 Federal judge.

To the south of us is the State of Oklahoma. May I inquire of the junior Senator from Oklahoma [Mr. LEE] how many Federal judges Oklahoma now has?

Mr. KING. Oklahoma has more than it should have, and it is asking for more. I shall call attention to that matter in a few moments.

Mr. LEE. Mr. President, will the Senator from Utah yield to me at this point?

Mr. REED. Mr. President, I should like to have the information which I requested.

Mr. LEE. The Senator from Kansas [Mr. REED] has asked me a question. Does he wish me to answer it?

Mr. REED. Yes.

Mr. KING. I do not yield if the Senator from Oklahoma desires to defend the present bill. He may do that in his own time. The Senator from Kansas has asked for the number of Federal judges in Oklahoma. If the Senator from Oklahoma cares to give the number, I shall yield for that purpose.

Mr. LEE. We have four. The case load is greater per judge than in any of the States mentioned.

Mr. REED. I merely asked for the number of Federal judges in Oklahoma.

Mr. LEE. We have four.

Mr. REED. Oklahoma has four; and the State of Kansas, which is similarly situated with respect to litigation, has one. Both States are oil-producing States. Both of them have some coal mining and some agriculture. We get along with one judge and do not ask any more. Oklahoma has four and is asking for an additional judge.

Mr. President, I wish to compliment the distinguished Senator from Arizona, who is chairman of the Judiciary Committee. I think the number of Federal judges allowed in this country is a national scandal. I wish the Judiciary Committee, under the leadership of the distinguished chairman, whom we all revere, had the nerve and the courage to meet the situation fairly and say "We do not need any more Federal judges, and we will not recommend any more Federal judges." I think that is what the Senate ought to do. If we are permitted to have a yea-and-nay vote today, I expect to vote "nay" upon the appointment of additional Federal judges, in view of the statement made by Judge Otis and the common knowledge that at this time there is an ample number of Federal judges in the country.

Mr. KING. I am happy to have the support of the able Senator from Kansas. I know the difficulty that the Judiciary Committee has encountered in meeting the demands of politicians and others from the State of Kansas and elsewhere who insisted upon providing another judge when the best interests of the State and the best citizens of the State opposed it.

Mr. REED. Mr. President, will the Senator from Utah yield?

Mr. KING. I yield.

Mr. REED. I call attention to the old familiar lines:

'Tis sweet to hear the watchdog's honest bark
Bay deep-mouth'd welcome as we draw near home;
'Tis sweet to know there is an eye will mark
Our coming, and look brighter when we come.

I fear there are Members of this body who are urging additional Federal judges not because they can be justified from the standpoint of the volume of litigation in their States, but because they mean an additional appointment on the Federal bench from their States.

Mr. KING. As well as additional district attorneys, marshals, and increased personnel, and possibly additional courthouses, involving, not hundreds of thousands of dollars, but ultimately millions of dollars, at the expense of the Federal Goverment, the cost of which must be passed on to the taxpayers of the country.

Mr. REED. Mr. President, will the Senator again yield?

Mr. KING. I yield.

Mr. REED. I merely wish to emphasize the attitude taken by my distinguished colleague, Mr. CAPPER, and myself. We have only one Federal judge in Kansas, where the judicial conference recommended an additional Federal judge. Both my colleague and myself told the distinguished chairman of the Judiciary Committee that it was not necessary, that it was an extravagance which ought not to be allowed, and that we were not in favor of it.

Mr. ASHURST. Mr. President, will the Senator from Utah yield to me a moment?

Mr. KING. I yield.

Mr. ASHURST. What the able Senator from Kansas says is true. The judicial conference recommended an additional Federal judge for Kansas. Likewise the Attorney General recommended an additional Federal judge for Kansas. With due deference to the judicial conference and to the Attorney General, I prefer to rely upon what the Senators say. The Senator was truthful, as he always is, when he said that he notified the chairman of the committee that so far as Kansas was concerned he did not wish a new judge. His colleague did likewise; whereupon I struck the additional judgeship from my bill, because I am not going to take the position that a State ought to have an additional Federal judge when the two Senators oppose it.

Likewise, when the Senators from another State appeal to me and convince me and convince the committee that they need another judge, I am not going to strike them down. The rule which applies to Kansas should be applied to Oklahoma. Of course, if the Senators from Oklahoma had not been able to make a case and had been against an additional judge, I would not have voted for it.

Mr. LEE. Mr. President, will the Senator from Utah permit me to read a short paragraph in this connection? I think it is appropriate at this point.

Mr. KING. I think the Senator should deal with it in his own time. Oklahoma has been mentioned. The Senator can read his statement after I have made a brief statement with respect to his State.

The bill would authorize the President to appoint an additional district judge for the western district of Oklahoma. I have looked at the record and have reached the conclusion that an additional judge is not necessary. From the status of the cases pending and disposed of in the western district of Oklahoma in the past 2 years, it appears that no new judge is required. As of July 1, 1937, all cases ready for trial were tried at the term following the joinder of issue. As of July 1, 1938, the docket was current, and only 3 months' time was required to reach the trial of cases after joinder of issue. These figures refer to actions at law.

With respect to suits in equity, as of July 1, 1937, all "ready" cases were tried at the term following the joinder of issue. As of July 1, 1938, the docket was current, and only 3 months were required to reach the trial of cases after joinder of issue.

These facts, taken from page 299 of the 1938 annual report of the Attorney General, which I have examined, indicate conclusively to my mind that the work in the district court for the western district of Oklahoma has been and is current, and that no new judge is required in addition to those who have been handling the cases and keeping them current.

I now yield to the Senator from Oklahoma, not to make an explanation, but to read the statement to which he has referred.

Mr. LEE. I wish merely to read one brief paragraph. I shall make answer later:

The case load in the western district of Oklahoma is considerably greater than the average per judge for the entire country, and is growing from year to year. During the fiscal year ending June 30, 1938, the number of civil and criminal cases filed in the western district of Oklahoma was 545 cases, as against 371 cases per judge for the entire country.

Mr. KING. I again invite the attention of the Senate, because some Senators who are now in the Chamber were not present when I referred to it, to the able, fair, and factual presentation by Judge Otis, one of the ablest Federal judges in the United States, evidencing the great reduction in the number of Federal cases, criminal and civil, in all parts of the country.

In 1929 there were more than 86,000 criminal cases. The same year there were 24,000 civil cases in which the United States was a party. In 1929 there were 20,000 private civil cases in all the courts of the United States, in the district as well as in the circuit courts.

Coming now to the criminal cases in 1938, the reduction in the number of criminal cases was from 86,000 to 34,000.

Mr. McCARRAN. Mr. President, will the Senator yield at that point?

Mr. KING. I yield.

Mr. McCARRAN. I ask the Senator to yield at this point, because I am compelled to attend a committee meeting and will have to leave the floor in a few moments.

As a member of the special committee that had in charge the investigation of the subject matter of the pending bill, I wish to say, first of all, that I am in no wise interested from the standpoint of my State; but, inasmuch as I was delegated to investigate conditions in California, a

neighboring State, I desire to draw to the attention of the able Senator from Utah some facts and figures which, I think, cannot be disputed, because I personally went on the ground, visiting the city of Los Angeles and southern California generally, and investigated the matter for myself at length, and this is what I found:

The district of southern California is asking for an eighth district judge.

Mr. KING. For an additional district judge?

Mr. McCARRAN. Yes; an additional district judge which will make eight judges in the southern district of California. That district comprises all counties south of Fresno to the Mexican line. I found that from May 1, 1938, to May 1, 1939, 4,174 cases were filed in the district court for the southern district of California, of which 1,503 were civil and criminal cases, and 2,671 were bankruptcy and reorganization cases. It is estimated, as I have stated in my report to the committee, that the total available trial time for each judge is 220 days a year. Allowing at least two days for the ordinary civil trial, it is a fair estimate that 7 judges would try 770 cases per year.

With 1,503 civil and criminal cases and 2,671 bankruptcy and reorganization cases filed, seven judges cannot do the work. The seven district judges in the southern district of California are now working 18 and 20 hours a day, and there has not been a judge in that district who has taken a vacation in years. They are working almost to the extent of breaking down from the standpoint of their physical being and welfare.

That being true, I say to the able Senator from Utah that every case should stand on its own footing, and we cannot judge the necessity for this bill from a broad, Nation-wide standpoint. When we find that in a district such as the southern district of California conditions are such that the judges are years behind in their work and it is physically impossible for seven judges to pick up the work and make it at all nearly current, then we must, of necessity, take this bill and look upon it from the standpoint of the investigations made by the individual members of the committee who went into the respective districts, as did the able Senator from Vermont into the southern district of New York, as did other Senators into various other districts, and who made their reports not upon the basis of conditions reported by the Attorney General a year back but upon the basis of conditions absolutely disclosed on the ground at the time the investigations were made.

I beg leave, if I may interrupt the Senator for a moment further, to request that my personal report made to the chairman of the committee on this matter may be inserted in the RECORD.

Mr. KING. I ask that it be inserted following my remarks. With that condition, I have no objection.

Mr. McCARRAN. I ask that my report be inserted in the RECORD following the remarks of the Senator from Utah.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The report submitted by Mr. McCARRAN to the Committee on the Judiciary appears at the conclusion of Mr. KING's remarks.)

Mr. KING. Mr. President, I have before me the annual report of the Attorney General of the United States for 1938. It shows substantially that the work of the court in the southern district of California is current. I may add——

Mr. McCARRAN. Mr. President, may I interrupt the Senator?

Mr. KING. I yield.

Mr. McCARRAN. I may say I would not care if all the reports in Christendom made that statement. Facts are facts, and when a Senator goes on the ground and makes a personal investigation, under the obligation that is imposed upon a Senator, and comes back and makes a report, no other report in the world should contradict that finding.

Mr. KING. Mr. President, during Mr. Roosevelt's incumbency there have been four new appointments of judges in the southern district of California. So, every effort has been made by Congress, it seems to me, to meet the requirements of litigants in California.

I may say that the record is conclusive as shown by Judge Otis and from other sources that there has been generally throughout the United State a remarkable reduction in the number of cases in the Federal courts. In other words, litigation is decreasing. That is obvious. Possibly it is due in part to the depression and possibly there are other reasons which might be assigned and can be assigned for the reduction in litigation in the Federal courts. Perhaps more and more cases are being tried in the State courts and less and less in the Federal courts. Then, with the legislation to which the Senator from Connecticut called attention, obviously in the future the Federal courts where there has been any delay will have reason for expediting their cases, because there will be an administrator, and any dereliction in duty, any congestion of the dockets, will be called to the attention of the Supreme Court and, of course, of Congress, and whatever derelictions may be made manifest will be cured either by the higher judicial tribunals or by legislation upon the part of Congress.

The condition of the courts and their dockets represent a study by the administrator and methods and plans adopted for expediting the work of the courts. It is believed that there will be a larger degree of cooperation between the judges and the Federal courts as a result of which the dockets will be cleared and the work of the courts kept current.

Mr. President, I desire briefly to refer to the annual report of the Attorney General of the United States for the fiscal year 1936 and to the report of the Solicitor General—Hon. Stanley M. Reed—which constitutes a part of the report of the Attorney General. The Judicial Conference, over which the Chief Justice, Hon. Charles E. Hughes, presided, made a study of the judicial work of the courts. The report of the Attorney General indicated that there was a decrease not only in the total number of pending cases at the close of the last fiscal year but also a decrease in each class of cases above described. The class of cases referred to in the report were United States civil cases, criminal cases, private suits, and bankruptcy cases. The report also that that in 51 out of a total of 85 judicial districts the business of the district courts was current; that is, all cases ready for trial were disposed of at the term following joinder of issue. It was further stated that this means that there are no arrears except as to cases continued at the request of counsel. The report showed that the dockets were being cleared and that cases in most of the districts were current. The report also stated that in some of the 51 districts equity cases may be tried even between terms as soon as ready. After a thorough survey of the condition of the courts the conference, consisting of the Chief Justice and the senior circuit judges of the first, second, third, fourth, fifth, seventh, eighth, ninth, and tenth districts, the only recommendations for additional judgeships were as follows: Two for the southern district of New York; one for the northern district of Georgia; one additional district judge for West Virginia; one additional district judge for the western district of Missouri; one additional judge for the district of Louisiana; one additional judge for the district of Kansas, and one additional judge for the district of Oklahoma.

I should add that the senior circuit judge of the sixth district was absent, but his place was taken by Circuit Judge Hicks. The recommendations made by the judicial conference have all been adopted except the one relating to Kansas. My understanding is that members of the bar and the leading citizens of the State insisted that no additional judge was required in Kansas and Congress has respected their views.

As the record shows, there is less litigation in the Federal courts now than when the judicial conference made the recommendations in 1936. If they believed that the only judges required were in those districts to which they referred, obviously no conditions have intervened which would warrant an increase in the number of Federal judges either

for the district courts or the circuit courts. However, since that report was made my recollection is that approximately 25 additional district judges have been provided and 6 circuit judges. I should add, however, included in these two last assignments were the judges recommended by the judicial conference to which I have just referred.

Mr. REED. Mr. President, will the Senator yield?

Mr. KING. I will yield in a moment.

I may state that, obviously, the judicial conference then, with the careful examination and consideration of the then Solicitor General, now Mr. Justice Reed, investigated the needs of the country for additional judges and made a limited number of recommendations, all of which were subsequently recognized by Congress. If they had felt that additional judges were needed, they would have made the recommendations, but, litigation having been reduced since then, obviously there is no necessity for any increase in the number of judges in any part of the United States except perhaps in a rare case.

I now yield to the Senator from Kansas.

Mr. REED. Mr. President, I call the attention of the Senator from Utah—and if the Senator from Nevada is still in the Chamber I should like to call his attention also to some figures. I read now from the statement of Judge Otis of the western district of Missouri, and I join with the Senator from Utah in paying the highest tribute possible to Judge Otis as an able judge. The Senator from Vermont [Mr. AUSTIN] introduced into the RECORD a statement made by Judge Otis, an analysis of the work of all the United States courts, including the district court for the southern district of California, to which the junior Senator from Nevada has referred. Judge Otis counts that among the 10 districts in the United States having the heaviest work. Judge Otis calls attention to the fact that the western district of Missouri, where he is one of the two judges, is the eleventh district in the United States in point of work. Judge Otis in the statement, introduced into the RECORD by the Senator from Vermont, says:

> As a check upon this conclusion the compiler of this study, who himself is and has been for 14 years a United States district judge, of average capacity and industry only, has examined the work of his own district, the western district of Missouri, for the year 1933. It so happens that this district is the eleventh from the top in volume of business.

And I interject here it has two judges.

> It had two judges in 1933. One of them terminated slightly more than one-half of the cases terminated in that district in 1933. The total number terminated by both judges was: Criminal, 1,148; civil, United States, 496; civil, private, 482. One judge could and easily did dispose of at least 574 criminal cases, 248 United States civil cases, and 241 private civil cases.

Mr. AUSTIN. Mr. President, will the Senator yield at that point?

Mr. REED. The Senator from Utah has the floor.

Mr. KING. I yield to the Senator.

Mr. REED. May I finish this statement, if the Senator from Vermont will permit? Then I shall be very glad to leave the floor.

Mr. AUSTIN. No; there will be little value in what I want to call attention to if it is not done now. If the Senator would prefer not to have me do it, I will desist.

Mr. REED. I shall be very happy to have the Senator proceed, with the permission of the Senator from Utah.

Mr. KING. I yield to the Senator from Vermont.

Mr. AUSTIN. I just want to stand up beside those figures two other columns, so that a comparison may be made.

The distinguished Senator from Kansas has called attention to the fact that the per-judge load for the two judges in the western district of Missouri is 1,063 cases for a year. That is a magnificent public service, but I think it must be compared with similar service per judge of 940 cases a year when we take into account the 10 leading districts in the United States; that is, the judges in the western district of Missouri had 1,063 cases against 940 cases in the other 10 districts, in which there were 40 judges. Compared with the southern district of New York, which I was particularly studying, the judges in the western district of Missouri had 1,063 cases as against 1,375 cases transacted by the judge in the southern district of New York when there were 8 judges there, having the assistance of visitors who rendered considerable help.

I think the comparison shows that, speaking generally of the places in the United States where the judicial work is heavy, the amount of work discharged per judge has been remarkably great. I therefore have accepted the opinion of Judge Otis as worthy of following when he says that in his opinion it may well be assumed that 400 criminal cases, 200 civil cases in which the Government is interested, and 200 civil cases of all other kinds constitute a yardstick in ascertaining whether or not an additional judge is necessary.

Mr. REED. Mr. President, may I now make an inquiry of the distinguished chairman of the committee, the Senator from Arizona [Mr. ASHURST]?

The PRESIDING OFFICER (Mr. LUCAS in the Chair). The Senator from Utah has the floor.

Mr. KING. I yield, so that the Senator may make such statement as he desires.

Mr. BARKLEY. Mr. President, will the Senator from Utah yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Kentucky?

Mr. KING. I yield to the Senator from Kentucky.

Mr. BARKLEY. I simply wish to say that when this bill was taken up, it was with the understanding that it would be set aside if thought necessary when we were ready to go forward with the lending bill; and when we started out today I was given the assurance that we would finish the bill by 2 o'clock. I realize that no Member of the Senate can ever give any assurance that can be relied on as to when anything can be finished. At the same time, while I do not want to limit anyone, I must urge upon all those who are interested in this discussion that the matter be expedited as much as possible.

Mr. KING. Let me say to the Senator from Kentucky that I have been interrupted to such an extent, but I make no complaint—that——

Mr. BARKLEY. The Senator has been very generous in yielding to other Senators, and they have made speeches in his time. The Senator from Utah is always courteous, of course, as we all know; but I hope he will put on the brakes a little.

Mr. KING. I like to be gracious and courteous. The Senator from Arizona [Mr. ASHURST], the chairman of the committee, made such a brilliant speech for nearly 10 minutes in the middle of my speech that I have been trying to get back to earth ever since. Having yielded to the chairman, I have been compelled to yield to my distinguished friend upon the other side.

I now yield to the Senator from Kansas.

Mr. REED. Mr. President, let me say to the distinguished Senator from Kentucky, the majority leader, that in my opinion no more important legislation than this bill is pending before this body. I think it goes away beyond the personal desires of men to be appointed to the Federal bench, or of Senators who may hope to enjoy additional patronage.

Mr. BARKLEY. Mr. President, if the Senator is alluding to anybody in this body as advocating the enactment of the bill because it means that somebody is going to be appointed, it would be equally legitimate to urge that some of those who are opposing it are opposing it because they do not want somebody appointed. If that is good as an argument on one side, it is equally good as an argument on the other.

Mr. KING. I do not agree with the Senator in that respect. There are more persons who want offices than there are persons who have the courage to oppose the creation of additional offices.

Mr. REED. And let me add to what the Senator from Utah has said that there is a great deal more steam behind the creation of additional offices than there is, possibly, be-

hind the Senators who are trying to hold this scandalous thing in check.

Mr. BARKLEY. I do not want to get into a debate about the relative quantities of steam; but the Senator from Kansas has exhibited more steam today in opposing this bill than any other Senator has exhibited in advocating it, so he seems to have a reserve power of steam equal to that of anyone here.

Mr. KING. I am afraid the Senator from Kentucky was not here when my eloquent friend from Arizona [Mr. ASHURST] took the floor in his own time and in my time and displayed a vast amount of erudition and eloquence.

Mr. BARKLEY. The remarks of the Senator from Arizona today, as always, are characterized by erudition and intelligence and not simply by steam.

Mr. ASHURST. I thank the Senator from Kentucky.

Mr. REED. Mr. President——

Mr. KING. I yield to the Senator from Kansas.

Mr. REED. Of course that is true. I presume what the Senator has said is a compliment from the majority leader, the Senator from Kentucky, to the junior Senator from Kansas. I grant you that I am just a humble layman, a nonlawyer. I realize my difficulties in the company of so many eminent lawyers; but I think I know what fair public policy is, and I think it is being abused in this case.

I am about to conclude. I want to call the attention of the Senator from Utah to the standard set up by Judge Otis, who has been referred to by the Senator from Vermont, that as a fair average a Federal judge should be able to dispose of 400 criminal cases, 200 Government civil cases, and 200 private civil cases, which is 800 cases per year. The southern district of California now has seven judges. On that basis—and it is, of course, only a broad average—the southern district of California could dispose of 5,600 cases a year; and on the same basis the western district of Oklahoma would, I think—and I know the junior Senator from Oklahoma [Mr. LEE] will correct me if I am wrong about it—be able to dispose of the cases on the docket with the judges now there.

Mr. LEE. Mr. President, if the Senator will yield to me——

Mr. REED. Not yet. The Senator may have the floor in a moment.

Mr. LEE. I call the attention of the Senator from Kansas to the population of the two States.

The PRESIDING OFFICER. The Senator from Utah has the floor.

Mr. KING. I yield to the Senator from Oklahoma.

Mr. LEE. The population of Kansas is 1,845,194, against the population of Oklahoma of 2,600,000 plus. I further wish to call the attention of the Senator to the fact that the case load in Kansas in 1938, according to the latest report which the Senator from Utah just mentioned, is 592, against a case load in Oklahoma of 2,090.

Mr. KING. Kansas has one judge, and Oklahoma has four. Proceed.

Mr. REED. Is that per judge, or is that for the four judges? That is for the four judges, is it not, I inquire of the Senator from Oklahoma?

Mr. LEE. Yes.

Mr. KING. Oklahoma has four judges, and Kansas has only one.

Mr. REED. That is for four judges; and, according to the standard laid down by Judge Otis, whom nobody disputes as an authority, four judges should have disposed of 3,200 cases, and yet we are being asked to give the western district of Oklahoma an additional judge.

I thank the Senator from Utah for his indulgence. I have merely tried to add a little "steam," as described by the Senator from Kentucky, to what the Senator from Utah has said, because I think he is right.

Mr. BARKLEY. The Senator has done so with great success.

Mr. KING. Mr. President, at the beginning I stated that I knew it was futile to stand in the way of this avalanche. Whenever appropriations are required, no matter how stupendous, even two or three billion dollars, all opposition apparently vanishes; and when appropriations are needed for additional judges, and additional judges are asked for, it is certain that Congress will yield, or at least the Senate will yield.

Mr. ASHURST. Mr. President, I should like to have a vote before 4 o'clock, but the Senator from Utah by no means should characterize his own efforts as futile. I believe that I will disclose—I am about to say betray—a secret. I have said three times now that twice the number of judges that are carried in this bill were asked. I said to more than half a dozen Senators, "Senator KING has been a close student of these things. You cannot get by in a doubtful case." So, far from the Senator from Utah [Mr. KING] being futile, he is tremendously successful; and I believe that at least three if not four judges that I intended to include in this bill I have left out, because he is no futility: I will say that.

Mr. KING. Mr. President, the Senator has been so gracious that I am compelled to express my sincere thanks.

I am not jesting when I say that those who advocate appropriations for increases in Federal activities, even if they impinge upon the rights of individuals and of States, generally achieve success, and they march triumphantly over the mutilated bodies of those who have the temerity, perhaps the folly, to interpose objections. So long as I am in the Senate I shall continue to oppose what I believe to be improper and extravagant appropriations, and measures which I conceive to be intrusions upon the rights of the States and interference with the rights of individuals. I want our judicial system to remain as it was contemplated by the Fathers, as the crowning achievement of this Republic. They gave to us a judicial system, they gave to us a tripartite form of government, and in my opinion the judiciary was the most important Department in that Constitutional system. I have sometimes felt that we were abandoning the high and indeed reverent conception of the importance of the judiciary entertained by the Fathers of the Republic. When an attempt was made to pack the Supreme Court, that was a backward step. I resisted it to the extent of my limited ability; and I do not favor the efforts which were subsequently made to increase beyond what I conceived to be necessary the personnel of the Federal judiciary.

Mr. President, I am opposed to the pending bill because, having read the record and having read the testimony, so far as it is available, as well as the recommendations of judicial conferences, I reached the conclusion that perhaps the recommendation as to two of the judges provided for in the bill did have merit, but as to the residue, I am convinced that they are not needed. In my opinion, the bill should be recommitted or defeated.

Mr. President, before concluding, Florida, having been referred to in the discussion, I desire to submit a brief statement concerning the proposal to add an additional judge.

The bill provides for a district judge for the northern and southern districts of Florida, but from the status of the cases pending and disposed of in the last 2 years in the northern and southern districts of Florida, it would appear that no new judge is needed.

In the annual report of the Attorney General for 1938, exhibit 10, pages 289 to 305, it is indicated that with respect to actions at law in the northern district of Florida, all ready cases had been tried at the term following joinder of issue, as of July 1, 1937. As of July 1, 1938, the situation is much the same. It is stated with respect to the Pensacola division, in the northern district, that the docket is current, and it takes 6 months or less to reach the trial of cases after joinder of issue; the same is true of the Gainesville division in the northern district; and with respect to the Marianna, Tallahassee, and Panama City divisions in the northern district it is stated that the dockets are current, and it takes 12 months or less to reach the trial of cases after joinder of issue.

The same is true of the southern district of Florida. As of July 1, 1937, all ready cases were tried at term following joinder of issue in the four divisions of the southern district. As of July 1, 1938, it is stated that the dockets for all of the four divisions of the southern district are current, and it takes 60 days to reach the trial of cases after joinder of issue.

These figures, taken from the 1938 Annual Report of the Attorney General, indicate pretty conclusively that no new judge is needed for the northern and southern districts of Florida. For no division in either of the districts does it take more than 12 months to reach the trial of cases after joinder of issue, and it is stated that usually the time is less. Until a definite showing can be made to indicate that the docket is overcrowded—and the figures quoted from the Attorney General's report indicate a contrary conclusion—no new judge should be provided for the Florida districts. I may say that I examined the hearings held on this bill, and I saw no figures or direct proof that the dockets were in any way overcrowded in the districts referred to above.

I have given the figures with respect to actions at law in the divisions of these two districts. The figures with respect to suits in equity indicate that the equity dockets are current also. Thus, as of July 1, 1937, cases were heard promptly after joinder of issue in each of the divisions of each of the two districts, northern and southern. As of July 1, 1938, with respect to the Gainesville and Pensacola divisions in the northern district, it is stated that the docket is current, and it takes 6 months or less to reach the trial of cases after joinder of issue. With respect to the Marianna, Tallahassee, and Panama City divisions in the northern district, the dockets are stated to be current, and it takes 12 months or less to reach the trial of cases after joinder of issue. It is stated that the dockets are current in the southern district, and in the four divisions it takes the following times to reach the trial of cases after joinder of issue: Jacksonville division, 30 to 60 days; Miami division, 15 to 30 days; Tampa division, 30 to 60 days; Orlando division, 30 to 45 days.

As I have stated, these figures cannot be relied on to support the thesis that the dockets are overcrowded; on the contrary, they indicate that the dockets are current, and that no additional judge is needed.

Mr. WAGNER. Mr. President, will the Senator yield for one question?

Mr. KING. I yield.

Mr. WAGNER. I am sorry I was not present during the whole of the Senator's remarks——

Mr. KING. If the Senator is about to refer to New York, I have conceded the judgeship there.

Mr. WAGNER. The Senator has conceded that?

Mr. KING. I have conceded that under the evidence which I have been able to examine New York is entitled to the one judge.

Mr. WAGNER. Very well.

(The report submitted by Mr. McCARRAN to the Committee on the Judiciary and ordered to be printed in the RECORD during the course of Mr. KING's speech is as follows:)

MAY 31, 1939.

Hon. HENRY F. ASHURST,
Chairman, Senate Committee on the Judiciary,
United States Senate.

MY DEAR MR. CHAIRMAN: Pursuant to assignment issued by you, and in conformity with Senate Resolution 75, I visited Los Angeles, Calif., and there conferred with the Federal district judges of the southern district of that State as to the necessity for an additional and eighth judge for that district. I beg leave to attach hereto and make a part of this, my report to you, a stenographic transcript of the proceedings had at that conference.

In addition to conferring with the judges of the southern district of California, I had the privilege of a conference with the president and members of the executive board of the bar association of Los Angeles County, and I respectfully attach hereto and make a part of this, my report, a stenographic transcript of the proceedings at that conference.

In addition to the foregoing, I beg leave to attach hereto and make a part hereof an excerpt from the report of the judicial conference made at its September session, 1938. Also, certain excerpts from the Annual Report of the Attorney General of the United States for the fiscal year ending June 30, 1938.

From all of these proceedings, and from my investigation generally, I beg leave to state that I favor the addition of an eighth Federal district judge to the southern district of California because:

I. This district is faced with an impossible calendar.

1. From May 1, 1938, to May 1, 1939, there were 4,174 cases filed in the District Court for the Southern District of California, of which 1,503 were civil and criminal, and 2,671 were bankruptcy and reorganization.

(a) It is estimated that the total available trial time for each judge is 220 days a year. Allowing at least 2 days for the ordinary civil trials, it is a fair estimate that 7 judges would try 770 cases per year.

(b) Seven hundred and seventy cases a year would make no inroad in the 1,503 civil and criminal cases filed in the last year, with no provision for those cases involving bankruptcy and reorganization.

2. Filings by the United States district attorney alone have increased by 26 percent in the last year.

3. The condition of the court is such that it has been compelled to appoint special masters in a great many matters, involving tremendous expense to the litigants.

(a) The expense of another Federal judge is not saved because far more than that amount is transferred to the litigants by reason of these special masters and special referees.

II. This district is expanding rapidly as to population.

1. The circuit embracing this district comprises seven States. According to the 1930 census, the total population of all of the States other than California was 3,944,832. By way of contrast, the population of the southern district of California was 3,355,884. Recent estimates place this latter figure at 4,229,200, representing an increase of 873,316. The population here is increasing at a rapid rate, and from all indications this increase is constant.

III. The litigation handled by this district is extremely complex and diversified.

1. The motion-picture industry is responsible for a great deal of patent litigation and copyright litigation, involving the taking of an unusual amount of testimony.

2. The speculative oil and land industry peculiar to this district is responsible for an unusual amount of mail-fraud litigation, the trial time running well into weeks and months.

IV. The pressure of overburdened calendars within the central part of this district necessitates administering San Diego and Fresno by an interchange of judges, each one sitting in rotation at both San Diego and Fresno.

1. It frequently occurs that six different judges must preside over the same case at different times by reason of delayed litigation, and because the lack of time prevents the completion of calendars in these sections.

2. Deliberate violations of the Federal law have occurred at Fresno because a judge cannot be spared to sit at Fresno as long as it would take to try cases.

V. A judge should have sufficient time to devote adequate thought and study to complex cases, and to submit an opinion in writing on controversial issues of new law.

1. A competent study of each case and the submission of a complete memorandum opinion would expedite the consideration of appeals and reduce the work of that court materially.

(a) A competent study of each case would decrease litigation, because there would be fewer appeals.

(b) Research studies have indicated that if a case can be pressed to an early hearing, much litigation can be discouraged.

2. The substantive law is virtually what the highest court of California says it is, and judges are not afforded an opportunity to keep abreast of it.

(a) Senior Judge James devotes one-third of his time to administrative duties, and yet he is obliged to take his full quota of cases.

VI. We are undergoing a period where we are making law very rapidly. New problems are presented to the courts daily. These new problems must be solved now so that we may go ahead with a knowledge of what the real solution is.

The litigant must at least feel that he has had his day in court. His day in court must come early enough so that the lawsuit will not be just an idle effort. By this I mean that his lawsuit must not be delayed so long that his witnesses will be gone, thus inhibiting justice. On the other hand, his litigation must not be so hurried by reason of other cases waiting to be heard that he will not have had what he considers his day in court.

The welfare of the litigant is of the utmost importance. It is for his benefit that we maintain this court system. His confidence in the courts must be sustained.

Justice delayed is justice denied.

Respectfully submitted.

PAT MCCARRAN.

REPORT OF THE JUDICIAL CONFERENCE, SEPTEMBER SESSION, 1938

The Judicial Conference provided for in the act of Congress of September 14, 1922 (U. S. Code, title 28, sec. 218), convened on September 29, 1938, and continued in session for 3 days. The following judges were present in response to the call of the Chief Justice:

First circuit, Senior Circuit Judge George H. Bingham.
Second circuit, Senior Circuit Judge Martin T. Manton.
Third circuit, Senior Circuit Judge J. Warren Davis.

Fourth circuit, Senior Circuit Judge John J. Parker.
Sixth circuit, Senior Circuit Judge Xenophon Hicks.
Seventh circuit, Senior Circuit Judge Evan A. Evans.
Eighth circuit, Senior Circuit Judge Kimbrough Stone.
Ninth circuit, Senior Circuit Judge Curtis D. Wilbur.
District of Columbia, Chief Justice D. Lawrence Groner.

The senior circuit judges for the fifth and tenth circuits, Judges Rufus E. Foster and Robert E. Lewis were unable to attend, and their places were taken respectively by Circuit Judges Samuel H. Sibley and Orie L. Phillips.

The Attorney General and the Solicitor General, with their aides, were present at the opening of the conference.

The conference gave close consideration to the extent of the need for still more district judges, having regard to the volume and character of the work in the districts and the need for the prompt disposition of cases. The conference renews its recommendations for additional judges for the northern district of Georgia and for the district of Kansas. Despite the relief already afforded in the southern district of California and the southern district of New York, further judicial assistance is necessary in view of the heavy dockets in those districts. In the southern district of New York there has been reliance upon the assistance furnished through the assignment of judges from other circuits, but inquiry shows that it is impracticable to obtain this relief to the extent needed. Other increases are found to be advisable in the district of New Jersey, the eastern district of Pennsylvania, the eastern district of Missouri, and the western district of Oklahoma.

Including the recommendations made last year and now renewed, the conference therefore recommends that additional district judges be provided as follows:

Two additional district judges for the southern district of New York.
One additional district judge for the district of New Jersey.
One additional district judge for the eastern district of Pennsylvania.
One additional district judge for the northern district of Georgia.
One additional district judge for the eastern district of Missouri.
One additional district judge for the southern district of California.
One additional district judge for the western district of Oklahoma.
One additional district judge for the district of Kansas.

ANNUAL REPORT OF THE ATTORNEY GENERAL OF THE UNITED STATES FOR THE FISCAL YEAR ENDING JUNE 30, 1938

Further increases of judicial personnel are indispensable if the judicial machinery is to function smoothly and expeditiously. This need is recognized in the report of the Judicial Conference, submitted herewith. The Conference recommends the following permanent increases in judicial positions:

One circuit judge for the sixth circuit.
One circuit judge for the seventh circuit.
Two circuit judges for the eighth circuit.
Two district judges for the southern district of New York.
One district judge for the district of New Jersey.
One district judge for the eastern district of Pennsylvania.
One district judge for the northern district of Georgia.
One district judge for the eastern district of Missouri.
One district judge for the southern district of California.
One district judge for the western district of Oklahoma.
One district judge for the district of Kansas.

The foregoing recommendations are amply justified, and I take pleasure in concurring in them. The need is urgent.

TABLE 2A.—*Criminal and civil cases in United States district courts, by judicial districts: Fiscal year 1938*

Judicial districts	Criminal cases					Defendants in criminal cases				U. S. Government civil cases				Other civil cases			
	Pending July 1, 1937	Filed	Terminated	Convictions	Pending June 30, 1938	Pending July 1, 1937	Filed	Terminated	Pending June 30, 1938	Pending July 1, 1937	Filed	Terminated	Pending June 30, 1938	Pending July 1, 1937	Filed	Terminated	Pending June 30, 1938
Alabama:																	
Northern	285	616	500	434	401	441	1,126	917	650	198	274	206	266	84	117	93	108
Middle	29	199	215	190	13	43	319	343	19	25	38	28	35	39	44	51	32
Southern	132	271	249	237	154	277	479	499	257	20	61	51	30	39	29	37	31
Alaska:																	
First division	18	35	46	25	7	29	52	71	10	1	1		2	141	217	218	140
Second division	2	13	11	6	4	2	13	11	4					25	50	43	32
Third division	9	38	42	27	5	10	44	49	5	2	3	4	1	80	133	127	86
Fourth division	1	9	10	7		1	9	10			1		1	91	130	112	109
Arizona	95	727	720	679	102	133	826	811	148	49	62	60	51	134	90	136	88
Arkansas:																	
Eastern	104	408	331	289	181	160	613	499	274	151	148	125	174	268	235	236	267
Western	116	173	214	172	75	157	244	306	95	58	79	58	79	129	90	134	85
California:																	
Northern	215	544	576	497	183	339	708	791	256	183	288	315	156	467	314	425	356
Southern	288	647	731	568	204	533	907	1,045	395	445	249	366	328	677	425	555	547
Colorado	57	176	189	164	44	85	253	271	67	54	136	131	59	112	86	114	84
Connecticut	29	154	154	132	29	40	215	219	36	80	297	296	81	143	66	97	112
Delaware	19	88	88	72	19	63	123	137	49	47	34	31	50	165	77	75	167
District of Columbia	398	2,412	2,411	1,874	399	538	3,560	3,509	589	844	336	597	583	4,727	4,709	5,054	4,382
Florida:																	
Northern	63	165	172	140	56	86	243	255	74	18	43	32	29	72	39	52	59
Southern	207	638	526	437	319	358	981	864	475	180	201	198	183	608	465	547	526
Georgia:																	
Northern	186	496	513	435	169	303	797	842	258	117	339	351	105	148	80	111	117
Middle	245	562	665	547	142	360	1,027	1,160	227	77	70	99	48	60	61	74	47
Southern	109	372	388	352	95	162	531	558	135	36	59	56	39	47	58	50	55
Hawaii	8	160	160	145	8	13	218	209	22	41	48	63	26	8	5	10	3
Idaho	8	98	102	90	4	11	113	118	6	40	72	86	26	38	40	65	13
Illinois:																	
Northern	101	739	690	573	150	207	1,048	1,019	236	652	548	684	516	1,404	823	1,160	1,067
Eastern	51	170	180	167	41	128	257	338	47	106	68	67	107	109	72	102	79
Southern	88	248	226	170	110	296	391	439	248	122	71	60	133	306	115	222	199
Indiana:																	
Northern	29	128	89	79	68	40	128	89	68	61	81	85	57	506	151	298	359
Southern	43	125	138	131	30	70	166	198	38	57	93	105	45	140	137	155	122

TABLE 2I.—*Status of civil cases (except bankruptcy) pending in United States district courts at close of June 30, 1938*

Judicial district	Total civil cases pending (except bankruptcy)	Number pending less than 6 months	Number pending 6 months and over	Number pending 1 year and over	Number pending 2 years and over	Number pending 3 years and over	Number pending 4 years and over	Number pending 5 years and over
Alabama:								
Northern	374	172	202	104	71	24	10	9
Middle	67	25	42	26	14	10	9	7
Southern	61	30	31	19	12	6	4	4
Alaska:								
First division	142	57	85	46	23	11	7	2
Second division	32	7	25	17	9	5	2	2
Third division	87	46	41	20	11	7	6	5
Fourth division	110	47	63	36	16	8	2	2
Arizona	139	65	74	60	33	26	25	24

TABLE 2I.—*Status of civil cases (except bankruptcy) pending in United States district courts at close of June 30, 1938*—Continued

Judicial district	Total civil cases pending (except bankruptcy)	Number pending less than 6 months	Number pending 6 months and over	Number pending 1 year and over	Number pending 2 years and over	Number pending 3 years and over	Number pending 4 years and over	Number pending 5 years and over
Arkansas:								
Eastern	441	161	280	230	170	108	80	69
Western	164	59	105	84	52	36	28	22
California:								
Northern	512	206	306	223	92	41	27	20
Southern	875	244	631	469	317	230	171	146
Colorado	143	69	74	49	26	18	11	9
Connecticut	193	60	133	100	56	31	19	16
Delaware	217	56	161	126	100	72	57	48
District of Columbia	4,965	1,644	3,321	2,169	692	328	220	164
Florida:								
Northern	88	30	58	46	27	22	16	13
Southern	709	281	428	328	202	119	82	56
Georgia:								
Northern	222	85	137	100	61	47	43	27
Middle	95	53	42	28	22	17	13	11
Southern	94	49	45	35	28	26	20	13
Hawaii	29	10	19	14	12	10	6	4
Idaho	39	27	12	3	2	2	2	2
Illinois:								
Northern	1,583	397	1,186	959	663	402	293	226
Eastern	186	50	136	117	78	47	42	39
Southern	332	64	268	209	160	130	110	96
Indiana:								
Northern	416	76	340	277	215	161	120	93
Southern	167	92	75	53	24	11	10	5
Iowa:								
Northern	22	15	7	1	1	1	----	----
Southern	92	33	59	38	22	19	11	10
Kansas	172	56	116	80	51	43	29	24
Kentucky:								
Eastern	331	75	256	208	122	72	48	43
Western	403	151	252	167	87	44	28	22
Louisiana:								
Eastern	366	105	261	216	127	88	63	52
Western	203	70	133	100	61	33	31	21
Maine	105	27	78	51	24	17	12	5
Maryland	236	117	119	91	62	43	38	19
Massachusetts	1,076	242	834	646	448	305	265	230
Michigan:								
Eastern	1,200	463	737	518	353	214	148	118
Western	119	53	66	35	18	11	8	8
Minnesota	619	254	365	243	134	84	56	46
Mississippi:								
Northern	273	50	223	199	185	161	155	152
Southern	390	102	288	244	191	153	131	124
Missouri:								
Eastern	529	220	319	234	163	86	56	42
Western	411	131	280	240	200	177	172	168
Montana	429	98	331	269	211	176	134	113
Nebraska	194	93	101	60	34	14	8	7
Nevada	79	20	59	50	39	24	18	11
New Hampshire	29	25	4	1	----	----	----	----
New Jersey	1,162	291	871	733	548	419	340	257
New Mexico	60	43	17	8	1	----	----	----
New York:								
Northern	340	103	237	194	118	92	78	65
Eastern	1,352	281	1,071	916	702	576	490	420
Southern	3,568	1,331	2,237	1,419	743	418	223	131
Western	331	102	229	165	93	55	42	26
North Carolina:								
Eastern	143	62	81	61	35	15	11	8
Middle	80	41	39	24	11	6	6	5
Western	174	66	108	75	48	32	24	21

EXHIBIT No. 3

TABLE 3A.—*Bankruptcy cases in the United States district courts during the fiscal year 1938, and type of disposition for cases concluded, by judicial districts*

Judicial districts	Cases pending June 30, 1937	Cases filed during the year							Cases concluded											Cases pending June 30, 1938
							All other				Otherwise concluded									
											Without declaration of bankruptcy							After declaration of bankruptcy				
																			Asset cases		No asset cases	
		Total	Under sec. 75	Under sec. 77	Under sec. 77-B	Under sec. 81	Voluntary	Involuntary	Total	Petitions dismissed	Under sec. 75	Under sec. 77	Under sec. 77-B	Under sec. 81	Compositions under sec. 12	Compositions under sec. 74	Extensions under sec. 74	Total	Voluntary	Involuntary	Voluntary	Involuntary	
Alabama:																							
Northern	3,756	4,564	11	----	8	----	4,538	7	1,869	175	----	----	5	----	1	1	54	1,633	39	12	1,582	----	6,451
Middle	330	338	5	----	2	----	330	1	293	83	1	----	2	----	----	1	11	195	5	1	188	1	375
Southern	104	154	1	----	----	----	149	4	95	7	1	----	1	----	----	----	7	79	6	4	69	----	163
Alaska:																							
First division	4	8	----	----	----	----	8	----	9	1	----	----	----	----	----	----	----	8	----	----	8	----	3
Second division	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----
Third division	3	1	----	----	----	----	1	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	4
Fourth division	4	2	----	----	----	----	2	----	4	1	----	----	1	----	----	----	----	2	----	----	2	----	2
Arizona	54	73	1	----	1	----	67	----	77	13	----	----	----	----	----	----	----	64	19	3	42	----	50

TABLE 3A.—*Bankruptcy cases in the United States district courts during the fiscal year 1938, and type of disposition for cases concluded, by judicial districts*—Continued

Judicial districts	Cases pending June 30, 1937	Cases filed during the year							Cases concluded												Cases pending June 30, 1938
							All other				Otherwise concluded										
											Without declaration of bankruptcy							After declaration of bankruptcy				
																			Asset cases		No asset cases		
		Total	Under sec. 75	Under sec. 77	Under sec. 77B	Under sec. 81	Voluntary	Involuntary	Total	Petitions dismissed	Under sec. 75	Under sec. 77	Under sec. 77B	Under sec. 81	Compositions under sec. 12	Compositions under sec. 74	Extensions under sec. 74	Total	Voluntary	Involuntary	Voluntary	Involuntary	
Arkansas:																							
Eastern	185	176	77	----	7	3	83	6	138	33	6	----	6	----	2	----	----	91	31	7	52	1	223
Western	171	155	112	1	----	----	35	7	133	83	8	----	----	----	----	----	----	42	20	4	17	1	193
California:																							
Northern	2,624	1,786	101	----	24	----	1,614	47	1,798	193	15	----	8	----	8	10	1	1,563	319	33	1,205	6	2,612
Southern	2,177	2,546	151	----	38	7	2,241	109	2,416	256	4	----	7	----	1	2	4	2,142	357	60	1,713	12	2,307
Colorado	533	486	23	----	5	1	450	7	425	80	1	----	3	----	----	----	----	341	36	3	302	----	594
Connecticut	877	702	8	----	27	----	638	29	656	88	1	----	13	----	12	1	1	540	180	14	342	4	923
Delaware	89	30	----	----	3	----	22	5	18	3	----	----	7	----	----	----	----	8	6	----	2	----	101
District of Columbia	118	126	----	----	2	----	116	8	142	11	----	----	1	----	2	----	1	127	31	8	86	2	102
Florida:																							
Northern	46	21	----	----	3	----	17	1	10	1	----	----	----	----	----	----	----	9	2	2	5	----	57
Southern	250	197	2	----	14	10	146	25	142	8	----	----	5	----	5	2	----	122	25	6	91	----	305

Mr. DANAHER. Mr. President, supplementing the remarks of the Senator from Utah [Mr. KING], I wish to make a few observations which I think are pertinent to the pending question.

Normally, of course, if we were not to be able to accept the report of the conference of senior circuit judges with reference to the needs within their respective circuits, one would wonder upon whose word and whose report we could rely. But, after all, the conference met last September. It was held after the time when the Senate bill 188 had been considered at the last session of the Congress and had failed of passage.

Now that bill has been passed; in the form in which it has passed, the director, who is to be the administrative officer of the United States courts, among other things is charged with the duty of "examining the state of the dockets of the various courts and securing information as to their needs for assistance." He must thereafter report "to the senior circuit judges of the respective circuits, to the end that proper action may be taken with respect thereto."

The director also "shall annually submit to the conference of senior circuit judges a report of the activities of the administrative office and of the state of business of the courts."

One of the very core phases of the bill, one upon which it turns, is this:

> To the end that the work of the district courts shall be effectively and expeditiously transacted, it shall be the duty of the senior circuit judge of each circuit to call at such time and place as he shall designate, but at least twice in each year, a council composed of the circuit judges for such circuit, who are hereby designated a council for that purpose, at which council the senior circuit judge shall preside. The senior judge shall submit to the council the quarterly reports of the director required to be filed by the provisions of section 304, clause (2), and such action shall be taken thereon by the council as may appear to be necessary. It shall be the duty of the district judges promptly to carry out the directions of the council as to the administration of the business of their respective courts.

There is pending before the Senate another measure which may well be considered, namely, a bill which would create a court of appeals for patent cases. As a member of the Committee on Patents, the senior Senator from Illinois [Mr. LUCAS], who is now presiding, will remember the statistics as to the vast amount of business now reposing in circuit courts of appeals which would be transferred from those courts to the proposed court of patent appeals. That bill has received a favorable report and is now on the calendar. Should it be enacted, reducing, as it would, the amount of work in each of the circuit courts of appeals, it might well be said to supplement whatever is being done under Senate bill 188, and hence reduce the strictures upon the expedition of business in our courts.

Mr. President, I hope the Senator from Arizona, although I hold him in the highest respect on account of his long and able service, so cooperative as he is in the Committee on the Judiciary, will extend that cooperation and entertain a motion, let us say, that the bill be continued on the calendar and not be acted upon at this time, so that we may put into effect the changes which are contemplated in the bill which has already passed this body, and which is now in conference, thus enabling us thereafter to ascertain whether or not the need actually exists, for if we find that it does not, surely we do not wish to add to the Federal Budget.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. ASHURST. I presume curiosity is just as great in a Senator as in anyone else, and when a recruit comes to the Senate we sometimes wonder what is the source of his strength, as his weight is estimated, in a kindly spirit. I am glad to say that I never had any curiosity as to the source of strength, mental and political, of my able friend the Senator from Connecticut [Mr. DANAHER]. He is one of the most, if not the most, persuasive and able debaters I have ever seen. Within the short space of a few months he has demonstrated his ability and his geniality, and he is so genial, so ingenious in his plea that this bill be laid aside, that I almost feel like doing it, but duty says, "Press forward with this bill." [Laughter.]

Mr. DANAHER. Mr. President, in answer to the distinguished Senator from Arizona, I should perhaps call to the attention of the Senate that in the RECORD of last Friday appeared the story about "Old Bill" Ashurst's son, who came up to the cow camp in his $14 boots and wearing chaps that had seen rough service through the brush and the mesquite and joined the cowboys in their undertaking to brand the yearlings. I do not suppose that the reference of "recruit" made to the Senator from Connecticut in the past few minutes is any attempt on the part of the Senator from Arizona to "brand the yearling." Quite the contrary, but perhaps the Senator will understand how there comes to mind a situation suggested by his remarks.

Up in the Wayside Inn, at Sudbury, Mass., there is a room named for the great Norwegian violinist, who in the 1840's joined that company which became so famous in Longfellow's Tales of a Wayside Inn. That violinist was named "Ole Bull"—"O-l-e," and hence the "Ole Bull" room.

Mr. President, I thank the Senator for his kindly and gracious references, but I am reminded, of course, of that character in The Tales of a Wayside Inn.

Mr. REED. Mr. President, is there another room in that inn which could be named after the Senator from Arizona?

Mr. DANAHER. There is a room there that could be named after the Senator from Arizona. But let us take up no more time with ramblings into Sudbury and points east, west, and north. Let us come back to the subject at hand.

Mr. President, if we pass this bill each Federal judge created will draw for life a salary of $10,000 per year. He will have his secretary. There will be the usual retinue. We will encumber with an extra item of expense Federal appropriations, which already reach a stupendous sum. In the district taking in New Jersey, for instance, there has been a vacancy for 18 months, and yet we are not only going to see that vacancy filled but to be asked to create a new judgeship in the very same district. I wonder, Mr. President, how they ever have managed to survive for the past 2 years or 18 months without even one of those two judges. It seems to me we can properly test the application of Senate bill 188 to the problem, and I hope that the Senate will be persuaded to that view.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. DANAHER. I have concluded.

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ASHURST. Am I correct in understanding that all amendments reported by the committee have been agreed to?

The PRESIDING OFFICER. The Senator is correct in his understanding of the parliamentary situation.

Mr. ASHURST. Then, Mr. President, if there be no further amendments, I ask for the engrossment and third reading of the bill.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. DANAHER. I asked the Senator to yield in order that I may make a motion to recommit the bill to the Senate Committee on the Judiciary.

Mr. ASHURST. Certainly, the Senator's request is in order.

Mr. DANAHER. I make that motion, Mr. President.

The PRESIDING OFFICER. The question is on the motion of the Senator from Connecticut [Mr. DANAHER] to recommit the bill to the Committee on the Judiciary.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Legislative Clerk call the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Russell
Andrews	Ellender	Lee	Schwartz
Ashurst	Frazier	Logan	Schwellenbach
Austin	George	Lucas	Sheppard
Bailey	Gerry	Lundeen	Shipstead
Bankhead	Gibson	McCarran	Stewart
Barbour	Gillette	McKellar	Taft
Barkley	Glass	McNary	Thomas, Okla.
Bilbo	Green	Maloney	Thomas, Utah
Bone	Guffey	Mead	Townsend
Borah	Gurney	Miller	Truman
Bridges	Harrison	Minton	Tydings
Bulow	Hatch	Murray	Vandenberg
Burke	Hayden	Neely	Van Nuys
Byrd	Herring	Norris	Wagner
Byrnes	Hill	Nye	Walsh
Capper	Holman	O'Mahoney	Wheeler
Chavez	Holt	Overton	White
Clark, Idaho	Hughes	Pepper	Wiley
Connally	Johnson, Calif.	Pittman	
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

WAGES UNDER WORK PROJECTS ADMINISTRATION

Mr. MALONEY. I dislike to intrude upon the discussion of this bill, but I wish to discuss a subject which I think is of much more importance to this country than is the proposal now under consideration. I should like first to read to the Senate a letter from Colonel Harrington, addressed to me, written in answer to a letter which I wrote to Colonel Harrington, and which was published in the RECORD several days ago. Colonel Harrington's letter is as follows:

FEDERAL WORKS AGENCY,
WORK PROJECTS ADMINISTRATION,
Washington, D. C., July 20, 1939.

The Honorable FRANCIS T. MALONEY,
United States Senate.

MY DEAR SENATOR MALONEY: This will acknowledge the receipt of your letter of July 14, 1939, expressing concern because of the possibility of reducing the earnings of Work Projects Administration workers in the northern States in connection with the new schedule of monthly earnings which I am required, by section 15 of the Emergency Relief Appropriation Act of 1939, to fix prior to August 31, 1939.

I am sure that you recognize that I am confronted with a very difficult problem in the revision of the security-wage scales. The requirement that the current national average labor cost shall be substantially maintained, but at the same time that the schedule of monthly earnings for workers of the same type in different geographical areas shall not vary to any greater extent than may be justified by the difference in the cost of living, makes it almost impossible to avoid a reduction of present wages in certain localities.

I assure you that it is not my desire to reduce the present wages to any greater degree than is absolutely necessary. However, I can only make this general statement to you at this time, as our studies of this complicated problem have not reached the point where definite conclusions can be reached.

Sincerely yours,

F. C. HARRINGTON, *Commissioner.*

I am taking the time to advise the Senate now, Mr. President, because Colonel Harrington points out that he is making this study. I have heretofore called to the attention of Colonel Harrington, and to the attention of the Senate on more than one occasion, the importance of the particular part of the bill to which his letter refers. He mentions the difference in the cost of living. I pointed out to him that that allowed him, in my opinion, a sufficient leeway to maintain the very meager wages now being paid to certified relief workers in the North. I pointed out to Colonel Harrington as well that the important language of the law was not "substantially affect," and that that allowed him a further leeway.

Mr. President, I have no desire to keep underpaid workers of the South from receiving the wages necessary to supply their needs. I am in sympathy with the effort to lift up those underpaid men and women. I am in sympathy with the intention of this particular amendment in the Relief Act; but I do not believe that the Senator who offered the amendment, the committee which voted it favorably, or the Senate, or the Congress, intended that the certified relief workers of the North, the men who dig in the ditches, should have a cut in the meager subsistence wages they now receive.

I know that Colonel Harrington is very much in sympathy with my opinion. I do not know anyone who is anxious to see a wage cut put into effect on September 1; but I have been trying to arouse Members of Congress in order that, if they agree with me, they may point out to Colonel Harrington that the language of the law as written, and very definitely the intent of Congress, permit and perhaps require of him that he pay the security wages now paid in the North.

To show that Colonel Harrington is in sympathy with the point I am trying to make, I should like to read very briefly from the House hearings. I quote Colonel Harrington:

Colonel HARRINGTON. Regarding differentials in W. P. A. wage scales, I would like to point out that differentials in wages are recognized by employers, employees, and organized labor. As to whether the differentials now existing in the schedules of monthly earnings are justifiable or whether the differentials could be limited to a specified maximum is a question that should be based on varying of local conditions.

In considering this matter, I would like to emphasize the importance of fixing monthly earnings which bear a relatively close relationship to actual local conditions where the workers reside. It is my belief that the present monthly earnings do not exceed minimum subsistence standards and any general revision downward in the schedule of earnings as now established would make it impossible for workers to obtain for themselves and their families the necessities of life.

It is my judgment, based on recent studies, that the present schedule of monthly earnings may contain too many levels of earnings and it is my intention to take administrative action necessary to correct this condition.

My purpose in mentioning the matter at this point is because there was up for consideration in connection with the first supplemental appropriation this year an amendment introduced in Con-

gress fixing the maximum differential at 25 percent in wages anywhere in the United States. That amendment apparently applied to hourly rates of pay, although there was some uncertainty as to what it did apply to. I testified at that time, I believe it was before the Senate committee, because the amendment was introduced in the House. The application of an amendment of that character would require the Administrator to adopt a choice between various alternatives.

If you have pay rates put up to 25 percent of the top rates, that will obviously decrease the amount of employment you can provide, because if the pay of the individual worker is increased, the number that can be employed is decreased. If you maintain your average, that will mean a reduction of the top rates and a raising of the bottom rates. Now, as a matter of practical knowledge I think we all know that the differential in wage scales in this country is considerably in excess of 25 percent. Without going into the question of the desirability of a uniform wage scale, which is a broad social question, I do not believe that W. P. A. should be made the guinea pig in this experiment. I think that if the wage differentials are to be wiped out in this country—and I am not talking about Government wages, but the whole wage structure—it should apply to everybody and W. P. A. should not be the first one to be operated on in that respect.

I wish briefly to point out the difference in living costs between the North and the South. I should like to have Senators know that this question does not concern New England alone. It concerns all the Northern States across the country, where it becomes extremely cold for long periods during the year, where there is a need for the purchase of fuel and warmer clothing, and where rents are higher because of the tremendous difference in building costs.

While Colonel Harrington is making a study of the law in an effort to determine how much it is necessary to reduce wages, if at all—and he now seems to think it is necessary—I should like to have him know that we realize that a can of beans or a can of corn may cost as much in the South as it does in the North. However, there are ever so many other things, due to the severity of the weather for a period of 6 or 7 months in the year, which account for differences in the cost of living. For these reasons I am hopeful that Senators will help Colonel Harrington to know what the sentiment of the Senate is, what the intention of the Senate was, and what sort of situation would be created in many States if on September 1 the security wages were reduced.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point, in connection with my remarks, an editorial in the Hartford Times entitled "W. P. A. Workers' Plight," commenting upon earlier remarks which I have made in connection with this matter.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Hartford Times of July 22, 1939]

W. P. A. WORKERS' PLIGHT

That the majority of men on W. P. A. are there because they need help and not because they are interested in agitation was proved by the dismal failure of the labor-union-sponsored W. P. A. strike against the Government. Such a "strike" never can win.

Although the unemployed made no strike demonstration worthy of notice, they have the sympathy of most persons in the arbitrary removal of so many of them from W. P. A. rolls because for 18 months they have been unable to find work in private employment. When the monthly wage, now averaging $63, is cut to a probable $52 in September, their present scanty means will be seriously reduced. This cut, to come as a result of an act of Congress which Administrator Harrington interprets as leaving him no discretion, will have the effect of increasing the welfare expenses of the communities.

Senator MALONEY's plea in the Senate for the W. P. A. workers and his letter to Administrator Harrington declaring that the new law does not compel the Administrator to slash the wages of northern and southern W. P. A. workers in order to raise the average paid to southern workers may result in some beneficial action. One hopes so, for the great majority of the persons on W. P. A. are not there because they want to be. A land oversupplied with food and gold will not, in the long run, suffer by maintaining at least a decent subsistence wage.

Mr. MALONEY. Mr. President, the Hartford Times is one of the newspaper chain of Frank Gannett. It is a reasonably liberal but not an extremely liberal newspaper, and it points with emphasis to the serious situation which would be created were the wages of this particular group reduced on September 1.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article appearing in the New Haven Register of a few days ago entitled "W. P. A. Workers Face Cut in Wages After August 31." I want to have this article printed in order to have Senators better know what is happening.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Haven (Conn.) Register]

W. P. A. WORKERS FACE CUT IN WAGES AFTER AUGUST 31—SULLIVAN TELLS RELIEF OFFICIALS OF STATE AT MEETING HERE THAT SLASH IS NECESSARY UNDER NEW FEDERAL ACT—800 MORE EMPLOYEES WILL BE DROPPED TOMORROW IN THIS AREA

Already sharply cut in numbers under the provisions of the new Federal Emergency Relief Act, Connecticut W. P. A. workers are facing a reduction in wages after August 31. That was made known by State W. P. A. Administrator Vincent J. Sullivan at a meeting today in the Hall of Records of municipal officials in charge of local relief programs throughout the State.

Sullivan said that section 15 of the act requires an adjustment in the monthly earning schedule of security wages and in this adjustment the present national average must be maintained. That average is approximately $53 a month.

"I am not prepared to state at this time the details of how this will affect Connecticut," said Sullivan, "but obviously it can mean only one thing—lowering of wages because the average at the present time is in excess of $53 a month."

As a result of invitations sent out to municipal and welfare officials in 85 towns in the State by Sullivan, about 100 came here for the conference with the State administrator.

PROVISIONS EXPLAINED

He explained provisions of the new act and clarified sections which mean dismissal of W. P. A. workers throughout the State so as to bring about a reduction of 5,000 in the rolls by October 1. Reduction of the State's W. P. A. quota, Sullivan said, is necessary under the 1939 Relief Act. The State's quota has been set at 17,800 employees. At present there are 23,170 persons on W. P. A. in Connecticut.

Tomorrow 800 workers in the New Haven area will be dropped from the rolls in the second slash made under the mandatory order of Congress. In the first cut a week ago 335 were dismissed. The number of Connecticut relief workers laid off by reason of the section requiring removal of all those, excepting veterans, who have been employed for more than 18 months, was expected to reach more than 8,000, Administrator Sullivan said.

The law requires that a worker so laid off shall be eligible for reemployment only after the expiration of 30 days and a recertification of his eligibility for a relief job. "This is not a 30-day furlough," Sullivan asserted, "as it has been termed in some circles."

MUST INCREASE CONTRIBUTIONS

The State administrator said that local contributions to W. P. A. projects must be increased under the new law by about 7 percent. In the past local contributions have averaged about 18 percent. The new law requires a minimum contribution of 25 percent of the total cost of the project.

None of the projects now in operation in New Haven is to be abandoned, the State administrator said.

"It is contemplated that the work on these projects now in operation will be continued until they are completed. This will be done with a reduced number of people working than are now employed under the present schedule," said Sullivan.

No orders have been issued for the suspension of any W. P. A. project in this city, he added.

JOB-SEEKING RUSH LIKELY

As a result of the dismissal of W. P. A. workers the Connecticut State Employment Service is anticipating a rush of former relief workers who will be seeking employment. It is the hope of the officials of the service that the W. P. A. people forced out of jobs will be absorbed by private industry. Frank Craddock, of the employment bureau, today expressed hope that private industry will cooperate and in the present situation offer jobs to those being dropped from W. P. A.

In discussing the present W. P. A. lay-off, Craddock said, "The Connecticut State Employment Service has these men already registered. They are available for work in private industry, and they can be sent to employers on the basis of their qualifications. Since the employment offices serve all persons looking for work in private industry, regardless of their economic status, these people laid off by W. P. A. will receive the same consideration as other applicants registered with us. We are ready and willing as usual to cooperate with employers who desire to interview these people for openings in private industry."

Since these people are already registered in the offices of the employment service, Craddock pointed out that it would be inadvisable for all of them to visit the office the first day after they are laid off, and arrangements will be made to have reinterviews over a period of 2 weeks.

Mr. MALONEY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter and an article which I have received from Paul V. Betters, executive director of the United States Conference of Mayors. While I know that other Senators have received the same material,

I think it appropriate that it go into the RECORD at this point.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

THE UNITED STATES CONFERENCE OF MAYORS,
Washington, D. C., July 22, 1939.

DEAR SIR: I have been directed by the executive committee of the United States Conference of Mayors to forward to you the attached report dealing with the present and future W. P. A. situation. I am,

Faithfully yours,

PAUL V. BETTERS,
Executive Director.

[Report]

WORK RELIEF AND THE IMMEDIATE FUTURE

(A memorandum prepared by the United States Conference of Mayors)

INTRODUCTION

The problems which have recently arisen—and much more serious problems which will soon arise—in connection with the Federal work-relief program under the Emergency Relief Appropriation Act of 1939 prompt the United States Conference of Mayors to present the viewpoints of the major cities. It is not the intent to present an unduly alarming picture of what lies immediately ahead. But it is already unmistakably clear that the whole work program is jeopardized as a result of certain provisions of the 1939 law. This situation is of such serious import to the needy unemployed, to the success of W. P. A. operations, and to the cities as responsible co-administrators of the work projects as to warrant a frank and realistic discussion.

STATUS AND INTEREST OF THE CITIES

At the outset several points should be emphasized. While the W. P. A. is a Federal agency, the cities are deeply concerned in the execution and administration of the work program. As sponsors of projects the cities are called upon for large contributions in cash and in kind. In most instances this financial burden on local real-estate taxpayers is in addition to direct relief costs as well as the local share of the social-security expenditures.

Second, as cooperating agents in supervising work projects, the cities are vitally concerned with efficient execution of the work.

Finally, insofar as W. P. A. provides work relief to destitute employable persons, the number of such persons given employment is an important factor in local financing. For if hundreds of thousands of eligible needy persons are not assigned to the W. P. A. they must be provided with local direct relief.

The scheme of Federal work program along the lines of the present program had its inception on January 4, 1935, when the President made the following recommendation to the Congress:

"But the stark fact before us is that great numbers still remain unemployed.

"A large proportion of these unemployed and their dependents have been forced on the relief rolls. The burden on the Federal Government has grown with great rapidity. We have here a human as well as an economic problem. When humane considerations are concerned, Americans give them precedence. The lessons of history, confirmed by the evidence immediately before me show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of sound policy. It is in violation of the traditions of America. Work must be found for able-bodied but destitute workers.

"The Federal Government must and shall quit this business of relief.

"I am not willing that the vitality of our people be further sapped by the giving of cash, of market baskets, of a few hours of weekly work cutting grass, raking leaves, or picking up papers in the public parks. We must preserve not only the bodies of the unemployed from destitution but also their self-respect, their self-reliance, and courage and determination. This decision brings me to the problem of what the Government should do with approximately 5,000,000 unemployed now on the relief rolls.

"About one million and a half of these belong to the group which in the past was dependent upon local welfare efforts. Most of them are unable for one reason or another to maintain themselves independently—for the most part, through no fault of their own. Such people, in the days before the great depression, were cared for by local efforts—by States, by counties, by towns, by cities, by churches, and by private welfare agencies. It is my thought that in the future they must be cared for as they were before. I stand ready through my own personal efforts, and through the public influence of the office that I hold, to help these local agencies to get the means necessary to assume this burden.

"The security legislation which I shall propose to the Congress will, I am confident, be of assistance to local effort in the care of this type of cases. Local responsibility can and will be resumed, for after all, common sense tells us that the wealth necessary for this task existed and still exists in the local community, and the dictates of sound administration require that this responsibility be in the first instance a local one.

"There are, however, an additional three and one-half million employable people who are on relief. With them the problem is different and the responsibility is different. This group was the victim of a Nation-wide depression caused by conditions which were not local but national. The Federal Government is the only governmental agency with sufficient power and credit to meet this situation. We have assumed this task, and we shall not shrink from it in the future. It is a duty dictated by every intelligent consideration of national policy to ask you to make it possible for the United States to give employment to all of these three and a half million employable people on on relief, pending their absorption in a rising tide of private employment."

Passage of the Emergency Relief Appropriation Act of 1935 marked this new approach to the relief problem as suggested by the President.

But since 1935 complete Federal responsibility for the so-called employable group has never been assumed by the Federal Government. At no time have all needy employable persons been provided with W. P. A. work. It is now estimated that over 1,000,000 persons are eligible for but unassigned to W. P. A. work. The W. P. A. Administrator himself has officially stated that at least 750,000 eligible people had not been given work.

And it should further be emphasized that since 1935 an ever-increasing share of the cost of Federal work relief has been contributed by the cities. The costs of direct relief, however, have remained completely with the States, counties, and cities without financial aid from the National Government. In other words, the original formula providing for Federal responsibility for the employables has never actually been carried out by the Government while the financial responsibilities of the cities have been increased year by year.

Until such time as a more equitable and balanced Federal-State-city tax program can be effected, the cities can stand no additional financial burdens. They do not have available the same sources of revenue as the Federal Government; they are restricted and hamstrung by constitutional and charter restrictions; and they are confined to real-estate taxes which in most communities are so high as to have reached the point of diminishing returns. It has been suggested that charter and constitutional limitations, if they exist, can be changed. It should be emphasized in the strongest possible terms that, as the Members of Congress know, such changes would at the best take time and cannot legally be accomplished in time to avert the destructive effects of this law.

This is not an attempt merely to dodge a responsibility, or to shift a burden to the Federal Government. It is a question of taking care of the unemployed in the only way they can be cared for, taking care of them in a decently adequate minimum way until such time as the national economic system gets back into gear and they can be reabsorbed in private jobs. The Nation has no alternative but to do this if the present economic system is to endure.

What we are now seeking to impress upon Congress, with all the emphasis and seriousness in our power, is that if the law stands as recently enacted by the Congress, problems lie just ahead which must be faced jointly by W. P. A., the cities, and the unemployed which will be so serious that their full import is not yet generally realized, even by Congress.

These problems, if the law is not changed, will bring about an almost complete collapse of the work-relief program in industrial cities.

The full effects of this law can be properly analyzed only when its various phases are considered together. No single provision, except that requiring posting of 25 percent of the cost of all projects, in itself could be sufficient to wreck the program. But taken together, their cumulative effect would be its destruction.

I. Mandatory 25-percent contribution: If this provision stands, the appropriation by Congress of money for the unemployed will be, so far as many cities are concerned, but an idle gesture. The funds are not available and will not be available to meet this requirement.

II. Reduction of W. P. A. rolls: Because of the lower appropriation, we are now confronted with a reduction in W. P. A. employment during the period July 1–August 31 of approximately 650,000 persons. This coincides with the necessity of "furloughing" by August 31 all persons who have been on the rolls continuously for 18 months. But in actual practice this will mean laying them off, regardless of need. For under its appropriation of $1,477,000,000, W. P. A. will be forced to reduce its rolls to 1,800,000 in September, and the scheduled national quota for next June is down to 1,500,000.

We must point out that this wholesale discharge of needy persons can only result in widespread suffering. To say arbitrarily that after a certain date hundreds of thousands of people cannot eat is not what we consider the proper policy for Congress to declare.

III. Fixing new monthly earnings: The new law requires on September 1 that security wages in different localities shall not be varied in greater degree than is justified by differences in the cost of living. The same section of the law also requires that the current national average security wage, which is around $53, shall be maintained.

This can mean but one thing—substantial reductions in many cities and areas. If the security wages are too low in some areas, the proper approach should be to increase them. But here we are faced, not with meritorious increases for certain areas but drastic reductions as well where there is not justification for it. Who is to supplement the needs of many workers who must now accept wage slashes on September 1? Those familiar with the facts know that even the present security wage offers only the barest subsistence.

In addition to these provisions, the cumulative effect of other sections of the law in themselves would jointly be enough to seriously cripple the program. The reduction of the $7 per man-month for material, particularly in view of the fact that the increase in hours to 130 will mean use of more materials; the restrictions placed around sponsors' credits; the limit of $52,000 as the maximum building project; the fact that many communities cannot legally make contributions for white-collar projects, which means they would be killed by the impact of the 25-percent clause; the provision that sponsors must assume the burden of providing skilled workers whenever they cannot be found on relief rolls—all pyramid to make the law virtually an administrative impossibility.

SUMMARY

The questions here presented can only be answered by legislation. They are not susceptible of remedial administrative action.

To avoid wholesale dismissals, a supplementary appropriation is needed, or the section in the law requiring the appropriation to last the full 12 months of the current fiscal year must be amended.

We do not want to witness a collapse of the work program. It is our duty to state that there will be such a collapse unless the issues here discussed are remedied by Congress, a fact fully realized by those administering W. P. A., and we must inquire, What good is it to appropriate funds for work relief if the conditions around the appropriation are such as to actually prevent providing work?

As stated by the President on June 30, when he signed the bill, this "will work definite hardship and inequality on more than 2,000,000 American citizens—about 8,000,000 if we count in their families—people who through no fault of their own are in dire need."

We do think that Congress, when it fully understands what it means, will want the law to stand as written. We only hope that it realizes the situation in time to prevent suffering.

Mr. MALONEY. Mr. President, I ask further unanimous consent to have printed in the RECORD at this point an article by Ernest K. Lindley, referring to the new so-called works-financing bill, expressing his opinion as to the effectiveness of this particular effort to return men to employment and to keep men employed. I think this is an important opinion, because Mr. Lindley is not only an unusual writer and a very able observer, but is generally understood to enjoy a very wide friendship in official circles and to have the confidence of the administration officials, as well as all who know him, who are especially concerned with this bill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PREMATURE CRITICISM

(By Ernest K. Lindley)

WORKS FINANCE BILL

The "Budget balancers" and the chronic opponents of the President has given the works-finance bill—the new lending bill—a pretty thorough going over. The main result so far has been a mild frenzy of oratory and columnar calls to arms, but little that can be classed as serious criticism.

The fact is that most of the critics jumped too soon. When the plan was put forward they denounced it as another great spending program, another raid on the Treasury, another menace to sound "Budget-balancing" finance. Actually it is a conservative program which Henry Morgenthau, Jr., seized upon and prevailed upon the President to use to head off another big appropriation for P. W. A.

It is true that some of the Government officials and economists of the "spending-investment" school worked up the program. But their purpose was to find genuine self-liquidating projects which could—and should—be separated from the regular operating expenses of the Government.

SOUND INVESTMENTS AND SELF-LIQUIDATING

They sifted and sorted all kinds of proposals until they had left what they considered a group of sound, self-liquidating investments for public funds. They omitted a great range of other sound investments for public funds because they were not self-liquidating in the usual businessman's sense of the word.

The greater part of the new program is only an expansion of existing lending activities. The largest sector for the first year at least, will be the Farm Security Administration. The F. S. A. makes two kinds of loans. The first kind is under the Bankhead-Jones Farm Tenant Act, to enable tenant families to purchase land of their own. It has made about 7,000 of these loans. Up to March 31, 1939, the amounts due on them totaled $103,033, and the borrowers already had repaid $138,978. The loans are secured by first mortgages on real estate bearing 3 percent interest and repayable over 40-year periods.

The second type of F. S. A. loan is a rehabilitation loan—a small loan to a needy farmer to help him to buy tools, livestock, seed, etc. Since 1935 F. S. A. has made 750,000 of these loans. Most of them were for 5-year periods, but at the end of 4 years 87,000 families had paid off their loans in full. F. S. A. officials estimate that they will get back with interest at least 80 percent of all the money put out in rehabilitation loans.

F. S. A. PROGRAM IS WELL TESTED

There are bound to be some losses under the rehabilitation loans. They are made to people at the bottom of the farm heap, most of whom would be on relief and remain there indefinitely if not assisted in getting on their feet. The poor loans can be charged up against the regular F. S. A. appropriations and the good ones kept in the self-liquidating portfolio financed under the new program.

The F. S. A. program has been well tested. F. S. A. had a great backlog of applications which it could not handle because it lacked funds. Last year it had to turn down 400,000 families who wanted rehabilitation loans, and three out of four applicants for the larger loans under the Farm Tenant Act. It seems altogether sensible to let F. S. A. go ahead as rapidly as it can. The result will be more self-supporting people, a smaller relief load, and an increase in the national wealth. (A recent survey of 230,000 F. S. A. borrowers showed that they had increased their net worth 37 percent since receiving rehabilitation loans.)

The Rural Electrification Administration is another tested agency which has been making self-liquidating loans for almost 4 years. Last year it allotted $135,000,000 for such loans. Its regular appropriation for the current year is only $40,000,000. Applications on hand or in sight run up to $100,000,000. There is no doubt that R. E. A. can make good use of additional funds. Even today only one farm out of five in the United States has electricity.

There is nothing new or startling about loans for self-liquidating local public works. The only question is whether there will be many borrowers.

PROGRAM AS A WHOLE CALLED CONSERVATIVE

The plan for buying new railroad equipment and renting it to the railroads has been discussed in this column previously. It is ingenious, but unless the railroads want to make use of it nothing will come of it. The R. F. C., of course, can make direct loans for new equipment if the roads prefer that way.

Whether toll highways can be made self-liquidating is an open question—and whether, as a matter of public policy, they should be built is also debatable. Likewise, lending via the Export-Import Bank gets into problems of policy which go far beyond the stimulation of economic recovery.

But on the financial side the program as a whole is conservative. And the total volume of investment made under it during the coming year or so probably would fall far short of the President's original estimates. What a good many people in the administration really would like to see is the works finance bill, plus another $350,000,000 or $500,000,000 for P. W. A.

Mr. MALONEY. Mr. President, I ask unanimous consent that an amendment which I propose to offer to the pending bill, Senate bill 2864, be printed and lie on the table, and also be printed in the RECORD.

There being no objection, the amendment was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. MALONEY to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, viz: At the end of the bill insert a new title as follows:

TITLE II—PUBLIC WORKS ADMINISTRATION

SEC. 201. (a) In order to increase employment by providing for useful non-Federal public works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, there is hereby appropriated to the Public Works Administration (herein called the "administration") in the Federal Works Agency, out of any money in the Treasury not otherwise appropriated, the sum of $300,000,000, together with the balance of the appropriation made under section 201 of such act of 1938, not reserved for administrative expenses of the administration and not now or hereafter expended pursuant to allotments heretofore made, which amounts shall be available until June 30, 1941, and may be expended by the Commissioner of Public Works (hereinafter referred to as the "Commissioner") for (1) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, or other public bodies (herein called "public agencies"); or (2) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

(b) No amount available under this title shall be allotted for any project which, in the determination of the Commissioner, cannot be commenced prior to March 1, 1940, or the completion of which cannot be substantially accomplished prior to July 1, 1941: *Provided*, That this limitation upon time shall not apply to any project involved in litigation in any Federal or State court.

(c) Under the funds available in this title, no grant shall be made in excess of 30 percent of the cost of any project, and no project shall be constructed for lease to any public agency unless the Commissioner shall determine that the nonrecoverable portion of the cost of such project shall not exceed 30 percent of the cost thereof.

(d) No moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or in the opinion of

the Commissioner is assured, for financing such part of the entire cost thereof as is not to be supplied from Federal funds.

(e) Not more than $6,825,000 of the amount available under this title may be used for administrative expenses of the Administration during the fiscal year ending June 30, 1940, in connection with this title; such amount shall be available for administrative expenses thereof during such fiscal year for the purposes set forth for such Administration in the Independent Offices Appropriation Act, 1940. The Commissioner shall reserve from the amount available under this title an adequate sum for administrative expenses of the Administration in connection with this title for the fiscal year ending June 30, 1941, subject to authorization hereafter by annual appropriation acts for the utilization thereof.

(f) No funds made available under this act shall be allotted for any project undertaken pursuant to this act which will compete with any privately owned or operated public utility whose rates are subject to public regulation on the date of enactment of this act (1) until such public utility has been notified by the Commissioner that a competing project of such character is proposed to be financed with such funds, and (2) until such public utility (A) has rejected, or has failed to accept within 30 days after it is made, a bona fide offer by a public agency, or by or on behalf of the United States, to purchase the property of such public utility at a price fixed by a board of arbitration appointed as hereinafter provided, or (B) has failed to appoint within the time specified a member of the board to be created for the purpose of fixing such price: *Provided*, That the board of arbitration in each such case shall consist of three members, of whom one shall be appointed by the public utility, one by the public agency which is to construct such competing project or to which such project is to be leased, and one by the two members so appointed, and all such appointments shall be made within 30 days after the notification by the Commissioner to the public utility as provided in clause (1) of this subsection: *Provided further*, That if the members of any such board appointed by the public utility and the public agency are unable to agree upon the third member of the board within such 30-day period, then the Governor of the State in which the competing project is proposed to be located shall, within 10 days after the expiration of such period, appoint a third member of such board: *Provided further*, That the price fixed by the board for the property of the public utility in any such case shall be a price which in its opinion is the fair and reasonable value of such property to the public agency, and such price shall be agreed upon by at least two members of the board, and shall be fixed within 60 days after the third member of the board is appointed: *Provided further*, That in any case in which the Governor of any such State fails to appoint a third member of a board of arbitration within the time specified for such appointment by him, and in any case in which any such board fails to fix the price for the property of the public utility within the time specified therefor, funds appropriated under this title may be allotted for the competing project.

(g) The rates of pay for persons engaged upon projects under the appropriations in this act shall be not less than the prevailing rates of pay for work of a similar nature in the same locality as determined by the Commissioner: *Provided*, That if minimum rates of pay for persons employed by private employers in any occupation are established by or pursuant to the authority conferred by the Fair Labor Standards Act of 1938, not less than the minimum rates of pay so established shall be paid to persons in similar occupations in the same locality employed on projects under the appropriation in this title.

(h) No funds made available under this act, whether administered by the Federal Government or by the States or local governmental agencies from funds contributed in whole or in part by the Federal Government, shall be used by any Federal, State, or other agency to purchase, establish, relocate, or expand mills, factories, or plants, which would manufacture or produce for sale articles, commodities, or products in competition with existing industries.

SEC. 202. Moneys realized from the sale of securities acquired by the Federal Emergency Administration of Public Works or the Public Works Administration, or the proceeds of such securities, may be used by the Commissioner for the making of loans in connection with projects under this title, notwithstanding any previous limitation on the total amount of such securities or proceeds thereof that may be used for loan purposes.

SEC. 203. The Public Works Administration is hereby continued to the close of the fiscal year ending June 30, 1942, and is hereby authorized to continue to perform all functions which it is authorized to perform on July 1, 1939. All laws, Executive orders, and other documents referring to the Federal Emergency Administration of Public Works shall be deemed to refer to the Public Works Administration, and all laws, Executive orders, and other documents referring to the Federal Emergency Administrator of Public Works shall be deemed to refer to the Commissioner of Public Works.

SEC. 204. (a) Section 206 of the Public Works Administration Extension Act of 1937, as amended by the Public Works Administration Appropriation Act of 1938, is hereby amended to read as follows:

"SEC. 206. No new applications for loans or grants for non-Federal projects shall be received by the Administration after September 30, 1939: *Provided*, That this section shall not apply to applications amendatory of applications for projects received prior to October 1, 1939, and such amendatory applications shall be confined to projects which, in the determination of the Commissioner, can be started and completed within the time limits specified in section 201 (b) of the Public Works Administration Appropriation Act of 1939."

(b) That portion of section 201 (f) of the Public Works Administration Appropriation Act of 1938 which reads "for the completion (except liquidation) of the activities of such Administration," is hereby repealed.

SEC. 205. (a) There is hereby appropriated to the Administration, out of any money in the Treasury not otherwise appropriated, to remain available until June 30, 1941, the sum of $50,000,000, to be expended at the direction of the Commissioner, for the making of allotments to Federal agencies for the financing of Federal construction projects (including projects for making surveys and maps) in continental United States outside of the District of Columbia, and the acquisition of land for sites therefor, such projects to be selected from (1) projects authorized by law and (2) projects for the enlargement, extension, or remodeling of existing Federal plants, institutions, or facilities.

(b) No Federal construction project, except flood control and water conservation or utilization projects now under actual construction, shall be undertaken or prosecuted with funds made available by this section unless and until moneys sufficient for the completion thereof shall have been irrevocably allocated or appropriated therefor.

SEC. 206. This title may be cited as the "Public Works Administration Appropriation Act of 1939".

Mr. BYRNES and Mr. MCCARRAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Connecticut yield, and, if so, to whom?

Mr MALONEY. I yield first to the Senator from South Carolina.

Mr. BYRNES. Mr. President, there is nothing in the law requiring the Director to reduce the security wage in any State, is there?

Mr. MALONEY. I have tried to point out that fact to Colonel Harrington and to the Senate; but Colonel Harrington seems to think the language of the law compels him to do it.

Mr. BYRNES. I am asking the Senator, who is familiar with the law, if he does not agree that there is nothing in the law requiring it.

Mr. MALONEY. That is my interpretation. I wish the very able Senator from South Carolina, who knows so much about this subject and about the law, would join me in that interpretation.

Mr. BYRNES. There can be no question about the language of the law, as the Senator from Connecticut has stated. It provides that what is called a security wage should be just what the word implies—security.

Mr. MALONEY. That is correct.

Mr. BYRNES. And that it should represent such difference as is justified by the difference in cost of living. It is the Director's duty to ascertain the cost of living. The factors to which the Senator has referred, such as the additional cost of heating a home, or wearing an overcoat for a longer time, would be factors entering into the cost of living as between different States; and all the Director is required to do is to find the difference in the cost of living, and fix the security wage accordingly. There is nothing in the law requiring him arbitrarily to reduce the wage.

Mr. MALONEY. I am very grateful to the Senator from South Carolina; and because I have already pointed out that Colonel Harrington stated in his testimony before the House committee that these men were now receiving a bare subsistence wage, I think the Senator from South Carolina has put his finger on exactly the right spot. I think he has aided greatly, if not made it mandatory, upon Colonel Harrington to continue the security subsistence wage in the North.

Mr. BYRNES. I can only say, as one member of the conference committee, that there was no intention on my part to reduce the wage in any State of the Union.

Mr. MALONEY. I am sure of that.

Mr. BYRNES. However, the cost of living is ascertainable. The Works Progress Administration itself has made a very splendid investigation of the subject. In the Department of Labor a similar investigation has been made covering all factors, such as rent, taxes, interest, insurance, clothing, fuel, and every factor entering into the cost of living.

The differences in the cost of living ought to be ascertained; and if it be true that there is not as great a difference in the cost of living as is now represented by the difference in the wages—for example, a difference between $26 in one State and $60.50 in another State—the wages should be adjusted in accordance with the cost of living. The Senator from Connecticut does not think that for the same class of labor in one State we should pay $26 when $60.50 is paid in another State; does he?

Mr. MALONEY. Of course not; and I so stated in my remarks.

Mr. BYRNES. There should be no such difference unless it represents the difference in the cost of living. If it does represent the difference in cost of living, then under the law there would be no change.

Mr. MALONEY. Mr. President, I think it is a sin to pay any man as little as $26.50 a month.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. RUSSELL. As the author of the so-called cost-of-living amendment, I desire to say that it was certainly far from my intention to bring down the wage scale being paid by the W. P. A. in any section of the United States. What I was striving to do was to correct an injustice which I have brought to the attention of the Senate time after time, whereby a wage scale of only $26 per month was being paid to some heads of families in this Nation, when they happened to live in the South, and twice this much and more was paid workers in other sections of the Nation. I am trying to eliminate the discrimination against those who are so unfortunate as to be on the W. P. A. in the Southern States. I do not believe any fair-minded American would say that it is just or proper to pay one W. P. A. worker $26 a month, and another W. P. A. worker doing the same type of work $60.50 a month. My object was to bring about a correction of that condition, and not to tear down the monthly security wage in any State. For years prior to the adoption of this amendment, the officials of the W. P. A. have seriously discriminated against the southern worker in fixing the monthly wage.

Mr. BARKLEY and Mr. O'MAHONEY addressed the Chair.

Mr. MALONEY. Mr. President, I should like to answer the Senator from Georgia. I want the RECORD to show that it was because Senators agree with him concerning the pitiful wage paid in the South that this amendment got into the act. Certainly it was far from his mind that it should be interpreted as it has been. There is no more conscientious member of the committee or of the Senate than is the Senator from Georgia.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. MALONEY. I will yield to the Senator, although I think I have but a minute remaining.

Mr. O'MAHONEY. The question before the W. P. A. was not raised by reason particularly of the language in the amendment offered by the Senator from Georgia but by the first sentence of section 15 (a) of the relief appropriation act approved June 30, 1939, which reads, as follows:

> The commissioner shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1—

And then follows the particular language to which I call attention—

> which shall not substantially affect the current national average labor cost per person of the Work Projects Administration.

It is my understanding that it is the opinion of those who are in charge of this matter in the W. P. A. that if the wages are raised in one section of the country this provision will make it necessary to reduce wages in other sections in order to comply with the provision to maintain the average labor cost per person.

I do not think that was the intention of Congress. I know it was not the intention of the Senator from Georgia, I know it was not the intention of the Appropriations Committee, and I know it was not the intention of the Senate; but it ought to be made clear just what the difficulty is.

Mr. MALONEY. I yield to the Senator from Kentucky.

Mr. BARKLEY. If the Senator is about to yield the floor, I do not want him to yield to me. I was wondering if we could not proceed now to vote on the bill that is under consideration? There is a motion pending to recommit it. I think the debate is practically exhausted and the amendments have been agreed to. Unless the Senator from Connecticut has finished, I do not wish to interrupt him.

Mr. MALONEY. Let me inquire if, under the parliamentary situation, I am about to be taken off the floor by some unanimous-consent agreement?

Mr. BARKLEY. No; there has been no agreement.

Mr. MALONEY. I will conclude in a few minutes.

Mr. BARKLEY. Very well.

Mr. MALONEY. Mr President, I merely want to add to what I was attempting to say when interrupted, that all of us are appreciative of the efforts of the junior Senator from Georgia. Because of his fine appeal, because of the justice of his argument, and because of the unfairness of the W. P. A. wage paid in the South this amendment was added to the relief bill. The Senator from Georgia is as much surprised as a man can be to find that this amendment has been so construed that the wages in the North may be cut. I know of his feeling of distress about that possibility; and I know I now have his support, and that those of us in the Senate who are now concerned with the problem have his support. What I have been trying to do is impress upon Colonel Harrington the intention of the Senate, and what we feel the language of the bill implies, in order that the threatened wage cut, which is pointed out in his letter to me, may be headed off. I am grateful to the Senate; and regret that it so happens that conditions in the Senate, created by a last-minute rush to get through, limit my time. I almost feel that I am stealing time when I attempt to talk about it at a time when the leadership is pressing to bring up another matter. I am denied a fair chance to fully discuss this matter at very great length, for I find that something else is about to be considered as a result of an agreement earlier made. But once more I implore Senators to give serious thought to this subject, because only a few days remain between now and the 1st of September. We have got to make our intentions known, and, as the Senator from South Carolina [Mr. BYRNES] has pointed out, endeavor to help Colonel Harrington toward a fair and liberal and merciful interpretation of the law if we are going to save more than a million workers from having their meager wages cut on the eve of winter.

Mr. McCARRAN. Mr. President, in 1933 when the first relief bill was under consideration we presented and tried to prevail on this body to accept an amendment providing for the prevailing wage in the several sections where public money was to be put to use.

Mr. SCHWELLENBACH. Mr. President, may we have order in the Chamber? There is so much confusion it is impossible to hear what the Senator is saying.

The PRESIDING OFFICER. The point of order is sustained. There is a great amount of confusion both on the floor of the Senate and in the galleries. Let us, please, have order while this important question is being discussed.

Mr. McCARRAN. Mr. President, following the action of the Senate, the President, in putting the law into effect, found it necessary to issue an Executive order that carried out the very spirit if not, indeed, the letter of our proposed amendment. In every relief bill that has been passed that Executive order has been carried down through the years up to the present time. The Executive order resulted in very careful studies and research being made. After those studies the Nation was divided into three distinct zones, each having its prevailing wage and each a cost of living standard specified, fixed and determined, as best the study could determine it.

Mr. RUSSELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Georgia?

Mr. McCARRAN. I yield.

Mr. RUSSELL. I should like to point out to the Senator from Nevada—I am sure it is merely an oversight on his part—in regard to the statement that the prevailing wages were affected by the three zones; that there were two separate wages, one the prevailing hourly wage and the other the monthly security wage. The three zones only applied to the monthly wage and did not affect the hourly wage. As a matter of fact, there were possibly twelve or fifteen hundred different sets of hourly wages. Under the security wage, which is the monthly wage, the amount that was paid each person upon the W. P. A. for a month's service was limited in these three geographical wage areas. For some reason the lowest monthly wages were paid in the southern area.

Mr. McCARRAN. The Senator is correct. I did not intend to go into the matter so much in detail at this time, but if the lending bill continues to be the order of the Senate, I propose to go into it in detail; and I now offer again, as I offered and had adopted by the Senate when the relief bill was pending before this body, an amendment to be offered to the lending bill that will be helpful in getting us back again on the basis that led to so much harmony and so much content during the time we were executing relief bills in the past. I offer the amendment and ask that it it be printed in the usual form, printed in the RECORD, and lie on the table.

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment intended to be proposed by Mr. McCARRAN to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, and which was ordered to lie on the table, to be printed, and to be printed in the RECORD, is as follows:

At the end of the bill add the following new section:

"SEC. —. Section 15 of the Emergency Relief Appropriation Act of 1939, approved June 30, 1939, is amended to read as follows:

"'SEC. 15. (a) The Federal Works Administrator (hereinafter referred to as the "Administrator") shall fix a monthly earning schedule for persons engaged upon work projects financed in whole or in part from funds appropriated by section 1. Such monthly earning schedule shall be so fixed that the monthly earnings payable under such schedule to any class of workers shall not be less than the monthly earnings payable to such class of workers under the schedule of earnings of the Works Progress Administration in effect on June 30, 1939. After August 31, 1939, the monthly earning schedule fixed by the Administrator (1) shall not provide for differentials in the monthly earnings of workers engaged in similar work in the same wage area, and (2) shall not provide for differentials between cities or counties within the same wage area upon the basis of the degree of urbanization or any other factor that will tend to discriminate against the less urbanized areas.

"'(b) The rates of pay for persons engaged upon projects financed in whole or in part from funds appropriated by this joint resolution shall not be less than the prevailing rates of pay for work of a similar nature in the same locality as determined by the Administrator and shall not be less than the current minimum wage required to be paid by private employers under the provisions of the Fair Labor Standards Act of 1938.'"

Mr. BARKLEY. Mr. President, I wonder if we may now have a vote on the motion to recommit?

Mr. REED. Mr. President, I should like to offer a few remarks on the motion to recommit.

Mr. BARKLEY. I move that the Senate proceed to consider executive business.

INTERLOCKING BANK DIRECTORATES—CONFERENCE REPORT

Mr. WAGNER. Mr. President, will the Senator withhold the motion for just a moment so that I may present and move the adoption of a conference report to which I know there is no objection?

Mr. BARKLEY. I withhold the motion.

Mr. WAGNER. I present the conference report on Senate bill 2150.

The PRESIDING OFFICER. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "1943."

And the House agree to the same.

ROBERT F. WAGNER,
CARTER GLASS,
JOHN G. TOWNSEND, JR.,
Managers on the part of the Senate.
EMANUEL CELLER,
ZEBULON WEAVER,
U. S. GUYER,
Managers on the part of the House.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report at this time?

Mr. KING. Mr. President, will the Senator briefly explain the report?

Mr. WAGNER. The report is on the so-called interlocking directorate bill. The Senate bill provided that there should be an extension of time for a period of 5 years during which the situation as to interlocking directorates might be adjusted to comply with the law. The House reduced that to 1 year. The conferees have agreed upon 4 years. The bill originally passed the Senate without opposition.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

BUSINESS OF THE SESSION

The PRESIDING OFFICER. The question is on the motion of the Senator from Kentucky that the Senate proceed to the consideration of executive business.

Mr. BARKLEY. Mr. President, before I renew that motion, I wish to say that for some time everybody in Congress has had his mind, apparently, on final adjournment. I desire to cooperate as fully as I can in trying to arrange the program of the Senate so as to bring about final adjournment at the earliest possible date consistent with the proper consideration of legislation.

The bill now under consideration has taken longer than was anticipated, and I think that, in view of the importance of the legislation that is on our doorstep, we cannot consume any more time on the judicial bill until we shall have disposed of the work financing bill which has been reported from the Committee on Banking and Currency.

The committees have practically finished their work for the session, and I think the Senate might well meet every day from now on at 11 o'clock, and, if necessary, hold night sessions. I do not intend to attempt to hold a night session tomorrow night, but it may be possible that we will have to begin holding night sessions on Wednesday and continue to do so in an effort to finish the legislation necessary to be enacted.

I have conferred with the responsibile leaders of the House of Representatives in regard to adjournment, and it is practically certain that we cannot adjourn this week, but I hope that we may be able to adjourn by the middle of next week. Looking toward that end, I ask the cooperation of all Members of the Senate, on both sides of the Chamber, not only in meeting earlier and staying later but in remaining on the floor so that it will not be necessary to consume time calling for quorums because of the absence of Senators.

I had a gentlemen's agreement with the Senator from Nevada [Mr. PITTMAN] and the Senator from California [Mr. JOHNSON] that at 4 o'clock today the Senate would go into executive session to consider the Panama Treaty. It is for that purpose that I am going to move now that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kentucky.

Mr. MALONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The motion is not debatable.

Mr. BARKLEY. I withhold the motion for a moment.

Mr. MALONEY. I am wondering why the Senator suggests that we wait until Wednesday before holding night

sessions, when there is so much for the Senate to do before it may finally adjourn?

Mr. BARKLEY. Personally, I would have been glad to have started night sessions tomorrow night, but I have conferred with other Senators who find it difficult to arrange their programs so as to attend night sessions earlier than Wednesday. I think, however, that we might all contemplate beginning night sessions Wednesday night.

Mr. REED. Mr. President, may I make an inquiry of the Senator?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Kansas?

Mr. BARKLEY. I yield.

Mr. REED. May I have an understanding with the Senator from Kentucky as to the position of the bill creating additional judges if his motion to go into executive session should prevail?

Mr. ASHURST. Mr. President, the Senator from Kentucky has the floor.

Mr. BARKLEY. I yield.

Mr. ASHURST. The judicial bill is the unfinished business; and, so far as I am concerned, it will remain such. We have an agreement that the Senator from Kentucky may displace the unfinished business at any time he chooses to consider the—I do not know just how to designate the Senator's bill.

Mr. BARKLEY. The works financing bill.

Mr. ASHURST. The works financing bill; I adopt the suggestion of the Senator.

I am going to follow the Senator from Kentucky, because I have found him to be a safe and wise leader; but I wish to say that when a motion for final adjournment is made, it will not be debatable. No Senator has greater reason, public as well as private, than have I to want Congress to adjourn. But, Mr. President, we shall make a poor showing, we shall cut a poor figure when we begin to talk about final adjournment with many bills before the Congress that should be considered. This is pleasant weather; it is not distressing. We should press forward with high courage and much resolution, and remain here until all the work is done. The Congress is not going to adjourn until it passes the judicial bill; it is not going to adjourn until it passes the works financing bill.

So, Mr. President, seizing the only opportunity I may have, I wish to protest against early adjournment. I am advised today that I have some political fences in a sad condition of disrepair. [Laughter.] I have other reasons which impel me to go home; but in the Senate Chamber is where we belong in these times; and I hope there will be no talk of final adjournment until the consideration of various bills shall have been concluded.

Before I yield the floor I wish to secure some sort of an arrangement about a vote on the judicial bill. I do not wish an agreement as to time, because the able Senator from Kansas [Mr. REED] wishes to discuss the bill, and that is his right. He wishes to offer some amendments; but tomorrow afternoon I shall ask the Senator from Kentucky to lay aside his bill in order that we may conclude the consideration of the judicial bill.

Mr. BARKLEY. Mr. President, I will say to the Senator that, of course, he and I have a thorough understanding about this situation. We thought the judicial bill would not consume more than 2 hours today. It has consumed four hours and a quarter. I should be perfectly willing now to enter into an agreement, if possible, to vote on the motion to recommit, and on the bill itself at 12 o'clock tomorrow, or even at 1 o'clock.

Mr. ASHURST. Make it 2 o'clock.

Mr. BARKLEY. The Senator's bill would come up following the disposition of the works-financing bill, at any rate, whether the Senator's bill is finished before or after that bill; and I will say to the Senator that I will cooperate with him in attempting to hold Congress here until his bill is passed.

Mr. ASHURST. Mr. President, the Senator is generous; but no power on earth can hold Congress here for the purpose of passing the judicial bill. The judicial bill must be passed anterior to other bills which Senators want passed. I am sufficient of a strategist to know that I must get my bill disposed of before other bills come up which Senators wish to have passed. That is the reason why I am so anxious that the bill remain the unfinished business.

If the Senator will give us another half hour, I think we can finish the judicial bill in that time.

Mr. REED. I would not guarantee it at all.

Mr. BARKLEY. That is the trouble; no guaranties can be given about concluding in half an hour, or even an hour.

Mr. President, when we finish the session today I am going to move that the Senate take a recess until 11 o'clock tomorrow morning. We have just had a roll call. I now ask unanimous consent that at an hour not later than 12 o'clock tomorrow the Senate vote on the motion to recommit the judicial bill; and, if that motion is defeated, that it then proceed to vote on the bill itself, and all amendments thereto.

Mr. O'MAHONEY. Mr. President, reserving the right to object, when the judicial bill was brought before the Senate today it was the understanding, expressed by the Senator from Arizona—whose attention I should like at the moment—that it would be laid aside for two purposes: First, to consider the motion which has been entered to reconsider the vote by which the truth-in-fabric bill was passed.

Mr. ASHURST. The Senator's statement is correct.

Mr. O'MAHONEY. Secondly, to consider the works-financing or self-liquidating-projects bill.

Mr. KING. Or waste bill.

Mr. ASHURST. The Senator from Wyoming is correct in his statement.

Mr. O'MAHONEY. At that time I asked unanimous consent that the Senate proceed at 1 o'clock to take up the motion which had been made by the senior Senator from Oklahoma [Mr. THOMAS], who at that time said he was awaiting the receipt of a telegram which he expected in a few moments. The telegram has not as yet been presented to the Senate. It is most important, before we proceed to finish the judicial bill or to take up the bill in which the Senator from Kentucky is interested——

Mr. BARKLEY. I hope I am not the only Senator who is interested in that bill.

Mr. O'MAHONEY. That the decision of the Senate with respect to the truth-in-fabric bill shall be made final. So, Mr. President, I do not find myself in a position to grant consent to the request of the leader in the absence of the Senator from Oklahoma [Mr. THOMAS], who shortly afternoon was under the impression that within a few minutes he would be able to present to the Senate the telegram because of which we laid aside the further consideration of the motion relative to the truth-in-fabric bill.

Can the Senator from Kentucky give us any idea as to when it may be possible to proceed to the conclusion of the truth-in-fabric bill?

Mr. BARKLEY. I will say to the Senator from Wyoming that I desire to have the motion to reconsider disposed of at the earliest possible moment. I had hoped we could dispose of it this afternoon. The Senator from Oklahoma is not present, and I do not want to take it up in his absence; but I will cooperate with the Senator from Wyoming. I am equally interested in having that bill disposed of.

Mr. O'MAHONEY. I understand that the Senator is.

Mr. BARKLEY. I cannot at this time suggest an hour when we can take up the motion, but I shall try to arrange to take it up at some time tomorrow. I will cooperate to the best of my ability. I hope the Senator from Oklahoma will be here, so that we may dispose of the matter.

Mr. O'MAHONEY. I think, then, I shall be very glad, so far as I am concerned, to accede to the Senator's unanimous-consent request if he will modify is so as to provide that at 12:30 o'clock tomorrow the Senate may proceed to the consideration of the motion to reconsider, which can be disposed of very quickly, because a motion will promptly be made to lay it on the table.

Mr. BARKLEY. I will say to the Senator that unless I can secure the agreement I have just propounded, that sort of an agreement will not be appropriate, because if any objection is made to the request I am now making that we

vote at 12 o'clock tomorrow, the while thing will fail. Is the Senator from Oregon going to object?

Mr. McNARY. Yes.

Mr. BARKLEY. Then I am not going to waste any time in trying to get an agreement. I move that the Senate proceed to the consideration of executive business.

Mr. ADAMS. Mr. President, I desire to make a comment on the situation. The Senator is contemplating a recess or an adjournment until 11 o'clock tomorrow morning. That is in his program. It happens that the deficiency subcommittee of the Appropriations Committee has called a meeting at 11 o'clock in the morning for the purpose of taking up the relief matters which have been discussed by the Senator from Connecticut [Mr. MALONEY] and certain amendments which have been offered by certain other Senators. I merely want to say that I hope the Senator will arrange matters so that that meeting can be held.

Mr. BARKLEY. I will say to the Senator from Colorado—I do not mean this statement to be taken facetiously—that from 11 o'clock until 12 I think there will be debate on this question, and the Appropriations Committee probably would lose nothing by going ahead with its business. [Laughter.]

Mr. ADAMS. Is the Senator from Kentucky going to participate in the debate? [Laughter.]

Mr. BARKLEY. Probably.

I renew my motion, Mr. President.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kentucky that the Senate proceed to the consideration of executive business.

Mr. SCHWARTZ. Mr. President——

The PRESIDING OFFICER. Debate is not in order.

Mr. BARKLEY. Does the Senator from Wyoming want to be heard on the motion to go into executive session?

The PRESIDING OFFICER. The Chair will state to the Senator from Wyoming that the motion is not debatable.

Mr. SCHWARTZ. I do not desire to debate it. I desire to ask the Senator from Kentucky a question.

Mr. BARKLEY. I yield to the Senator.

Mr. SCHWARTZ. I desire to ask the Senator whether he will not consent to amend his motion so that at the conclusion of the vote on the pending bill, the bill in charge of the Senator from Arizona, a motion may be made to proceed to the consideration of the motion to reconsider the vote by which the truth-in-fabric bill was passed.

Mr. BARKLEY. I have no way of knowing how long the debate on the Panama Treaty will last, and whether the Senate will be in a mood to return to legislative session and consider the motion. That is a matter upon which I cannot pass in advance. I think we had better wait and see what the situation may be later.

Mr. SCHWARTZ. Mr. President, the suggestion I made was that the Thomas motion to reconsider may be presented and voted on after the final vote on the bill now the unfinished business of the Senate.

Mr. BARKLEY. It may be that the Senator from Oklahoma will want to have his motion taken up before the final vote on the judicial bill, because that bill may go over. I will cooperate with the Senator.

I now renew my motion that the Senate proceed to the consideration of executive business.

EXECUTIVE SESSION

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE DURING RECESS

Under authority of the order of the 21st instant,

On July 22, 1939, Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the nomination of George F. Yantis, of Washington, to be a member of the National Resources Planning Board.

He also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. LUCAS in the chair). The reports will be placed on the Executive Calendar.

THE JUDICIARY

Mr. PITTMAN. Mr. President, I report favorably from the Committee on the Judiciary the nomination of Miles N. Pike, of Nevada, to be United States attorney for the district of Nevada. The committee was unanimous in ordering the nomination reported favorably.

Mr. President, this is a matter which has occupied the attention of the Senate for a considerable length of time. The junior Senator from Nevada [Mr. MCCARRAN] and myself are very happy that we have been able to obtain a very excellent lawyer for this position, a gentleman of high standing, and I ask unanimous consent for the present consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nomination will be stated.

The legislative clerk read the nomination of Miles N. Pike, of Nevada, to be United States attorney for the district of Nevada.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

TREATY REGULATING COPYRIGHTS

Mr. BONE. Mr. President, on Friday the Senator from Nevada [Mr. PITTMAN], chairman of the Committee on Foreign Relations, made some reference to a treaty dealing with the question of copyrights. A short time ago a group interested in the whole subject of copyrights prepared, after a series of conferences in New York, what purports to be an entirely new copyright law. It is a complete rewriting and revamping of the entire copyright statute of the United States, which is over a hundred years old.

Therefore it affects the basic law of the country.

I think the able Senator from Nevada was probably in error, possibly had been misinformed, when he stated that the interests which are involved in the question of copyrights have agreed on legislation, that the Committee on Education and Labor has considered it and reported it to the Senate. It is my opinion that that has not been done. I think probably the Senator had been misled by some information he received.

It is my judgment that we should not ratify a treaty dealing with copyrights—for it is a very serious and certainly an all-embracing subject—until the Senate of the United States has had an opportunity to consider a proposal respecting copyright legislation. I desire to say to my colleagues that the Committee on Patents, if the bill to which I have referred shall be introduced—and the proposal which came from New York were half or three-quarters of an inch thick and contained hundreds of pages—should consider it before anything is done with the copyright treaty. I understand it has been suggested that we take up the treaty on copyrights and ratify it during the present session of Congress. I think it should go over until next January.

GENERAL TREATY WITH PANAMA

The Senate, as in Committee of the Whole, proceeded to consider the Treaty, Executive B (74th Cong., 2d sess.), a general treaty between the United States of America and the Republic of Panama, signed at Washington on March 2, 1936, which was read the second time, as follows:

SUMMARY OF ESSENTIAL FEATURES OF AGREEMENTS OF MARCH 2, 1936

I. *General treaty.*

Article I establishes a basis of friendship and cooperation between Panama and the United States.

Article II. The compliance of Panama with the provisions of article II of the convention of November 18, 1903, in turning over to the United States additional lands and waters beyond those specifically mentioned therein is recognized. The requirement of further lands and waters is considered improbable by both Governments, but they nevertheless recognize their joint obligation to insure the continuous operation of the Canal and undertake to reach an agreement should additional lands and waters be in fact necessary for this purpose.

Article III contains various provisions restricting the commercial activities of the United States in the Canal Zone in order that Panama may take advantage of the commercial opportunities inherent in its geographical situation. In this article are listed the classes of persons who may reside in the Canal Zone and the persons who are entitled to make purchases in the Canal Zone commissaries.

Article IV provides for the free entry of merchandise entering Panama destined for agencies of the United States Government, and provides that no taxes shall be imposed upon persons in the service of the United States entering Panama or upon residents of Panama entering the Canal Zone.

Article V provides that port facilities other than those owned by the Panama Railroad Co. in the ports of Panamá and Colón may be operated only by Panama; exempts from Panamanian taxation vessels using the Canal which do not touch at ports under Panamanian jurisdiction; and provides for the establishment of Panamanian customhouses within the Canal Zone. The United States undertakes to adopt such administrative regulations as may be necessary to assist Panamá in controlling immigration into that country.

Article VI revises article VII of the convention of November 18, 1903, in that the United States renounces the right to acquire, by the exercise of the right of eminent domain, lands or properties in or near the cities of Panamá and Colón, although retaining the right to purchase necessary lands or properties. The third paragraph of the said article VII, granting the United States the right to intervene in the cities of Panamá and Colón and the territory adjacent thereto for the purpose of maintaining order, is abrogated.

Article VII provides that beginning with the 1934 annuity payment the annual amounts of these payments shall be four hundred thirty thousand balboas (B/430,000.00) or the equivalent thereof. In a supplementary exchange of notes the balboa is defined as having a gold content equal to that of the present United States dollar.

Article VIII provides for a corridor under Panamanian jurisdiction to connect the city of Colón with other territory of Panamá.

Article IX establishes a similar corridor under American jurisdiction to connect the Madden Dam area with the Canal Zone proper.

Article X provides that in case of emergency both Governments will take such measures of prevention and defense as they may consider necessary for the protection of their common interests.

Article XI reserves to each country all rights enjoyed by virtue of treaties now in force between the two countries, and preserves all obligations therein established, with the exception of those rights and obligations specifically revised by the present treaty. The juridical status of the Canal Zone, as defined in article III of the 1903 convention, thereby remains unaltered.

Article XII provides that the treaty shall take effect immediately on the exchange of ratifications in Washington.

II. *The 16 exchanges of notes which accompany the general treaty deal with the following subjects:*

1. Applicability of the treaty to all lands and waters of Panama used, occupied, or controlled by the United States.
2. For the purpose of making purchases at the Canal Zone commissaries the term "officers, employees, workmen, or laborers in the service or employ of the United States" is interpreted as referring only to such officers and employees as are connected with the Panama Canal, or exercising official duties in Panama.
3. As exceptions to the general rule regarding residence in the Canal Zone, certain truck gardeners and hucksters are permitted to continue residing therein.
4. Exemption of the Canal Zone hotels from the general restrictions on residence in the zone pending the establishment of a satisfactory hotel business in Panama.
5. As an exception to the general rule regarding purchases at the Canal Zone commissaries, residents of the Canal Zone are permitted to purchase essential provisions for their servants.
6. The United States undertakes to withdraw from the "hold for orders" business as soon as satisfactory bonded warehouse facilities become available at reasonable rates in Panamanian jurisdiction.
7. The use and services of hospitals, dispensaries, restaurants, lunchrooms, messes, clubhouses, and moving-picture houses in the zone are limited to Canal Zone residents and their guests, and officers and employees of the United States of America.
8. Agreement to confer regularly with a view to preventing smuggling.
9. Private enterprises temporarily engaged in construction work having a direct relation to the operation, maintenance, sanitation, or protection of the Canal are permitted to operate in the zone for that purpose.
10. Regulation of sales to ships by the Canal Zone commissaries.
11. Reservation of the rights of the Panama Railroad Co. to operate port facilities in Panamá and Colón.
12. Reservation of certain rights of officers and employees of the United States in regard to the immigration laws of Panama.
13. Cooperation for the sanitation of the cities of Panamá and Colón.
14. Agreement to hold conversations to discuss problems which have arisen in connection with the distribution of water in the cities of Panamá and Colón.
15. Equality of opportunity and treatment of Panamanian and American employees in the Canal Zone.
16. Monetary agreement redefining the gold content of the Balboa in terms of the present United States dollar.

III. *Convention for the Regulation of Radio Communications in Panama and the Canal Zone.*

Among the important provisions of this convention are the following:

1. Establishment of radio boards in each jurisdiction.
2. Licensing of transmitting and receiving apparatus.
3. Licenses for operating radio stations to be granted only to citizens or concerns of either Panama or the United States.
4. Inspection of radio stations, using the services of members of the radio boards.
5. Traffic between fixed and mobile stations to be carried on solely by Government stations of the United States or Panama within a restricted area surrounding the cities of Panamá and Colón. This area is defined in a supplementary exchange of notes as being measured by two radii of 125 miles from those cities.
6. Right of the United States to establish radio stations in Panamanian territory if necessary for the operation and protection of the Canal.
7. Joint supervision of all radio matters in case of emergency.
8. Reciprocal instruction of a limited number of radio operators by each government.

The three exchanges of notes accompanying this Convention provide for the following:

1. Supervision, when necessary, of radio broadcast receivers;
2. Definition of the term "concerns" as used in Article V; and
3. Definition of the restricted area within which only the two governments can carry on radio communications with mobile stations.

IV. *Convention for the transfer of naval radio stations.*

This convention provides for the transfer to Panama, under certain conditions, of the naval radio stations at Puerto Obaldía and La Palma, which the Navy ceased to operate last July, and from which the radio equipment has been removed.

V. *Trans-Isthmian Highway Convention.*

The United States undertakes to obtain from the Panama Railroad Co. a waiver of that company's exclusive right to establish roads across the Isthmus of Panama in order to permit the construction of a trans-Isthmian highway between the cities of Panamá and Colón. The specifications of the proposed highway are set forth, provision is made for the establishment of a joint board to deal with questions of detail, the two Governments agree to coordinate the construction work to be performed by them respectively, and each Government shall enjoy equally the use of the highway when completed. As a contribution to the completion of the highway, the United States will construct, at an estimated expense of $300,000, a stretch of about 3 miles within the Canal Zone on the Atlantic side near Colón, which portion shall thereafter be maintained by Panamá at its expense. The balance of the uncompleted construction of the highway will be paid for by Panamá, including a short section under American jurisdiction near Madden Dam. This latter section is to be constructed by the Canal Zone authorities at an estimated expense to Panama of about $125,000.

I

GENERAL TREATY

The United States of America and the Republic of Panama, animated by the desire to strengthen further the bonds of friendship and cooperation between the two countries and to regulate on a stable and mutually satisfactory basis certain questions which have arisen as a result of the construction of the interoceanic canal across the Isthmus of Panama, have decided to conclude a treaty, and have designated for this purpose as their Plenipotentiaries—

The President of the United States of America;

Mr. Cordell Hull, Secretary of State of the United States of America, and Mr. Sumner Welles, Assistant Secretary of State of the United States of America; and

The President of the Republic of Panama;

The Honorable Doctor Ricardo J. Alfaro, Envoy Extraordinary and Minister Plenipotentiary of Panama to the United States of America, and The Honorable Doctor Narciso Garay, Envoy Extraordinary and Minister Plenipotentiary of Panama on special mission;

Who, having communicated their respective full powers to each other, which have been found to be in good and due form, have agreed upon the following:

ARTICLE I

Article I of the Convention of November 18, 1903, is hereby superseded.

There shall be a perfect, firm, and inviolable peace and sincere friendship between the United States of America and the Republic of Panama and between their citizens.

In view of the official and formal opening of the Panama Canal on July 12, 1920, the United States of America and the Republic of Panama declare that the provisions of the Convention of November 18, 1903, contemplate the use, occupation and control by the United States of America of the Canal Zone and of the additional lands and waters under the jurisdiction of the United States of America for the purposes of the efficient maintenance, operation, sanitation, and protection of the Canal and of its auxiliary works.

The United States of America will continue the maintenance of the Panama Canal for the encouragement and use of interoceanic commerce, and the two Governments declare their willingness to cooperate, as far as it is feasible for them to do so, for the purpose of insuring the full and perpetual enjoyment of

the benefits of all kinds which the Canal should afford the two nations that made possible its construction as well as all nations interested in world trade.

ARTICLE II

The United States of America declares that the Republic of Panama has loyally and satisfactorily complied with the obligations which it entered into under Article II of the Convention of November 18, 1903, by which it granted in perpetuity to the United States the use, occupation, and control of the zone of land and land under water as described in the said Article, of the islands within the limits of said zone, of the group of small islands in the Bay of Panama, named Perico, Naos, Culebra, and Flamenco, and of any other lands and waters outside of said zone necessary and convenient for the construction, maintenance, operation, sanitation, and protection of the Panama Canal or of any auxiliary canals or other works, and in recognition thereof the United States of America hereby renounces the grant made to it in perpetuity by the Republic of Panama of the use, occupation, and control of lands and waters, in addition to those now under the jurisdiction of the United States of America outside of the zone as described in Article II of the aforesaid Convention, which may be necessary and convenient for the construction, maintenance, operation, sanitation, and protection of the Panama Canal or of any auxiliary canals or other works necessary and convenient for the construction, maintenance, operation, sanitation, and protection of the said enterprise.

While both Governments agree that the requirement of further lands and waters for the enlargement of the existing facilities of the Canal appears to be improbable, they nevertheless recognize, subject to the provisions of Articles I and X of this Treaty, their joint obligation to insure the effective and continuous operation of the Canal and the preservation of its neutrality, and consequently, if, in the event of some now unforeseen contingency, the utilization of lands or waters additional to those already employed should be in fact necessary for the maintenance, sanitation, or efficient operation of the Canal, or for its effective protection, the Governments of the United States of America and the Republic of Panama will agree upon such measures as it may be necessary to take in order to insure the maintenance, sanitation, efficient operation and effective protection of the Canal, in which the two countries are jointly and vitally interested.

ARTICLE III

In order to enable the Republic of Panama to take advantage of the commercial opportunities inherent in its geographical situation, the United States of America agrees as follows:

(1) The sale to individuals of goods imported into the Canal Zone or purchased, produced, or manufactured therein by the Government of the United States of America shall be limited by it to the persons included in classes (a) and (b) of Section 2 of this Article; and with regard to the persons included in classes (c), (d), and (e) of the said Section and members of their families, the sales above mentioned shall be made only when such persons actually reside in the Canal Zone.

(2) No person who is not comprised within the following classes shall be entitled to reside within the Canal Zone:

(a) Officers, employees, workmen, or laborers in the service or employ of the United States of America, the Panama Canal, or the Panama Railroad Company, and members of their families actually residing with them;

(b) Members of the armed forces of the United States of America and members of their families actually residing with them;

(c) Contractors operating in the Canal Zone and their employees, workmen, and laborers during the performance of contracts;

(d) Officers, employees, or workmen of companies entitled under Section 5 of this Article to conduct operations in the Canal Zone;

(e) Persons engaged in religious, welfare, charitable, educational, recreational, and scientific work exclusively in the Canal Zone;

(f) Domestic servants of all the before-mentioned persons and members of the families of the persons in classes (c), (d), and (e) actually residing with them.

(3) No dwellings belonging to the Government of the United States of America or to the Panama Railroad Company and situated within the Canal Zone shall be rented, leased, or sublet except to persons within classes (a) to (e), inclusive, of Section 2 hereinabove.

(4) The Government of the United States of America will continue to cooperate in all proper ways with the Government of the Republic of Panama to prevent violations of the immigration and customs laws of the Republic of Panama, including the smuggling into territory under the jurisdiction of the Republic of goods imported into the Canal Zone or purchased, produced, or manufactured therein by the Government of the United States of America.

(5) With the exception of concerns having a direct relation to the operation, maintenance, sanitation, or protection of the Canal, such as those engaged in the operation of cables, shipping, or dealing in oil or fuel, the Government of the United States of America will not permit the establishment in the Canal Zone of private business enterprises other than those existing therein at the time of the signature of this Treaty.

(6) In view of the proximity of the port of Balboa to the city of Panamá and of the port of Cristobal to the city of Colón, the United States of America will continue to permit, under suitable regulations and upon the payment of proper charges, vessels entering at or clearing from the ports of the Canal Zone to use and enjoy the dockage and other facilities of the said ports for the purpose of loading and unloading cargoes and receiving or disembarking passengers to or from the territory under the jurisdiction of the Republic of Panama.

The Republic of Panama will permit vessels entering at or clearing from the ports of Panamá or Colón, in case of emergency and also under suitable regulations and upon the payment of proper charges, to use and enjoy the dockage and other facilities of said ports for the purpose of receiving or disembarking passengers to or from the territory of the Republic of Panama under the jurisdiction of the United States of America, and of loading and unloading cargoes either in transit or destined for the service of the Canal or of works pertaining to the Canal.

(7) The Government of the United States of America will extend to private merchants residing in the Republic of Panama full opportunity for making sales to vessels arriving at terminal ports of the Canal or transiting the Canal, subject always to appropriate administrative regulations of the Canal Zone.

ARTICLE IV

The Government of the Republic of Panama shall not impose import duties or taxes of any kind on goods destined for or consigned to the agencies of the Government of the United States of America in the Republic of Panama when the goods are intended for the official use of such agencies, or upon goods destined for or consigned to persons included in classes (a) and (b) in Section 2 of Article III of this Treaty, who reside or sojourn in territory under the jurisdiction of the Republic of Panama during the performance of their service with the United States of America, the Panama Canal, or the Panama Railroad Company, when the goods are intended for their own use and benefit.

The United States of America shall not impose import duties or taxes of any kind on goods, wares, and merchandise passing from territory under the jurisdiction of the Republic of Panama into the Canal Zone.

No charges of any kind shall be imposed by the authorities of the United States of America upon persons residing in territory under the jurisdiction of the Republic of Panama passing from the said territory into the Canal Zone, and no charges of any kind shall be imposed by the authorities of the Republic of Panama upon persons in the service of the United States of America or residing in the Canal Zone passing from the Canal Zone into territory under the jurisdiction of the Republic of Panama, all other persons passing from the Canal Zone into territory under the jurisdiction of the Republic of Panama being subject to the full effects of the immigration laws of the Republic.

In view of the fact that the Canal Zone divides the territory under the jurisdiction of the Republic of Panama, the United States of America agrees that, subject to such police regulations as circumstances may require, Panamanian citizens who may occasionally be deported from the Canal Zone shall be assured transit through the said Zone, in order to pass from one part to another of the territory under the jurisdiction of the Republic of Panama.

ARTICLE V

Article IX of the Convention of November 18, 1903, is hereby superseded.

The Republic of Panama has the right to impose upon merchandise destined to be introduced for use or consumption in territory under the jurisdiction of the Republic of Panama, and upon vessels touching at Panamanian ports and upon the officers, crew, or passengers of such vessels, the taxes or charges provided by the laws of the Republic of Panama; it being understood that the Republic of Panama will continue directly and exclusively to exercise its jurisdiction over the ports of Panama and Colon and to operate exclusively with Panamanian personnel such facilities as are or may be established therein by the Republic or by its authority, However, the Republic of Panama shall not impose or collect any charges or taxes upon any vessel using or passing through the Canal which does not touch at a port under Panamanian jurisdiction or upon the officers, crew, or passengers of such vessels, unless they enter the Republic; it being also understood that taxes and charges imposed by the Republic of Panama upon vessels using or passing through the Canal which touch at ports under Panamanian jurisdiction, or upon their cargo, officers, crew, or passengers, shall not be higher than those imposed upon vessels which touch only at ports under Panamanian jurisdiction and do not transit the Canal, or upon their cargo, officers, crew, or passengers.

The Republic of Panama also has the right to determine what persons or classes of persons arriving at ports of the Canal Zone shall be admitted to the Republic of Panama and to determine likewise what persons or classes of persons arriving at such ports shall be excluded from admission to the Republic of Panama.

The United States of America will furnish to the Republic of Panama free of charge the necessary sites for the establishment of customhouses in the ports of the Canal Zone for the collection of duties on importations destined to the Republic and for the examination of merchandise, baggage, and passengers consigned to or bound for the Republic of Panama, and for the prevention of contraband trade, it being understood that the collection of duties and the examination of merchandise and passengers by the agents of the Government of the Republic of Panama, in accordance with this provision, shall take place only in the customhouses to be

established by the Government of the Republic of Panama as herein provided, and that the Republic of Panama will exercise exclusive jurisdiction within the sites on which the customhouses are located so far as concerns the enforcement of immigration or customs laws of the Republic of Panama, and over all property therein contained and the personnel therein employed.

To further the effective enforcement of the rights hereinbefore recognized, the Government of the United States of America agrees that, for the purpose of obtaining information useful in determining whether persons arriving at ports of the Canal Zone and destined to points within the jurisdiction of the Republic of Panama should be admitted or excluded from admission into the Republic, the immigration officers of the Republic of Panama shall have the right of free access to vessels upon their arrival at the Balboa or Cristobal piers or wharves with passengers destined for the Republic; and that the appropriate authorities of the Panama Canal will adopt such administrative regulations regarding persons entering ports of the Canal Zone and destined to points within the jurisdiction of the Republic of Panama as will facilitate the exercise by the authorities of Panama of their jurisdiction in the manner provided in Paragraph 4 of this Article for the purposes stated in Paragraph 3 thereof.

ARTICLE VI

The first sentence of Article VII of the Convention of November 18, 1903, is hereby amended so as to omit the following phrase: "or by the exercise of the right of eminent domain."

The third paragraph of article VII of the Convention of November 18, 1903, is hereby abrogated.

ARTICLE VII

Beginning with the annuity payable in 1934 the payments under Article XIV of the Convention of November 18, 1903, between the United States of America and the Republic of Panama, shall be four hundred and thirty thousand Balboas (B/430,000.00) as defined by the agreement embodied in an exchange of notes of this date. The United States of America may discharge its obligation with respect to any such payment, upon payment in any coin or currency, provided the amount so paid is the equivalent of four hundred and thirty thousand Balboas (B/430,000.00) as so defined.

ARTICLE VIII

In order that the city of Colón may enjoy direct means of land communication under Panamanian jurisdiction with other territory under jurisdiction of the Republic of Panama, the United States of America hereby transfers to the Republic of Panama jurisdiction over a corridor, the exact limits of which shall be agreed upon and demarcated by the two Governments pursuant to the following description:

(a) The end at Colón connects with the southern end of the east half of the Paseo del Centenario at Sixteenth Street, Colón; thence the corridor proceeds in a general southerly direction, parallel to and east of Bolivar Highway to the vicinity of the northern edge of Silver City; thence eastward near the shore line of Folks River, around the northeast corner of Silver City; thence in a general southeasterly direction and generally parallel to the Randolph Road to a crossing of said Randolph Road, about 1,200 feet east of the East Diversion; thence in a general northeasterly direction to the eastern boundary line of the Canal Zone near the southeastern corner of the Fort Randolph Reservation, southwest of Cativá. The approximate route of the corridor is shown on the map which accompanies this Treaty, signed by the Plenipotentiaries of the two countries and marked "Exhibit A."

(b) The width of the corridor shall be as follows: 25 feet in width from the Colón end to a point east of the southern line of Silver City; thence 100 feet in width to Randolph Road, except that, at any elevated crossing which may be built over Randolph Road and the railroad, the corridor will be no wider than is necessary to include the viaduct and will not include any part of Randolph Road proper, or of the railroad right of way, and except that, in case of a grade crossing over Randolph Road and the railroad, the corridor will be interrupted by that highway and railroad; thence 200 feet in width to the boundary line of the Canal Zone.

The Government of the United States of America will extinguish any private titles existing or which may exist in and to the land included in the above-described corridor.

The stream and drainage crossings of any highway built in the corridor shall not restrict the water passage to less than the capacity of the existing streams and drainage.

No other construction will take place within the corridor than that relating to the construction of a highway and to the installation of electric power, telephone, and telegraph lines; and the only activities which will be conducted within the said corridor will be those pertaining to the construction, maintenance, and common uses of a highway and of power and communication lines.

The United States of America shall enjoy at all times the right of unimpeded transit across the said corridor at any point, and of travel along the corridor, subject to such traffic regulations as may be established by the Government of the Republic of Panama; and the Government of the United States of America shall have the right to such use of the corridor as would be involved in the construction of connecting or intersecting highways or railroads; overhead and underground power, telephone, telegraph, and pipe lines; and additional drainage channels, on condition that these structures and their use shall not interfere with the purpose of the corridor as provided hereinabove.

ARTICLE IX

In order that direct means of land communication, together with accommodation for the high tension power transmission lines, may be provided under jurisdiction of the United States of America from the Madden Dam to the Canal Zone, the Republic of Panama hereby transfers to the United States of America jurisdiction over a corridor, the limits of which shall be demarcated by the two Governments pursuant to the following descriptions:

A strip of land 200 feet in width, extending 62.5 feet from the center line of the Madden Road on its eastern boundary and 137.5 feet from the center line of the Madden Road on its western boundary, containing an area of 105.8 acres or 42.81 hectares, as shown on the map which accompanies this Treaty, signed by the Plenipotentiaries of the two countries and marked "Exhibit B."

Beginning at the intersection of the located center line of the Madden Road and the Canal Zone Republic of Panama 5-mile boundary line, said point being located N. 29°20′ W. a distance of 168.04 feet along said boundary line from boundary monument No. 65, the geodetic position of boundary monument No. 65 being latitude N. 9°07′ plus 3,948.8 feet and longitude 79°37′ plus 1,174.6 feet;

Thence N. 43°10′ E. a distance of 541.1 feet to station 324 plus 06.65 feet;

Thence on a 3° curve to the left a distance of 347.2 feet to station 327 plus 53.9 feet;

Thence N. 32°45′ E. a distance of 656.8 feet to station 334 plus 10.7 feet;

Thence on a 3° curve to the left a distance of 455.55 feet to station 338 plus 66.25 feet;

Thence N. 19°05′ E. a distance of 1,135.70 feet to station 350 plus 01.95 feet;

Thence on an 8° curve to the left a distance of 650.7 feet to station 356 plus 52.7 feet;

Thence N. 32°58′ W. a distance of 636.0 feet to station 362 plus 88.7 feet;

Thence on a 10° curve to the right a distance of 227.3 feet to station 365 plus 16.0 feet;

Thence N. 10°14′ W. a distance of 314.5 feet to station 368 plus 30.5 feet;

Thence on a 5° curve to the left a distance of 178.7 feet to station 370 plus 09.2 feet;

Thence N. 19°10′ W. a distance of 4,250.1 feet to station 412 plus 59.3 feet;

Thence on a 5° curve to the right a distance of 720.7 feet to station 419 plus 80.0 feet;

Thence N. 16°52′ E. a distance of 1,664.3 feet to station 436 plus 44.3 feet;

Thence on a 5° curve to the left a distance of 597.7 feet to station 442 plus 42.0 feet;

Thence N. 13°01′ W. a distance of 543.8 feet to station 447 plus 85.8 feet;

Thence on a 5° curve to the right a distance of 770.7 feet to station 566 plus 56.5 feet;

Thence N. 25°31′ E. a distance of 1,492.2 feet to station 470 plus 48.7 feet;

Thence on a 5° curve to the right a distance of 808.0 feet to station 478 plus 56.7 feet;

Thence N. 65°55′ E. a distance of 281.8 feet to station 481 plus 38.5 feet;

Thence on an 8° curve to the left a distance of 446.4 feet to station 485 plus 84.9 feet;

Thence N. 30°12′ E. a distance of 479.6 feet to station 490 plus 64.5 feet;

Thence on a 5° curve to the left a distance of 329.4 feet to station 493 plus 93.9 feet;

Thence N. 13°44′ E. a distance of 1,639.9 feet to station 510 plus 33.8 feet;

Thence on a 5° curve to the left a distance of 832.3 feet to station 518 plus 66.1 feet;

Thence N. 27°53′ W. a distance of 483.9 feet to station 523 plus 50.0 feet;

Thence on an 8° curve to the right a distance of 469.6 feet to station 528 plus 19.6 feet;

Thence N. 9°41′ E. a distance of 1,697.6 feet to station 545 plus 17.2 feet;

Thence on a 10° curve to the left a distance of 451.7 feet to station 549 plus 68.9 feet, which is the point marked Point Z on the above-mentioned map known as "Exhibit B."

(All bearings are true bearings.)

The Government of the Republic of Panama will extinguish any private titles existing or which may exist in and to the land included in the above-described corridor.

The stream and drainage crossings of any highway built in the corridor shall not restrict the water passage to less than the capacity of the existing streams and drainage.

No other construction will take place within the corridor than that relating to the construction of a highway and to the installation of electric power, telephone and telegraph lines; and the only activities which will be conducted within the said corridor will be those pertaining to the construction, maintenance, and common uses of a highway, and of power and communication lines, and auxiliary works thereof.

The Republic of Panama shall enjoy at all times the right of unimpeded transit across the said corridor at any point, and of travel

along the corridor, subject to such traffic regulations as may be established by the authorities of the Panama Canal; and the Government of the Republic of Panama shall have the right to such use of the corridor as would be involved in the construction of connecting or intersecting highways or railroads, overhead and underground power, telephone, telegraph, and pipe lines, and additional drainage channels on condition that these structures and their use shall not interfere with the purpose of the corridor as provided hereinabove.

ARTICLE X

In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments.

ARTICLE XI

The provisions of this Treaty shall not affect the rights and obligations of either of the two High Contracting Parties under the treaties now in force between the two countries, nor be considered as a limitation, definition, restriction, or restrictive interpretation of such rights and obligations, but without prejudice to the full force and effect of any provisions of this Treaty which constitute addition to, modification or abrogation of, or substitution for, the provisions of previous treaties.

ARTICLE XII

The present Treaty shall be ratified in accordance with the constitutional methods of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place at Washington.

In witness whereof, the Plenipotentiaries have signed this Treaty in duplicate, in the English and Spanish languages, both texts being authentic, and have hereunto affixed their seals.

Done at the city of Washington the second day of March, 1936.

CORDELL HULL. [SEAL]
SUMNER WELLES. [SEAL]
R. J. ALFARO. [SEAL]
NARCISO GARAY. [SEAL]

II •

EXCHANGES OF NOTES

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: In connection with the treaty signed today and the exchange of notes accessory thereto we have the honor to confirm the understanding we have reached during the negotiations that wherever the provisions of the said treaty and the statements contained in the accessory notes refer to the Canal Zone, such provisions and statements are applicable to all such lands and waters as may be used, occupied, or controlled by the United States of America.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

"In connection with the treaty signed today and the exchange of notes accessory thereto we have the honor to confirm the understanding we have reached during the negotiations that wherever the provisions of the said treaty and the statements contained in the accessory notes refer to the Canal Zone, such provisions and statements are applicable to all such lands and waters as may be used, occupied, or controlled by the United States of America."

In reply, I have the honor to confirm the understanding we have reached as set forth in your note under reference.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to Section 1 of Article III of the treaty signed today, wherein are specified the classes of persons to whom goods imported into the Canal Zone, or purchased, produced or manufactured therein, may be sold by the Government of the United States of America, I have the honor to confirm the understanding reached in the course of the recent negotiations, namely, that for the purposes of said Section 1 of Article III, the term "Officers, employees, workmen or laborers in the service or employ of the United States of America", as it appears in Section 2 (a) of said Article III, is interpreted as referring exclusively to such persons whose services are related to the Panama Canal, the Panama Railroad Company or their auxiliary works, and to duly accredited representatives of any branch of the Government of the United States of America exercising official duties within the Republic of Panama, including diplomatic and consular officers, and to members of their staffs.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

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Secretary of State, Washington, D. C.

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In reply we have the honor to confirm the understanding set forth in Your Excellency's note under reference.

Accept, Sir, the renewed asurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: In connection with that part of Article III of the treaty signed today in which the persons are specified who are entitled to reside within the Canal Zone, we have the honor to state in the name of our Government that in view of the residence in the Canal Zone of the officers, employees, and laborers of the United States of America, members of the forces of the Army and Navy, and members of the families of all those persons, our Government would have no objection to the residence therein of the following persons also: settlers engaged in the cultivation of truck gardens to furnish vegetables to the residents of the Canal Zone; hucksters engaged in the sale of such vegetables; proprietors of small establishments for the supply of such settlers and hucksters, and members of the families of all these persons.

It is also understood that the settlers engaged in the cultivation of small tracts under agricultural licenses issued by the Panama Canal will continue to reside in the Canal Zone, subject to the conditions, as stated by the representative of the Government of the United States of America during the negotiations in regard to the settlers, to wit: that at present about 1,568 agricultural licenses in the Canal Zone are outstanding; that all of these licenses except a few, such as those for Chinese gardens, are being terminated by natural processes, that is, as the licensees abandon the ground, die, or fail to live up to the terms of the licenses; that it is the policy of the Panama Canal not to permit the license to be transferred to dependents when the licensee dies, except only in exceptional cases where real hardship would otherwise result; and it is also the policy of the Panama Canal to issue no new licenses, except an inconsequential number regarded as necessary to the Canal Zone, such as for Chinese gardens.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

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DEPARTMENT OF STATE,
March 2, 1936.

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The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
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"In connection with that part of Article III of the treaty signed today in which the persons are specified who are entitled to reside within the Canal Zone, we have the honor to state in the name of our Government that in view of the residence in the Canal Zone of the officers, employees, and laborers of the United States of America, members of the forces of the Army and Navy, and members of the families of all those persons, our Government would have no objection to the residence therein of the following persons also: settlers engaged in the cultivation of truck gardens to furnish vegetables to the residents of the Canal Zone; hucksters engaged in the sale of such vegetables; proprietors of small estab-

lishments for the supply of such settlers and hucksters, and members of the families of all these persons.

"It is also understood that the settlers engaged in the cultivation of small tracts under agricultural licenses issued by the Panama Canal will continue to reside in the Canal Zone, subject to the conditions, as stated by the representatives of the Government of the United States of America during the negotiations in regard to the settlers, to wit: that at present about 1,568 agricultural licenses in the Canal Zone are outstanding; that all of these licenses except a few, such as those for Chinese gardens, are being terminated by natural processes, that is, as the licensees abandon the ground, die, or fail to live up to the terms of the licenses; that it is the policy of the Panama Canal not to permit the license to be transferred to dependents when the licensee dies, except only in exceptional cases where real hardship would otherwise result; and that it is also the policy of the Panama Canal to issue no new licenses, except an inconsequential number regarded as necessary to the Canal Zone, such as for Chinese gardens."

In reply I have the honor to confirm the understanding reached on the foregoing points as set forth in your note under reference.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: In connection with the part of Article III of the treaty signed today, in which the persons are specified who have a right to reside in the Canal Zone, we have the honor to state in the name of our Government that the restrictions established in the matter of residence in no wise affect the guests of hotels which the Panama Canal or the Panama Railroad Company maintains and manages for account of the Government of the United States of America in the Canal Zone, as such guests in entering such hotels do not go to the Zone as residents but as transients and the object of their stay in the Canal Zone for an indeterminate period is not to establish a permanent domicile there.

It is also understood that the restrictions do not apply to persons who wish to establish a permanent residence in any hotel in the Canal Zone either, provided such persons are among the number of those who have a right to reside in the Zone, in accordance with Section 2 of Article III of the treaty to which we have referred.

We wish to express our great pleasure at the statement made by the representatives of the Government of the United States of America during the negotiation of the treaty, that it is not the intention or desire of the Government of the United States of America to compete with Panamanian industry. We are also pleased to know with respect to the hotels in the Canal Zone that they were established for the purpose of meeting the necessities of the passenger traffic at a time when the hotels established in Panama were not entirely in position to do so; that as soon as this situation is satisfactorily altered the hotel business proper will be left in the hands of the industry established in Panama, and that the prosperity of the Republic of Panama in this, as in other respects, is earnestly desired by the United States of America.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

"In connection with the part of Article III of the treaty signed today, in which the persons are specified who have a right to reside in the Canal Zone, we have the honor to state in the name of our Government that the restrictions established in the matter of residence in no wise affect the guests of hotels which the Panama Canal or the Panama Railroad Company maintains and manages for account of the Government of the United States of America in the Canal Zone, as such guests in entering such hotels do not go to the Zone as residents but as transients and the object of their stay in the Canal Zone for an indeterminate period is not to establish a permanent domicile there.

"It is also understood that the restrictions do not apply to persons who wish to establish a permanent residence in any hotel in the Canal Zone either, provided such persons are among the number of those who have a right to reside in the Zone, in accordance with Section 2 of Article III of the treaty to which we have referred.

"We wish to express our great pleasure at the statement made by the representatives of the Government of the United States of America during the negotiation of the treaty, that it is not the intention or desire of the Government of the United States of America to compete with Panamanian industry. We are also pleased to know with respect to the hotels in the Canal Zone that they were established for the purpose of meeting the necessities of the passenger traffic at a time when the hotels established in Panama were not entirely in position to do so; that as soon as this situation is satisfactorily altered the hotel business proper will be left in the hands of the industry established in Panama, and that the prosperity of the Republic of Panama in this, as in other respects, is earnestly desired by the United States of America."

In reply I have the honor to confirm the understanding reached on the foregoing points as set forth in your note under reference.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: With reference to Section 1 of Article III of the treaty signed today whereby servants of the persons included in classes (a) to (e) inclusive of Section 2 are excluded from purchasing goods imported into the Canal Zone or purchased, produced, or manufactured therein by the Government of the United States of America, we have the honor to express the understanding of the Government of the Republic of Panama that such exclusion does not prevent the persons specified in the aforesaid Section 1 of Article III from purchasing provisions, medicines, and clothing for use or consumption by their servants who are living with them, such servants being regarded as forming a part of the families of such persons, in a broad acceptation of that word.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

"With reference to Section 1 of Article III of the treaty signed today whereby servants of the persons included in classes (a) to (e), inclusive, of Section 2 are excluded from purchasing goods imported into the Canal Zone or purchased, produced, or manufactured therein by the Government of the United States of America, we have the honor to express the understanding of the Government of the Republic of Panama that such exclusion does not prevent the persons specified in the aforesaid Section 1 of Article III from purchasing provisions, medicines, and clothing for use or consumption by their servants who are living with them; such servants being regarded as forming part of the families of such persons, in a broad acceptation of that word."

In reply I have the honor to confirm the understanding reached on the foregoing point as set forth in your note under reference.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to Article III of the treaty signed today, I have the honor to state that the Government of the United States of America has no desire to conduct a bonded warehouse business in the Canal Zone, or, in fact to continue the "hold for orders" business in the terminal ports of the Canal as now conducted by the Panama Canal, any longer than until such time as satisfactory bonded warehouse facilities may become available at reasonable rates in Panamanian jurisdiction. At such time, the Government of the United States of America, in order to assist Panamanian business, will be glad voluntarily to withdraw from the conduct of "hold for orders" business and to abstain therefrom for so long as satisfactory bonded warehouse facilities may continue to be available at reasonable rates in Panamanian jurisdiction.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's note of today's date, reading as follows:

"With reference to Article III of the treaty signed today, I have the honor to state that the Government of the United States of America has no desire to conduct a bonded warehouse business in the Canal Zone, or, in fact to continue the 'hold for orders' business in the terminal ports of the Canal as now conducted by the Panama Canal, any longer than until such time as satisfactory bonded warehouse facilities may become available at reasonable rates in Panamanian jurisdiction. At such time, the Government of the United States of America, in order to assist Panamanian business, will be glad voluntarily to withdraw from the conduct of 'hold for orders' business and to abstain therefrom for so long

as satisfactory bonded warehouse facilities may continue to be available at reasonable rates in Panamanian jurisdiction."

In reply we have the honor to state that the Government of the Republic of Panama has noted with gratification the assurances contained in Your Excellency's note under reference.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to Article III of the treaty signed today and to the joint statement issued by President Arias and President Roosevelt on October 17, 1933, I have the honor to advise you that the Canal Zone authorities will continue to take administrative measures to limit the use and services of hospitals, dispensaries, restaurants, lunch-rooms, messes, clubhouses, and moving picture houses maintained and operated in the Canal Zone to residents of the Canal Zone and to the following persons who may not be residents of the Canal Zone and members of their families actually living with them: officers and employees of the Government of the United States of America, the Panama Canal or the Panama Railroad Company, and members of the armed forces of the United States of America. As regards laundries and cleaning and pressing establishments so maintained and operated, similar restrictions will be made, and moreover such service of laundries and cleaning and pressing establishments will not be available for ships and their crews and passengers transiting the Canal so long as satisfactory service is furnished by similar establishments in Panama.

It is understood that these measures will not preclude admission to and services of the hospitals and dispensaries of the United States of America in cases of emergencies occurring within the Canal Zone, and that those facilities will likewise be available for officers and members of the crews of ships arriving at the Canal Zone ports; and that these measures will not preclude admission to the restaurants, lunch-rooms, messes, clubhouses, and moving picture houses of guests of the persons entitled to use these establishments when the admission or consumption expenses are paid by those persons.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's note of today's date, reading as follows:

"With reference to Article III of the treaty signed today and to the joint statement issued by President Arias and President Roosevelt on October 17, 1933, I have the honor to advise you that the Canal Zone authorities will continue to take administrative measures to limit the use and services of hospitals, dispensaries, restaurants, lunch-rooms, messes, clubhouses, and moving picture houses, maintained and operated in the Canal Zone to residents of the Canal Zone and to the following persons who may not be residents of the Canal Zone and members of their families actually living with them: officers and employees of the Government of the United States of America, the Panama Canal or the Panama Railroad Company and members of the armed forces of the United States of America. As regards laundries and cleaning and pressing establishments so maintained and operated, similar restrictions will be made, and moreover such service of laundries and cleaning and pressing establishments will not be available for ships and their crews and passengers transiting the Canal so long as satisfactory service is furnished by similar establishments in Panama.

"It is understood that these measures will not preclude admission to and services of the hospitals and dispensaries of the United States of America in cases of emergencies occuring within the Canal Zone, and that those facilities will likewise be available for officers and members of the crews of ships arriving at the Canal Zone ports; and that these measures will not preclude admission to the restaurants, lunch-rooms, messes, clubhouses, and moving picture houses, of guests of the persons entitled to use these establishments when the admission or consumption expenses are paid by those persons."

In reply we have the honor to confirm the understanding reached on the foregoing points as set forth in Your Excellency's note under reference.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to Section 4 of Article III of the treaty signed today wherein it is stated that the Government of the United States of America will continue to cooperate in all proper ways with the Republic of Panama to prevent smuggling into territory under the jurisdiction of the Republic of goods imported into the Canal Zone or purchased, produced, or manufactured therein by the Government of the United States of America, I have the honor to state that the Governor of the Panama Canal will be prepared to appoint a representative to meet with a representative appointed by your Government in order that regular and continuing opportunity may be afforded for mutual conference and helpful exchange of views bearing on this question.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's note of today's date, reading as follows:

"With reference to Section 4 of Article III of the treaty signed today wherein it is stated that the Government of the United States of America will continue to cooperate in all proper ways with the Republic of Panama to prevent smuggling into territory under the jurisdiction of the Republic of goods imported into the Canal Zone or purchased, produced or manufactured therein by the Government of the United States of America, I have the honor to state that the Governor of the Panama Canal will be prepared to appoint a representative to meet with a representative appointed by your Government in order that regular and continuing opportunity may be afforded for mutual conference and helpful exchange of views bearing on this question."

In reply we have the honor to express the agreement of the Government of the Republic of Panama with the procedure outlined in Your Excellency's note under reference.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to Section 5 of Article III of the treaty signed today regulating the establishment in the Canal Zone of private business enterprises, I have the honor to express the understanding of the Government of the United States of America that the provisions of this section shall not prevent the establishment in the Canal Zone of private enterprises temporarily engaged in construction work having a direct relation to the operation, maintenance, sanitation, or protection of the Canal.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's note of today's date, reading as follows:

"With reference to Section 5 of Article III of the treaty signed today regulating the establishment in the Canal Zone of private business enterprises, I have the honor to express the understanding of the Government of the United States of America that the provisions of this section shall not prevent the establishment in the Canal Zone of private enterprises temporarily engaged in construction work having a direct relation to the operation, maintenance, sanitation or protection of the Canal."

In reply we have the honor to confirm the understanding set forth in Your Excellency's note under reference.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to the question of the sale to ships of goods imported into the Canal Zone by the Government of the United States of America, I have the honor to advise you that it will be the policy of this Government to effect such sales on the following basis:

Articles classed by the Panama Canal as "ships stores", such as articles, materials, and supplies necessary for the navigation, propulsion, and upkeep of vessels will continue to be sold as at present;

Articles classed by the Panama Canal as tourist or luxury goods will not be sold to ships;

Articles classed by the Panama Canal as "sea stores", such as articles for the use or consumption of the passengers and crew of the ship upon its voyage, and articles of other classes, will be sold at prices which, in the judgment of the Government of the United

States of America and insofar as may appear feasible, will afford merchants of Panama fair opportunity to sell on equal terms. To arrive at the prices at which these articles will be sold to ships the retail prices of such articles to Canal Zone employees will be taken as a base, and a surcharge added thereto, when necessary; and no discount for purchases of large quantities will be granted to ships making such purchases.

For your information I am enclosing herewith four lists illustrative but not in any sense exhaustive of the various articles included in the four classes mentioned above, namely: (1) ships stores; (2) tourist or luxury goods; (3) sea stores; and (4) articles of other classes.

It is the hope of the Government of the United States of America that in benefit of Panamanian commerce merchants of Panama may be able to furnish in satisfactory quantities and qualities and at reasonable prices many or all of the articles classed as "sea stores" and as "articles of other classes" purchased by ships arriving at terminal ports of the Canal or transiting the Canal. It will be the policy of the United States of America that whenever and for so long as merchants of Panama are in fact able to furnish certain articles as so described in satisfactory quantities and qualities and at reasonable prices, the Canal Zone commissaries will refrain from selling like articles to ships.

In accordance with the policy of affording merchants of Panama full opportunity for making sales to ships, the launch facilities now employed by the Government of the United States of America in effecting sales to ships will be made available on equal terms to merchants of Panama, subject to appropriate administrative regulations of the Canal Zone.

The Governor of the Panama Canal will be prepared to appoint a representative to meet with a representative of Panamanian commerce appointed by your Government, in order that regular and continuing opportunity may be afforded for mutual conference and helpful exchange of views bearing on these questions, including the amount of the surcharge to be established, when necessary, in connection with "sea stores" and "articles of other classes".

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

[Enclosures]

Ships' stores.—Fuel; Oil and grease; Hardware (bolts, nuts, nails, tools, et cetera); Paints; Disinfectants and insecticides; Rope, cable, chain.

Tourist or luxury goods.—Articles of personal adornment; Women's and children's fancy and foreign wearing apparel; Perfumes and expensive lotions and fancy and foreign toilet articles; Foreign high quality linens, table ware and house furnishing articles; Expensive and foreign bolt goods; Men's foreign articles and wearing apparel; Panama hats; Liquors, wines, and beer.

Sea stores.—Goods only of standard quality and almost without exception of American source; Food supplies; Medical supplies; Stationery and stationery supplies; Galley and table utensils and equipment; Table and bunk linen; Mosquito bars, canvas, cheese cloth; Work clothes; Cleaning materials and equipment.

Articles of other classes.—Goods similar to those listed under sea stores, but of better than standard quality; Many articles of many classes, such as those sold in department stores, excepting those articles classed under "tourist or luxury goods."

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LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's kind communication, in which you indicate what will be the policy of the United States of America in regard to the sale to ships of articles imported by the United States into the Canal Zone.

With regard to this matter the Government of the Republic of Panama must make a special reservation of its rights, in conformity with its opinion that the exemptions covered by Article XIII of the Convention of November 18, 1903, were stipulated exclusively for the benefit of the Canal enterprise, of the persons in the service of the United States of America in connection therewith, and of their families; but until an understanding is reached regarding this matter, the Panamanian Government desires to express its deep satisfaction at the decision of the Government of the United States of America to put into effect measures such as those set forth in the note to which this is a reply, for the purpose of restricting sales to ships, which in former times had been made without any limitation. The Panamanian Government feels an equal satisfaction at the basic purpose set forth in the said note that the business of provisioning vessels arriving at terminal ports of the Canal or transiting the Canal will be left in the hands of the merchants of Panama and that the Government of the United States of America will abstain from making such sales whenever and for so long as merchants of Panama effectively demonstrate their ability to supply merchandise to vessels in satisfactory quantities and qualities and at reasonable prices.

Our Government is prepared to appoint a representative selected by the business men of Panama to come to meet with a representative of the Canal Administration, in order that regular and continuing opportunity may be afforded for conference and cooperation for the accomplishment of the above-mentioned purposes.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: With reference to the second paragraph of Article V of the treaty signed today which pertains, in part, to facilities established or to be established in the ports of Panamá and Colón by the Republic of Panama or by its authority, we have the honor to confirm the agreement reached during the negotiations that such provisions are not intended to prejudice the right of the Panama Railroad Company, derived from its concessions, to own and operate port facilities in those ports or any such rights as may pass from the said Company to the Government of the United States of America.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

"With reference to the second paragraph of Article V of the treaty signed today which pertains, in part, to facilities established or to be established in the ports of Panamá and Colón by the Republic of Panama or by its authority, we have the honor to confirm the agreement reached during the negotiations that such provisions are not intended to prejudice the right of the Panama Railroad Company, derived from its concessions, to own and operate port facilities in those ports, or any such rights as may pass from the said Company to the Government of the United States of America."

In reply I have the honor to confirm the agreement we have reached as set forth in your note under acknowledgement.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: With reference to the third paragraph of Article V of the treaty signed today in which is recognized the right of the Republic of Panama to determine what persons or classes of persons arriving at ports of the Canal Zone shall be admitted to the Republic of Panama and to determine likewise what persons or classes of persons arriving at such ports shall be excluded from admission to the Republic of Panama, we have the honor to express the understanding of the Government of the Republic of Panama that this provision does not prejudice in any way the effect of the stipulation contained in the third paragraph of Article IV, with regard to persons in the service of the United States of America or residing in the Canal Zone, passing from the Canal Zone into the jurisdiction of the Republic of Panama.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

"With reference to the third paragraph of Article V of the treaty signed today in which is recognized the right of the Republic of Panama to determine what persons or classes of persons arriving at ports of the Canal Zone shall be admitted to the Republic of Panama and to determine likewise what persons or classes of persons arriving at such ports shall be excluded from admission to the Republic of Panama, we have the honor to express the understanding of the Government of the Republic of Panama that this provision does not prejudice in any way the effect of the stipulation contained in the third paragraph of Article IV, with regard to persons in the service of the United States of America or residing in the Canal Zone, passing from the Canal Zone into the jurisdiction of the Republic of Panama."

In reply I have the honor to confirm the understanding reached on the foregoing point as set forth in your note under reference.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to confirm my understanding of the agreement reached during the negotiation of the treaty signed today to

the effect that, in furtherance of the purpose of Article VII of the Convention of November 18, 1903, so far as it relates to the sanitation of the cities of Panamá and Colón, the Health Services of the Republic of Panama and of the Panama Canal will give consideration to the advisability of discussing and concluding agreements which might well take as a basis for formulation the proposals advanced in October 1931, by the Director General of Health and Welfare of the Republic of Panama and the Chief Health Officer of the Panama Canal for the amplification, extension, and modernization of the health service of the City of Panamá.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's note of today's date, reading as follows:

"I have the honor to confirm my understanding of an agreement reached during the negotiation of the treaty signed today to the effect that, in furtherance of the purpose of Article VII of the Convention of November 18, 1903, so far as it relates to the sanitation of the cities of Panamá and Colón, the Health Services of the Republic of Panama and of the Panama Canal will give consideration to the advisability of discussing and concluding agreements which might well take as a basis for formulation the proposals advanced in October 1931, by the Director General of Health and Welfare of the Republic of Panama and the Chief Health Officer of the Panama Canal for the amplification, extension and modernization of the health service of the City of Panamá."

In reply we have the honor to state that Your Excellency's understanding of the foregoing agreement is in conformity with the understanding of the Government of the Republic of Panama.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: In the course of the recent negotiations for a revision of the Convention of November 18, 1903, we have brought to the attention of your Government certain questions which have arisen in respect of that part of Article VII of the said Convention which refers to the construction by the United States of America of the water works and sewers in the cities of Panamá and Colón, and to the amortization of the cost thereof within a period of fifty years, thinking at first that these matters could be disposed of during the negotiations.

It was found, however, that to reach a complete understanding of these matters, a long, painstaking, and exhaustive examination of the technical, legal, and financial aspects thereof would be required, and it was therefore decided that formal discussion of these questions would be held in abeyance and that after the conclusion of the new treaty the two Governments would engage in friendly discussions in an endeavor to arrive at a fair and mutually satisfactory agreement.

It is the understanding of our Government that such discussions will involve a study of the contracts of September 30, 1910, between the Government of the Republic of Panama and the Isthmian Canal Commission, and an examination of the accounts between the two administrations relating to water rates in the cities of Panamá and Colón. In this connection, it is believed that due consideration should be given, among other things, to the representations made by the Panamanian Commission in the course of the recent negotiations, and especially to its memorandum of March 12, 1935, and its Aide-Memoire of August 14, 1935.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to acknowledge the receipt of your note of today's date, reading as follows:

"In the course of the recent negotiations for a revision of the Convention of November 18, 1903, we have brought to the attention of your Government certain questions which have arisen in respect of that part of Article VII of the said Convention which refers to the construction by the United States of America of the water works and sewers in the cities of Panamá and Colón, and to the amortization of the cost thereof within a period of fifty years, thinking at first that these matters could be disposed of during the negotiations.

"It was found, however, that to reach a complete understanding of these matters a long, painstaking, and exhaustive examination of the technical, legal, and financial aspects thereof would be required, and it was therefore decided that formal discussion of these questions would be held in abeyance and that after the conclusion of the new treaty the two Governments would engage in friendly discussions in an endeavor to arrive at a fair and mutually satisfactory agreement.

"It is the understanding of our Government that such discussions will involve a study of the contracts of September 30, 1910, between the Government of the Republic of Panama and the Isthmian Canal Commission, and an examination of the accounts between the two administrations relating to water rates in the cities of Panamá and Colón. In this connection it is believed that due consideration should be given, among other things, to the representations made by the Panamanian Commission in the course of the recent negotiations, and especially to its memorandum of March 12, 1935, and its Aide-Memoire of August 14, 1935."

In reply I have the honor to advise you that the Government of the United States of America, in accordance with the procedure outlined in your note under reference, will be pleased to instruct the American Minister in Panama to arrange for conversations between the appropriate authorities of the Republic of Panama and of the Canal Zone in order that the Government of the Republic of Panama may present such specific proposals in the premises as it may desire, and in order that an opportunity may thus be afforded for reaching an agreement on these matters satisfactory to both Governments.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: With reference to the representations made by you during the negotiation of the treaty signed today, regarding Panamanian citizens employed by the Panama Canal or by the Panama Railroad Company, I have the honor to state that the Government of the United States of America, in recognition of the special relationship between the United States of America and the Republic of Panama with respect to the Panama Canal and the Panama Railroad Company, maintains and will maintain as its public policy the principle of equality of opportunity and treatment set down in the Order of December 23, 1908, of the Secretary of War, and in the Executive Orders of February 2, 1914, and February 20, 1920, and will favor the maintenance, enforcement, or enactment of such provisions, consistent with the efficient operation and maintenance of the Canal and its auxiliary works and their effective protection and sanitation, as will assure to Panamanian citizens employed by the Canal or the Railroad equality of treatment with employees who are citizens of the United States of America.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's note of today's date, reading as follows:

"With reference to the representations made by you during the negotiation of the treaty signed today, regarding Panamanian citizens employed by the Panama Canal or by the Panama Railroad Company, I have the honor to state that the Government of the United States of America, in recognition of the special relationship between the United States of America and the Republic of Panama with respect to the Panama Canal and the Panama Railroad Company, maintains and will maintain as its public policy the principle of equality of opportunity and treatment set down in the Order of December 23, 1908, of the Secretary of War, and in the Executive Orders of February 2, 1914, and February 20, 1920, and will favor the maintenance, enforcement or enactment of such provisions, consistent with the efficient operation and maintenance of the Canal and its auxiliary works and their effective protection and sanitation, as will assure to Panamanian citizens employed by the Canal or the Railroad equality of treatment with employees who are citizens of the United States of America."

In reply we have the honor to express the gratification of the Government of the Republic of Panama at the declaration of policy set forth in Your Excellency's note under reference.

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

—

DEPARTMENT OF STATE,
March 2, 1936.

The Honorable Doctor RICARDO J. ALFARO,
The Honorable Doctor NARCISO GARAY,
Members of the Panamanian Treaty Commission,
Washington, D. C.

SIRS: I have the honor to refer to our conversations with respect to the effect upon the Monetary Agreement of June 20, 1904, between the United States of America and the Republic of Panama as modified by the exchanges of notes of March 26–April 2, 1930, and of May 28–June 6, 1931, of the action taken by the President of the United States of America in his Proclamation of January 31, 1934, reducing the weight of the gold dollar of the United States of America.

It has been recognized that, as a result of this action, the provision of the Monetary Agreement that the monetary unit of the Republic of Panama should be a gold Balboa of the weight of one gram, 672 milligrams, nine-tenths fine, is no longer consistent with the necessary condition of the Agreement that the standard unit

of value of the United States of America, the dollar, and the standard unit of value of the Republic of Panama, the Balboa, should continue at a parity at the rate of one dollar for one Balboa. It has also been recognized that in the Republic of Panama and in the Canal Zone silver Balboas and fractional currency of the Republic are circulating together with United States currency at the rate of one Balboa for one dollar.

For these reasons, it is desirable that the existing Monetary Agreement, as modified, be further modified to make provision for the reduction of the weight of the gold Balboa so that the legal standard units of value of the Republic of Panama and of the United States of America shall be equal. Accordingly, for the purpose of Article VII of the General Treaty signed today, the Balboa shall be regarded as defined to consist of 987½ milligrams of gold of 0.900 fineness.

It is understood that the reduction in the weight of the gold Balboa shall not necessitate an alteration of the weight of the silver coins of the Republic of Panama, but that these shall continue to be of the same size, weight, and fineness as at present.

Notwithstanding any language contained in the existing Monetary Agreement, as modified, which has been interpreted or might be interpreted as limiting the number of coins of any denomination to be issued by the Republic of Panama within the total amount of coins of all denominations, it is now understood and agreed that the Monetary Agreement, as modified, shall not be considered as contemplating any such limitation, so that, as long as such total amount is not exceeded, that total amount may be apportioned among the coins of the various denominations referred to in the Agreement as may seem fitting to the Government of the Republic of Panama.

As a further modification of the existing Monetary Agreement, it is agreed that the Government of the United States of America shall not be required to accept Panamanian silver currency for the payment of tolls for the use of the Panama Canal.

I may say that the above understandings and agreements are acceptable to my Government, and that upon receipt of a note confirming them on behalf of the Government of the Republic of Panama, the Government of the United States of America will consider as further modified in accordance therewith the Monetary Agreement of June 20, 1904, as modified.

Accept, Sirs, the renewed assurances of my highest consideration.

CORDELL HULL.

—

LEGACIÓN DE PANAMÁ,
Washington, March 2, 1936.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: We have the honor to acknowledge the receipt of Your Excellency's communication, reading as follows:

"I have the honor to refer to our conversations with respect to the effect upon the Monetary Agreement of June 20, 1904, between the United States of America and the Republic of Panama as modified by the exchanges of notes of March 26–April 2, 1930, and of May 28–June 6, 1931, of the action taken by the President of the United States of America in his Proclamation of January 31, 1934, reducing the weight of the gold dollar of the United States of America.

"It has been recognized that, as a result of this action, the provision of the Monetary Agreement that the monetary unit of the Republic of Panama should be a gold Balboa of the weight of one gram, 672 milligrams, nine-tenths fine, is no longer consistent with the necessary condition of the Agreement that the standard unit of value of the United States of America, the dollar, and the standard unit of value of the Republic of Panama, the Balboa, should continue at a parity at the rate of one dollar for one Balboa. It has also been recognized that in the Republic of Panama and in the Canal Zone silver Balboas and fractional currency of the Republic are circulating together with United States currency at the rate of one Balboa for one dollar.

"For these reasons, it is desirable that the existing Monetary Agreement, as modified, be further modified to make provision for the reduction of the weight of the gold Balboa so that the legal standard units of value of the Republic of Panama and of the United States of America shall be equal. Accordingly, for the purpose of Article VII of the General Treaty signed today, the Balboa shall be regarded as defined to consist of 987½ milligrams of gold of 0.900 fineness.

"It is understood that the reduction in the weight of the gold Balboa shall not necessitate an alteration of the weight of the silver coins of the Republic of Panama, but that these shall continue to be of the same size, weight, and fineness as at present.

"Notwithstanding any language contained in the existing Monetary Agreement, as modified, which has been interpreted or might be interpreted as limiting the number of coins of any denomination to be issued by the Republic of Panama within the total amount of coins of all denominations, it is now understood and agreed that the Monetary Agreement, as modified, shall not be considered as contemplating any such limitation, so that, as long as such total amount is not exceeded, that total amount may be apportioned among the coins of the various denominations referred to in the Agreement as may seem fitting to the Government of the Republic of Panama.

"As a further modification of the existing Monetary Agreement, it is agreed that the Government of the United States of America shall not be required to accept Panamanian silver currency for the payment of tolls for the use of the Panama Canal.

"I may say that the above understandings and agreements are acceptable to my Government, and that upon receipt of a note confirming them on behalf of the Government of the Republic of Panama, the Government of the United States of America will consider as further modified in accordance therewith the Monetary Agreement of June 20, 1904, as modified."

The understandings and agreements stated in your note under acknowledgement are hereby confirmed by our Government, and, accordingly, the Government of the Republic of Panama will consider as further modified in accordance therewith the Mone-Monetary Agreement of June 20, 1904, as modified."

Accept, Sir, the renewed assurances of our highest consideration.

R. J. ALFARO.
NARCISO GARAY.

Mr. PITTMAN. Mr. President, it was understood that we would take up at this time the question of advising and consenting to the ratification of the so-called Panama Treaty. It was agreed it should be taken up at this hour for the convenience of several Senators who desired to discuss the treaty.

I consider this one of the most important treaties that has been submitted to the Senate in a great while. Whether we consider the Canal in connection with the question of possible war in the future, or whether we consider the Canal from a purely commercial standpoint, in any event, it is the life line of the United States. There is no doubt that this thin Canal across the Isthmus of Panama is subject to destruction. It may be destroyed from without or it may be destroyed from within. In any event, the destruction of the Canal would be a tremendous loss to the commerce of this country, and, in the event of war at any time, its destruction would be a disaster. Looking far into the future, without the Canal it might be possible that our country would have to prepare to have a dominating Navy both on the Atlantic and on the Pacific, so far as its defense is concerned.

The treaty was entered into March 2, 1936. It was ratified by Panama in December 1936. It has been pending before the Committee on Foreign Relations of the United States Senate ever since. The committee have not been negligent in the matter, they have not been inactive.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. The Senator has just called attention to the fact that the treaty was ratified by Panama 3 years ago. In view of the fact that the Panamanian Government has ratified it, I ask what effect a supplemental agreement made 3 years later by the Secretary of State of the United States and the Panamanian Minister has upon the situation?

Mr. PITTMAN. I think that when a government interprets the language of a treaty it governs the construction forever thereafter, whether the interpretation is made the day after the treaty is signed or 3 years after it is signed.

Mr. VANDENBERG. I do not see how the Senator can take that position, in view of the fact that the Panamanian Legislature acted without knowing the interpretation put upon the treaty by those who had no legal authority to bind their country in that aspect.

Mr. PITTMAN. The Senator's memory does not serve him, because at the time the treaty was negotiated minutes of interpretation were made. The minutes of interpretation were before the Panamanian Parliament and the minutes of interpretation then made have since been confirmed by Government action.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. I think the memory of the Senator from Michigan serves him completely accurately. The notes to which the Senator from Nevada refers were so inadequate and so unsatisfactory to the Government of the United States, and particularly to the Senate Committee on Foreign Relations, that a note dated February 1, 1939, was necessary to clear up finally the major point of controversy, and I submit to the Senator that the Panama Legislature certainly did not know in 1936 what notes were going to be exchanged in 1939.

Mr. PITTMAN. If the Senator will examine the report of the subcommittee, of which he was a member, he will ascertain that the notes were in the exact words of the minutes. The only difference was that the minutes were not authenticated by the Government. They were the minutes of the negotiators. The Government has since finally confirmed the minutes of interpretation.

As I was saying, this treaty has been pending in the committee for 3 years. I am not surprised that such is the case, because when the treaty was first sent to the Senate 3 years ago it did not meet with the approval of either the War Department or the Navy Department. It did not meet with their approval because the minutes of interpretation, as was afterward disclosed, were not submitted to either the War Department or the Navy Department.

Returning to the minutes of interpretation, which bear quite materially on the construction of the treaty——

Mr. VANDENBERG. Mr. President, will the Senator yield at that point?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. I wish to say that I agree with the Senator that the notes are of the greatest importance, because this treaty is the only one I have ever seen in my life which contains 6 pages of treaty and 13 pages of notes to try to tell what the treaty says.

Mr. PITTMAN. They were very careful to interpret it.

Article X was the controversial article, both in the War Department and in the Navy Department. Article X reads as follows:

ARTICLE X

In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one government to take, and which may affect the territory under the jurisdiction of the other government, will be the subject of consultation between the two governments.

It was urged that the words "the subject of consultation" meant that the United States Government could not take independent action without the consent of the Panama Government.

We now turn to the minutes of interpretation adopted at that time. These minutes have since been authenticated by notes between the two governments. Let me read the minutes:

1. In connection with the declared willingness of both the Government of the United States of America and the government of the Republic of Panama to cooperate for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford them (art. I of the general treaty of March 2, 1936), the word "maintenance" as applied to the Canal shall be construed as permitting expansion and new construction when these are undertaken by the Government of the United States of America in accordance with the said treaty.

The word "maintenance" allows the United States Government—what?

Expansion and new construction when these are undertaken by the Government of the United States of America in accordance with the said treaty.

These are the minutes of interpretation which have now been authenticated by the two governments.

2. The holding of maneuvers or exercises by the armed forces of the United States of America in territory adjacent to the Canal Zone is an essential measure of preparedness for the protection of the neutrality of the Panama Canal and, when said maneuvers or exercises should take place, the parties shall follow the procedure set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 2, 1936.

Here is the important minute. Here is the important interpretation given at the time, and since that time authenticated:

3. As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X of said treaty, the Government of the United States of America need not delay action to meet this emergency pending consultation, although it will make every effort in the event that such consultation has not been effected prior to taking action to consult as soon as it may be possible with the Panamanian Government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. What the Senator has just read is an extract from some note construing article X, but the difficulty about that is that article X must speak for itself. I read article X:

In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests.

Further:

Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government.

Which will be Panama.

will be the subject of consultation between the two governments.

It seems to me that under that language we are bound to consult Panama before we take any action.

Mr. GEORGE. Mr. President——

Mr. PITTMAN. If the Senator from Georgia will let me answer the Senator from Texas, I shall then yield to him.

Mr. President, that would appear to be a reasonable construction, because it is only a matter of consultation. But at the time they negotiated that article the negotiators agreed that if an emergency arose requiring action on the part of the United States Government, it might take separate action without consultation, but there should be consultation thereafter as soon as possible. That was not only contained in the minutes, but it appeared in the communications.

Mr. CONNALLY. It is a principle of law that when there is a written contract no collateral or outside agreement is effective in any way unless made a part of the contract.

Mr. PITTMAN. When there is doubtful language in a contract, it will be interpreted by recourse to the intention of the party if expressed in writing at the time the contract was entered into.

Mr. CONNALLY. If the language is ambiguous, that is possible, but where the language is not ambiguous, the instrument must speak for itself.

Mr. PITTMAN. All the negotiators thought it might be ambiguous, and therefore the meaning was put down in the minutes of the negotiations. But that was not satisfactory to our Government or our committee. Consequently, on February 1, 1939, a letter was addressed to Señor Dr. Don Augusto S. Boyd, Minister of Panama. The letter says:

SIR: I have the honor to refer to the general treaty signed between the United States of America and the Republic of Panama on March 2, 1936, and to the record of the proceedings of the negotiations leading to this accord. As you may recall, on several occasions during the course of the negotiations, it was found necessary to discuss and to reach a mutual understanding as to the interpretation to be placed upon certain draft provisions eventually incorporated in the signed treaty. These discussions and understandings were, after each meeting, embodied in the duly attested typewritten record of the proceedings of the treaty negotiations.

It seems possible that, following the favorable report at the close of the last session of Congress by the Committee on Foreign Relations of the United States Senate on the general treaty and accompanying conventions, the individual Members of the Senate in their consideration during the current session of Congress of the treaty and conventions, may ask for clarification as to the precise meaning of certain important provisions of the general treaty which affect the security and neutrality of the Panama Canal. With a view to anticipating these inquiries, and in the hope of avoiding further delay on this account in the consideration of the general treaty of March 2, 1936, it has seemed to my Government advisable to set forth in an exchange of notes between our two Governments the substance of some of these abovementioned understandings as mutually reached. I should be grateful, accordingly, if you would inform me whether your Government shares the understanding of my Government upon the points which follow in subsequent paragraphs.

And then follows the language which I previously read. That letter was answered on February 1 by Señor Dr. Don Augusto S. Boyd, Minister of Panama, setting out the language of the minutes which I have read.

I take it, therefore, there can be no question that the language "will be the subject of consultation" under the interpretation given at that time, and confirmed later by the Minister of Panama, means that the consultation does not have to take place in advance of action by our Government.

I should like to have the Senator from Georgia, who has discussed that question in the minority report very carefully, express his views.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. I wish to ask a question. The Senator asserts that he thinks an exchange of notes now makes it indisputably plain that the consultation does not need to precede action if there is an emergency.

Mr. PITTMAN. Yes.

Mr. VANDENBERG. Does not that still leave the argument as to whether or not there is an emergency?

Mr. PITTMAN. The Senator from Nevada thinks not. The Senator from Nevada thinks it is perfectly evident that the United States acts, determines the emergency, and consults as soon thereafter as may be possible.

I should like to have the Senator from Georgia express himself on that point. He gave careful study to it as chairman of the subcommittee.

Mr. GEORGE. Mr. President, this was one of the provisions of the treaty to which the subcommittee gave great attention. The fact was called to the attention of the subcommittee that at one time perhaps the War and Navy Departments were fearful that the treaty did not sufficiently safeguard the interests of our country in its defense. After further consideration, and a review of the notes taken at the time and the correspondence passing between the Panamanian Government and our own, both the Secretary of War and the Secretary of the Navy agreed that it did adequately provide for our defense.

Let me call attention to one factor in addition to the statements already made by the Senator from Nevada [Mr. PITTMAN], the chairman of the committee. This treaty does not abrogate or touch certain provisions of the existing treaty, the 1903 treaty. Among other things, article XXIII of the 1903 treaty between Panama and the United States is preserved.

Article XXIII reads as follows:

> If it should become necessary at any time to employ armed forces for the safety or protection of the Canal or of the ships that make use of the same, or the railway and auxiliary works, the United States shall have the right at all times and in its discretion to use its police and its land and naval forces or to establish fortifications for these purposes.

That is in the treaty, unaffected by it; and, read in connection with and in the light of what the 1936 treaty undertakes to do, it strikes me that there is no real ambiguity.

It will be borne in mind that under the 1936 treaty, the one now under consideration, the entire status between the Panamanian Republic and the United States is changed. Under the 1903 treaty the United States was given virtually a protectorate over Panama. It incurred the obligation to defend Panama. It secured a great many rights in terms rather absolute; but it also assumed a great obligation. In 1936, with the Canal completed and open to the public as well as to the uses of both Panama and the United States, with all the preliminary considerations that had to be safeguarded in the acquisition of the right to construct the Canal and in the construction of the Canal out of the way save the right to protect and to maintain the neutrality of the Canal, and save the right of expansion if necessary to enlarge the Canal in order to take care of the commerce that must pass through it, a new treaty is made, a treaty which surrenders the rights given the United States as the protector of the Republic of Panama. It recognizes Panama as a Republic; and Panama assumes the mutual obligation, along with the United States, of protecting the Canal, and preserving and protecting the neutrality of the Canal. The Republic of Panama assumes an equal obligation.

When we come to article X of the treaty, with those facts in mind, it seems to me there is no difficulty in understanding what it means. The two governments are contracting on terms of equality so far as the integrity of both is concerned, and provision is made for the mutual protection of the Canal and its neutrality. Of course, it is provided that if one country sees fit to act to protect its rights, there shall be consultation. At the time the treaty was under consideration the notes clearly disclose that the United States, in case of a great emergency, was not obliged to engage in consultation prior to taking such steps as it deemed essential; or, to go back to article XXIII of the 1903 treaty, which is preserved, such steps as in its discretion it saw fit to take.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question at this point?

Mr. GEORGE. I shall be glad to yield in a moment, if the Senator will withhold his question and permit me to finish this thought.

Not only did the notes disclose what the contracting parties had in mind—that is to say, that a preliminary or prior consultation was not, in certain events and under certain emergencies, absolutely necessary—but the two countries having recognized the complete sovereignty of each other; that is, the United States having relinquished its protectorate and having treated with Panama as an independent Republic, the United States recognized its obligation to consult when the two nations were mutually defending the Canal or taking steps to defend the Canal or to preserve and protect the neutrality of the Canal. That is a mutual obligation. The right of the United States to assert its own independent right to protect the Canal in the face of a great emergency is preserved. The notes so show. The notes were taken before Panama ratified the treaty. Then, the question having subsequently arisen, the Secretary of State addressed to the Panamanian Government the explicit note which the chairman of the committee has read. The explicit reply conceded the right of the United States to proceed in the defense of the Canal in the event of some great emergency. That right is very clearly set forth and very clearly conceded.

It is not a proper interpretation to say that the treaty must speak for itself, that it is not ambiguous in any sense, and that the notes are no part of it. The notes were part of the treaty, without the subsequent correspondence; but the subsequent correspondence between the two Governments not only does not weaken the effect of the original understanding, but strengthens it, because one party to the contract not having ratified it, that party is again assured that its right to protect its vital interest in the preservation of the Canal is not affected by the agreement which prima facie, would indicate a purpose to engage in a consultation prior to taking the necessary steps to preserve the Canal.

Mr. VANDENBERG. Mr. President——

Mr. GEORGE. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator is arguing that the new mutuality of obligation to defend the Canal is a source of strength to us in the interpretation of the new language. I submit to the Senator that the new mutuality of defense circumscribes our right of independent action rather than enlarges it; and the very fact that we are now establishing a mutuality of defense makes the serious question under article X more pressing. To my way of thinking, if we still maintained our exclusive right of defense, there would be far less danger of misunderstanding article X. To my way of thinking, the new establishment of mutuality increases the difficulty in relying upon article X for our rights.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WHITE. I am not sure that the Senator from Georgia has fully answered the question which was in my mind. From a reading of article X of the pending treaty it will be observed that we have agreed to take such measures of prevention and defense as they—meaning the two countries—may consider necessary for the protection of their common interests. It says:

> Any measures, in safeguarding such interests, which it shall appear essential to one government to take * * * will be the subject of consultation between the two governments.

That obligation of consultation is limited by the language "for the protection of their common interests."

Is it not true that there are interests in the Canal which are peculiarly and exclusively the interests of the United States, with respect to which, under the language of article X, we would not be under any obligation to consult because they are not common interests? It occurs to me that the Senator answered the question when he said that the defense of the Canal was an exclusive interest of the United States. I had rather assumed—and if I am mistaken I should like to be corrected—that our interest in the Canal and its preservation and defense was a peculiar and exclusive interest of the United States, and that we could act to defend the Canal without recourse to consultation because we would be obliged to consult only about the common interests. Am I correct in that interpretation?

Mr. GEORGE. I have taken the identical view which the distinguished Senator from Maine has just so well expressed. For the purpose of the RECORD, I should like now to read the whole of the language of article X, and invite the attention of the Senate thereto:

> In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments.

Even if it be conceded that standing alone, without the explanatory notes taken in the conference, and without the subsequent reaffirmation of the understanding then had by the representatives of the two Governments, there would be some ambiguity, it seems to me there can be no reasonable doubt now of the meaning of this provision of the treaty, and that that meaning is read into it in such a way as fully to protect the interests of the United States. When it is remembered, as I have already tried to say, that the status of the United States with respect to Panama is changed by the terms of this treaty, when certain common obligations which did not exist under the original treaty have been assumed by Panama and the United States, when Panama is taking on herself a great obligation to act jointly with the United States for the protection of the Canal and the neutrality and security of the Canal, and when it is recalled that article XXIII of the original treaty is not affected by this treaty, it seems to me to be clear beyond peradventure of a doubt that if the United States in any great emergency should deem immediate action necessary upon her part, she would take it and would be absolutely justified and protected under the terms of the treaty in taking that action.

Mr. VANDENBERG. And are we the sole judges of what a great emergency is?

Mr. GEORGE. Oh, no; I do not think the United States could captiously raise the claim of an emergency, or manufacture one.

Mr. VANDENBERG. No; I ask if we are the sole judges as to whether an emergency amounts to the dignity and magnitude the Senator describes?

Mr. GEORGE. I think so, so far as the protection of the Canal is concerned. So far as the protection of the primary rights of the United States in the maintenance of the Canal is concerned, I think she would have a right to do that.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Idaho?

Mr. GEORGE. I yield.

Mr. BORAH. Article XXIII of the original treaty of 1903 says:

> If it should become necessary at any time to employ armed forces for the safety or protection of the Canal, or of the ships that make use of the same, or the railways and auxiliary works, the United States shall have the right, at all times and in its discretion, to use its police and its land and naval forces or to establish fortifications for these purposes.

It seems to me that that provision in the original treaty is modified in no respect whatever by the treaty of 1936.

Mr. GEORGE. The Senator is correct. It is not modified. It is left as it stands in the original treaty.

Mr. BORAH. Then, when we come to article X, it reads:

> In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one government to take, and which may affect the territory under the jurisdiction of the other government, will be the subject of consultation between the two governments.

Adding to that the letter accompanying the 1936 treaty, in which we are told that if an emergency arises the United States may act without consultation, may determine for itself the existence of the emergency and what shall be done, I cannot see any right in the Canal which is not protected by the two treaties. Article XXIII protects the matter as a general thing, and the letter in connection with the 1936 treaty protects the right to act when an emergency arises.

Mr. GEORGE. I agree with the Senator's view.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield for a question?

Mr. BORAH. Yes.

Mr. CONNALLY. When the treaty says "will be the subject of consultation between the two governments," does that mean before action or after action?

Mr. BORAH. In connection with——

Mr. CONNALLY. Not in connection with anything. Does that language mean before or afterward?

Mr. BORAH. It might be either.

Mr. CONNALLY. What would be the use of doing something, and then afterward consulting about it? Is not the clear implication of that language that the consultation must take place before action?

Mr. BORAH. That might be true; but when it is read in connection with the letter——

Mr. CONNALLY. I know about the letter. I just want to get the Senator's interpretation of the treaty as it stands. It seems to me that if we consider the clear language of the treaty, forgetting about the letter—the letter may cure it; I do not know—the implication is inescapable that the consultation must take place first.

Mr. BORAH. Very well; but when the Senator speaks about the treaty aside from the letter, let me say that in my opinion there is no treaty aside from the letter. The letter is a part of the treaty.

Mr. PITTMAN. Mr. President, there is another point. The letter sets out in haec verba the minutes; and the Secretary, in writing to the Panamanian Government, states that the minutes were made at the time of the conference. Evidently there was some ambiguity in the minds of the negotiators, particularly the negotiator on behalf of the United States; so they discussed the question at the time they wrote the treaty. They made the minutes at the time they wrote it. Those minutes governed the parliamentary body of Panama. They were not considered sufficient by our Government, and therefore I suggested to the Secretary of State that he have the Panamanian Government authenticate and confirm the minutes before we were asked to act on the treaty here, which was done.

Mr. GERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Rhode Island?

Mr. PITTMAN. With pleasure.

Mr. GERRY. Was that done before the treaty was agreed to by the Panamanian Government?

Mr. PITTMAN. It was. It was done at the time the negotiators were negotiating and writing the treaty, which was a month or more prior to ratification by the Panamanian Government.

Mr. GERRY. Was there any record of that fact? Was that fact brought to the attention of the ratifying powers of the Panamanian Government?

Mr. PITTMAN. I have no information on that subject.

Now let me call attention to some very plain language in article I. I think this language is quite pertinent in the consideration of the interpretation of article X. This is article I of the new treaty:

There shall be a perfect, firm, and inviolable peace and sincere friendship between the United States of America and the Republic of Panama and between their citizens.

In view of the official and formal opening of the Panama Canal on July 12, 1920, the United States of America and the Republic of Panama declare that the provisions of the Convention of November 18, 1903—

What? Mind you, they are reaffirming the 1903 treaty. I should like to have the Senator from Rhode Island listen to this language as confirmation of what was meant, because this is in article I of the treaty:

the United States of America and the Republic of Panama declare that the provisions of the Convention of November 18, 1903, contemplate the use, occupation, and control by the United States of America of the Canal Zone and of the additional lands and waters under the jurisdiction of the United States of America for the purposes of the efficient maintenance, operation, sanitation, and protection of the Canal and of its auxiliary works.

The United States of America will continue the maintenance of the Panama Canal for the encouragement and use of interoceanic commerce, and the two Goverments declare their willingness to cooperate, as far as it is feasible for them to do so, for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford the two nations that made possible its construction as well as all nations interested in world trade.

Again they recognize that the 1923 treaty meant, and still means—and it is still preserved—that the United States Government should protect the Panama Canal and auxiliary works. That, taken into consideration with article X, which provides for action by the respective governments in the protection of the Canal, and taken in connection with the minutes of negotiation, which show that the treaty does not require the Government of the United States to await consultation, but to act, seems to me to make it quite plain what the intention was.

Let me call attention to another matter. I have read the word "maintenance" in the provision that the Government shall continue the maintenance of the Panama Canal and auxiliary works. In this note the Minister of Panama says with regard to the meaning of the word "maintenance":

In connection with the declared willingness of both the Government of the United States of America and the government of the Republic of Panama to cooperate for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford them (art. I of the general treaty of March 2, 1936), the word "maintenance" as applied to the Canal shall be construed as permitting expansion and new construction when these are undertaken by the Government of the United States of America in accordance with the said treaty.

So the word "maintenance" was construed as expansion, reconstruction, or new construction. I do not think there can be any question about that.

I admit that at first the representatives of the Army and Navy who examined the treaty were under the impression that there must first be consultation, but, unfortunately, at the time it was submitted to the War and Navy Departments, the minutes of construction and interpretation which were adopted at the time of the negotiation were not submitted.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. GERRY. The question bothering me is that, while the treaty-making powers of Panama have agreed to the treaty, there is nothing to show that they knew anything about the notes, the negotiations. What they agreed to was the treaty.

Mr. PITTMAN. I think they are presumed to know about the notes. When their duly appointed negotiators—and they had duly appointed negotiators—in negotiating a treaty, make minutes of the terms of the negotiations and interpretations, and the Government ratifies the treaty and submits it to us with the same notes of interpretation, further confirmed by the Government authentication, I think they would be estopped to question the notes.

Mr. BORAH. Mr. President, does not a reading of the letters passing between the Department of State and the Government of Panama disclose that they were familiar with these matters?

Mr. GERRY. That is the question I was asking the chairman of the committee. That is what I wanted to have made clear.

Mr. BORAH. That is really what the letters were about.

Mr. GERRY. The question I was asking was, Was that the action of the treaty-making power?

Mr. PITTMAN. It was the action of the negotiators under the law of Panama, apparently. We had our Secretary of State.

Mr. GERRY. Did they ratify the treaty, or did it have to be submitted again to the Legislature of Panama?

Mr. PITTMAN. It was negotiated as any other treaty would be between the representatives of the two governments, whose authority was set forth. In the negotiation of the treaty the minutes of interpretation were made, and they were attached to the treaty and sent back to each of the respective governments, and they have been a part of the treaty ever since.

Mr. BORAH. The letter from the Panamanian Government says:

I take pleasure in informing Your Excellency—

That is, the Secretary of State—

that I have been authorized by my Government to effect this exchange of notes and to clarify the points propounded by Your Excellency—

The Secretary of State—

and which, for greater clarity, are set forth in the English language as follows.

He had been authorized by his Government to clarify the language we have been discussing today.

Mr. GERRY. The point I make is that the representative of Panama stated that he had been authorized to clarify. Then the question arises whether, when the legislative representatives of Panama received the treaty for ratification, they ratified the treaty from a consideration of the language contained in it, and knew nothing about the explanation in the notes. If they had had the notes, they might have put an entirely different interpretation on the treaty. That is why I am raising the question.

Mr. MINTON. Mr. President, as I understand the Senator from Nevada, when the instrument went back to the Panama Legislature for ratification, these interpretive notes went with the definitive treaty. Is not that correct?

Mr. PITTMAN. That is true. It is so stated in the letter of the Secretary of State.

Mr. MINTON. So they did have these matters before them at the time they ratified?

Mr. GERRY. Who ratified the treaty on the part of the Panama Government? That is really what I should like to know.

Mr. PITTMAN. It was ratified as other treaties are ratified.

Mr. GERRY. The question is whether they had these notes before them, and had knowledge of them, when they ratified the treaty.

Mr. JOHNSON of California. Mr. President, on Friday last the Senator from Kentucky [Mr. BARKLEY] and the Senator from Nevada [Mr. PITTMAN] were very kind to me, because I had to be absent during the afternoon, and they postponed the consideration of the treaty now pending until this afternoon at 4 o'clock. I am obliged to them, and I express my sense of obligation to them for their consideration.

The Senator from Nevada is quite right. This is an important treaty. It is important particularly at this time, because it involves the life line of the Republic, and we should not do anything which would in the slightest degree militate against the safety of the Panama Canal, or our ability to protect it, and protect it fully.

Mr. President, this particular treaty has been before us for 3 years. Only now has it been brought up. There seems to be some haste at the present moment for the ratification of the treaty, which perhaps may be perfectly legitimate and perfectly plain. But unfortunately we have had little time to look into it in the fashion in which it should be examined.

The first treaty concerning the Panama Canal was made in 1903. It was a treaty which was in reality negotiated by Theodore Roosevelt and his Secretary of State, and it was signed by the representatives of Panama—one representative, indeed, Bunau-Varilla, an individual who had lived in Panama, had become a soldier of fortune there, and had become the representative of Panama.

I may digress a moment to mention him. He went back to France during the World War. He fought there at Verdun during the war. When I met him he had lost a leg, and he had just exactly the same mood, the same characteristics, the same good nature he had always manifested. But it was remarkable to me to find this man, old as he was, going back to the land of his birth in its time of stress and fighting its battles. That, of course, is apart from his participation in the making of the treaty. If Senators wish to read about the early days of the Panama Canal, concerning the initiation of the work on the Canal by Theodore Roosevelt, they can find no more interesting work on the subject, no more dramatic recital of those events, than are contained in the volume which Bunau-Varilla wrote at that time. Panama then was a morass, a wilderness. It has now a population which is less than that of many of our States. That population consists of various races. Very few of its people are our sort of people.

Panama did not exist until Roosevelt cut it off from Colombia, and then we paid $20,000,000 for that during Harding's administration, I think it was. But Panama during all this time has been of no value as an ally, of no value in the protection of the Panama Canal, of no value by way of fighting force; and any thoughts that Panama will go to bat with us when the day comes that we may have to defend the Panama Canal are wholly illusory and born of a fevered imagination. It is not in the possibilities that that can occur.

The Panama Canal will be protected, if protected, by us. The Panama Canal, if it be retained, and if it serve its purpose, will do so because of our efforts; and the Panama Canal, because of the peculiar relation we have to it, should not be in any degree tied, or hamstrung, or put in a strait jacket by a treaty made by the United States of America.

The treaty of 1903 gave us ample and full authority. The treaty of 1936 does not do the same thing. You may talk until doomsday concerning those two treaties, and you cannot find that one parallels with respect to the protection of the Canal with the other, and you have to go back to 1903 and the treaty of that time to be certain of what Panama's ability was for the defense of the Canal.

I could stand here all night and talk to the Senate about various provisions of this treaty. The one to which the Senator from Michigan referred of itself is enough to condemn the treaty, when you are dealing now delicately with such a subject as the life line of the Republic. That of itself—I do not care how legalistic or casuistic you may be—is sufficient to put us upon our guard, and sufficient to make us careful in dealing in any way with this particular matter.

ARTICLE I

The two main problems confronting our Government in the operation of the Panama Canal are, first, to keep it open for our fleets in the aid of national defense; and, secondly, to expedite water-going domestic and world commerce, and the remarks I am about to make will be confined largely to the points bearing upon those two items.

The Republic of Panama has complied—and oh, how fulsome in our praise we are that the Republic of Panama has complied with all the provisions of the treaty to be performed by it. And then we, from that premise, go on and treat Panama in a manner different from what we treated her in 1903, and give her power—power to interfere with us when they may wish in anything that may occur respecting the defense of the Canal.

ARTICLE II

The Republic of Panama has complied with the obligations of the Convention of November 18, 1903, no more loyally than has our Government. In fact, we have discharged practically all of our obligations under this treaty, have bought and paid for certain rights to be exercised in the maintenance and operation of the Canal, and have not only guaranteed the independence of the Republic of Panama, but have also guaranteed the neutrality of the Canal. In view of these obligations, there would seem to be no good reason to justify us in abandoning our rights given to us under article II of the Convention of November 18, 1903, to occupy and control lands and water, in addition to those we already have, should it be found necessary to do so in the future. The rapid development of airplanes, submarines, scientific aids to navigation, and others that we know not what, now, will undoubtedly make it necessary to occupy additional locations in the Republic of Panama, if we are to operate and defend the Canal in a way to meet modern requirements. As an example, almost any day it may be necessary to establish other lighthouses, radio directing ray stations, and so forth. I fail to see why we should renounce our rights to these things that we have paid for and that do not comprise the sovereignty of Panama to any additional extent. It must be remembered that after all the Republic of Panama compromised its sovereignty when it sold to us the extensive rights that we acquired in the Convention of November 18, 1903. In the last paragraph of article II, the possibility of acquiring these locations is recognized, but the method provided by this paragraph of requiring the two governments to agree upon such measures as may be necessary is, to say the least, a hazy proposition that would result in mulcting our Government out of large sums of money, not to mention serious delays that would ensue in attempting such a cooperation.

The records of the joint commission to fix fair land values, as provided in article VI of the Convention of November 18, 1903, will demonstrate clearly the confusion and expense involved that would ensue to our Government if this treaty is approved, for in this present treaty our rights would be much less defined than in the above-mentioned Convention.

ARTICLE III

Article III will hamper the operation of the Canal and especially in expediting shipping, for the methods proposed by this article and the letters exchanged touching on it show plainly that it is proposed to settle all disputes growing out of the Panama merchants selling supplies to ships transiting the Canal by a committee of two, one of whom is to be a Canal Zone official and the other a Panamanian official, appointed by the merchants of Panama. It would seem to be a waste of language to point out that no scheme is possible that would be more prolific of bickerings, misunderstandings, and delays in supplying ships transiting the Canal, whose one object is to expedite these ships.

ARTICLE V

It is not quite clear why this article is substituted for article IX of the convention of November 18, 1903, unless it

be to weaken the power of Canal officials in the ports of Panama and Colon. The operations of the Canal during the World War demonstrated clearly that it is utterly impossible to guarantee the neutrality of the Canal unless some authority of the officials operating it should extend to the ports of Panama and Colon. It must be remembered that these ports are simply ports of the Canal terminals themselves; and that unneutral acts could be committed, or an assembly of war material would be possible, while the Canal officials would have to stand by helpless, unless they had some authority over such activities. As a matter of fact, when we entered the World War it was found that the Panama Government itself recognized the necessity of becoming a belligerent and almost immediately joined us in the war. If this had not been done, these ports could not have been handled with the terminal ports of the Canal, and the situation would have early arrived at a point of absurdity in having the terminal ports of the Canal operated by a belligerent while the areas within these ports were supposed to be neutral.

ARTICLE VI

By omitting the phrase "or by the exercise of the right of eminent domain" we simply open the door to the Panamanian Government, as well as Panamanian citizens who may own land or rights that we may require for the operation of the Canal to enter into interminable lawsuits, delays, and final exactions of costs and prices out of all proportion to the property concerned. I say this after observing for 2½ years the operation of the joint commission in attempting to fix fair values of property taken over in the Canal Zone. It is difficult for me to see why we should give up the right of eminent domain which, I take it, is one of the large items we acquired when we purchased the Canal Zone from Panama.

In abrogating the third paragraph of article VII of the convention we are, in my opinion, inviting conflict and misunderstanding with the Republic of Panama instead of salving their feelings and attempting to be friendly with them, which, as stated in the attached papers, is one of the reasons for this treaty. It would seem to be easily recognized that in case of disturbances and disorders in Colon and Panama or anywhere in the Republic of Panama that affected seriously the operation of the Canal, we would be forced to step in or abandon our obligations assumed when we built the Canal and undertook to operate it. It may be said that if the situation became acute, we would step in anyway; but certainly we should not abrogate powers we now have, in a new treaty that we would be required to violate, because the considerations would have such a large national bearing.

ARTICLE X

It is well to remember that in case of an international conflagration or the existence of any international disturbance or war between two nations, our duties and responsibilities in the operation of the Canal become immediately very much alive and subject to the aggression of one or both belligerents who may be attempting to use the Canal to the disadvantage of their opponent. In other words, our obligation to keep the Canal neutral will require positive and quick action at all times when a war is in progress anywhere in the world. With such responsibilities confronting us, it is impossible for me to see how we could agree to the arrangement provided in this article for the solution of these problems, namely, to make it the "subject of consultation between the two Governments." I cannot help but believe that the people who drew this article did not realize the necessity for positive and quick action at times to maintain the neutrality of the Canal when we are not involved in a war, an even more vital consideration when we might happen to be a belligerent in a war. Panama has no responsibility for the operation of the Canal or for maintaining its neutrality; and still we obligate her to make considerations vitally involving this, the subject of consultation with Panama before we take action. When Panama sold to us the rights for the Canal Zone and signed the Convention of 1903 she vacated certain sovereign rights as a nation; and no amount of treaties, negotiations, nor agreements can return these sovereign rights to Panama short of our evacuating the Canal Zone and turning the Canal over to the Republic of Panama. Even then it would be necessary for us to guarantee the independence of the Republic of Panama which, after all, contains fewer inhabitants than many of the Middle West States of our country.

I have not touched on the radio or on the conveniences provided for the release of radio communication, or the one with regard to the construction of a transisthmian highway, as I have no particular information on this, but I imagine both of them have a very vital bearing on the defenses of the Canal.

Mr. President, the treaty before us and the treaty of 1903 were not the only treaties. There was a treaty of 1927, which Calvin Coolidge sent to the Senate of the United States and after some time withdrew. I cannot recall why it was withdrawn or what was the particular contest upon it. However, I know that it was withdrawn because it contained various provisions relating to Americans which were obnoxious to some of the Members of the Senate at that time.

There are other provisions relating to Americans besides the one to which we have referred. What do Americans amount to in these days? They have no standing anywhere. I confess that they are nobodies and should not be considered. However, the treaty deals with Americans in the Canal Zone in a fashion which we ought to resent and ought not permit. I was told that Americans may not afterward do any business in that particular territory. They may not do anything which they have been accustomed to do. When they die their business dies with them. They may not bequeath it as an American might ordinarily bequeath his business. We say that because the Panamanians desire it and because a good-neighbor policy demands it we leave Panama and the Panama Canal Zone to the people who reside there and who are perhaps natives of that territory. But remember that the people residing down there are a very great mixture indeed. I had the figures in percentages but I have forgotten them. It makes little difference anyhow. When I was down there one of the strange things I found was English cockneys among the colored men who drove tourists about in the cities of Colon and Cristobal. They talked just exactly as English cockneys talk. They were brought there at the time the Panama Canal was built because they could stand the climate and were able to bear the burden of it. They were the principal ones who built the canal from the laboring standpoint.

Another thing has been done in this connection. It is all right. I believe in it. The treaty never was presented to the United States Senate until we had agreed to give to the Panamanians what we would not give to our own people, and that is an agreement to pay them in 100-cent dollars for the money we owed them. They asked for that agreement and insisted on it, until finally we agreed to pay it. The amount we agreed to pay them was $250,000 a year in addition to the other sums that were paid; and that $250,000 a year was to be paid in gold coin. When we deflated the dollar in our country they insisted that they should have a sufficient amount to make up the balance of the deflation, and we paid it. I say we ought to have done it. I am very glad we did, because we made the contract, just as we made it with our own citizens. However, we gave them what we did not give our own people. That is the only distinction I make, and the only thing of which I complain.

I notice it is now 20 minutes to 6; but I am going to read some letters before I conclude. I am going to read them because I want them in the RECORD. They are letters from Americans, letters which very plainly describe the situation.

According to the newspapers, the proposed treaty with the Republic of Panama will soon be submitted to the Senate for ratification.

I understand that the proposed treaty, among other things, abrogates so much of articles I and II of the existing treaty as respectively provide (a) that the United States guarantees the independence of Panama, and (b) that the United States may acquire additional territory in Panama which is deemed necessary or convenient for the operation or protection of the Canal.

The abrogation of articles I and II of the treaty of 1903 is, in my opinion, extremely inadvisable for the United States and can result in no real advantage to the people of Panama. The argument made by our State Department that these provisions of the proposed treaty are desirable to effectuate the good-neighbor policy is demonstrably unsound; indeed, such abrogation would have precisely the opposite ultimate effect.

For, whether provided in the treaty or not, it is clear that our own interests will require our intervention whenever necessary to guarantee the security of Panama, and this regardless of the consent of the Government of that country. Today, under article I of the existing treaty, we have the acknowledged legal right to intervene—a right which is also embodied in the constitution of Panama.

Prior to its independence, Panama suffered from revolutions after almost every election. They were not revolutions designed to effect independence, but merely revolts to overthrow the ruling faction or in protest against what were deemed unfair electoral practices. Since the 1903 treaty there has been only one revolution in Panama, and that lasted but a single day.

Just recall that! We remember—you all do, doubtless—how revolution after revolution occurred in Panama, and how Panama, trying to get her independence, had to break loose from Colombia and was always unable to do so until Roosevelt, with the "big stick," undertook to do the job in order to get the Panama Canal.

As everyone acquainted with Panama is aware, the reason there have not been more frequent upheavals is the general recognition of the fact that without the approval of the United States a revolution would be a futility, since it would immediately be throttled by the ever-present Canal Zone garrison's merely blocking access to the only two important cities of the Republic, both of which are practically surrounded by Canal Zone territory. As a result Panama, for a Latin-American country, has had an extremely peaceful existence in the last 35 years.

You may talk about your yielding to Panama upon various questions involving power, and you may say that you have made Panama a sovereign state with us to deal with the Panama Canal; but all that is mere moonshine. We do not do anything of the sort, and we do not enable Panama to become a strong or a sovereign state by the mere fiction of pretending that she is working in common with us.

But let us once relinquish our admitted right to intervene, and certain unfortunate results will inevitably follow: (a) Revolutions will be encouraged, since it always will be doubtful whether the United States would intervene; (b) the Canal works will be endangered, not only because of proximity, but because one faction or another will conceive it desirable to embroil the United States; (c) ultimate intervention will be necessary, but will come late, after public feeling has arisen, and when the difficulties have been enhanced; and (d) any intervention will be attacked as illegal, and arouse public opinion against us throughout Latin America. Thus, the abrogation of article I will promote bad feeling and insecurity rather than good will.

Similarly, under article II of the existing treaty the United States wisely reserved to itself the right to acquire territory in addition to the basic Canal Zone area. Under the proposed treaty the United States relinquishes this right. Our Secretary of State has referred to a vague clause in the new treaty about consulting Panama if operations in its territory are required in case of aggression or international conflagration, and interprets this clause as permitting the United States to act first and consult afterward in case of an acute emergency. But, even if this clause can be so construed, it is hard to see anything in it which entitles the United States under the new treaty to acquire territory which it deems necessary to the protection of the Canal if the Government of Panama then in power is opposed.

A very interesting letter came to me from one who was formerly connected, I think, with the State Department, F. M. Huntington Wilson. It is very brief and singularly pertinent:

I wish to express my full agreement with the objections to the pending treaty with Panama which you expressed on the 15th instant. To substitute consultation with Panama for our absolute legal right to do all things necessary in defense of the Canal Zone weakens our position, however, many notes may have been exchanged to explain away this change. In the 3 years since this amazing treaty was negotiated, world conditions have changed in a direction to make this provision even worse.

American rights and obligations regarding the Canal Zone are too important to be shared or obscured in any way.

That is the position I take. I dislike to take it in opposition to the distinguished Senator who is the chairman of the Foreign Relations Committee [Mr. PITTMAN], or the distinguished Senator from Georgia [Mr. GEORGE], who wrote the report; but I do say that "American rights and obligations regarding the Canal Zone are too important to be shared or obscured in any way."

The dependability of Panama's cooperation and realization of common interest with the United States was tested once shortly before the World War.

Here is an incident detailed of which I know nothing. Perhaps the Senator from Nevada can tell me about it:

At that time the Government of Panama was found to be on the point of leasing the Gulf of Darien—a deep-water harbor suitable for a naval base—to a politically and financially powerful German group with German Government backing. The project was known as the Zuick concession, and it carried with it rights of wide exploitation in the hinterland of Panama. This menace to the Canal Zone, in which Panama was eager to acquiesce, was stopped only by assertion of the right of the United States to veto any action by Panama which might interfere with our defense of the Canal.

* * * * * * *

The newspaper account of the treaty has it that additional American business enterprises in the Canal Zone shall not be allowed. This may be unobjectionable; but it would seem that the interest of the United States is to exclude foreign-business establishments from the region of the Canal, for the reason that these might be used as camouflage for espionage or sabotage.

And I recall to you an article which appeared in the Saturday Evening Post a few weeks, ago, wherein I think it was stated that there were a great many barber shops down there, run by Japanese; that none of them pretended to do any business, but that they were all on the qui vive constantly to get news, and to bring the news to some center which was not disclosed.

As to the good-neighbor policy in general, to be of any value it must rest upon mutual consideration and fair dealing. Condoning the seizure of American properties, as in Mexico and Bolivia; complacency in the face of default upon American-owned bonds, or refraining from diplomatic intervention to right wrongs done American interests by foreign governments, of course, will engender only contempt in return for sacrifices made.

I want to make plain this to you: I am not asking you to refuse to ratify this treaty particularly because of any legalistic grounds. I am not asking you in any way to fight this treaty because it does certain things to American citizens and the like, and they are things that ought never to be done and we ought never to tolerate. I am not asking you to take this treaty by the four corners and analyze it; but I am saying to you that in the case of a treaty such as this, dealing with an important subject such as the Panama Canal, dealing with the life line of the Republic, we ought to pause before ratifying it, because at the present time there are not five men in this body who know anything about it.

We ought to pause, and if there be any doubt whatsoever in our minds that doubt should be resolved in favor of the rejection of the treaty. It will do no harm to reject the treaty. Panama is satisfied now, having received 100-cent dollars for the debt that is due it. We are satisfied in having paid that money to them, and it will do no harm to let this matter go, and for all of us to study what we are to do, and then there can be no hereafter and no regrets.

It is for our country—and that is all I speak of. I am not speaking in behalf of anything else—it is for our country, entitled as it is to the best that is in us, entitled to have the best judgment each man here has, rather than the judgment of the Secretary of State or the President, as the case may be. It is our business to see that our country does not suffer, and to see that we establish every safeguard that is necessary to the defense of this country, and to protect it in its territory and rights.

Mr. AUSTIN. Mr. President, I should like to ask the chairman of the Committee on Foreign Relations a question for information and not to indicate any predilection about the treaty.

I have not yet learned what land is ceded or agreed to be hereafter ceded by the United States of America to the Republic of Panama.

Mr. PITTMAN. There is no land ceded by the United States under the treaty.

Mr. AUSTIN. What, if any, land and water are ceded or agreed to be hereafter ceded by the Republic of Panama to the United States of America, in the treaty?

Mr. PITTMAN. Under the terms of the treaty all land and water now occupied and in possession of the United States remain so, and under construction of the word "maintenance" in the minutes and the letters it is provided that the word "maintenance" means expansion and additional works. That is the interpretation of the word.

Mr. AUSTIN. I think the distinguished chairman of the Committee on Foreign Relations anticipated, for I now wish to know as definitely as possible what political jurisdiction is by the treaty ceded or agreed to be ceded by the United States to the Republic of Panama.

Mr. PITTMAN. The right of eminent domain is ceded.

Mr. AUSTIN. By the United States?

Mr. PITTMAN. Yes.

Mr. AUSTIN. And that is the power to take, upon condemnation, property of the United States for public use upon payment of its value to the United States?

Mr. PITTMAN. The right of eminent domain has expressly been abandoned in view of the promise of Panama to cooperate with the United States in the maintenance and protection of the Canal, and the performance of all acts for the protection and maintenance of the Canal.

Mr. AUSTIN. One more question. What jurisdiction has been ceded or agreed to be ceded by the Republic of Panama to the United States?

Mr. GEORGE. Mr. President, if the Senator will pardon me, under the treaty the United States does not give the Republic of Panama the right to condemn land. It merely abandons the right it had under the treaty of 1903 to acquire land in the Republic of Panama either by purchase or by right of eminent domain.

Mr. JOHNSON of California. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield.

Mr. JOHNSON of California. What is meant by this language in article II:

> and protection of the Panama Canal or of any auxiliary canals or other works, and in recognition thereof the United States of America hereby renounces the grant made to it in perpetuity by the Republic of Panama of the use, occupation, and control of lands and waters, in addition to those now under the jurisdiction of the United States of America outside of the zone as described in article II of the aforesaid Convention, which may be necessary and convenient for the construction, maintenance, operation, sanitation, and protection of the Panama Canal or of any auxiliary canals or other works necessary and convenient for the construction, maintenance, operation, sanitation, and protection of the said enterprise.

The PRESIDING OFFICER. The Senator from California has addressed a question to someone.

Mr. JOHNSON of California. Perhaps I addressed it to the circumambient atmosphere, and we will let it go at that.

Mr. AUSTIN. I yield to the Senator from Nevada to answer the question.

Mr. PITTMAN. In the first place, I read the comment in the committee report on article II:

> Article II. The compliance of Panama with the provisions of article II of the convention of November 18, 1903, in turning over to the United States additional lands and waters beyond those specifically mentioned therein is recognized. The requirement of further lands and waters is considered improbable by both Governments, but they nevertheless recognize their joint obligation to insure the continuous operation of the Canal and undertake to reach an agreement should additional lands and waters be in fact necessary for this purpose.

If Senators will read article II, they will find that that promise is made.

Mr. AUSTIN. Specifically, Mr. President, there is another section, is there not, found in article VIII, whereby—

> The United States of America hereby transfers to the Republic of Panama jurisdiction over a corridor, the exact limits of which shall be agreed upon—

And so forth. Assuming that to be a cession, I ask the distinguished chairman of the Committee on Foreign Relations whether it is intended to be exclusive jurisdiction in Panama, or whether it is to be concurrent jurisdiction exercised by both the United States of America and Panama.

Mr. PITTMAN. It is concurrent jurisdiction. It is over a corridor extending from Colon through a small part of the zone, to the end of the zone. In some places it is 20 feet wide, in other it is a hundred feet wide, as it gets further away from the town of Colon, and finally it is about two hundred feet wide. It may be used by the United States and Panama concurrently. The treaty also provides that in the building and maintenance of the road it shall not interfere with any stream flow or any of the privileges and rights of the United States.

Mr. AUSTIN. Mr. President, if the Senator will answer a further question, there seems to be another cession of jurisdiction, to be found in article IX, which purports to cede another zone or corridor, this cession being by Panama to the United States, "a corridor, the limits of which shall be demarcated by the two Governments," and so forth. That is something more than jurisdiction, is it not, for is it not contemplated that there shall be erected therein structures, the property of the United States of America, to be operated by the United States of America?

Mr. PITTMAN. That is for the Madden Road. That is to give a corridor connection through a part of Panama itself to connect with the highway in the zone.

Mr. AUSTIN. I assume that the same language for the transfer or cession of jurisdiction is made for the transfer covered in article VIII, to which we have alluded, and I wonder if the distinguished chairman of the committee comes to the same conclusion with regard to the extent of the jurisdiction, namely, that this means concurrent jurisdiction of both the United States and Panama over that corridor in which American structures are to be erected?

Mr. PITTMAN. I will read it, and the Senator may use his own judgment.

Mr. AUSTIN. Well, I have one.

Mr. PITTMAN. The language is:

> The Republic of Panama shall enjoy at all times the right of unimpeded transit across the said corridor at any point, and of travel along the corridor, subject to such traffic regulations as may be established by the authorities of the Panama Canal; and the Government of the Republic of Panama shall have the right to such use of the corridor as would be involved in the construction of connecting or intersecting highways or railroads, overhead and underground power, telephone, telegraph, and pipe lines, and additional drainage channels on condition that these structures and their use shall not interfere with the purpose of the corridor as provided hereinabove.

Mr. AUSTIN. Mr. President, I have drawn my conclusion, and it is that there is concurrent jurisdiction.

I ask the distinguished chairman another question. In both of these corridors there are by this treaty assumed to be private rights and titles to land and water held by persons, and I note the peculiar characteristic of both provisions respecting those titles. It is that the obligor will extinguish any private titles existing therein.

Mr. PITTMAN. Will the Senator kindly read that while he has it before him?

Mr. AUSTIN. Yes. It is in article VIII:

> The Government of the United States of America will extinguish any private titles existing or which may exist in and to the land included in the above-described corridor.

The question with respect to that and the corresponding obligation of Panama is, Who will hold the title in that land in the corridor after it shall have been extinguished?

Mr. PITTMAN. From what page is the Senator reading?

Mr. AUSTIN. On page 13, the fourth paragraph from the bottom, of Executive Report No. 5.

Mr. PITTMAN. Is the Senator reading from article VIII?

Mr. AUSTIN. I am reading from article VIII on page 13.

Mr. PITTMAN. The Government of the United States agrees to perfect titles to that land—to the corridor.

Mr. AUSTIN. Mr. President, who will hold the title?

Mr. PITTMAN. There is no question that the United States will hold the title. It only grants an easement. That is all that is granted.

Mr. AUSTIN. In this case "extinguishment" means "purchase" then, does it?

Mr. PITTMAN. Yes; I assume so. Or it might not. One of its own corporations may have abandoned it. The Panama Railroad might own part of it. The Government controls the Panama Canal.

Mr. McKELLAR. Mr. President, will the Senator yield for a question?

Mr. PITTMAN. I yield.

Mr. McKELLAR. The Executive of the United States initiates a treaty, and the Executive of Panama negotiates with him. The Panama Senate ratified the treaty some 2 or 3 years ago, as I understand the situation. Is that correct?

Mr. PITTMAN. That is correct.

Mr. McKELLAR. Then the contracting parties are the President and the Senate of Panama, and the President and the Senate of the United States. Why is it that these side agreements or interpretations are not put in as reservations so that they may be confirmed by the ratifying body in Panama just as they are ratified by the United States Senate? In other words, instead of having the opinion of certain executive officers such as the Secretary of State of Panama and the Secretary of State of the United States, would it not be better to have the language made perfectly clear, so that it could be understood, by way of reservations? That is the question I put to the Senator. I think this is a very important matter and one concerning which we should be very careful. I wonder why instead of depending upon the opinion of some officer of our Government and of some officer of the other government, the understanding should not be put into the treaty itself.

Mr. PITTMAN. Of course, I should say in the first place it is a very poor way to make treaties, to include reservations in them. It would have been very much more fortunate if the treaties had been definite, so as to require neither interpretation nor reservations.

Mr. McKELLAR. I agree with the Senator.

Mr. PITTMAN. Usually, however, we find it is not so. Most treaties are indefinite, I assume, by the necessities of the case.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. PITTMAN. In just a moment. And the negotiators are like members of committees. Each committee member or negotiator insists upon his own particular language. Frequently after a bill is drawn, or a section is drawn, its language is found to be quite confusing. A court may have to interpret its meaning. The same thing is true in drafting a treaty between two different races, one of which speaks, let us say, the Spanish language, and the other speaks the English language. It is difficult to get the idioms to express exactly the same thing. After the treaty in question was written in both Spanish and English the negotiators may have called attention to the fact that those words, "the subject of consultation," might be ambiguous, and insisted that it should be understood that they did not mean that the consultation must first be had before action was taken.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. I do not want to take up the Senator's time, but, if the Senator will yield, I should like to submit some remarks on that point.

The Senator will recall that earlier in the day I raised a question as to the meaning of article X. It seems to me that article X of this treaty clearly implies that the consultation shall take place before the United States Government may take military action. It seems to me that the most vital thing in this whole treaty or in any of our treaties with Panama is the right of the United States to take any naval or military measures that may be necessary to safeguard and protect the Canal. The only business we have in Panama is the Canal. That is the very heart of it all.

Mr. PITTMAN. The Senator from Nevada concurs entirely.

Mr. CONNALLY. And we all know that with improved military weapons and aircraft it becomes more vital than ever before that the United States, when it comes to the defense of the Panama Canal, shall have the absolute liberty to do what is necessary without having to consult anyone. My view is that the language of article X clearly signifies that the consultation shall be first. What is the use of having any consultation after it is all over?

Any measures—

Not some measures—

Any measures—

Any number of them—

Any measures, in safeguarding such interests, which it shall appear essential to one Government to take—

That is the United States—

and which may affect the territory under the jurisdiction of the other Government—

Of course, that is Panama—

will be the subject of consultation between the two Governments.

It cannot mean anything except that the consultations shall take place first, and I will prove that in a moment, I think, by the letter of the Foreign Minister of Panama. It is contended by the distinguished Senator from Idaho [Mr. BORAH], the eminent Senator from Georgia [Mr. GEORGE], and the eminent and distinguished Senator from Nevada [Mr. PITTMAN], for whose opinions I have the greatest respect—it is contended by all three Senators that the letter written by the Foreign Minister of Panama saying that article X shall be construed otherwise is governing. I telephoned the State Department a moment ago and asked them when this treaty was ratified. The State Department said that the Panama Congress ratified this treaty on December 23, 1936, and that the President of Panama appended his signature to it and approved it on the 24th day of December 1936.

When was the letter of the foreign minister written? Was it written contemporaneously? No. Was it written while the negotiations were pending? No. It was written more than 2 years after the Panamanian Congress had ratified the treaty.

Mr. PITTMAN. One moment. The Senator does not want to become confused.

Mr. CONNALLY. It was written on February 1, 1939.

Mr. PITTMAN. I know; but does not the letter state that the minutes were prepared at the time of the negotiations?

Mr. CONNALLY. Of course the minutes were; but what do the minutes amount to? Negotiations are in progress, and the negotiators put down what Mr. Jones says, and what Mr. Smith says. Then, when they get through with all that, they go out and write a treaty. If the minutes control, what is the use of writing a treaty? The treaty controls; and the assumption is that after the representatives of governments have negotiated and made propositions back and forth, their agreement is crystallized in the treaty.

What does the Panamanian Foreign Secretary say, and when did he say it? He said it on the 1st day of February 1939; and his letter confirms my view that it was meant that consultation should take place first. Let us see what he says. I read paragraph numbered 3, on page 3 of the report:

3. As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X.

Meaning that by article X it is required that the consultation shall be first. That is what he says:

If by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X—

Mr. PITTMAN. Let us see if the Senator and I cannot agree.

Mr. CONNALLY. Let me finish reading this paragraph:

and if by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X of said treaty, the Government of the United States of America

need not delay action to meet this emergency pending consultation—

Who says it need not delay action? Not the Panamanian Congress, which ratified the treaty, but the Foreign Minister, 2½ years after the treaty was ratified by Panama. What right or authority did he have to do that? Suppose we should ratify a treaty and Secretary Hull should say, a year afterward, "The treaty does not mean that, it means this," what government on earth would accept his statement?

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. CONNALLY. The Senator has the floor. The colloquy is in his time.

Mr. PITTMAN. I shall divide the time with the Senator. I prefer to do it in that way.

Suppose I agree with the Senator that the intention was to consult before action is taken.

Mr. CONNALLY. I want the Senator from Georgia [Mr. GEORGE] and other Senators to understand that.

Mr. PITTMAN. But suppose there is intended to be an exception. Suppose the parties were to consult when there was no emergency, but that if there was an emergency they did not have to delay for the consultation. That is just what is stated.

Mr. CONNALLY. Who says it? The Foreign Minister says it, after the treaty has been ratified.

Mr. PITTMAN. No; the negotiators said it.

Mr. CONNALLY. He was a negotiator.

Mr. PITTMAN. No; they said it at the very moment they wrote the article.

Mr. CONNALLY. The Senator from Nevada is too good a lawyer not to know that all antecedent—not contemporary, but antecedent—understandings, discussions, and negotiations are superseded by the terms of the treaty when it is written.

Mr. PITTMAN. I do not think I am as good a lawyer as that.

Mr. CONNALLY. I am afraid the Senator is not.

Mr. PITTMAN. When there is an enlarged interpretation to the effect that during normal times there shall be consultation, and that during emergencies the United States need not delay action for consultation, and the negotiators discuss that very clause, and write down that in case of an emergency confirmation in advance is unnecessary——

Mr. CONNALLY. Where is that written down?

Mr. PITTMAN. Read the letter.

Mr. CONNALLY. I am reading the letter; but what right has the writer of the letter to determine that question?

Mr. PITTMAN. The letter states that the minutes were taken down at the time of the negotiations, and were authenticated at that time. That was what happened.

Mr. CONNALLY. I understand that, but the Senator contends that the minutes control. Why does he not bring in the minutes, and let us ratify the minutes instead of the treaty?

Mr. PITTMAN. The minutes have been certified by both Governments.

Mr. CONNALLY. Of course they are certified as minutes, simply as a record of what took place. However, they do not control. The treaty is what we finally sign and what we finally ratify.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. In a moment. If the Senator from Nevada were negotiating for a silver mine in Nevada, and he offered $100,000, and the other man said he would not take that price but would take $200,000, and a stenographer were present taking down the minutes for a week during the negotiations back and forth, and the parties should finally agree on $100,000, what would be the price? Would it be $100,000, or what somebody said during the course of the negotiations, as shown by the minutes? Everybody knows that the final agreement, when it is signed in a written contract, would control.

Mr. McKELLAR. Mr. President, will the Senator from Nevada yield?

Mr. PITTMAN. I yield.

Mr. McKELLAR. If we all agree as to what is meant, and the officials of both governments know exactly what is meant, why not put it in the treaty by an amendment? We have a perfect right to amend the treaty, and it can then be agreed to or not agreed to by Panama.

Mr. CONNALLY. I think the Senator has made a wise suggestion.

Mr. McKELLAR. If Panama does agree to the stipulation, as the distinguished Senator from Nevada argues, then it will certainly ratify our amendment, and we shall have a treaty carrying out exactly what we want.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. GERRY. In answer to the Senator from Tennessee, I will say that I have an amendment which I intend to offer as a reservation to article X.

Mr. PITTMAN. Mr. President, getting away from the law of the matter, I agree with the Senator from California [Mr. JOHNSON] that the Panama Canal is our life line. However, it is the opinion of many of the greatest naval officers in the United States—and some of them have publicly expressed such an opinion—that the Canal is in less danger from outside attack by an enemy than from sabotage from within. I agree with that statement. We have certain military posts at each end of the Canal, and we have others spotted here and there. Military authorities have not the opportunity of being in contact with spies and saboteurs who would certainly threaten the Canal if we ever got into a position, whether from war or any other cause, in which it would be of advantage to foreign nations to destroy the Canal. The people living throughout the whole zone and coming in contact with those who come into the zone from every country on earth are in a far better position to ascertain who are the spies and who are the prospective saboteurs than are any soldiers in the Canal Zone. I think the greatest protection we can have to the Canal is to have the wholehearted friendship of the people who live in its vicinity. I do not think we treat the people of Panama fairly in our speech. I do not think it is well for us to say that we do not need their assistance or that we shall never have their assistance. I do not agree with either one of those statements. I think we need their assistance, and I think that if we treat them halfway decently we shall have their assistance.

I know how the canal came into existence. Do we want to retain the treaty of 1903, the treaty which we say was "negotiated" in 1903? The idea of calling the treaty of 1903 negotiated. Fourteen days after Panama became a so-called republic, 5 days after we recognized it, they signed this treaty. Of course they signed it. They absolutely signed away their sovereignty. After the years have gone by, and they have assumed the dignity of a republic, and we have recognized them as a republic, as an intelligent, respectable people, we have been playing with them for 3 or 4 years. It is said they should be satisfied because we have paid them the money that is coming to them according to the contract. No; we are contracting now to pay them, but we have never paid them a cent since 1934—not a cent—and we are not anxious to pay them. They cannot pay the interest on their bonds by reason of that fact, and the bonds are held all over by this country.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. So far as I am concerned, I think we ought to pay them 100 cents on the dollar. I am not opposing that course.

Mr. PITTMAN. Now we come down to the proposition, "Why do we not put it in a reservation?" Because we know what a reservation means. We know that it simply will arouse anger. They have said to us, as plainly as language can say it, in the minutes which were signed by the negotiators at the time, that the consultation does not apply if there is a great emergency. It does not apply. That is what they have said. We could put in a reservation the words, "It does not apply in a great emergency," but the

treaty would be no stronger and no more binding than it now is, because it would have to go back to Panama for re-ratification, and all the political excitement and fighting that ensued there during the original ratification of the treaty.

Oh, yes; we can do it, of course. We can cause another political fight in Panama. We can arouse their hatred against us more than ever by doing it. It is as plain as day, however, that the word "consultation," by reason of the minutes made at the time, by virtue of the communication of the Government of Panama to us, means that it applies only in normal times, and does not apply in case of emergency.

Why should we not consult with them on the use of their territory if there is no emergency? We should. We do not doubt them, in the first place. They have promised to support the Canal in every possible way. They have promised to give us more land and more water—that is in the treaty—when we need it. They have promised that we may expand the Canal. Are we to believe them or not believe them? But beyond all that, article XXIII of the original treaty of 1903, which grants to us the exclusive right to use the territory of Panama to protect the Canal against aggression and destruction, is still in existence.

I think we are making a great mistake. I think we are threatening the Canal by the manner in which we are acting toward the Panamanian people far more than it is endangered by any foreign enemy.

Mr. CHAVEZ. Mr. President, may I ask the Senator a question?

Mr. PITTMAN. Certainly.

Mr. CHAVEZ. Aside from the statement the Senator from Nevada has made to the Senate, and the question of justice and fair play, has not the matter of turning down this treaty further implications?

For the past 7 years the administration has been trying to prove to the Latin-American countries its good will. Would not turning down this treaty make those people believe that it has all been nothing but talk? The Latin-American people now actually believe they have a friend in this continent in the national administration; and if now we do not do justice and observe fair play in our dealings with Panama, what will they say about all this good-will talk?

Mr. PITTMAN. That may be true; but I shoud dislike far more than anything else I know of sacrificing the confidence of the people living next to the Canal.

Mr. BORAH. Mr. President, the matter of good will is an important one, of course. Nevertheless, the matter of good will should not obscure our duty to know just what we are doing in this treaty.

Mr. CHAVEZ. I agree with the Senator.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BORAH. In just a moment.

If I should conclude that the rights of the United States are not fully protected, the question of good will and things of that nature, so far as I am concerned, would go aside. But I cannot find, in my limited knowledge of the law and construction of the law, any failure upon the part of the United States fully to protect the rights of the people of the United States.

Let me go ahead for just a minute. Then I will answer the question of the Senator from Tennessee.

Let us start with the proposition of seeing what Panama has left in this thing. What rights has she left after we get through with the treaty? We have trimmed it down to absolutely nothing so far as her power is concerned. We start with the proposition that we leave intact that part of the old treaty. It says:

> If it should become necessary at any time to employ armed forces for the safety or protection of the Canal, or of the ships that make use of the same, or the railways and auxiliary works, the United States shall have the right, at all times and in its discretion, to use its police and its land and naval forces or to establish fortification for these purposes.

The United States retains the absolute right to utilize its police force, its land and naval forces, at any time, and in its discretion, to protect the Canal in any way the United States thinks it ought to act in order to protect it. That is the basic proposition with which we start. What more could we ask? The difficulty all arose over the question of a few words in article X; but the basic principle that the United States retains the absolute right with all its power, military and naval, to protect the Canal according to its discretion, is left here unassailed and unattacked in any way by the subsequent treaty. What more do we need?

We come then to the other proposition about which all the discussion seems to arise:

> In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one government to take, and which may affect the territory under the jurisdiction of the other government, will be the subject of consultation between the two governments.

That of itself, Mr. President, is a very slight protection for a Nation or a country like Panama as against the United States. We agree to have a consultation in regard to it. Lying back of the consultation is the absolute agreement upon our part, and our right conceded by Panama, to take possession of the Canal with our armed forces whenever we think it is necessary to contribute, through our police force and our naval and military force, whatever effort we think is proper to take care of the Canal.

But the treaty says we will have a consultation. That is where the difficulty arose. It was said that the mere fact of consultation might delay the action of the United States in protecting its interests, notwithstanding this broad and comprehensive and absolute provision in article XXIII. So, the question being raised, Secretary Hull sent his letter stating that the question had been raised, and stating precisely what it was. If Senators will read that letter, they will find that Mr. Hull did not leave unexplained what he was driving at, to wit, not a change of the treaty, not a modification of the terms of the treaty, but an explanation of what "consultation" meant. He desired to know whether that word "consultation" implied the necessity of taking action upon the part of this Government after consultation.

What did they do with regard to that? They sat down and wrote a letter to the Secretary of State, and in that letter they stated:

> I take pleasure in informing Your Excellency that I have been authorized by my Government to effect this exchange of notes and to clarify the points propounded by Your Excellency, and which, for greater clarity, are set forth in the English language as follows.

What are they doing? They are clarifying, not changing, not modifying, but clarifying the language of the treaty, and doing it by authority of the Panamanian Government upon request of our Government.

What does he further say?

> As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the government of Panama as provided in article X of said treaty, the Government of the United States of America need not delay action to meet this emergency pending consultation, although it will make every effort in the event that such consultation has not been effected prior to taking action to consult as soon as it may be possible with the Panamanian Government.

What is left? We have extended to Panama nothing more than the right to consult in case an emergency arises, to consult after we have determined that there is an emergency, and after we have acted in the emergency. That is all Panama has left.

It does seem to me that our rights are very fully protected, in view of article XXIII, in view of the explicit statement to our Government that "you need not wait when the emer-

gency arises. Do as you will and when you will." In view of those provisions, what more could the Government of the United States have? It is fully protected.

It seems to me there is such a thing as asking too much. After we have solicited all the substantial rights and after we have received all of the substantial rights to protect our interests, are we not content, and have we not fully protected our interests?

Mr. GERRY. Mr. President, I desire to submit an amendment, which I should like to have read for the information of the Senate.

The PRESIDING OFFICER. The Clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to add at the end of article X the following:

"Either prior to or subsequent to the taking of such measures."

Mr. GERRY. Mr. President, it has become very apparent in the debate, and also from a perusal of Senate Document No. 5, containing the data in regard to the treaty with Panama, that there is ambiguity in article X, and that ambiguity the State Department has tried to correct. Personally, I feel that when there is ambiguity in a treaty, if a great national crisis should arise, much more harm would be done to the good feeling between the two countries than if the ambiguity were corrected by a reservation. I see no reason why we cannot correct the ambiguity in article X. It seems to be a very simple matter. If the correction of that ambiguity should be made now, so that everyone would know of it and have a clear understanding of the treaty, it would make, I should think, rather for good feeling than bad.

The difficulty I have is that after the treaty was agreed to, in 1936, it was then confirmed by the Senate of Panama, as I understand the procedure—and if I am in error I hope the chairman of the Committee on Foreign Relations will correct me—and subsequent to that time the Secretary of State, on February 1, 1939, wrote to the Minister of Foreign Affairs of Panama attempting to clarify what was meant by the treaty. That communication was replied to on February 1, 1939. But the difficulty was that the treaty was ratified by the Senate of Panama in 1936, and whatever the minutes may show as to what took place between the respective governments, there is nothing here to show that the Senate of Panama, when they ratified the treaty, had any knowledge of those minutes. If a treaty were brought before the Senate of the United States, what I should be interested in would be what the wording of the treaty meant and what the wording of the treaty was. I would not know anything about the minutes of the negotiations. Unless the debates in the Senate of Panama show that that matter was brought up and discussed and understood, I think it would raise a very grave question as to what was involved, and if a question like that is raised, whether or not it is a good legal point, the fact remains that strong feeling can be stirred up and cause great difficulty in time of crisis.

What we have here is the assurance of the two Departments of State after the treaty has been ratified. That assurance may be amply sufficient to bind the present government in power in Panama, and I should think it would be. I should think they would be estopped from going back of the agreement, but if a different government were in power in the future I do not believe they would be estopped, at least I think there might be a question. I can see how a political situation might well arise which would be very troublesome. That was the sole reason why I presented the clarifying amendment, and the Senator from Tennessee had the same idea.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GERRY. I yield.

Mr. BORAH. Mr. President, the Senator from Tennessee asked me a question a while ago and I deferred the answer, but I do not intend to avoid answering it.

Mr. McKELLAR. I am sure of that.

Mr. BORAH. I shall be glad to answer any question.

Mr. McKELLAR. I am quite sure of that. I merely want to make one observation. I am very much in favor of the treaty. As explained by the Senator from Nevada, the treaty may be ratified by the Senate. I am very much in favor of ratifying the treaty with Panama, but when we make a treaty with another country let us make it according to our laws and its laws; and, according to our laws and its laws, the treaty must be negotiated by the executive departments of the two governments, and it must be ratified by the United States Senate, and in the case of Panama it must be ratified by the Congress itself—the entire Congress. But why has our State Department and why has the Secretary for Foreign Affairs in Panama gone to such extreme lengths, as it seems to me, to write in, as between themselves, an explanation of what this treaty means, when it is perfectly easy for the Senate of the United States to amend it in such a way as to make clear that it means exactly what the two governments say it means? How could there be any offense to Panama or to Panamanians to agree to just what the Panama Government, through its Secretary of Foreign Affairs says it means?

I think we should be very careful about it, and I want to give my reason for saying that. I remember reading of a remarkable situation in which our country was placed by a very unfortunate treaty which we made with Great Britain about the Panama Canal away back in 1852. Of course, old as I am, I do not remember that far back, but I remember, from reading history, that the British Government claimed to have some kind of interest in the Panama Canal, and the Government of the United States at that time, probably without considering the question very carefully, entered into what was known as the Clayton-Bulwer Treaty in 1852, and it came back to plague us when we started the building of the Canal in 1901, 1902, and 1903.

So when we all agree, when, as the distinguished Senator from Nevada said, the Panama Government agrees just what the treaty means, when the Senator from Nevada tells us just exactly what it means, why not put it into the treaty itself.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CONNALLY. Why would it not be agreeable to put a reservation in the form of paragraph 3 of the Foreign Minister's letter, who agrees to that? He says what it means. Why not put that in as a reservation?

Mr. McKELLAR. It may be all right. I have not examined into the wording. It seems to me that we ought to put in the treaty exactly what we say and what the Panama Government says is its meaning. Why make a mistake about it?

Mr. PITTMAN. The Senator agrees that the reservation should be the same as the admissions?

Mr. McKELLAR. I am afraid the admissions are merely the opinion of the present Secretary of Foreign Affairs of the Panama Government. If the two Governments could make an agreement through the two Secretaries of State of the respective Governments, then it would be all right. But our Constitution provides that a treaty must be ratified by the Senate of the United States. I wish to say that I am heartily in favor of the treaty if it means what the distinguished Senator from Nevada, the distinguished Senator from Idaho, and the distinguished Senator from Georgia say it means. But why not make it legal in form and in fact by adding an amendment to that effect?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. In the interpretation of treaties the rules applicable are not altogether different from those which apply to the interpretation of an act of Congress, and the Supreme Court has frequently held that they have the right, and they do in interpreting an act of Congress, to take into consideration the debates in order to find out what was the intention.

Mr. McKELLAR. That is true.

Mr. BARKLEY. Contracts are to be interpreted in the light of the intention—the meeting of the minds.

Mr. McKELLAR. That is, provided they do not show on their face what they mean.

Mr. BARKLEY. Of course, where there is any dispute about what a contract of any kind means, evidence is usually available as to conversations which transpired leading up to the contract. The same statement applies to a treaty, and it seems to me that neither side to this treaty, in view of the minutes, the correspondence, and the interpretation placed upon it by the two Governments, has any ground for misinterpreting what it means.

Mr. McKELLAR. If that be so, why not put it in by way of amendment, and have it acted upon in the way that the laws and constitutions of the two countries provide?

Mr. BARKLEY. That would mean, of course, interminable delay in negotiating a new treaty and the ratification of a new treaty when it seems to me that is not necessary.

Mr. McKELLAR. We have delayed ratification for 3 years.

Mr. BARKLEY. That is true, but that in itself does not justify further delay.

Mr. CONNALLY submitted an amendment intended to be proposed by him to Executive B (74th Cong., 2d sess.), a general treaty between the United States of America and the Republic of Panama, signed at Washington on March 2, 1936, which was ordered to lie on the table and to be printed.

SEVERAL SENATORS. Vote! Vote!

Mr. JOHNSON of California. If we are ready to vote, I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island to article X of the treaty. Those in favor of the amendment will signify by saying "aye."

Mr. BAILEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were not ordered.

Mr. BARBOUR. Mr. President, what are we voting on?

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

Mr. BARKLEY. Mr. President, I think before the vote is taken a quorum should be present. Did the Chair announce that there was a sufficient number to order the yeas and nays?

The PRESIDING OFFICER. No; the Chair announced that there was not a sufficient number.

Mr. CONNALLY. How many hands were counted?

The PRESIDING OFFICER. The Chair counted 8 hands. The Chair again will ask for a show of hands. All in favor will raise their hands. The Chair counts 11 hands.

Mr. BAILEY. How many favorable votes are required?

The PRESIDING OFFICER. Assuming that a quorum is present, one-fifth of the number.

Mr. BAILEY. Let us have a count and see if a quorum is present.

Mr. McKELLAR. Eleven would be one-fifth of 55.

Mr. BAILEY. Yes. Eleven would be more than one-fifth of the number required for a quorum.

The PRESIDING OFFICER. The yeas and nays are ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Hughes	Pittman
Austin	George	Johnson, Calif.	Radcliffe
Bailey	Gerry	Johnson, Colo.	Schwartz
Barbour	Green	La Follette	Sheppard
Barkley	Guffey	Lucas	Stewart
Borah	Gurney	McKellar	Taft
Capper	Hatch	Minton	Thomas, Utah
Chavez	Hill	Nye	Truman
Connally	Holman	Pepper	White

The PRESIDING OFFICER. Thirty-six Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. MALONEY answered to his name when called.

The PRESIDING OFFICER. Thirty-seven Senators have answered to their names. A quorum is not present.

ADJOURNMENT

Mr. BARKLEY. Mr. President, at this hour I have no disposition to invoke the powers of the Sergeant at Arms in order to obtain a quorum. I move that the Senate adjourn until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock p. m.) the Senate adjourned until tomorrow, Tuesday, July 25, 1939, at 11 o'clock a. m.

CONFIRMATION

Executive nomination confirmed by the Senate July 24 (legislative day of July 18), 1939

UNITED STATES ATTORNEY

Miles N. Pike to be United States attorney for the district of Nevada.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 24, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our most gracious Lord, tender and loving in Thy mercy, we pray that we may be altogether worthy of "life's well done" by being enthusiastic exponents of truth, justice, and Christian brotherhood. Do Thou enable us to live and work under the benignant sway of great truths, always aspiring after the heavenly genius of goodness. Blessed Father, may we not refuse through neglect or self-deception to confess our sins to Him who is faithful and just to forgive and to cleanse us from all unrighteousness. Put Thy hand upon us and inspire us to heed Thy call to seek not gold, but men; not fame, but men; not ease, but men. We wait, as we hark back to the prayer of the apostle:

Beloved, I pray that in all things thou mayest prosper and be in health, even as thy soul prospereth.

In the name of the Lord of Life. Amen.

The Journal of the proceedings of Saturday, July 22, 1939, was read and approved.

EXTENSION OF REMARKS

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article by Hon. Carlos S. Tan, of the Philippine Assembly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include an editorial appearing in the Washington Post this morning.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a memorandum prepared by the United States Conference of Mayors.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, I also ask unanimous consent to extend my remarks by including therein a resolution.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. DONDERO addressed the House. His remarks appear in the Appendix.]

THE FISCAL SITUATION

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker and Members of the House, it seems to me it would be very wise if the Secretary of the Treasury, Mr. Morgenthau, would use a little red ink in the publication of his daily statements. Mr. Speaker, it is not right that he publish this statement in black ink all the time, because it is mostly all red. When you have a statement that should appear in red and then publish it in black, it only fools the American people. You Members of Congress realize that we have gone in the red $375,399,000 since July 1. That is almost $20,000,000 a day more than we take in. It certainly should be printed in red ink. Mr. Morgenthau ought to show that on his statements, and it should be published in red ink. Then you men on that side would realize just exactly the condition of the Treasury. It is the reddest thing in the country today. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Appendix of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE CONGRESS OF THE UNITED STATES

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, in the absence of the gentleman from Illinois [Mr. SABATH], who one day agrees with his friend John L. Lewis that the strikes of the W. P. A. workers on Government projects should be supported and the next day, when he gets the nod from the White House, changes his mind and loses all interest in the bill which the paper announced he would introduce restoring the "prevailing wage scale," I will not now speak about the activities of John L. Lewis, who is assuming to establish a dictatorship over labor, decreeing that no man shall work until he has paid the tribute levied by Lewis.

Permit me to call the attention of the leaders of the Democratic Party to another would-be censor, who assumes the right to abolish, temporarily at least, one of the branches of the Federal Government established by the Constitution some 150 years ago.

It is evident that the recent visit of royalty, the visit of a king and queen to the White House and to Hyde Park, is having its effect. The King and Queen, to the average American citizen, appeared to be, and many of us think they are, of the "salt of the earth"—a man and a woman whom all of us would be proud to hail as typical American citizens. But Elliott Roosevelt, the President's son, on whose face not so long ago there appeared the first evidence of a beard, must have assumed that Papa and Mama, having been visited by a king and queen, are endowed with some of the royal prerogatives formerly exercised by absolute rulers.

Saturday night, with intolerable assumption and conceit, with the arrogance and ignorance of youth and the judgment of an adolescent, he presumed to announce to the country at large, that, because some Congressmen's "chief desire is to see the administration take a trimming"—a laudable objective in the opinion of many—and because he erroneously assumed that a few Congressmen were "able to reduce Congress to a form of political slugfest," "Congress has outlived its usefulness."

No one enjoys a "political slugfest" better than Elliott and his dad, provided that they do the slugging and no one hits back. No President has ever thrown quite as much mud as F. D. R., who was outdone in that practice only by Charlie Michelson.

Beyond question, Elliott gets many of his ideas from Papa and Mama and was speaking in the characteristically Rooseveltian vein; so, having come from, as it might be said, the abode of the commissar—from the home of a would-be Stalin or a Mussolini—as a considered opinion of this, the third branch of our Government, may I presume to inquire of the majority leadership whether they intend to adjourn because this "Congress has outlived its usefulness"—to the administration—or whether they will wait until, by New Deal order or decree, Congress temporarily is abolished? The master has spoken; have we. like the dog which listens to the phonograph, heard our "master's voice"? [Laughter and applause.]

THE GOVERNOR OF MICHIGAN

Mr. HOOK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOOK. Mr. Speaker, in the CONGRESSIONAL RECORD of Saturday appeared an article wherein the gentleman from Michigan [Mr. HOFFMAN] wanted to compare the difference between the present Governor of Michigan and the former Governor of Michigan. I want to call his attention to the fact that the present Governor of Michigan, with the help of the Republican organization, sabotaged the civil service. In one of the Republican newspapers they have this to say:

> One way or another the State is being rapidly streamlined on accentuated spoils basis. It is more a state of spoils than it was under the first Fitzgerald administration or under any other recent administration. The only reason the turn-over is not more rapid than is the case is apparently difficulty about agreement as to who are to get the jobs.

[Here the gavel fell.]

Mr. HOOK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, to show the real difference between Republicans and Democrats and the two gentlemen mentioned by the gentleman from Michigan [Mr. HOFFMAN].

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, is the gentleman going to put that in today?

Mr. HOOK. I am not so certain.

Mr. HOFFMAN. I just wanted to know if you are going to put it in today?

Mr. HOOK. I am not so certain.

Mr. HOFFMAN. You will put it in at your convenience?

Mr. HOOK. I will put it in either today or tomorrow.

Mr. HOFFMAN. I thank the gentleman.

Mr. HOOK. But I assure you you will have something to answer.

Mr. HOFFMAN. That will be fine, and that will be the first thing you ever offered that needed an answer.

The SPEAKER. Is there objection?

There was no objection.

[Mr. HOOK addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. SCHAEFER of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting an editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my remarks on the Lea bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISH asked and was given permission to revise and extend his own remarks.

DISTRICT OF COLUMBIA CALENDAR

FINANCIAL RESPONSIBILITY OF MOTOR-VEHICLE OWNERS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent for the immediate consideration of S. 2350, to amend the act

of Congress approved May 3, 1935, entitled "An act to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes."

A similar House bill (H. R. 5996) has been reported, and is on the Calendar.

The Clerk read the title of the Senate bill.

Mr. EBERHARTER. Mr. Speaker, reserving the right to object, will the chairman of the committee advise us whether the Senate bill is similar to the House bill?

Mr. RANDOLPH. Yes; it is a similar bill. This bill passed the Senate a few days ago.

Mr. EBERHARTER. This bill provides that anybody found guilty of reckless driving would have his operator's permit revoked.

Mr. RANDOLPH. That is right.

Mr. DIRKSEN. Where personal injury results.

Mr. EBERHARTER. Mr. Speaker, I object.

Mr. DIRKSEN. Mr. Speaker, will the gentleman withhold his objection for a minute?

Mr. EBERHARTER. Mr. Speaker, I reserve the objection to permit the gentleman to make a statement.

Mr. DIRKSEN. I may say that this bill amends existing law only with respect to reckless driving where personal injury results.

Mr. RANDOLPH. That is right, where personal injury is caused.

Mr. EBERHARTER. I object to an automobile operator being deprived of his license by reason of having been found guilty of reckless driving by some magistrate. I believe in cases of this sort if a jury found an operator guilty of an offense which was really serious it would be all right, but to suspend a permit simply where a magistrate finds an operator guilty of reckless driving if there is only a minor injury is going too far. I think this is one of the measures that has the backing and support of the insurance companies so that they can charge about 33⅓ percent more premium to an operator of that sort.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. RICH. The gentleman will remember that in Pennsylvania a few years ago, by order of Governor Earle, the principle was established that a person found guilty of reckless driving should have his permit suspended for 90 days. The gentleman will also remember that in Pennsylvania we have cut down the death rate about 20 to 25 percent. It certainly did a wonderful amount of good in Pennsylvania. If it is good for Pennsylvania, it should be good for the District of Columbia.

Mr. EBERHARTER. I am familiar with the act of the assembly to which the gentleman refers, but that did not provide that a person's license should be suspended for 90 days simply upon the finding of a magistrate; that was done only after a special hearing was held in which all the facts were gone into. I feel the pending bill is entirely too stringent.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. NICHOLS. In the District of Columbia, of course, we have no magistrate. I think there is not a court in the District that is not a court of record. I know what the gentleman is talking about, but in Oklahoma we call them justices of the peace. We do not have such offices in the District of Columbia.

Mr. EBERHARTER. I believe this matter should go before the Committee on the Judiciary and be given more consideration. There is no particular hurry for this bill to be rushed through at this time.

Mr. NICHOLS. But the gentleman must realize that an objection merely delays the committee, for the committee has the right on its calendar day to call up bills and have them voted upon.

Mr. RANDOLPH. If the gentleman will yield further, I may say to him that there have been hundreds of cases of reckless driving here in the District resulting in serious personal injury to many people. I hope the gentleman will not object. We have given the bill most careful consideration and believe it should be passed.

Mr. EBERHARTER. Mr. Speaker, the very fact that there is, as the gentleman says, hundreds and hundreds of cases shows to me that this legislation should not be passed by unanimous consent, where it is going to affect hundreds and hundreds, and I must insist upon my objection, Mr. Speaker.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. RICH. Does not the gentleman believe that where we fail to curb reckless drivers his own life and the life of his own family as well as others are jeopardized? Why should we permit reckless drivers on the highway? I think the gentleman will find he is doing an injury to the District if he does not permit this legislation to be enacted.

The regular order was demanded.

The SPEAKER. The regular order is demanded. The regular order is, Is there objection to the request of the gentleman from West Virginia?

Mr. EBERHARTER. Mr. Speaker, I object.

FARMERS' MARKET

Mr. RANDOLPH. Mr. Speaker, I call up House Joint Resolution 340, providing that the farmers' market in blocks 354 and 355 in the District of Columbia shall not be used for other purposes, and ask unanimous consent that it may be considered in the House as in the Committee of the Whole.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the joint resolution, as follows:

Whereas a farm market was conducted on Louisiana Avenue between Ninth and Twelfth Streets for 30 or 40 years under the supervision of the Department of Agriculture; and

Whereas the farmers were induced to give up this market on condition that other land of equal size and value would be obtained; and

Whereas $300,000 was appropriated in March 1929 for this purpose; and

Whereas two city blocks, known as 354 and 355 in southwest Washington, were obtained and deeded to the District of Columbia to be used expressly for a farmers' market; and

Whereas part of block 355 has now been taken for a District inspection station in direct opposition to this agreement and breaking the implied contract that this project would be available for a farm market; and

Whereas there is danger of the rest of the market also being confiscated: Therefore be it

Resolved, etc., That the remaining parts of these lots shall from now on be inviolate as a farmers' market and shall not be taken from them as long as needed by said farmers as a market place.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LICENSE TO PRACTICE CHIROPRACTIC IN THE DISTRICT OF COLUMBIA TO GEORGE M. CORRIVEAU

Mr. RANDOLPH.—Mr. Speaker, I call up the bill (H. R. 4732) to provide for the issuance of a license to practice chiropractic in the District of Columbia to Dr. George M. Corriveau and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title to the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding any limitation relating to the time within which an application for a license must be filed, the Commission on Licensure to Practice the Healing Art in the District of Columbia is authorized and directed to issue a license to practice chiropractic in the District of Columbia to Dr. George M. Corriveau in accordance with the provisions of the act of Congress entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia," approved February 27, 1929, and on condition that the said George M.

Corriveau shall be found by said commission to be otherwise qualified to practice under the provisions of said act.

With the following committee amendment:

Page 1, line 8, strike out the word "Doctor."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to provide for the issuance of a license to practice chiropractic in the District of Columbia to George M. Corriveau."

A motion to reconsider was laid on the table.

LAURA T. CORRIVEAU

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 4733) to provide for the issuance of a license to practice chiropractic in the District of Columbia to Dr. Laura T. Corriveau and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That, notwithstanding any limitation relating to the time within which an application for a license must be filed, the Commission on Licensure to Practice the Healing Art in the District of Columbia is authorized and directed to issue a license to practice chiropractic in the District of Columbia to Dr. Laura T. Corriveau in accordance with the provisions of the act of Congress entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia," approved February 27, 1929, and on condition that the said Laura T. Corriveau shall be found by said Commission to be otherwise qualified to practice under the provisions of said act.

With the following committe amendment:

Page 1, line 8, strike out "Doctor."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to provide for the issuance of a license to practice chiropractic in the District of Columbia to Laura T. Corriveau."

A motion to reconsider was laid on the table.

EXCHANGE OF CERTAIN PARK LANDS IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 2666, providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway, and request its immediate consideration. I may say a similar House bill has been favorably reported and is pending on the calendar.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That in order to better adjust the boundaries of Piney Branch Parkway and to make said parkway more usable and more readily developed, the Secretary of the Interior is authorized to convey, by and on behalf of the United States of America, to the owners of parcel 69/47, or to such party or parties as said owners shall designate, the title of the United States in and to a triangular piece of land containing approximately 22,000 square feet at the northern boundary of Piney Branch Parkway near Argyle Terrace and abutting parcel 69/47: *Provided*, That the owners of said parcel 69/47 shall furnish the United States of America with a good and sufficient title in fee simple, free of all encumbrances, to a triangular piece of land containing approximately 26,000 square feet, abutting the northern boundary of Piney Branch Parkway at its intersection with the eastern boundary of Rock Creek Park. The transfers provided for herein are designated approximately upon plat file No. 3.6–114 in the files of the National Capital Park and Planning Commission. The conveyances shall be by proper deed and other instruments containing full legal description by exact survey of the land exchanged, as provided by law.

The bill was ordered to be read a third time, was read the third time, and passed.

A House bill, H. R. 6938, was laid on the table.

A motion to reconsider was laid on the table.

AMERICAN FRIENDS SERVICE COMMITTEE

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2139) to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes, and request its immediate consideration. A similar House bill has been favorably reported and is pending.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the property situated in square 153, in the city of Washington, D. C., described as lot 804, owned, occupied, and used by the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes, and known as the International Student House, is hereby exempted from all taxation so long as the same is owned, occupied, and maintained without profit by the American Friends Service Committee as a residence for students attending educational institutions in the District of Columbia, and primarily as a residence for students of foreign birth attending such institutions, subject to the provisions of section 8 of the act of March 3, 1877, as amended and supplemented (D. C. Code, title 20, sec. 712), providing for exemptions of church and school property.

The bill was ordered to be read a third time, was read the third time, and passed.

A House bill (H. R. 4903) was laid on the table.

A motion to reconsider was laid on the table.

INCORPORATION OF GROUP HOSPITALIZATION, INC.

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 6266) providing for the incorporation of certain persons as Group Hospitalization, Inc., and request its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

Mr. RICH. Mr. Speaker, reserving the right to object, these bills have been reported by the gentleman's committee?

Mr. RANDOLPH. Yes. They have been reported favorably by the committee. Does the gentleman want to make any comment on this bill?

Mr. RICH. No. I was just wondering whether all these bills, which are going through so rapidly, have been reported favorably by the committee.

Mr. RANDOLPH. Yes; they have been.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Arthur C. Christie, M. D.; Maj. Gen. Charles R. Reynolds; Mrs. Joshua Evans, Jr.; Joseph H. Himes; Gen. Frank T. Hines; Frank R. Jelleff; Howard W. Kacy; Mark Lansburgh; Admiral Ross T. McIntire; George H. O'Connor; Sidney F. Taliaferro; Charles S. White, M. D.; Roger J. Whiteford; Thomas W. Brahany; and E. Barrett Prettyman; and their successors to be selected in the manner hereinafter declared, be, and they hereby are, incorporated and made a body politic and corporate, by the name of "Group Hospitalization, Inc.," and by that name may contract and be contracted with, sue and be sued, plead and be impleaded in any court of law or equity of competent jurisdiction, and may have and use a common seal.

SEC. 2. Said corporation is hereby authorized and empowered (a) to enter into contracts with individuals or groups of individuals to provide for hospitalization of such individuals, upon payment of specified rates or premiums, and to issue to such individuals appropriate certificates evidencing such contracts; (b) to enter into contracts with hospitals for the care and treatment of such individuals, in accordance with the terms of such certificates; and (c) to cooperate, consolidate, or contract with groups or organizations interested in promoting and safeguarding the public health.

SEC. 3. Said corporation shall not be conducted for profit, but shall be conducted for the benefit of the aforesaid certificate holders. The business and affairs of this corporation shall be conducted by its board of trustees, who shall have full power and authority in the premises, including authority to provide for all expenses incident to the conduct and management of its business and affairs. The number of trustees shall be fixed by the bylaws, but shall be at least 15, and shall be maintained so as to be divisible into three equal classes. The incorporators are hereby declared

to be the first board of trustees of this corporation, and their respective terms of office shall be as follows: Gen. Frank T. Hines, Sidney F. Taliaferro, and Frank R. Jelliff, 5 years; Howard W. Kacy, Admiral Ross T. McIntire, and Arthur C. Christie, 4 years; Maj. Gen. Charles R. Reynolds, Joseph H. Himes, and Charles S. White, 3 years; Mrs. Joshua Evans, Jr., Mark Lansburgh, and George H. O'Connor, 2 years; Roger J. Whiteford, Thomas W. Brahany, and E. Barrett Prettyman, 1 year. Upon the expiration of the respective terms of said trustees, their successors shall be appointed as follows: One by the Commissioners of the District of Columbia, one by the Medical Society of the District of Columbia, and one by a group consisting of the president or chairman of the boards of trustees or other designated individual of each hospital with which the corporation shall have contracts for hospitalization, at a meeting called 30 days in advance by the president of Group Hospitalization, Inc. If either of the other two groups aforesaid shall fail to name their respective quotas of trustees at any time, then such trustees shall be selected by the Commissioners of the District of Columbia. If the number of trustees shall be increased, each of the appointing authorities heretofore designated shall increase, proportionately, the number of trustees to be appointed by such appointing authority. Each of the trustees to be appointed as aforesaid shall serve for 5 years.

SEC. 4. The first board of trustees shall meet within 10 days after the approval of this act and elect a president, vice president, secretary and treasurer, and from time to time such additional officers as the bylaws may provide, and also transact such other business as may properly come before them, including the preparation for approval, from time to time, of the necessary bylaws for the proper conduct of the corporation. The treasurer shall give bond to the corporation, with sufficient surety, in such penalty as the trustees determine, for the faithful discharge of his duty. Thereafter the meetings of the trustees shall be held at such time and place as provided in the bylaws. In case of vacancy in the board of trustees caused otherwise than by expiration of term of office, such vacancy shall be filled by the remaining trustees for the unexpired term of such former trustee.

SEC. 5. The corporation shall file with the superintendent of insurance of the District of Columbia a certified copy of this charter, of its bylaws, and copies of the forms of contracts to be offered to the certificate holders, whereupon the company may commence operations under this charter. The corporation shall also file annually with said superintendent of insurance a statement disclosing the operations of the corporation for the preceding year, and its financial position. If said superintendent shall have reason to believe that this corporation is not complying with the provisions of this charter, or is being operated for profit, or fraudulently conducted, he shall cause to be instituted the necessary proceedings to enjoin such improper conduct, or to dissolve this corporation.

SEC. 6. The funds of this company may be invested only in securities in which the funds of insurance companies may be invested, as provided by the laws of the District of Columbia.

SEC. 7. This corporation shall not be subject to the provisions of statutes regulating the business of insurance in the District of Columbia, but shall be exempt therefrom unless specifically designated therein.

SEC. 8. This corporation is hereby declared to be a charitable and benevolent institution, and all of its funds and property shall be exempt from taxation other than taxes on real estate.

SEC. 9. The corporation is hereby authorized and empowered to take over, carry out, and assume all contracts, obligations, assets, and liabilities of a corporation heretofore organized and now doing business in the District of Columbia under the name of Group Hospitalization, Inc.

SEC. 10. This act may be altered, amended, or repealed at the pleasure of the Congress of the United States of America.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO DISTRICT OF COLUMBIA REVENUE ACT OF 1939

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 7320) to amend the District of Columbia Revenue Act of 1939, and for other purposes, and ask unanimous consent that it be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (c) of section 21 of title II of the District of Columbia Revenue Act of 1939, is amended to read as follows:

"(c) Reciprocal exchange of information with the United States and the several States, notwithstanding the provisions of this section, the assessor may permit the proper officer of the United States or of any State imposing an income tax or his authorized representative to inspect income-tax returns, file with the assessor, or may furnish to such officer or representative a copy of any such income-tax returns provided the United States or such State grant substantially similar privileges to the assessor or his representative, or to the proper officer of the District charged with the administration of this title."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INSTALLATION OF PARKING METERS IN DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 5405) authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes, and ask unanimous consent that it be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia are authorized and empowered in their discretion, within the limits of appropriations therefor by Congress, which are hereby authorized, to secure and install mechanical parking meters or devices on the streets, avenues, roads, highways, and other public spaces in the District of Columbia under the jurisdiction and control of the said Commissioners (in addition to those mechanical parking meters or devices installed pursuant to the authority conferred on the said Commissioners by sec. 11, p. 40, of Public Law No. 458, of the 75th Cong., 3d sess., approved April 4, 1938), such meters or devices to be located at such points as the Commissioners may determine, and the said Commissioners are authorized and empowered to make and enforce rules and regulations for the control of parking of vehicles on such streets, avenues, roads, highways, and other public spaces, and as an aid to such regulation and control of the parking of vehicles the Commissioners may prescribe fees for the parking of vehicles where meters or devices are installed.

SEC. 2. The said Commissioners are further authorized and directed to deposit all such fees as are collected to the credit of the special fund entitled "Highway fund, gasoline tax, and motor-vehicles fees, District of Columbia," except those which are required to complete the payment of the purchase price and cost of installation of such mechanical parking meters or devices as were authorized by section 11, page 40, of Public Law No. 458 of the Seventy-fifth Congress, third session, approved April 4, 1938.

SEC. 3. The said Commissioners shall include in their annual estimates of appropriations for the District of Columbia for the fiscal year 1940 and for each fiscal year thereafter such amounts as may be necessary for the purchase and installation of additional mechanical parking meters or devices and the maintenance and operation of all such parking meters or devices, including personal services and other necessary expenses.

With the following committee amendment:

Page 3, after line 4, insert a new section, as follows:

"SEC. 4. The Commissioners may purchase such additional meters as in their discretion may be necessary to insure uniformity of equipment in sections of the city within or contiguous to that in which meters have already been installed: *Provided*, That 50 percent of any number of meters installed during the fiscal year ending June 30, 1940, may be of the manually operated type, in accordance with specifications approved by the Bureau of Standards, and may be purchased and installed upon an experimental basis similar, except as to number, to that authorized for the original experimental installation by section 11, page 40, Public Law No. 458, of the Seventy-fifth Congress, third session."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REAL ESTATE BROKERS IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 5685) to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937, and ask that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the title of the act entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes", approved August 25, 1937 (Public, No. 356, 75th Cong.), is amended to read as follows:

"An act to define, regulate, and license real-estate brokers, real-estate salesmen, business-chance brokers, and business-chance salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions and in real-estate promotions and in business-chance transactions; and for other purposes."

SEC. 2. Section 1 of said act is hereby amended to read as follows:

"SECTION 1. That on and after 90 days from the date of enactment of this act it shall be unlawful in the District of Columbia for any person, firm, partnership, copartnership, association, or corporation (foreign or domestic) to act as a real-estate broker, real-estate salesman, business-chance broker or business-chance salesman, or to advertise or assume to act as such, without a license issued by the Real Estate Commission of the District of Columbia."

SEC. 3. Section 2 of said act is hereby amended to read as follows:

"SEC. 2. Whenever used in this act 'real-estate broker' means any person, firm, association, partnership, or corporation (foreign or domestic) who, for another and for a fee, commission, or other valuable consideration, or who, with the intention or in the expectation or upon the promise of receiving or collecting a fee, commission, or other valuable consideration, lists for sale, sells, exchanges, purchases, rents, or leases or offers or attempts or agrees to negotiate a sale, exchange, purchase, lease, or rental of an estate or interest in real estate, or collects or offers or attempts or agrees to collect rent or income for the use of real estate, or negotiates or offers or attempts or agrees to negotiate, a loan secured or to be secured by a mortgage, deed of trust, or other encumbrance upon or transfer of real estate, or who, as owner or otherwise and as a whole or partial vocation, sells, or through solicitation, advertising, or otherwise offers or attempts to sell or to negotiate the sale of any lot, plot or site in any tract of land used or proposed to be used for burial purposes, or any interest or right therein, either as an investment or for use thereof for burial purposes, or who is engaged in the business of erecting houses or causing the erection of houses for sale on his, their, or its land and who sells, offers, or attempts to sell such houses, or who, as owner or otherwise and as a whole or partial vocation, sells, or through solicitation, advertising, or otherwise, offers or attempts to sell or to negotiate the sale of any lot or lots in any subdivision of land comprising 10 lots or more: *Providing, however,* That this definition shall not apply to the sale of space for advertising of real estate in any newspaper, magazine, or other publication. A 'business-chance broker' within the meaning of this act is any person, firm, partnership, association, copartnership, or corporation who for a compensation or valuable consideration sells or offers for sale, buys or offers to buy, leases or offers to lease, or negotiates the purchase or sale or exchange of a business, business opportunity, or the goodwill of a business for others.

" 'Real-estate salesmen' means a person employed by a licensed real-estate broker to list for sale, sell, or offer for sale, to buy or offer to buy, or to negotiate the purchase or sale, or exchange of real estate, or to negotiate a loan on real estate, or to lease or rent or offer to lease, rent, or place for rent, any real estate, or collect or offer or attempt to collect rent or income for the use of real estate, or to sell or offer or attempt to sell any lot, plot, or site in any tract of land used or proposed to be used for burial purposes, or any interest or right therein either as an investment or for use thereof for burial purposes, for or in behalf of such real-estate broker.

" 'Business-chance salesman' means any person employed by a licensed business-chance broker to list for sale, sell, or offer for sale, to buy or offer to buy, to lease or offer to lease, or to negotiate the purchase or sale or exchange of a business, business opportunity, or goodwill of an existing business for or in behalf of such business-chance broker.

"Persons employed by a licensed broker in a clerical capacity or in subordinate positions who receive a fixed compensation and who receive no additional commission or compensation for specific acts of renting or leasing real estate and who do not sell or exchange, or offer or attempt to sell or exchange, real estate or a business, business opportunity, or the goodwill of a business shall not be required to obtain licenses.

"One act for a compensation or valuable consideration of buying or selling real estate for or of another, or offering for another to buy, sell, or exchange real estate, or leasing, renting, or offering to lease or rent real estate, or negotiating or offering to negotiate a loan secured by a mortgage, deed of trust, or other incumbrance upon or transfer of real estate, except as herein specifically excepted, shall constitute a person, firm, partnership, copartnership, association, or corporation, performing, or offering, or attempting to perform any of the acts enumerated herein, a real-estate broker, unless such act shall be performed or offered or attempted to be performed by a person for and in behalf of a real-estate broker in which event such act shall constitute such person a real-estate salesman.

"One act for a compensation or valuable consideration of buying, selling or leasing or exchanging a business, business opportunity, or the goodwill of a business for or of another or offering for another to buy, sell, exchange, or lease a business, business opportunity, or the goodwill of a business, except as herein specifically excepted, shall constitute the person, firm, partnership, copartnership, association, or corporation performing or offering or attempting to perform any of the acts enumerated herein, a business-chance broker, unless such act shall be performed or offered or attempted to be performed by a person for or on behalf of a business-chance broker, in which event such act shall constitute such person a business-chance salesman.

"The provisions of this act shall not apply to receivers, referees, administrators, executors, guardians, trustees, or other persons appointed or acting under the judgment or order of any court; or public officers while performing their official duty, or attorneys at law in the ordinary practice of their profession; nor to any person, copartnership, association, or corporation, who, as owner or lessor, shall perform any of the acts aforesaid with reference to property owned or leased by them, or to the regular officers and employees thereof, with respect to the property so owned or leased, where such acts are performed in the regular course of, or as an incident to, the management of such property and the investments therein, except as otherwise provided in this act.

"Every provision of this act applying specifically to an applicant or application for a license as a real-estate broker or a real-estate salesman, and to a real-estate license, and to a licensee licensed as a real-estate broker or a real-estate salesman, and to anyone acting in the capacity of a real-estate broker or a real-estate salesman without a license, shall likewise apply in a similar manner, respectively, to every applicant and application for a license as a business-chance broker or a business-chance salesman, and to every business-chance license, and to every licensee licensed as a business-chance broker or a business-chance salesman, and to anyone acting in the capacity of a business-chance broker or a business-chance salesman without a license."

SEC. 4. The seventh paragraph of section 3 is amended to read as follows:

"The compensation of members of the Commission, except the ex officio member, shall be $10 each for personal attendance at each meeting, but shall not exceed for any member $1,500 per annum."

SEC. 5. Section 4 of said act is amended to read as follows:

"SEC. 4. No license under the provisions of this act shall be issued to any person who has not attained the age of 21 years, nor to any person who cannot read, write, and understand the English language; nor until the Commission has received satisfactory proof that the applicant is trustworthy and competent to transact the business of a real-estate broker or real-estate salesman or business-chance broker or business-chance salesman in such a manner as to safeguard the interests of the public: *Provided, however,* That a salesman shall have 6 months from the date of the issuance of his original license to prove his competency, and failure to prove his competency to the satisfaction of the Commission within that period will automatically cancel his original license or any renewal thereof.

"In determining competency, the Commission shall require proof that every applicant for a license has a general and fair understanding of the obligations between principal and agent, as well as of the provisions of this act; and that an applicant for a license as a real-estate broker has a fair understanding of the general purposes and effect of deeds, mortgages, and contracts for the sale or leasing of real estate, and of elementary real-estate practices; and that an applicant for a license as a business-chance broker has a fair understanding of the general purposes and effect of bills of sale, chattel mortgages and trusts, and the provisions of the law governing sales in bulk.

"No license shall be issued to any person, firm, partnership, copartnership, association, or corporation whose application has been rejected in the District of Columbia or any State within 3 months prior to date of application, or whose real-estate license has been revoked in the District of Columbia or any State within 1 year prior to date of application."

SEC. 6. (a) The eighth paragraph of section 5 of said act is amended by striking out the words, "executed by two good and sufficient sureties, to be approved by the Commission, or".

(b) Section 5 of said act is further amended by inserting at the end of the tenth paragraph thereof the following:

"In the event the surety becomes insolvent or a bankrupt, or ceases to do business or ceases to be authorized to do business in the District of Columbia, the principal shall, within 10 days after notice thereof, given by the Commission, duly file a new bond in like amount and conditioned as the original and if the prinicpal shall fail so to do the license of such principal shall terminate."

SEC. 7. (a) The third paragraph of section 7 of said act is amended to read as follows:

"The fee for an original broker's license and every renewal thereof shall be $30: *Provided, however,* That the fee for an original broker's license and every renewal thereof for individual members, partners, and officers of firms, partnerships, and corporations shall be $30 for the first member, partner, or officer to be designated by the firm, partnership, or corporation and $10 for each additional member, partner, or officer of such firm, partnership, or corporation."

(b) The fifth paragraph of said section 7 of said act is amended by striking out the words "real estate."

(c) Section 7 of said act is further amended by inserting a new paragraph between the fifth and sixth paragraphs of said section 7 to read as follows:

"The fees provided herein for any original license shall be reduced by one-half in all cases where the application for such original license is filed between January 1 and July 1 of any year."

(d) The seventh paragraph of section 7 of said act is hereby amended to read as follows:

"The Commission shall cause to be issued a new license for each ensuing year, in the absence of any reason or condition which might warrant the refusal of the granting of a license, upon receipt of the written request of the applicant and the annual fee therefor, as herein required: *Provided, however,* That an applicant who, on or before July 1, fails to file said written request and pay the annual fee must comply with all the provisions of this act applicable to an original applicant except that the Commission may waive the requirement of furnishing proof of competency. The revocation of a broker's license shall automatically suspend every salesman's license granted to any person by virtue of his employment by the broker whose license has been revoked, pending a change of employer and the issuance of a new license. Such new license shall be issued without charge if granted during the same license year in which the original license is granted."

(e) The eighth paragraph of section 7 of said act is amended to read as follows:

"No person, firm, partnership, copartnership, association, or corporation engaged in the business or acting in the capacity of a real-estate broker or a real-estate salesman, or a business-chance broker or a business-chance salesman, within the District of Columbia shall bring or maintain any action in the courts of the District of Columbia for the collection of compensation for any services performed as a real-estate broker or a real-estate salesman or a business-chance broker or business-chance salesman, or enforcement of any contract relating to real estate without alleging and proving that such person, firm, partnership, copartnership, association, or corporation was a duly licensed real-estate broker or real-estate salesman, or business-chance broker or business-chance salesman, at the time the alleged cause of action arose."

(f) The ninth paragraph of said section 7 of said act is amended to read as follows:

"Every broker licensed hereunder shall maintain a place of business in the District of Columbia. If a broker maintains more than one place of business within the District of Columbia, a duplicate license shall be issued to such broker for each branch office maintained; and there shall be no fee charged for any such duplicate license."

(g) The tenth paragraph of said section 7 of said act is amended to read as follows:

"When a broker changes the location of his principal place of business he must immediately notify the Commission in writing and return to the Commission his license together with the licenses of all salesmen in his employ, and the Commission shall issue a new license to the broker and to each of the salesmen without charge. Failure to notify the Commission and to return his license when the location of his principal place of business is changed, will automatically cancel the broker's license and the licenses of all salesmen in his employ. However, new licenses for the unexpired term may be issued by the Commission without the payment of any additional fee, provided a written request therefor, accompanied by a new bond, is filed."

(h) The eleventh paragraph of said section 7 of said act is amended by striking out the last sentence thereof and inserting in lieu thereof the following: "When a salesman shall be discharged or shall terminate his employment with the broker by whom he is employed, it shall be the duty of such salesman to immediately notify the Commission, and it shall be unlawful for him to perform any of the acts contemplated by this act either directly or indirectly from and after such termination of employment until such time as he has been employed by another licensed broker and a license has been reissued him by the Commission."

(i) Section 7 of said act is further amended by adding at the end thereof two new paragraphs to read as follows:

"A license issued to an individual cannot be transferred to another individual. However, an individual licensed as a broker may, upon written request to the Commission, change his status to that of an individual broker or to that of a partner of a partnership, or to that of an officer of a corporation, for any unexpired term of his license, without the payment of any additional fee, and such change shall not work a revocation or require a renewal of the bond of any such broker. This provision shall not be applicable to any real-estate broker in respect to a change of license to that of a business-chance broker or vice versa.

"No license shall be issued to any firm, partnership, association, or corporation unless every individual member, partner, or officer of such firm, partnership, association, or corporation who actively participates in the brokerage business thereof is licensed as a broker."

SEC. 8. Section 8 of said act is amended to read as follows:

"SEC. 8. The Commission may, upon its own motion, and shall, upon the verified complaint in writing of any person, provided such complaint or such complaint together with evidence, documentary or otherwise, presented in connection therewith, makes out a prima facie case, investigate the conduct of any real-estate broker or real-estate salesman, or business-chance broker or business-chance salesman, and shall have the power to suspend or to revoke any license issued under the provisions of this act, at any time where the licensee has by false or fraudulent representation obtained a license; or where the licensee, in performing or attempting to perform any of the acts mentioned herein, has—

"(a) Made any substantial misrepresentation;

"(b) Made any false promises of a character likely to influence, persuade, or induce;

"(c) Pursued a continued and flagrant course of misrepresentation, or making of false promises through agents or salesmen, or advertising or otherwise;

"(d) Acted for more than one party in a transaction without the knowledge of all parties for whom he acts;

"(e) Accepted a commission or valuable consideration as a real-estate salesman or as a business-chance salesman for the performance of any of the acts specified in this act from any person, except the broker under whom he is licensed;

"(f) Represented or attempted to represent a real-estate broker or a business-chance broker other than the employer, without the express knowledge and consent of the employer;

"(g) Failed, within a reasonable time, to account for or to remit any money, valuable documents, or other property coming into his possession which belong to others;

"(h) Demonstrated such unworthiness or incompetency to act as a real-estate broker or real-estate salesman or a business-chance broker or a business-chance salesman as to endanger the interests of the public;

"(i) While acting or attempting to act as agent or broker, purchased or attempted to purchase any property or interest therein for himself, either in his own name or by use of a straw party, without disclosing such fact to the party he represents;

"(j) Been guilty of any other conduct, whether of the same or a different character from that hereinbefore specified which constitutes fraudulent or dishonest dealing;

"(k) Used any trade name or insignia of membership in any real-estate organization of which the licensee is not a member;

"(l) Disregarded or violated any provisions of this act;

"(m) Guaranteed or authorized or permitted any broker or salesman to guarantee future profits which may result from the resale of real property, or a business, business opportunity, or the goodwill of any existing business;

"(n) Placed a sign on any property offering it for sale or for rent or offering it for sale or rent without the written consent of the owner or his authorized agent;

"(o) Accepted a compensation from more than one party to a transaction without the knowledge of all the parties to the transaction; or

"(p) Failed to restore the bond to its original amount after a recovery on the bond as provided in section 5."

SEC. 9. Section 10 of said act is amended by striking out the period at the end of the first paragraph thereof and inserting in lieu thereof a comma, and by adding after such comma the following: "and with the further exception that a nonresident of the District of Columbia need not maintain a place of business within the District of Columbia if he is licensed in and maintains a place of business in the State in which he resides."

SEC. 10. Section 12 of said act is amended by adding at the end thereof the following:

"The exemption contained in this section shall not apply to any bank, trust company, building and loan association, insurance company, or any land-mortgage or farm-loan association, which for another and for a compensation, performs any of the acts defined herein as the acts of a real-estate broker or business-chance broker in connection with any property, wherein such bank, trust company, building and loan association, insurance company, land-mortgage or farm-loan association has no fiduciary interest such as receiver, referee, administrator, executor, guardian, or trustee."

SEC. 11. Section 14 of said act is amended by adding at the end thereof the following:

"It shall be unlawful within the District of Columbia for any person, firm, partnership, association, or corporation, foreign or domestic, either as owner or otherwise, to offer, give, award, or promise, or to use any method, scheme, or plan offering, giving, awarding, or promising free lots in connection with the sale or the offering for sale or an attempt to sell or negotiate the sale of any real estate or interest therein, wherever situated, for the purpose of attracting, inducing, persuading, or influencing a purchaser or a prospective purchaser; or to offer, promise, or give prizes of any name or nature for attendance at or participation in any sale of real estate, by auction or otherwise.

"It shall be unlawful for any person, firm, partnership, association, or corporation knowingly to pay a fee, commission, or compensation to anyone for the performance within the District of Columbia of any service or act defined in this act as the act of a real-estate broker, real-estate salesman, business-chance broker, or business-chance salesman, who was not duly licensed as such at the time such service or act was performed, provided that this paragraph shall not apply to the division of commission by a broker licensed hereunder with a nonresident cooperating broker."

SEC. 12. No license heretofore issued under the authority of said act of Congress approved March 25, 1937, where the application therefor was accompanied by a bond which does not conform with the requirements of said act as amended hereby, shall be reissued or renewed unless the application for such reissuance or renewal shall be accompanied by a bond in accordance with said act as amended by this act.

With the following Committee amendments:

Page 3, line 9, after the word "estate", strike out the remainder of line 9 and all of lines 10 to 13, inclusive, and the words "burial purposes" in line 14.

Page 4, line 13, after the word "estate", strike out down through the word "broker" in line 18.

The Committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INSANITY PROCEEDINGS IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 7086) to provide for insanity proceedings in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That any person with whom an alleged insane person may reside, or at whose house he may be, or the father or mother, husband or wife, brother or sister, or the child of lawful age of any such person, or the nearest relative or friend available, or the committee of such person, or an officer of any charitable institution, home, or hospital in which such person may be, or any duly accredited officer or agent of the Board of Public Welfare, or any officer authorized to make arrests in the District of Columbia who has arrested any alleged insane person under the provisions of the act of Congress approved April 27, 1904 (33 Stat. 316), may apply for a writ de lunatico inquirendo and an order of commitment, or either thereof, for any alleged insane person in the District of Columbia, by filing in the District Court of the United States for the District of Columbia a verified petition therefor, containing a statement of the facts upon which the allegation of insanity is based.

Any person believing he has, or is about to, become mentally ill or deficient, may, upon his own application and petition enter Gallinger Municipal Hospital for observation and place himself subject to examination and commitment as hereinafter provided.

SEC. 2. Upon the filing with the court of a verified petition as hereinabove provided, accompanied by the affidavits of two or more responsible residents of the District of Columbia setting forth that they believe the person therein named to be insane or of unsound mind, the length of time they have known such person, that they believe such person to be incapable of managing his own affairs, and that such person is not fit to be at large or to go unrestrained, and that if such person be permitted to remain at liberty the rights of persons and property will be jeopardized or the preservation of public peace imperiled or the commission of crime rendered probable, and that such person is a fit subject for treatment by reason of his or her mental condition, the court, or any judge thereof in vacation, may, in its or his discretion, issue an attachment for the immediate apprehension and detention, for preliminary examination, of such person in Gallinger Municipal Hospital for a period not exceeding 48 hours, and thereafter, unless found by the staff of Gallinger Municipal Hospital within said period of time to be of sound mind, in St. Elizabeths Hospital for an additional period not exceeding 30 days. Any person so apprehended and detained shall be given an examination within 48 hours of his admission into Gallinger Municipal Hospital by the staff of Gallinger Municipal Hospital. If said staff shall fail, within 48 hours after the admission of such person into Gallinger Municipal Hospital, to find that such person is of sound mind, the superintendent of said hospital shall immediately transfer such person to St. Elizabeths Hospital and shall report the facts of such transfer to the Commission on Mental Health as established by the act of June 8, 1938 (52 Stat. 627, ch. 326), and hereinafter referred to as the Commission. The superintendent of St. Elizabeths Hospital is hereby authorized to receive and detain persons so transferred, at the expense of the District of Columbia.

Persons arrested under the provisions of the act of Congress approved April 27, 1904 (33 Stat. 316), shall be detained in Gallinger Municipal Hospital pending the filing of a petition as provided in section 1 of this act. Such petition shall be filed within 48 hours after such person shall have been admitted into Gallinger Municipal Hospital, or, if such 48-hour period shall expire on a Sunday or legal holiday, then not later than noon of the next succeeding day which is not a Sunday or legal holiday. The court, or any judge thereof in vacation, may, upon being satisfied of the sufficiency of the petition, sign an order authorizing the continued detention of said person in Gallinger Municipal Hospital for a further period not exceeding 48 hours, and thereafter, unless found by the staff of Gallinger Municipal Hospital within said period of time to be of sound mind, in St. Elizabeths Hospital for an additional period not exceeding 30 days. If such petition be not filed, and such order of court obtained within said first-mentioned period of 48 hours, the person shall be discharged forthwith. If said staff shall fail, within 48 hours after the filing of said petition, to find that such person is of sound mind, the superintendent of said hospital shall immediately transfer such person to St. Elizabeths Hospital, and shall report the fact of such transfer to the Commission. The superintendent of St. Elizabeths Hospital is hereby authorized to receive and detain persons so transferred, at the expense of the District of Columbia.

If as a result of examination, the staff of Gallinger Municipal Hospital shall find that any person detained in Gallinger Municipal Hospital pursuant to the provisions of this section is of sound mind, he shall be discharged forthwith by said Gallinger Municipal Hospital, and the petition, if any, shall be dismissed.

Any petition filed in the equity court for a writ de lunatico inquirendo or for an order of commitment of any alleged insane person, shall be referred by the court to the Commission for report and recommendation within such time as the court may designate, not exceeding 7 days, which time may be extended by the court for good cause shown, and in such event the period of temporary commitment in St. Elizabeths Hospital may be extended by the court for such additional time as the court shall deem necessary. The Commission shall examine the alleged insane person and any other person, including any suggested by the alleged insane person, his relatives, friends, or representatives, whose testimony may be relevant, competent, and material upon the issue of insanity; and the Commission shall afford opportunity for hearing to any alleged insane person, his relatives, friends, or representatives. At all hearings the alleged insane person shall have the right to be represented by counsel.

The Commission is hereby authorized to conduct its examination and hearings of cases elsewhere than at the offices of said Commission in its discretion, according to the circumstances of the case.

If in the determination of the Commission he be found not to be sane, then it shall be the duty of the Commission to apply to the court for a date for a hearing. In all cases before said hearing the said Commission shall cause to be served personally upon the patient a written notice of the time and place of final hearing at least 5 days before the date fixed. Five days' notice of the time and place of the hearing shall in all cases be mailed to or served upon the applicant, but in case the applicant is not the husband, wife, or nearest relative, the notice shall be mailed to or served upon the husband, wife, or nearest relative, if possible. The notice shall contain a statement that if the patient desires to oppose the application for a final order of commitment he may appear personally or by attorney at the time and place fixed for the hearing. Proof of service shall be made at the hearing. The court may in its discretion appoint an attorney or guardian ad litem to represent the alleged insane person at any hearing before the court, or before the court and jury, and shall allow the attorney or guardian ad litem so appointed a reasonable fee for his services. Such fees may be charged against the estate or property, if any, of the alleged insane person.

If a demand is made for a jury trial, the chief executive officer of St. Elizabeths Hospital shall see that the patient has been given opportunity to appear personally or by attorney at the hearing and assist him in communicating with his friends, relatives, or attorney. If the chief executive officer shall certify that in his opinion it would be prejudicial to the health of the patient or unsafe to produce the patient at the inquiry, then such patient shall not be required to be produced.

Proof of service of the required notices shall be made at the hearing.

SEC. 3. Upon the receipt of the report and recommendation of the Commission a copy shall be served personally upon the alleged insane person, his guardian ad litem, or his attorney, if he has one, together with notice that he has 5 days within which to demand a jury trial. A demand for hearing by the court, or a demand for jury trial for the purpose of determining the sanity or insanity of the alleged insane person may be made by the said alleged insane person or by anyone in his behalf, or a jury trial may be ordered by the court upon its own motion. If demand be made for a jury trial, or such trial be ordered by the court on its own motion, the case shall be calendared for trial not more than 10 days after demand for hearing by the court for a jury trial, unless the time is extended by the court. The Commission, or any of the members thereof, shall be competent and compellable witnesses at any trial or hearing of an alleged insane person. In any case in which a commitment at public expense, in whole or in part, is sought, the corporation counsel or one of his assistants shall represent the petitioner unless said petitioner shall be represented by counsel of his or her own choice.

SEC. 4. The jury to be used in lunacy inquisitions in those cases where a jury trial shall be demanded or ordered shall be empaneled, upon order of the court, from the jurors in attendance upon other branches of the District Court of the United States for the District of Columbia, who shall perform such services in addition to and as part of their duties in said court.

SEC. 5. If no demand be made for a jury trial, the judge holding court shall determine the sanity or insanity of said alleged insane person, but such judge may, in his discretion, require other proofs, in addition to the petition and report of the Commission, or such judge may order the temporary commitment of said alleged insane person for observation or treatment for an additional period of not more than 30 days. The judge may, in his discretion, dismiss the petition, notwithstanding the recommendation of the Commission. If the judge be satisfied that the alleged insane person is of sound mind, he shall forthwith discharge such person and dismiss the petition.

SEC. 6. If the judge be satisfied that the alleged insane person is insane, or if a jury shall so find, the judge may commit the insane

person as he in his discretion shall find to be for the best interests of the public and of the insane person. In case of a temporary commitment, the court may make additional temporary commitments upon further examination by, and recommendation of, the Commission.

SEC. 7. Recommendations of the Commission must be made by the unanimous recommendation of the three members acting upon the case. If the three members of the Commission be unable to agree upon the recommendation to be made in any case, they shall immediately file with the court a report setting forth the fact that they are unable to agree on the case, and in that event the court shall hear and determine the case, unless the alleged insane person, or someone in his behalf, shall demand a jury trial, in which event the case shall be heard and determined by the court and a jury.

If the Commission shall agree upon a recommendation, it shall file with the court a report setting forth its findings of fact and conclusions of law and its recommendation based thereon which recommendation shall be in one of the following forms:

(A) That the person is of sound mind and should be discharged forthwith and the petition dismissed.

(B) That the mental condition of the alleged insane person is such that a definite diagnosis cannot be made without further study, or that the mental incapacity of said person will probably be of short duration, and that said person should be further detained and committed in St. Elizabeths Hospital as hereinbefore provided for, or in any other hospital in the District of Columbia as provided in the act approved April 27, 1904, for further observation or treatment for such period of time as the court may determine, during which said time the Commission shall from time to time examine said person and make a recommendation to the court as to the final disposition of the case.

(C) That the person is of unsound mind and (1) should be committed to St. Elizabeths Hospital, or any other hospital provided by section 4 of the act approved April 27, 1904, (a) at public expense, or (b) at the expense of those persons who are required by law, or who will agree to pay for the maintenance and treatment of said insane person, or (c) that the relatives of said insane person, mentioned in section 11 of this act are able to pay a specified sum per month toward the support and maintenance of said insane person; (2) is harmless and may safely be committed to the care of his relatives or friends (naming them) who are willing to accept the custody, care, and maintenance of said insane person under conditions specified by the Commission; (3) should be committed to the Administrator of Veterans' Affairs for care and treatment in a Veterans' Administration facility: *Provided*, That there shall be filed with the court or Commission a certificate executed by said Administrator or his duly authorized representative, showing said person is entitled to such care and treatment and that facilities therefor are available.

SEC. 8. If an insane person be found by the Commission, subject to the review of the court, not to be a resident of the District of Columbia, he may be committed by the court to St. Elizabeths Hospital as a District of Columbia patient until such time as his residence shall have been ascertained. Upon the ascertainment of such insane person's residence in some other jurisdiction, he shall be transferred to the State of such residence. The expense of transferring such patient, including the traveling expenses of necessary attendants to insure his safe transfer, shall be borne by the District of Columbia only if the patient be indigent.

Any insane person found by the Commission to have been a resident of the District of Columbia for more than 1 year prior to the filing of the petition, and any person found within the District of Columbia whose residence cannot be ascertained, who is not in confinement on a criminal charge, may be committed by the court to, and confined in, said St. Elizabeths Hospital, or any other hospital in said District, which, in the judgment of the Commission of said District, is properly constructed and equipped for the reception and care of such persons, and the official in charge of which, for the time being, is willing to receive such persons.

"Resident of the District of Columbia," as used in this section means a person who has maintained his principal place of abode in the District of Columbia for more than 1 year prior to the filing of the petition provided for in section 1 of this act.

If it appears that a person found to be insane is harmless and his or her relatives or committee of his or her person are willing and able properly to care for such insane person at some place or institution other than St. Elizabeths Hospital, the judge may order that such insane person be placed in the care and custody of such relatives or such committee upon their entering into an undertaking to provide for such insane person as the court may direct.

SEC. 9. The father, mother, hubsand, wife, and adult children of an insane person, if of sufficient ability, and the committee or guardian of his or her person and estate, if his or her estate is sufficient for the purpose, shall pay the cost to the District of Columbia of his or her maintenance, including treatment in St. Elizabeths Hospital or in any other hospital to which the insane person may be committed. It shall be the further duty of said Commission to examine under oath the father, mother, husband, wife, adult children, and committee, if any, of any alleged insane person whenever such relatives live within the District of Columbia, and to ascertain the ability of such relatives or committee, if any, to maintain or contribute toward the maintenance of such alleged insane person: *Provided*, That in no case shall said relatives or committee be required to pay more than the actual cost to the District of Columbia of maintenance of such alleged insane person.

If any person hereinabove made liable for the maintenance of an insane person shall fail so to provide or pay for such maintenance, the court shall issue to such person a citation to show cause why he should not be adjudged to pay a portion or all of the expenses of maintenance of such patient. The citation shall be served at least 10 days before the hearing thereon. If, upon such hearing, it shall appear to the court that the insane person has not sufficient estate out of which his maintenance may properly be fully met and that he has relatives of the degrees hereinabove mentioned who are parties to the proceedings, and who are able to contribute thereto, the court may make an order requiring payment by such relatives of such sums as it may find they are reasonably able to pay and as may be necessary to provide for the maintenance of such insane person. Said order shall require the payment of such sums to the Board of Public Welfare annually, semiannually, or quarterly as the court may direct. It shall be the duty of the Board to collect the said sums due under this section, and to turn the same into the Treasury of the United States to the credit of the District of Columbia. And such order may be enforced against any property of the insane person or of the person liable or undertaking to maintain him in the same way as if it were an order for temporary alimony in a divorce case.

SEC. 10. Any insane person who has been committed to St. Elizabeths Hospital or any other hospital, and who shall have been released from such hospital as improved, or who shall have been paroled from such hospital (but who shall not have been discharged as cured), and who shall have been absent from the hospital on release or parole for a period of 6 months or longer, shall have the right to appear before the District Court of the United States for the District of Columbia for a hearing to determine the sanity and right to restoration to the status of a person of sound mind of said insane person by filing a petition therefor with the court upon a form to be provided by the Commission for that purpose. It shall be the duty of the Commission to make an examination of the records of St. Elizabeths Hospital of the insane person as may be necessary to determine such questions, and if necessary have the person examined by the members of the staff of St. Elizabeths Hospital and to make a report and recommendation to the court. In the event the Commission shall find from the records and examination that the said person is of sound mind and shall recommend to the court the restoration of said person to the status of a person of sound mind such recommendation shall be sufficient to authorize the court to enter an order declaring such person to be restored to his or her former legal status as a person of sound mind. In the event the Commission shall find such person to be of unsound mind, it shall report that finding to the court. Upon the filing by the Commission of a report finding such person to be of unsound mind, the insane person shall have the right to a hearing by the court or by the court and a jury. For the purpose of making the examination and observations required by this section, the Commission shall have the right to examine the records and to interrogate the physicians and attendants at St. Elizabeths Hospital or any other hospital in which such patient shall have been confined, who have had the insane person under their care, and the Commission may recommend to the court the temporary recommitment of such person for said purpose. At such trial by the court or by the court and jury, an adjudication shall be made as to whether the person is of sound mind or is still of unsound mind.

SEC. 11. The same fees and mileage as are paid in the courts of the United States shall be paid in the case of witnesses subpenaed under the provisions of this act.

SEC. 12. The court in its discretion may require the petitioner to file an undertaking with surety to be approved by the court in such amount as the court may deem proper, conditioned to save harmless the respondent by reason of costs incurred, including attorneys' fees, if any, and damages suffered by the respondent as a result of any such action.

SEC. 13. All applications and certificates for commitment and confinement of any patient to any hospital in the District of Columbia for the care and the treatment of the insane must be made on forms approved by the Commission and furnished by it.

SEC. 14. Any person who executes a verified petition or affidavit as provided in this act, by which he or she secures or attempts to secure the apprehension, detention, or restraint of any other person in the District of Columbia without probable cause for believing such person to be insane or of unsound mind, or any physician who knowingly makes any false certificate or affidavit as to the sanity or insanity of any other person, shall, upon conviction thereof, be fined not more than $500 or imprisoned not more than 3 years, or both.

SEC. 15. Nothing contained in this act shall deprive the alleged insane person of the benefit of existing remedies to secure his release or to prove his sanity, or of any other legal remedies he may have.

SEC. 16. All acts or parts of acts in conflict herewith are hereby repealed.

SEC. 17. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

With the following committee amendments:

Page 2, line 9, after "ill", strike out the remainder of the line and the word "petition" in line 10 and insert "may, upon his own written application, in the discretion of the chief psychiatrist of Gallinger Municipal Hospital."

Page 3, line 6, after "Hospital", strike out "for a period not exceeding 48 hours and thereafter" and insert "and."

Page 3, line 8, after "Hospital", strike out "within said period of time."

Page 3, line 9, after "for", strike out "an additional" and insert "a."

Page 3, line 11, after "within", strike out "48 hours" and insert "5 days."

Page 3, line 13, strike out "If said" and all of lines 14, 15, 16, 17, and line 18 through the word "Hospital" and insert "The Superintendent of Gallinger Municipal Hospital may transfer such person to St. Elizabeths Hospital at any time within 30 days after his apprehension and detention."

Page 4, after line 2, insert a new paragraph as follows:

"If any person while a patient in Gallinger Municipal Hospital being observed for his or her mental condition cannot be cared for or treated adequately in said hospital or if such person be in need of treatment which cannot be given properly in said hospital, then the superintendent of Gallinger Muncipal Hospital may effect the transfer and temporary commitment of such person to St. Elizabeths Hospital by executing a petition as provided by section 1 of the act approved June 8, 1938, accompanied by the certificate of the chief psychiatrist of Gallinger Muncipal Hospital setting forth that said patient is of unsound mind, cannot be cared for or treated adequately in Gallinger Municipal Hospital, should not be allowed to remain at liberty and go unrestrained, and that said patient is a fit subject for treatment in St. Elizabeths Hospital on account of his mental condition. The superintendent of St. Elizabeths Hospital is authorized to receive and detain any patient so transferred from Gallinger Municipal Hospital at the expense of the District of Columbia pending his formal commitment or other order of the court."

Page 5, line 10, after "Hospital", strike out "for a further period not exceeding 48 hours, and thereafter" and insert "and."

Page 5, line 12, after "Hospital", strike out "within said period of time."

Page 5, line 13, after "for", strike out "an additional" and insert "a."

Page 5, line 14, after "days", insert "from the time of his apprehension and detention."

Page 5, line 16, after "within", strike out "said first-mentioned period of 48 hours" and insert "the aforementioned period."

Page 5, line 19, after "shall", strike out "fail, within 48 hours after the filing of said petition, to."

Page 5, line 20, after "of" strike out "sound mind" and insert "unsound mind and suitable for treatment by reason of mental illness."

Page 5, line 22, after "Hospital" strike out "shall" and insert "may."

Page 8, line 4, after "the" strike out "chief executive officer" and insert "superintendent of Gallinger Municipal Hospital or."

Page 8, line 9, after "the" strike out "chief executive officer" and insert "superintendent."

Page 10, after line 12, insert a new paragraph as follows:

"The judge may commit the insane person to the custody of the Veterans' Administration for care and treatment in a Veterans' Administration facility, if there has been filed with the court or the Commission on Mental Health, acting under the direction of the court, a certificate executed by the Administrator of Veterans' Affairs, or his duly authorized representative, showing said insane person to be entitled to such care and treatment, and that facilities therefor are available."

Page 18, after line 16, insert a new section as follows:

"SEC. 16. Section 2 of the act approved June 8, 1938, is hereby amended by deleting the words 'for such service the alternate shall receive $10 for each day of actual service' and inserting in lieu thereof the following: 'For such service the alternate shall receive, for each day of actual service, the same compensation as fixed in accordance with the provisions of the Classification Act of 1923, as amended, for the lawyer member of the Commission.'"

Page 19, line 1, strike out "16" and insert "17."

Page 19, line 3, strike out "17" and insert "18."

Mr. MILLER. Mr. Speaker, may I ask the gentleman from West Virginia if the amendments reported provide for voluntary commitment? Are these the so-called Vreeland amendments that have been discussed?

Mr. RANDOLPH. That is true; the bill provides for voluntary commitment.

Since the gentleman has asked this question, I believe the House ought to have just a brief explanation of this measure. We believe it is necessary to pass at this time legislation in connection with the lunacy situation in the District of Columbia. This bill will help to alleviate certain acute conditions that exist at Gallinger Hospital, an institution in which the gentleman has expressed considerable concern.

This bill will permit the superintendent of that hospital to transfer a patient who is found to be insane to St. Elizabeths Hospital for a temporary period, pending commitment or release. At the present time such patients must be held in Gallinger Hospital, and the psychopathic ward there is not equipped to handle these cases. I may say that the gentleman from New Jersey [Mr. VREELAND] has spent considerable time preparing this legislation, and to him and others who aided him I believe thanks are due. This bill has the approval of the Commissioners of the District of Columbia and of the health officer.

Mr. MILLER. If the gentleman will yield further, may I just say the whole committee deserves a great deal of credit, because they are going to relieve a situation at Gallinger Hospital that has been causing untold suffering, a condition for which the hospital authorities are not responsible, a condition which has just grown up. I believe nothing has been done for the District of Columbia that should prove so beneficial as the adoption of this bill. I hope the committee at the next session will give further study to the situation and elaborate and improve it, which I know they have in mind.

Mr. RANDOLPH. I thank the gentleman from Connecticut.

The SPEAKER. The question is on the committee amendments.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF THE DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 7314) to amend the act of Congress known as the District of Columbia Alcoholic Beverage Control Act, as amended, to permit the sale of beer to persons seated in automobiles parked upon the premises of the permittee in the District of Columbia, and request that the bill be given immediate consideration.

The Clerk read the title of the bill.

Mr. SHAFER of Michigan. Mr. Speaker, I object to the immediate consideration of the bill.

The SPEAKER. This bill is on the House Calendar, and the gentleman from West Virginia has the right, under the rules, to call up the bill.

Mr. RANDOLPH. Mr. Speaker, I move the previous question, although I shall be pleased to explain the bill.

Mr. SHAFER of Michigan. Mr. Speaker, I demand to be heard on the bill.

The SPEAKER. The gentleman from West Virginia is in control of the time.

Mr. RANDOLPH. Mr. Speaker, I wish to make this explanation. I attempt always to cooperate with members of the Committee on the District of Columbia and I want to do so in this instance. Although personally I do not drink either beer or liquor, I can say to you that the committee gave most careful consideration to this bill. I personally would not be a party to any measure which I felt would increase drinking and lead to reckless driving. I honestly do not think this legislation would have any such effect.

Mr. SHAFER of Michigan. Mr. Speaker——

Mr. RANDOLPH. Just a moment. I have the floor. I am trying to be very courteous to the gentlemen and assist him. I have no disposition, if the gentleman from Michigan feels very strongly in his objection to the bill, although the measure was properly considered on last Friday by the committee and I am sorry the gentleman was not present to insist on its consideration at this time.

Mr. SHAFER of Michigan. Mr. Speaker, a point of order.

The SPEAKER. The Chair understood the gentleman from West Virginia to say that he was willing to withdraw the bill.

Mr. NICHOLS. Mr. Speaker, I move the previous question on the bill.

The SPEAKER. The bill has not yet been read. The Clerk will report the bill.

Mr. SHAFER of Michigan. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. SHAFER of Michigan. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. SHAFER of Michigan. Mr. Speaker, I withdraw my point of order.

The SPEAKER. The point of order is withdrawn. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That so much of section 11, paragraph (g), of the District of Columbia Alcoholic Beverage Control Act, as amended, as reads as follows: "In the case of restaurants and passenger-carrying marine vessels and club cars or dining cars on a railroad, said spirits and wine, except light wines, shall be sold or served only to persons seated at public tables, and beer and light wines shall be sold and served only to persons seated at public tables or at bona fide lunch counters, except that spirits, wine, and beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board" be amended to read as follows: "In the case of restaurants and passenger-carrying marine vessels and club cars or dining cars on a railroad, said spirits and wine, except light wines, shall be sold or served only to persons seated at public tables, and beer and light wines shall be sold and served only to persons seated at public tables or at bona fide lunch counters, except that beer may be sold to persons seated in vehicles parked entirely upon the premises of the licensee, and except that spirits, wine, and beer may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board"; and that so much of section 11, paragraph (h), of such act, as amended, as reads as follows: "In the case of restaurants, taverns, and passenger-carrying marine vessels and club cars or dining cars on a railroad said beer and light wines shall be sold or served only to persons seated at public tables or at bona fide lunch counters, except that beer and light wines may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board" be amended to read as follows: "In the case of restaurants, taverns, and passenger-carrying marine vessels and club cars or dining cars on a railroad, said beer or light wines shall be sold or served only to persons seated at public tables or at bona fide lunch counters, except that beer may be sold to persons seated in vehicles parked entirely upon the premises of the licensees, and except that beer and light wines may be sold or served to assemblages of more than six individuals in a private room when such room has been previously approved by the Board."

SEC. 2. The amendments made by this act shall take effect immediately following its enactment.

Mr. RANDOLPH. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER of Michigan. Mr. Speaker, I dislike very much to take the floor in opposition to this legislation, but, in my opinion, it is highly dangerous and never should have been reported by the committee.

Briefly, this bill legalizes the drinking of intoxicating beverages by motorists in automobiles. I cannot think of a more ridiculous situation. While citizens of the District of Columbia are demanding a reduction in the heavy traffic-death toll in Washington, Congress is asked to place its stamp of approval on a practice that would, no doubt, greatly increase the traffic hazards. I, for one, have no desire to support such a proposition, and I would consider myself derelict in my duty if I failed actively to oppose such a measure.

This bill would permit the serving of alcoholic beverages, wine and beer, on service trays attached to automobiles parked in the immediate vicinity of licensed premises. It was not written until after the Alcoholic Beverage Control Board abolished such a practice in a ruling last June 1. This ruling was issued after the Corporation Counsel had given an opinion holding such service of wines and beer illegal.

I am in possession of a copy of a memorandum to the Alcoholic Beverage Control Board by Elwood H. Seal, Corporation Counsel. This memorandum contains the reasons on which the Alcoholic Beverage Control Board predicated its ruling. I do not have the time to include this memorandum in my statement but will place it in the Appendix of the CONGRESSIONAL RECORD as an extension of remarks.

This memorandum points out that when young people park their automobiles on licensed premises and are served beer and wine while seated in their automobiles, they are served by young men and young women who are more interested in the tips they receive than in seeking to ascertain whether their customers are of legal age and other details. As a result, many minors are served and are permitted to drink beer and wines on properties of licensees. Abuses in the service of intoxicating beverages under such conditions caused, I am told, the Board's ruling.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. SHAFER of Michigan. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. Did the gentleman make the statement that the Alcoholic Beverage Control Board is against this proposed legislation?

Mr. SHAFER of Michigan. The ruling of the Board speaks for itself. However, I do possess the memorandum of the corporation counsel to the Board, which, in conclusion, states:

> For the reasons stated herein we believe the practice of selling beverages as indicated above to be not only an exceedingly dangerous one but also clearly illegal.

It is true that such service has been permitted a number of licensees for several years under an opinion in 1933 by the then United States attorney, who held that trays attached to automobiles were tables. The present corporation counsel, however, has held that trays are not tables, and that persons desiring to be served alcoholic beverages must be seated at tables within the premises of licensees. This bill is legislation to benefit a certain few who have been giving such curb service, the most prominent being the so-called hot shoppes of the District.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SHAFER of Michigan. I yield to the gentleman from Pennsylvania.

Mr. RICH. Are there other places besides the hot shoppes where they can be served in this way?

Mr. SHAFER of Michigan. There are other places; yes. I could give you the names but do not have them at the moment. The Alcoholic Beverage Control Board has given these places the privilege of serving people in automobiles while the automobiles in which they were seated were parked on the private property of such restaurants.

Mr. RICH. And if we want to cut down the death rate from automobile accidents, we ought to observe the admonition, "When you drive don't drink. When you drink, don't drive."

Mr. SHAFER of Michigan. That is correct.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. SHAFER of Michigan. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. Of course, the gentleman knows that if you drive up to one of these hot shoppes, as mentioned, and walk 3 or 4 feet from your automobile and sit down at a table, you can drink all you want of beer or hard liquor either.

Mr. SHAFER of Michigan. I believe that is correct.

Mr. NICHOLS. This measure only provides that beer can be served to a person sitting in his automobile, and not hard liquor.

Mr. SHAFER of Michigan. While they are inside of those places, however, the proprietor is in a position to ascertain the age of his customer and when his customer has had a sufficient amount of intoxicating liquors. He is in a position also to tell, when the customer walks out of his place, whether the customer is too intoxicated to drive.

Mr. NICHOLS. There has not been a single prosecution for selling such liquor to a minor in the District of Columbia, I am told by the corporation counsel's office this morning.

Mr. SHAFER of Michigan. I am sorry I have not the time to give you further information regarding this legislation. In closing, I repeat that it is, to my mind, extremely dangerous and should be defeated. [Applause.]

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I recall in 1933, when repeal became effective in the whole country, it was necessary to draft enabling legislation for the District of Columbia. I was one of those who fought for weeks drafting such legislation. I recall very vividly the discussions we had at that time about elbow bending or whether the bend should be in

the knee or whether you should drink perpendicularly or whether you had to sit down and drink. All that was threshed out at that time and we drafted an enabling act.

Mr. SHAFER of Michigan. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. Will the gentleman wait until I finish my statement?

Mr. SHAFER of Michigan. Will the gentleman yield right there? If I recall correctly, the gentleman was the author of legislation introduced here in the last session of Congress which sought to permit the drinking of beer at bars in the District of Columbia.

Mr. DIRKSEN. If the gentleman had examined that bill, he would have noticed that on the bill there were the words "by request." Of course, Mr. Speaker, there come times when we have to amend the original act, and one of these times is before us now. It is, in a sense, unlawful for anyone to drive into one of these roadside barbecues, sit in his automobile, and be served with beer while in the car. Of course, he can get out and walk probably 10 feet and sit at a table and receive not only beer but light wines and high wines and hard liquor. The bill before us simply amends the act in this respect. It seeks to make it lawful to serve beer to people who are sitting in automobiles. It does not authorize anything further than that—merely to serve beer to people sitting in automobiles that are on the premises of the licensee. There may be something to what the gentleman from Michigan [Mr. SCHAFER] says, although I doubt it. I am constrained to go along with the bill, for this reason. It is being done thousands of times a day in the District of Columbia. You can go to many places where they are doing it right along, and I venture to say there are present now those who have driven up to one of these A. & W. shops or some other stands and been served with beer.

Mr. SHAFER of Michigan. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. Mr. Speaker, because it does continue, because it is not a glaring violation in any sense, it seems to me the proper thing for us to do is to take the curse of legal violation away from them and to legalize and authorize this practice, because it goes on everywhere; and since the bill limits it to beer, I, for one, can see no particular harm being done.

This practice is legal in many other States, and, insofar as I am aware, no complaint has been made that it is harmful or inimical to public morality or that it has promoted increased drinking. At the time the sale of beverages in the District of Columbia was legalized, much was said of the necessity of encouraging the use of beer and discouraging the consumption of hard liquors. If such is the case, this measure would have precisely that effect.

Mr. RANDOLPH. Mr. Speaker, I move the previous question.

Mr. MICHENER. Mr. Speaker, will the gentleman yield to me before he does that?

Mr. RANDOLPH. Yes.

Mr. MICHENER. I just came on the floor. As I understand it, this bill would legalize the serving of beer to people sitting in automobiles.

Mr. RANDOLPH. It would legalize the serving of beer on a tray, outside.

Mr. MICHENER. The person driving the car would not have to get out of the car to get the beer?

Mr. RANDOLPH. That is correct.

Mr. MICHENER. Has the gentleman ever given any thought to this idea, that if a person is buying beer at a table, before he starts then to drive his car, he would have to demonstrate that he could walk from the table to the car, and if beer is served to one in a car, the proprietor or anyone else would not be able to tell whether he could walk or not before he drove away.

Mr. RANDOLPH. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. MCCORMACK. Mr. Speaker, nobody would ever accuse me of being a prohibitionist. I have always been against the eighteenth amendment and I favored its repeal. I was chairman of the subcommittee that heard the Cullen bill that authorized the sale of beer throughout the United States. This bit of legislation seems to be far-reaching when it permits the sale of beer in the District of Columbia to people sitting in automobiles, after which those people can go along on the highway with their destruction of life. [Applause.]

Mr. SCHULTE. Is it not true that if we had passed the 12-cent milk bill, there would be no necessity for this beer bill?

Mr. RANDOLPH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was rejected.

MOUNT OLIVET ROAD NE., WASHINGTON, D. C.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5144) to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 6, after "and" insert "exchange."
Page 2, line 15, after "park" insert "and playground."
Page 2, line 21, after "estate" insert ", now owned by the Columbia Institution for the Deaf or acquired by exchange under section 2 of this act."

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman explain the Senate amendments?

Mr. RANDOLPH. Mr. Speaker, I may say in answer to the inquiry of the gentleman from Massachusetts that the amendments simply clarify the language of the bill and have the approval of the National Capital Park and Planning Commission and the District Commissioners.

Mr. MARTIN of Massachusetts. There are no material changes in the bill?

Mr. RANDOLPH. None at all; simply clarification.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

Mr. RANDOLPH. Mr. Speaker, this concludes the business on the District of Columbia Calendar for today.

INTERLOCKING BANK DIRECTORATES

Mr. CELLER. Mr. Speaker, I call up the conference report on the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes"; and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. CELLER]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, having met, after full and free

conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "1943"; and the House agree to the same.

EMANUEL CELLER,
ZEBULON WEAVER,
U. S. GUYER,
Managers on the part of the House.

ROBERT F. WAGNER,
CARTER GLASS,
JOHN G. TOWNSEND, JR.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate bill provided an exception to the provision of section 8 of the Clayton Act (relating to the elimination of interlocking bank directorates under certain conditions) that until February 1, 1944, a director, officer, or employee, of a member bank of the Federal Reserve System, or any branch thereof, who was lawfully serving on August 23, 1935, as a private banker or as a director, officer, or employee of any other banking institution or branch thereof, may continue such service. The House amendment provided that the exception should be extended until February 1, 1941. The conference agreement extends the exception to February 1, 1943.

EMANUEL CELLER,
ZEBULON WEAVER,
U. S. GUYER,
Managers on the part of the House.

Mr. CELLER. Mr. Speaker, this is a simple proposition. It concerns interlocking bank directors. Where a man is a director of a member bank of the Federal Reserve System he cannot at the same time be a member of any other banking institution, but this bill gives him an opportunity to remain on the two boards until 1943. It is the result of a compromise between the House and Senate conferees.

Mr. RICH. Mr. Speaker, I think the legislation is good in extending the time, but I think also the legislation was injurious when it was first made, because it was too drastic. Many men in business who were interlocking directors, not to any great extent but with the idea of trying to do good, sound business on several institutions, were deprived from being granted loans. That was injurious not only to the individual but to the bank.

Mr. CELLER. Of course, that is water over the dam. We have decided that there must be an end to the duplication of directors, but this extends the time. That is all it does.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The conference report was agreed to.

DISABILITY ALLOWANCES FOR WORLD WAR VETERANS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. GREEN. Mr. Speaker and my colleagues, I have just placed on the Speaker's desk petition No. 19. This petition calls for the discharge of the World War Veterans' Legislative Committee from further consideration of H. R. 5074, and will automatically, of course, bring this important bill up for a vote on the floor of the House.

H. R. 5074 is a bill entitled "To reenact the law providing for disability allowances for World War veterans and to restore former service-connected disability status." Under the provisions of this bill, all disabled World War veterans who have had 90 days' or more service during the World War will be entitled to pension benefits if they have 10 percent or greater disability.

I am sure my colleagues have experienced great difficulty at this time in obtaining service connection of compensation claims for their veteran constituents. It has now been some 20 years since the World War veterans were discharged from the service and it is most difficult for them to obtain evidence connecting their disabilities with the service. There are a large number in my district who are, in fact, service connected but are unable to produce adequate evidence to authorize service connection. This bill, of course, will take care of them and, in fact, will take care of all veterans who have 10 percent or greater disability, even though same is not service connected.

World War veterans are now, many of them, getting well on in years, and a large percentage of them who do not draw compensation are unable to follow any gainful occupation. Thousands of them are in destitute circumstances and are seeking relief employment. I have in mind a number of veterans in my district who are unable to provide for themselves and their families, and this inability is brought about by disability largely due to their service. Through the passage of this bill, these veterans and their families will be substantially benefited and thousands of them will be enabled to leave the relief rolls and live an independent life with at least partial security.

This bill will restore the Disability Allowance Act which was repealed through the Economy Act of 1933. By passing this bill the Congress will to a large extent cancel the grave wrong which was done to ex-service men through the Economy Act of 1933. In addition to pension benefits for non-service connected disabilities, the bill provides for a 10 percent increase in existing service-connected compensation. The financial requirement of practically every veteran and his family is now greater than when his compensation was allowed. This bill will give to him and his family a small increase which is in most cases sorely needed.

I strongly commend this bill to my colleagues and trust that every Member of the House will promptly sign the petition and bring the bill to a vote on the floor before adjournment. The disabled veterans of this Nation are looking to the Congress patiently and anxiously, with the hope that relief can be accorded them before adjournment.

Copy of the bill follows:

Be it enacted, etc., That the second and third paragraphs of section 200 of the World War Veterans' Act, 1924, as amended (U. S. C., Supp. VII, title 38, sec. 471), is hereby reenacted to read as follows:

"On and after the date of the reenactment of this paragraph any honorably discharged ex-service man who entered the service prior to November 11, 1918, and served 90 days or more during the World War, and who is or may hereafter be suffering from 10 percent or more permanent disability, as defined by the Administrator of Veterans' Affairs, not the result of his own willful misconduct, which was not acquired in the service during the World War, or for which compensation is not payable, shall be entitled to receive a disability allowance at the following rates: 10 percent permanent disability, $12 per month; 25 percent permanent disability, $20 per month; 50 percent permanent disability, $30 per month; 75 percent permanent disability, $40 per month; total permanent disability, $60 per month. No disability allowance payable under this paragraph shall commence prior to the date of the reenactment of this paragraph or the date of application therefor, and such application shall be in such form as the Administrator may prescribe: *Provided*, That no disability allowance under this paragraph shall be payable to any person not entitled to exemption from the payment of a Federal income tax for the year preceding the filing of application for such disability allowance under this paragraph. In any case in which the amount of compensation hereafter payable to any person for permanent disability under Public Law No. 2, Seventy-third Congress, and acts amendatory thereof and supplementary thereto, is less than the maximum amount of the disability allowance payable for a corresponding degree of disability under the provisions of this paragraph, then such person may receive such disability allowance in lieu of compensation. Nothing in this paragraph shall be construed to allow the payment to any person of both a disability allowance and compensation during the same period; and all payments made to any person for a period covered by a new or increased award of disability allowance or compensation shall be deducted from the amount payable under such new or increased award. The Secretary of the Treasury is hereby directed, upon the request of the Administrator, to transmit to the Administrator a certificate stating whether a veteran who is applying for a disability allowance under this paragraph was entitled to exemption from the payment of a Federal income tax for the year preceding the filing of application for the disability allowance and such certificate shall be conclusive evidence of the facts stated therein: *Provided further*, That any World War veteran who has drawn service-connected disability compensation for any period of 12 months since his or her discharge and who is not now drawing compensation shall be automatically restored to his or her former maximum compensation status: *and provided further*, That existing service-connected disability compensa-

tion rates of World War veterans and their widows and orphans shall be automatically increased 10 percent."

SEC. 2. This act shall take effect on the first day of the first calendar month following the month during which this act is enacted.

[Here the gavel fell:]

Mr. GREEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a copy of the bill, H. R. 5074.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

INCREASE OF MILITARY AND NAVAL ESTABLISHMENTS OF AMERICAN REPUBLICS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution (H. J. Res. 367) to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. FISH. Reserving the right to object, Mr. Speaker, I hope there will be no objection to this bill. The resolution helps sustain the Monroe Doctrine and develop friendship and good relations in South American countries. I hope there will be no objection on either side. It was reported by unanimous vote of the committee.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the resolution?

Mr. BLOOM. With pleasure. This resolution, Mr. Speaker, permits the American republics to purchase from the United States, warships, munitions of war, and materials of war without any cost or expense to this Government. This is specifically stated in the bill, and, as has already been stated, this bill was reported unanimously by the committee.

Mr. MARTIN of Massachusetts. Cannot the South American Republics do that now?

Mr. BLOOM. No; they cannot do that without this special legislation. It is necessary to have this special legislation so as to permit the Secretary of War and the Secretary of the Navy to sell these goods to the South American countries. There is no credit extended in any way. That is specifically provided in the resolution.

Mr. MARTIN of Massachusetts. In the past, when we have sold warships to South America, how has it been done?

Mr. BLOOM. It has been done through private individuals. This resolution is to permit the Government of the United States to do it, something the Government has never done before.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. LUTHER A. JOHNSON. Answering the question of the gentleman from Massachusetts, I may say that the governments of Europe can do this now. This resolution is simply to give to our own Government the same right the governments of Europe exercise in South America today. This would permit the South American countries to acquire these things from our country rather than from Europe. The resolution specifically provides that there shall be no extension of credit. It simply gives them this right to buy these things here for cash. It is in my opinion something that means much to the South American countries and also international comity between them and us.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. RICH. Does this mean that the Government is to be embarked in the proposition of selling arms and ammunition to foreign countries?

Mr. LUTHER A. JOHNSON. If the gentleman from New York will yield, it does not. I may say in answer to the gentleman's question that many of these countries would like to buy certain kinds of guns from us, but because of existing law they have to buy them in Europe. These guns are not made by private manufacturers, but they are manufactured in Government yards. We can furnish them from our Government yards. As I say, the South American countries have been buying them in Europe.

Furthermore, the Department of State wrote letters to these 20 countries asking about it. They were favorable to it. It will be a very fine gesture and a very friendly gesture to these countries of the Americas.

Mr. MARTIN of Massachusetts. How much will they pay for these things; what price will they pay?

Mr. LUTHER A. JOHNSON. They will pay for it as the work progresses—the same price that our own Government pays.

Mr. FISH. The cost of them would be the same as the cost to us.

Mr. BLOOM. It will be on a cost basis.

Mr. MARTIN of Massachusetts. Do I understand that under this resolution we could sell them ships that we have already built? The gentleman understands, of course, that we are handicapped because we have not seen the resolution; it has not been reported yet.

Mr. BLOOM. We shall be very glad to explain it. This resolution provides for building ships.

Mrs. ROGERS of Massachusetts. And, if the gentleman will yield, it was reported out unanimously by the committee.

Mr. BLOOM. The gentlewoman from Massachusetts is correct; it was reported unanimously. It seemed a helpful thing to do for countries who are our fine friends and a measure that would prove very helpful to the United States.

Mr. MARTIN of Massachusetts. I appreciate that, but the membership should be informed just what the bill seeks to do.

Mr. BLOOM. We shall be very glad to answer every question.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. MICHENER. I could not hear the conversation going on down there. Do I understand this resolution contemplates that the United States Government, through its navy yards and its arsenals, is to embark upon the venture of manufacturing munitions of war for sale to other countries?

Mr. BLOOM. No; not exactly that. Let me read that section to the gentleman.

Mr. FISH. It provides only for sale to the American republics.

Mr. BLOOM. It applies merely to the 20 American republics. This permits the United States Government to sell to them at cost for cash.

Mr. MICHENER. Yes. The question of sale is one thing, but the question of manufacture for sale is something else. Does this resolution put the United States Government into the business of manufacturing munitions and implements of war for sale to these particular countries in competition with our private industry, these arms and ammunitions to be sold at cost, while private industry must have a profit?

Mr. BLOOM. No; not any more than what they are doing now. It is not in competition with anyone else; it is merely that we should allow the 20 American republics to get the benefit of what we are doing, what we are manufacturing and buying at the present time.

Mr. MICHENER. I understand that; but what I am getting at is this: We must not lose sight of the forest because we see the trees—this is a new departure; it is a new venture on the part of our Government to embark upon the policy of manufacturing for sale war munitions or anything else.

Mr. BLOOM. But it stands to reason, I may say to the gentleman from Michigan, that if they could buy any of these things from private manufacturers at a less price, or the same material for the same price, they would buy it from the private manufacturer. This resolution, however, is designed merely to give to the South American republics the benefit of what we are doing in this country in the way of protection, so that we can build the ships for them at cost; and we are going to get the benefit of it, because all of this material comes from the United States.

Mr. LUTHER A. JOHNSON. Will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. I would like to answer further the question of the gentleman from Michigan [Mr. MICHENER] by saying there will be no competition whatever with private industry. In fact, the reason for this legislation is that these countries want to buy some of the naval guns that we have upon our own ships and some of our ammunition that we want to let them have. This cannot be manufactured in this country because private industry is not prepared to manufacture it. Take the guns, for instance, upon our naval ships. There is no place in the United States where those guns can be manufactured in private industry. They are manufactured in our navy yards. As a result, these South American countries have had to go to European countries, where there is no law against the government selling these things, and they are being sold over there, while the South American countries want to buy them here.

Mr. MICHENER. My thought is this: As I understand the resolution, this Government will take orders from the South American republics for this material. We do not want to be partial. We want to sell to all comers from South America. We will expand our facilities to meet the demands. This will disarrange our economy.

Mr. LUTHER A. JOHNSON. No. The gentleman's fears are not well founded.

Mr. MICHENER. The result will be that we must of necessity increase our navy-yard capacity. We must increase the number of Government employees used for the purpose of manufacturing these things and we will have large agencies. We will have large navy yards set up and nothing for them to do.

Mr. LUTHER A. JOHNSON. Let me answer the gentleman.

Mr. FISH. May I answer the gentleman by saying if we do not do this, the South American and Latin American countries will go abroad and buy from German, Italian, and English yards. Why discriminate against our own labor? This will provide jobs for American citizens. It will bring money into this country. There will be no credit. This will enable them to do exactly what they do with every foreign nation.

Mr. MICHENER. Yes; but we will have to expand our navy yards and our arsenals.

Mr. LUTHER A. JOHNSON. No; the testimony of the representatives of the War and Navy Departments was that no expansion of facilities would be required since orders would only be filled when we were prepared to do so. Admiral Leahy, Chief of the Bureau of Naval Operations, made a very fine statement as to the purpose and effect of this resolution, and under leave granted I submit herewith his statement before the Foreign Affairs Committee of the House when a hearing was had upon this resolution:

STATEMENT OF ADMIRAL LEAHY TO THE HOUSE COMMITTEE ON FOREIGN AFFAIRS

It is the Navy Department's understanding that the purpose of Senate Joint Resolution 89, insofar as it concerns the Navy, is to provide legislative authority for the use of the Navy's industrial facilities to assist American republics in the improvement of their navies when requests from other American Governments for such assistance are received.

At the present time the Navy Department is advised that the use of Government industrial facilities to assist other American republics is contrary to law, and that the sale of equipment and munitions manufactured in Government industrial plants is also not permitted by existing law. It has therefore been impossible to assist in the development of the navies of American republics by meeting any request for the provision of naval equipment which commercial industry is not prepared to produce without the prior development of facilities with its attendant prohibitive cost, and which the Navy is prepared to furnish without any interference with or delay in its normal program of production for the United States Navy.

This has forced American republics to meet the essential needs of their navies by the purchase of ships, munitions, and equipment in Europe from nations that are not operating under legislative restrictions on the manufacture and sale of naval equipment to foreign governments.

The Navy is prepared to manufacture in its industrial plants such naval equipment beyond the capacity of commercial industry as is likely to be requested by American republics and which can be produced without detriment to the Navy of the United States.

It is my personal opinion that closer relations between the navies and the armies of the American republics will bring about a better understanding of our common defense problems and a closer relationship between the peoples.

Improvements in the naval material of any or all of the South and Central American republics will make more difficult and discourage aggression against this continent from overseas, and should it become necessary for America to support the Monroe Doctrine with its navies, the burden to be borne by the United States Navy will be reduced in exact proportion to the number of efficient ships available to the other Republics of America.

The Navy Department is in favor of the enactment of Senate Joint Resolution 89 in its present form.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLOOM]?

There being no objection, the Clerk read the House joint resolution, as follows:

Resolved, etc., That (a) the President may, in his discretion, authorize the Secretary of War to manufacture in factories and arsenals under his jurisdiction, or otherwise procure, coast-defense and antiaircraft matériel, including ammunition therefor, on behalf of the government of any American republic; to sell such matériel and ammunition to any such government; to test or prove such matériel and ammunition prior to sale or delivery to any such government; to repair such matériel on behalf of any such government; and to communicate to any such government plans, specifications, or other information relating to such matériel and ammunition as may be sold to any such government.

(b) The President may, in his discretion, authorize the Secretary of the Navy to construct vessels of war on behalf of the government of any American republic in shipyards under his jurisdiction; to manufacture armament and equipment for such vessels on behalf of any such government in arsenals under his jurisdiction; to sell armament and equipment for such vessels to any such government; to manufacture antiaircraft artillery and ammunition therefor, on behalf of any such government, in factories and arsenals under his jurisdiction; to sell antiaircraft artillery and ammunition therefor to any such government; to test or prove such vessels, armament, artillery, ammunition, or equipment prior to sale or delivery to any such government; to repair such vessels, armament, artillery, or equipment on behalf of any such government; and to communicate to any such government plans, specifications, and other information relating to such vessels of war and their armament and equipment or antiaircraft artillery and ammunition therefor, as may be sold to any such government or relating to any vessels of war which any such government may propose to construct or manufacture within its own jurisdiction: *Provided*, That nothing contained herein shall be construed as authorizing the violation of any of the provisions of any treaty to which the United States is or may become a party or of any established principles or precedents of international law: *And provided further*, That no transaction authorized herein shall result in expense to the United States, nor involve the extension of credits by the United States.

SEC. 2. In carrying out transactions authorized by section 1, the Secretary of War and the Secretary of the Navy are authorized, in their discretion, and provided that it be not inconsistent with any defense requirements of the United States or of its possessions, to communicate or transmit to the government of any American republic or to any duly authorized person for the use of such government information pertaining to the arms, ammunition, or implements of war sold under the terms of that section or to any vessels of war constructed within the jurisdiction of any such government, and to export for the use of any such government coast defense and antiaircraft matériel and ammunition therefor, and vessels of war and their armament and equipment involving such information: *Provided*, That any information thus communicated or transmitted or involved in any such arms, ammunition, implements of war, or equipment when exported shall cease to be considered restricted after 1 year from the date that such communication or transmission has been authorized or such exportation made.

SEC. 3. All contracts or agreements made by the Secretary of War or the Secretary of the Navy for the sale to the government of any American republic of any of the arms, ammunition, or implements of war, the sale of which is authorized by this joint resolution, shall contain a clause by which the purchaser undertakes not to dispose of such arms, ammunition, or implements of war, or any plans, specifications, or information pertaining thereto, by gift, sale, or any mode of transfer in such a manner that such arms, ammunition, implements of war, or plans, specifications, or information pertaining thereto may become a part of the armament of any state other than an American republic.

SEC. 4. The Secretary of War or the Secretary of the Navy, as the case may be, shall, when any arms, ammunition, implements of war, or equipment are exported pursuant to the provisions of this joint resolution, immediately inform the Secretary of State, Chairman of the National Munitions Control Board, of the quantities, character, value, terms of sale, and destination of the arms, ammunition, implements of war, or equipment so exported. Such information shall be included in the annual report of the Board.

SEC. 5. (a) There is hereby authorized to be appropriated from time to time, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this joint resolution.

(b) All moneys which may be received from the government of any American republic, in payment for any article delivered or service rendered in compliance with the provisions of this joint resolution, shall revert to the respective appropriation or appropriations out of which funds were expended in carrying out the transaction for which money is received, and such moneys shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year.

SEC. 6. The Secretaries of War and of the Navy are hereby authorized to purchase arms, ammunition, and implements of war produced within the jurisdiction of any American republic if such arms, ammunition, or implements of war cannot be produced in the United States.

Mr. RICH. Mr. Speaker, may I ask the gentleman from New York another question? What effect will this have on what we call neutrality? What effect will our furnishing munitions of war, in order to keep our people in this country busy, have to South American countries? It is a fine thing, of course, to keep our people busy, but it is not such a good thing when we have to go to manufacturing munitions of war in order to do that. What effect is that going to have upon foreign countries?

Mr. BLOOM. It will have no effect at all, because these governments are obligated under the resolution not to sell, convey, or transfer any of these things to any other government. They must keep them for their own specific use and cannot dispose of them under any circumstances.

Mr. RICH. We are trying to be neutral in this country, and the only way to be neutral is to attend to our own business.

Mr. BLOOM. I can assure the gentleman if the Foreign Affairs Committee adopts this resolution by unanimous consent we will remain neutral.

Mr. BOLLES. Mr. Speaker, I object.

The SPEAKER. The gentleman from New York [Mr. BLOOM] long ago obtained unanimous consent for the consideration of the resolution and it has been read.

The question is on the engrossment and third reading of the resolution.

The resolution was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

The SPEAKER. Without objection, House Resolution 269, from the Committee on Rules providing for the consideration of the joint resolution just passed, will be laid on the table.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. The Chair will recognize the gentleman from New York [Mr. CULKIN] for that purpose, but the Chair will not recognize any other Member for that purpose until we have completed consideration of the unfinished business.

Is there objection to the request of the gentleman from New York [Mr. CULKIN]?

There was no objection.

CORRECTION

Mr. CULKIN. Mr. Speaker, on Saturday in the course of debate on the Lea bill I stated that Mr. O'Neill of the Farm Bureau Federation had gone fishing to Florida on a private train with Pelley of the Railroad Association. I made that statement after a complete verification of the fact, I had supposed. I had a call today from Mr. Pelley, a very genial gentleman, and he assured me that he had not gone fishing with Mr. O'Neill. I desire to retract that statement, so far as it may be possible, and ask the House to disregard it.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend the remarks I made on the bill just passed and include therein a statement from Admiral Leahy as to the necessity and wisdom of the legislation.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from one of the churches in San Pedro, also a communication from the California committee to support the Wagner Act.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WHITE of Ohio. Mr. Speaker, I ask unanimous consent to print in the RECORD a letter I have written to the Assistant Secretary of War and include therein the names of the Confederate officers buried in the Confederate Cemetery at Johnson's Island, Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDMENT OF THE INTERSTATE COMMERCE ACT

Mr. LEA. Mr. Speaker, I regret to announce that the gentleman from Maryland [Mr. COLE], who took such an active part in the general debate, is ill and will probably not be able to attend the sessions of the House during the remainder of the consideration of S. 2009. Anyone familiar with the gentleman from Maryland knows the value of the service he has rendered on this matter, and anyone who will read his speech in the RECORD of Saturday will realize the industry and ability he has devoted to this subject.

Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2009, with Mr. JONES of Texas in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. At the time the House adjourned last Saturday the first section of the bill had been read.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 199, line 8, after the period and before the quotation marks, insert "All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy."

Mr. WHITTINGTON. Mr. Chairman, we have under consideration section 1, which provides for the title of the bill and contains the declaration of policy. The declaration of the policy to provide for a unified system of national transportation and to preserve the natural advantages of the various types of transportation has been emphasized not only by members of the committee in the general debate but by the committee in its report. The courts have decided that in construing declarations of policy, as I understand, if specific provisions of the act are contradictory or different and do not provide for the execution of that policy, the specific provisions of the body of the act will control. I have in mind the decision of the Supreme Court of the United States which declared invalid the Agricultural Adjustment Act first passed by the administration now in power. There was an admirable declaration of policy in that act, but the court did not follow the declaration of policy, instead basing its decision upon the specific substantive language contained in the bill.

Mr. Chairman, I have no special fault to find with the declaration of policy in this bill. I quote from the section:

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each.

Reading further in the declaration, I quote:

And preserving a national transportation system by water, highway, and rail, as well as other means.

That "other means" may mean air transport. There were those who advocated the inclusion in this bill the regulation of air commerce, but the bill does not provide for that.

Mr. Chairman, I have offered the amendment that has been reported by the Clerk, which adds at the conclusion of this section the following language:

All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy.

If that declaration means anything, if that declaration is commendable, it can amount to nothing unless it is enforced and administered so that the declaration may be carried out.

I have submitted this amendment to the committee and have had it printed in the Appendix of the RECORD of Saturday, July 22. It may be said that the language of the bill provides for such enforcement. I reply that if such language can be pointed out in any part of this bill, containing more than 100 pages, I will gladly withdraw the amendment. I say that it reenforces and emphasizes and, if possible, gives greater force and validity to the declaration of policy about which we have heard so much.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from Texas, the distinguished majority leader.

Mr. RAYBURN. May I say, first, that when bills from the Committee on Interstate and Foreign Commerce are under consideration I always feel that I have a special interest in them.

Of course, a declaration of policy within itself, I believe the gentleman will admit, is sometimes dangerous legislation.

Mr. WHITTINGTON. It certainly is not controlling; that is what I undertook to say.

Mr. RAYBURN. I have had so much to do with questions relating to declarations of policy in railroad legislation that I would rather not go far enough than go too far, not only in the matter of the administration of the act but in connection with matters that may come into the courts.

I have read the amendment a time or two and I am very frank to say to the gentleman from Mississippi, whose judgment on most things I am willing to follow, that I believe, frankly, his amendment, instead of being a clarifying amendment, might cause more trouble in the administration of the law than would be the case if it were left out of the bill. I am frank to say that to the gentleman because I am fearful his words mean little or too much, and that is always my fear about matters of this kind.

Mr. WHITTINGTON. I may reciprocate by saying that, while I yielded for a question, I am glad to have the statement of the distinguished majority leader, and would gladly yield further if he can give us any proof or, as we lawyers say, any evidence.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask uanimous consent, in view of the fact that I yielded, to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. As I stated, I gladly yielded to the distinguished majority leader, and he is entitled to his views. He gave us his views, but with due respect, he did not give us any citation or any sort of proof to support the fact that there might be a contradiction between the declaration and the language I have stated, and while I have a high regard for his views, I respectfully submit that unless the declaration of policy is administered and unless the declaration of policy is enforced, the meaning of the declaration is absolutely lost and there is no effect to be given to the declaration of policy.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from North Carolina.

Mr. WARREN. It is our contention that in not one line or sentence of the bill is the declaration of policy carried out. The amendment offered by the gentleman from Mississippi, certainly, gives force and effect to the declaration, whatever it is, because it is not given force and effect in any other sentence in the whole bill.

Mr. WHITTINGTON. And with due regard to the statement of the distinguished majority leader, all those who advocate the passage of the bill with whom I have talked have said to me that the language I here propose is substantially embraced in the bill and there is no occasion for repetition. No one has undertaken so far, except the distinguished majority leader, to tell me it might lead to some conflict. I emphasize the point made by the gentleman from North Carolina that if the declaration is to mean anything, it must be administered and must be enforced, and there is not any language in the bill, except the language I here propose, that in so many words directly states it shall be enforced and that it shall be administered so as to preserve and carry out the declaration of policy.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman.

Mr. MASON. In further emphasis of what the gentleman from North Carolina said, would the gentleman agree that the purpose of his amendment is to tie down and give effect to the declaration in the bill?

Mr. WHITTINGTON. I not only so agree, but I have so stated that several times.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. Does the gentleman feel that if his amendment were adopted it would also help the courts, in interpreting the law, to interpret it so as to follow the policies as declared in the bill?

Mr. WHITTINGTON. I so stated. My whole purpose is to perfect section 1 by supplementing and reenforcing the declaration of policy.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from Virginia.

Mr. BLAND. Is it not a fact that today we are having in some legislation a great deal of difficulty because of the failure of certain boards to follow direct legislative expressions in legislation?

Mr. WHITTINGTON. Undoubtedly; and I agree with that part of the statement of the distinguished majority leader when he said it is often dangerous to embody a declaration of policy without provisions for its execution in the specific and substantive law. If the declaration is dangerous, it is unfair and should be stricken from the bill. It is dangerous, I say, to Mr. RAYBURN, the majority leader, to make a declaration unless you mean to carry it out, and for that reason I advocate the adoption of my amendment, which provides for carrying out the declaration. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment. As we proceed with the consideration of this bill, various amendments could be offered everywhere, more or less plausible in sound or terms, but which may have results far from what the House would desire. I think the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON] is unnecessary, to begin with. The bill very plainly, about as plainly as language can be written, provides for the protection of the inherent advantages of water transportation as contrasted with other means of transportation. In fixing rates the water carrier is assured the advantages of the cheaper rate at which he can transport property.

If we will refer, for instance, to section 317 (f), page 260, there is a rule of rate making similar to the rule provided with respect to railroads and other motor carriers, with this provision, that in the exercise of its powers to prescribe reasonable rates, and so forth, the Commission shall give con-

sideration, among other factors, "to the effect of rates upon the movement of traffic; to the need in the public interest, of adequate and efficient water transportation service at the lowest cost, consistent with the furnishing of such service"; and, again, "to the need of revenues sufficient to enable water carriers, under honest, economical, and efficient management to provide such service." That specifically provides for the protection of the advantages that water may have from the standpoint of carrying at cheaper rates.

In section 305 (d), page 259, there is a provision in the case of a through rate, where one of the carriers is a common carrier by water, in which case the Commission may prescribe such reasonable differentials, if any, as it may find to be justified between all-rail rates, and the joint rates in connection with such common carrier by water.

In section 305 (c), page 253, lines 1 to 3, there is a provision to the effect that in the application to water carriers of a prohibition against granting undue, unreasonable preferences or advantages, such provision shall not be construed to apply to discriminations, prejudices, or disadvantage to the traffic of any other carrier of whatever description.

In other words, the water carriers are given the privilege of making rates less than other carriers without being susceptible to a charge of discrimination in their doing so.

It is true that the general principle of interpretation with which all attorneys are familiar is that general declarations do not overcome specific provisions of the bill, but if you have read this bill carefully you will have found that in a number of cases we have specifically tied in the declaration of policy with the specific provisions of the bill. In this rate section, we have specifically provided for the very thing the water people want, the protection of the inherent right of the water carriers to the lower cost at which they can transport property.

I believe this amendment should be defeated because it is unnecessary. As suggested by the gentleman from Texas [Mr. RAYBURN], its presence in this act may lead to consequences not anticipated. It can serve no useful purpose because the bill already takes care of what is the object of the amendment.

Mr. KITCHENS. Mr. Chairman, I rise in opposition to the amendment. I do not want to commit myself to the inconsistencies or be a party to freezing certain things that are in this declaration of policy. This declaration of policy is a contradiction in terms and carries a loophole for its own avoidance. It goes on here and says that it is—

> the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each—

If it had stopped there, it would be all right, but then it proceeds a little further and later emasculates that, digs holes in it that you could drive a boxcar through—let me proceed to read—

> to promote safe, economical, and efficient service and to foster sound economic conditions in transportation and among the several carriers, to encourage the establishment and maintenance of reasonable charges for transportation services.

So far so good in this policy matter, and if they had stopped there, you would have had a good policy, but what is immediately added after the last words, "charges for transportation services"? I read, "charges for transportation services without unjust discriminations."

Unjust discriminations. Mr. Chairman, there can be no such thing as unjust discriminations. A discrimination itself is unjust. Are you going to have the Interstate Commerce Commission decide between a discrimination which is wrong within itself and an unjust discrimination? Webster's international dictionary says that the word "discrimination" itself, without the word "unjust" means anything that is unfair or brings about any injurious distinction," and in law as applied to common carriers, it is "the imposition of unequal tariffs for substantially the same service." That is what discrimination is, and further, "it is a difference in treatment made between persons or localities or classes of traffic in substantially the same service." That is what discrimination is according to Webster and the law books, and yet the bill uses the word "unjust" before the word "discrimination." What does Webster further say? He says a discrimination, without the word unjust, is "a difference in rates not based upon any corresponding difference in cost."

That is the legal definition of simple discrimination; yet in this bill and policy declaration we have the word "unjust" before the word "discrimination."

A little further on in the declaration of policy are used the words "undue preference." There cannot be any such thing as "undue preference" and at the same time a rightful preference. What is "preference"? In law the one word "preference" itself is a special advantage given to a particular person, a particular locality, or a particular form of shipment, whether by the granting of a lower tariff or extraordinary facilities for shipment, more commonly called "discrimination" in the United States.

Now, in this declaration of policy the United States Congress is referring to rate charges and using the terms "unjust discrimination" and "undue preference," and expects the Interstate Commerce Commission to distinguish between what is "discrimination" and what is "unjust discrimination," expecting the Interstate Commerce Commission to decide between what is "preference" and what is "undue preference." I submit that the word "unjust" before "discrimination" should be removed from this declaration of policy and the word "undue" should be removed. Therefore I am going to submit such an amendment.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BULWINKLE. Mr. Chairman, I rise in opposition to the amendment. I wish to call the attention of the Committee to the amendment offered by the gentleman from Mississippi. If you vote for that amendment you will, of necessity, have to assume that the Interstate Commerce Commission in the first place will not construe this policy. You will have to further assume that the Interstate Commerce Commission will not enforce it. You will have to assume that if a case goes to the courts, the courts will neither construe nor enforce the provisions of this policy.

As to what the gentleman from Arkansas [Mr. KITCHENS] said about this declaration of policy, I regret very much that he has not read the declaration of policy which the Congress of the United States enacted in the Motor Carrier Act in 1935. It is practically similar, except, of course, the provision as to water and railroads is inserted in this bill. The gentleman said he did not want "undue preference"; he wanted the word "undue" stricken out. If you would think of the far-reaching effect that might have, I do not believe you would want it removed. For instance, on commodity rates from their own State there is a preference given as to certain rates, but it is not an undue preference. Preferences are given in a variety of the class and commodity rates, and probably there is some discrimination, but there is no unjust discrimination intended, and you must consider that.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. KITCHENS. I want the gentleman to understand that if Arkansas has any preference over anybody else in the United States on any kind of a rate, we want to get rid of it. We want the same rate that every other State in the Union has, every other locality in the United States has.

Mr. BULWINKLE. I think if the gentleman would investigate the matter he would find that probably that is not quite a correct statement.

[Here the gavel fell.]

Mr. POAGE. Mr. Chairman, I rise in support of the amendment.

I ask unanimous consent to proceed for 5 additional minutes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. POAGE. Mr. Chairman and members of the Committee, I regret to find myself compelled to use this method of bringing to your attention one of the provisions of this bill that has not been mentioned in this declaration of policy, and that would not come to your attention whether we get the amendment on this declaration which makes the declaration really effective or not. Certainly if we are to have a declaration of policy, let us make the declaration effective. If it does not mean anything, let us strike it out. If it does mean anything, let us go down the line and tell the courts that we mean just what we said by that declaration of policy.

But I want particularly to call your attention to a provision further on in this bill that is covered up very much like this declaration of policy covers up a great many other things. On both Friday and Saturday I tried to secure time to address the members of this committee.

Mr. BULWINKLE. Will the gentleman yield?

Mr. POAGE. No; I cannot yield. I only have 10 minutes. I could not get any time from the committee on Friday or Saturday.

Mr. BULWINKLE. I would just like to ask the gentleman one question.

Mr. POAGE. I yield for a question.

Mr. BULWINKLE. The committee is entitled to know what is covered up by this declaration.

Mr. POAGE. I will tell the gentleman.

Mr. BULWINKLE. All right.

Mr. POAGE. I will tell the gentleman, because I explained on Friday and Saturday that I wanted to discuss those provisions of this bill relating to the waiving of the advantage that the United States Government now has, and which it paid for, with the land grants previously made.

On both days the committee felt that it could not allow me any time, but on each day additional time was yielded to speakers who had been granted recognition for limited periods to discuss other parts of the bill. None of these speakers, however, ever saw fit to discuss the provisions of part 11 of title 3 of this bill. I want to believe and do believe that this lack of attention to this part grows out of a lack of information on the part of the committee in regard to these sections of this bill. I have a high regard for the membership of this committee. I know that this committee would not knowingly be a party to a transaction which would take from the United States Government hundreds of millions of dollars and drop them into the hands of a small group of bondholders with no return to the Government. Yet that is exactly what part 11 of title 3 of this bill does.

Nearly 150 years ago a Georgia Legislature conveyed to private interests several hundreds of thousands of acres of State land. The matter involved only the property of the State of Georgia, but aroused public sentiment swept the entire country and brought about a national protest to such action.

During the period of the Civil War in this Nation, and to some extent just before and just after that great conflict, there was a great era of national expansion—westward expansion—an irresistible demand for improved means of communication. Many of our greatest statesmen of the period felt, and possibly correctly, that our military security, and in fact our very national existence, depended on the construction of new railroads connecting the various parts of our far-flung Nation. It is little wonder then that they should have offered generous inducements to those who would construct and operate such rail lines. Large bounties of public land were offered. But they were not offered as simple gifts as so many of our people have so often incorrectly supposed. In almost all cases the lands were offered on condition that the recipients would not only construct certain railroads but on the further condition that when constructed the road would forever transport Government property and troops without any cost. The clause which appeared in nearly all of the original acts is as follows:

> The said railroad and branches shall be, and remain, a public highway for the use of the Government of the United States free from toll or other charge, for the transportation of any property or troops of the United States.

Construing these grants, the Supreme Court of the United States held that the Government did not make a gift to the road, but on the contrary, that the Government paid in advance for services to be rendered by the road. In *L. & N. Railroad Company* v. *The United States* (267 U. S. 395) the Court said:

> But the land grant made many years ago in aid of the railroad enterprise was not a mere gift or gratuity. The carrier's obligation to haul property of the United States at reduced rates was a part of the consideration for which the land grant was made. Part of the appellant's compensation for hauling the coal was in land, and the balance was in money.

This was the trade made by and in behalf of the United States during the "tragic era" of American history. Not an entirely one-sided trade, it must be admitted, and yet the fact that one-tenth of the entire area of the Nation was thus conveyed to the railroads invoked a storm of protest which all but overthrew the Republican Party. A storm of protest that has left its scars and its suspicions until this very day. Yes; we can all remember how we have blushed to hear a recital of that chapter in our Nation's history. We all know how near the railroad land scandals came to ruining the fame of that great Federal leader, Gen. Ulysses S. Grant. I have never felt that he was guilty of any wrongdoing, but how much better it would have been had we been able to avoid these railroad land transactions. With all this, the worst that could be charged as to the policy of that day was that the Government had perchance allowed the railroads to out-trade it. There was no gift of public property without compensation as there is in title 3 of this bill. There was only an offer to buy transportation at what for many years following proved to be a tremendous price. Particularly was it a high price in view of the fact that in 1879 the courts agreed that while under the acts the Government had secured for itself the free use of the railroads and appurtenances constructed on the granted land, the railroad companies were entitled to 50 percent of the commercial rates and fares as compensation for the use of their equipment, employees' time, fuel, and so forth, employed in transporting property and troops of the United States.

Are we, the Members of the Seventy-sixth Congress, to repeat and outdo the generosity of our predecessors with other people's property for the benefit of the railroads? I hope not, and yet, title 3 of this bill absolutely gives away, without any compensation whatsoever, all the benefits that were retained to the Government as compensation for 132,000,000 acres of the cream of the public domain. Why should we make this princely gift to the bondholders of some 30 railroads? Why should the American taxpayer pay for transportation with the very soil of his homeland, and then be compelled by a callous Congress to pay for it again? Why should this bill conceal this gratuity in such language that the average citizen could read it through and very probably fail to catch the implications of this unprecedented raid on the Public Treasury? Why have the committee members who have explained this bill failed to discuss this vital section? Why should we point with scorn to the Georgia land frauds of the beginning of the last century and then embark on this program which overshadows them as the Empire State Building overshadows the pioneer's hut? Why should we condemn the fast and loose financing of the late sixties and early seventies and then even consider this proposal?

My colleagues, arouse yourselves, look into this grotesque proposal. If we pass part 2 title 3, of this bill we should add thereto a provision extending to Albert B. Fall a legislative pardon. We should include therein authority for the placing of the statues of Edward H. Doheny and Harry Sinclair in the Hall of Fame, and we should remove the tarnish from the Teapot Dome—for if we pass this, that page in our Nation's history will by comparison stand out pure and bright.

At the proper time I shall offer an amendment to strike out part 2, title 3 from the bill.

Mr. HALLECK. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the debate on this amendment has gone rather far afield and before we vote on it I would like, if I can, to get all of us back on the right track.

In the first place, we have in this bill a declaration of policy. No matter what words you may add to this declaration of policy in the way of a further mandate to the Commission or the courts, it cannot supersede the specific proposals contained in the body of the bill. Strangely enough, the gentleman from Mississippi says that it is a good declaration of policy and he would like to see it applied in the specific provisions. The gentleman from Arkansas says that the declaration of policy is no good, and so I suspect that he would not care to have it weighed in any manner in addition to the specific provisions of the bill; but here is the only issue: In the construction of the specific statutory proposals written in the body of this bill the Commission and the courts will on occasion be required to find what was the legislative intent and consider that legislative intent in the construction of that particular provision of the statute. It is not fair to suggest, in my opinion, that the Commission and the courts will not look to this declaration of policy whenever they are called upon to make such construction of the statute and application of it.

Necessarily, they will look to the declaration in the act itself for determination as to legislative intent. I do not know whether it makes a lot of difference whether the words of this amendment are written into the bill or not. But I have not been able to find a substantially similar precedent in any other act of this sort.

Whenever you write words into a bill of this nature for which the courts and the Commission cannot find a substantial reason, they begin to hunt for a reason. They begin to investigate to determine just what the Congress had in mind by adding those words. So, whenever you put into any act words that do not really belong there, there may be a mischievous result.

Mr. Chairman, I say that these words do not belong in this declaration of policy. Insofar as they may be effective in determining the administrative application of this act, they are as effective as they possibly can be made.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is the gentleman opposed to the enforcement of the declaration of policy of this act?

Mr. HALLECK. I favor the enforcement of the declaration of policies in this act as carried out and provided for in the body of the act, and they are provided for in the body of the act. Every line of this act has been written in furtherance of the policies declared in the act.

Mr. WHITTINGTON. Is the policy different from the body of the act?

Mr. HALLECK. I say it is not.

Mr. WHITTINGTON. Then there should not be any objection to the amendment.

Mr. HALLECK. The specific provisions of the bill carry out the declaration of policy. The courts and commissions will recognize that, and in determining the legislative intent of the Congress in enacting these specific provisions they will have regard for the declaration of policy. The words of this amendment, I submit, as a matter of intelligent legislative action, should be voted down and the declaration of policy kept as it is.

[Here the gavel fell.]

Mr. CULKIN. Mr. Chairman, I move to strike out the last four words.

Mr. LEA. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. CULKIN. I yield to the gentleman from California.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes.

The CHAIRMAN. The gentleman from California asks unanimous consent that all debate on this section and all amendments thereto close in 15 minutes. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Chairman, when Congress speaks to a bureaucracy it should speak in plain, unvarnished terms. This bill fails to do that. Those who have analyzed it in that particular technical field say that the bill is full of weasel words. The declaration of policy, if you please, is fair to look upon, but then repeatedly in the text of the bill it turns this whole problem over to a bureaucracy. The Congress abdicates. This bill reiterates times without number that the Commission "may" and then there is another series of weasel words. So that the Congress instead of writing into law a policy that should control this question makes a complete abdication.

The amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON] will not cure the many diseases from which this bill suffers; however, it is a start in the right direction. If you wish to reserve or if you wish to put into effect fair words of the preamble, I urge that you support the amendment which the gentleman from Mississippi has offered. It at least will be sensible and an advance in the right direction, where the Congress speaks and does not turn the people of the country over again to a battered, outworn, outmoded bureaucracy.

I urge the Committee to adopt the amendment offered by the gentleman from Mississippi [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, as I came in awhile ago the gentleman from Texas [Mr. POAGE] was speaking on the subject of land grants to the railways. When the Senate Committee on Interstate and Foreign Commerce was considering the bill for turning the railroads back to their owners after the World War, this matter was thoroughly discussed and, by the way, that is the same committee that sent out this bill. I refer to the Senate Committee on Interstate and Foreign Commerce. They drew a map of the amount of land equivalent to these railway grants, and this appears in the committee hearings. It was equal to the combined areas of the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, and the District of Columbia.

During the World War the railroads that had these land grants were paid in full the same as any other railroad for the transportation of Government troops, supplies, and everything of that kind. They were all under the Railroad Administration, first presided over by Senator McAdoo and afterward by Walker D. Hines. In the 26 months of Government operation, the amount of money allocated to the railroads for maintenance and upkeep was approximately $2,000,000,000 more for the 26 months than the railroads themselves had spent for a like period previous to the war.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Chairman, as Webster said, after we have been tossed about for many days by the storm—

> It is well to take our bearings to determine by the compass just what is the location.

The question now before the Committee is involved in the proposal of the gentleman from Mississippi [Mr. WHITTINGTON], which is as follows:

> So that the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy.

If that, considered in connection with the language in the policy section now in the bill, is not redundancy carried to an extreme I would like to know what it is. The bill now says plainly:

> It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each.

The pending amendment is mere repetition which would make the policy section perfectly ridiculous. We have drafted this language in the policy section as clearly and unequivocally as it is possible to draft it. The drafting service and the committee weighed this language so as to make it perfectly

sure that it would constitute an accurate statement of the purpose of the bill. To add a number of words saying, in effect, that we shall not forget what is said in the beginning of the paragraph as to the purpose of the bill would be worse than useless.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Does the gentleman favor enforcing the declaration?

Mr. CROSSER. Certainly.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Texas.

Mr. RAYBURN. Would the gentleman think it necessary to add somewhere in each bill we pass, whether it contains a declaration of policy or not, a paragraph or section saying, "This law as written shall be the law"?

Mr. CROSSER. That is exactly the significance of this amendment; that is exactly what this means: "We hereby repeat that we want this law enforced." That is all it means and nothing more.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Michigan.

Mr. HOOK. Will the gentleman point out to me anything in this declaration of policy which is a protection to the consuming public?

Mr. CROSSER. This declaration states:

To encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices.

That is all for the advantage of the consuming public.

Mr. HOOK. That language is put in there for the advantage of the consuming public?

Mr. CROSSER. Exactly; that is its purpose.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the amendment of the gentleman from Mississippi will be again reported.

There was no objection.

The Clerk read, as follows:

Page 199, line 8, after the period and before the quotation marks, insert the following: "All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON].

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were—ayes 79, noes 71.

Mr. LEA. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. LEA and Mr. WHITTINGTON.

The Committee again divided; and the tellers reported that there were—ayes 100, noes 82.

So the amendment was agreed to.

Mr. WARREN. Mr. Chairman, I move to strike out the last word merely for the purpose of asking the Chairman of the Committee a question in order to expedite the consideration of this measure. I believe we may be able to save at least 3 or 4 hours in the consideration of it.

The word "water" is noted in the declaration of policy which has just been read. If we attempt to offer amendments in title I wherever the word "water" appears, we will be here an interminable time, certainly many, many hours. I make the suggestion to the gentleman from California and to the Committee that we will not offer any amendments along that line but, of course, finally the gentleman from Texas [Mr. SOUTH], a member of the committee, will offer an amendment to strike all of title II, part III. If the gentleman's amendment should prevail, and I hope it will, I think that the gentleman from California at this time ought to ask unanimous consent, if we can make this agreement, to return then and reform title I in accordance with that amendment, if it should prevail. I make this suggestion merely in the interest of orderly procedure and to save many hours of time.

Mr. LEA. I may state to the Members of the Committee that the gentleman from North Carolina mentioned this matter to me some time ago. It seemed to be worthy of serious consideration. As chairman, however, I was not in a position to consent to it until after consultation with the members of the committee. Just at the present time I am still unable to state what we can do about the matter. I do hope, however, that we can make some arrangement to facilitate the consideration of the bill and avoid unnecessary repetition of effort.

Mr. WARREN. Mr. Chairman, in view of that statement, it will not be our purpose to offer amendments along that particular line to title I. There are several amendments that will be offered to title I. If our motion should later prevail, then, of, course, the gentleman from California will have to ask unanimous consent to return to title I and reform the bill accordingly. I am sure there will be no objection to that.

Mr. LEA. I believe we will have no difficulty in making an arrangement to facilitate the action of the House.

[Here the gavel fell.]

Mr. KITCHENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KITCHENS: Page 198, lines 20 and 21, after the word "without" in line 20, strike out the word "unjust" and, after the word "discriminations", strike out the word "undue."

Mr. KITCHENS. Mr. Chairman, I offer an amendment to strike "unjust" and "undue" from the declaration of policy. I called your attention to this matter a few minutes ago. The declaration of policy, it seems to me, would be all right if these two words were stricken from it—the word "unjust" before the word "discrimination" in line 20, page 198, and the word "undue" before "preference" in line 21, page 198.

As you will notice, the declaration of policy states that it is declared to be the transportation policy of the Congress to provide for fair and impartial regulations of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each.

If that were all of the declaration of policy, I think it would be sufficient, because it would protect the inherent advantages of all, but it goes on and states further:

To promote safe, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers.

To encourage the establishment and maintenance of reasonable charges for transportation services.

With that part of the declaration of policy there can be found no fault.

If the declaration of policy had ended there, with the word "services", it would be sufficient, but it continues and states:

To encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discrimination.

I am not prepared as a Member of Congress to vote a policy justifying discriminatory freight charges against anybody in the United States. An unjust discrimination. A discrimination is an evil, an injustice, and bad enough within itself, but the Interstate Commerce Commission is authorized to fix a discriminatory rate or determine a rate existing between discrimination and unjust discrimination. There cannot be a just discrimination. A discrimination being bad within itself, certainly there is no room in any legislation for a discrimination against anybody.

I submit the two words "unjust" and "undue" should be eliminated by adoption of my amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

Mr. PATRICK. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. All debate has ended on this section.

Mr. LEA. I understand no one has spoken in opposition to the gentleman's amendment, and my request was that debate be closed on the pending amendment and not the section.

The CHAIRMAN. As the Chair put the request, it was to close debate on the section.

Without objection, the gentleman from Alabama will be recognized for 5 minutes.

Mr. EBERHARTER. Mr. Chairman, will the gentleman from Alabama yield for a parliamentary inquiry?

Mr. PATRICK. Yes.

Mr. EBERHARTER. I understand from the chairman of the committee in charge of the bill [Mr. LEA], and those opposing the bill, the unanimous-consent request only referred to the amendment which was then pending.

The CHAIRMAN. The Chair put it with respect to the section, but, without objection, the request will be modified to make it applicable only to the amendment then pending. Is there objection?

There was no objection.

Mr. PATRICK. Mr. Chairman, in the Motor Carriers' Act of 1935, this exact language was used, "unjust discrimination and undue preference." Surely anybody that studies the moving finger in this kind of legislation must concede that if you lay down a proposition whereby no discrimination or preference that might be decided to be such by a court of law should be permitted, you are going into a field where complications must arise from technical discriminations which could not be yielded to at all. For that reason unjust discriminations and unfair discriminations are the only kind of discriminations that can be considered. Unjust discrimination and undue preferences are to be considered, so why attempt to go further? Often some kind of preference is necessary, or sometimes a condition presents itself that must be acceded to. This very often happens in transportation, as well as in other matters of that nature. You are going to find, upon an analysis of the matter, that many times this has to be recognized. If you stand to consider such a thing as a just discrimination or a just preference, there would be nobody in the world to come forward with a bill to correct something that is already correct. It seems to me that mere logic defeats the idea of striking out this sort of expression in term.

It has not been done in the other carrier acts, and it seems that it would render futile what we are trying to accomplish in this legislation.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. PATRICK. Yes.

Mr. MURDOCK of Arizona. Is it not true that for more than a half century the Interstate Commerce Commission has fixed our freight and passenger rates, and have they not in so fixing those rates acted properly, yet what they did might be called a discrimination?

Mr. PATRICK. Yes.

Mr. MURDOCK of Arizona. In other words, the I. C. C. for years, in fixing rates, has discriminated but such was legal, reasonable, and not unjust. All that this provides is that there shall be no unjust discrimination, and under this we will continue as in the past?

Mr. PATRICK. Certainly.

Mr. LEA. Mr. Chairman, I did not hear all the gentleman from Arizona stated, but I call attention to the fact that for several decades this is language that has been a part of the transportation law of the country.

Mr. PATRICK. I just mentioned that fact.

Mr. MURDOCK of Arizona. Mr. Chairman, I rise to elaborate just a little bit on what I said to the gentleman from Alabama [Mr. PATRICK] We have had now for more than a half century a great quasi-legislative, quasi-judicial corporation or body established and empowered by Congress to fix passenger rates by rail, namely, the Interstate Commerce Commission. It is true that they have shown preferences for certain commodities, and apparently for certain sections, but that is a part of the general scheme of rate making and no doubt was so intended. There was no preference shown as between one locality and another or as between one commodity and another in any unfair or unjust manner. We propose in this act to continue the same policy. I have a high regard for the wisdom, fairness, and justice of the Interstate Commerce Commission. The gentleman from Arkansas [Mr. KITCHENS] is a bit academic when he refers to Webster's Dictionary, or some such source, and attempts to show that it is not proper or logical to speak of "unjust discrimination." Surely he would not contend that all cases of "unequal" treatment are accordingly "unjust." It is impossible for Congress by law to lay down specific rates for innumerable cases in all this complicated matter. We must depend upon and authorize—not a bureaucracy, as one has a half century, having in mind the welfare of the whole country. That is what we want to continue in this declaration of policy. If the I. C. C. does not charge the same rate on two common commodities for equal distances, it may be true in a dictionary sense that such is discrimination, but it is not an unjust discrimination. In insurance, in various phases of business, there are rates which might be called discriminatory, but they are necessary and just.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. Yes.

Mr. HOUSTON. What I had in mind is what the gentleman just stated, and I refer to wheat in my country. If this word were taken out, it would leave us in a bad way.

Mr. MURDOCK of Arizona. I understand the farmers of the West have a certain preferential rate on their farm commodities. It would be too bad for the farming sections of this country if that word "unjust" should be taken out and any and all discrimination thus forbidden, because those farmers from the West and Middle West very likely would be made to pay on farm commodities the same amount per mile as on other freight and that would be an equality which would be unjust. What is fair and reasonable ought to be continued.

Mr. PATRICK. Is not the same thing true in respect to preference? Is it not often necessary to take care of an economic condition that a preference must be established?

Mr. MURDOCK of Arizona. I feel sure that is correct.

Mr. PATRICK. If you pass a law taking out all preferences, then you would not be permitted to exercise "due preference."

Mr. MURDOCK of Arizona. Take a carload of coal and a carload of silk and carry them 100 miles. Apparently they ought to be charged exactly the same. It would not be, in my judgment, an unfair preference if the rate is made different for one than for the other.

Mr. KITCHENS. But in the other part of this declaration of policy it says it shall be at reasonable cost.

Mr. MURDOCK of Arizona. I have no objection to the word "reasonable," if it applies to discriminations and preferences.

Mr. KITCHENS. All right, that would take care of your rates and every other item.

Mr. TERRY. If there is good reason underlying the difference in rates, then it is justified and it is not a discrimination at all.

Mr. MURDOCK of Arizona. I am not so sure about that, but I would say in that case it would not be an "unjust discrimination."

Mr. TERRY. Then it would not be a preference if there is a reason for making the difference.

Mr. MURDOCK of Arizona. What we must consider is not our own definition of those terms, but how a court or commission should construe them.

Mr. BULWINKLE. Here, for instance, is a passenger rate between the city of Washington and my home. It is a certain amount one way. The round-trip ticket is a certain amount less. If I go on a straight fare, I would have to pay the full rate, but if I take a round-trip ticket I get a preference, and it is not an undue preference.

Mr. MURDOCK of Arizona. That is reasonable.

Mr. BULWINKLE. That is all there is to it.

Mr. O'CONNOR. During the period when feed was getting very scarce, the Northwestern and the Milwaukee granted

special rates to the farmers, and enabled those people to ship in grain and feed for their livestock. If they were not able to discriminate, those things could not have been done by the railroads. Is that not correct?

Mr. MURDOCK of Arizona. I believe the gentleman is right in that. There are some kinds of discriminations and preferences which I favor.

I certainly am not in favor of building up a bureaucracy nor of increasing one now existing, but we must delegate some power to someone. It is said ours is a government of laws rather than of men. All of which is true and proper in a sense, but in another sense we have a government by men under law. I favor a government by men operating under law, if they are the right kind of men under the right kind of laws. The I. C. C. has done well over a long period, and I would not hesitate to delegate power and discretion to it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. KITCHENS].

The amendment was rejected.

The Clerk read as follows:

REGULATION OF FORWARDING CARRIERS

SEC. 2. Paragraph (3) of section 1 of the Interstate Commerce Act, as amended, is amended by inserting, after "sleeping-car companies;", the following: "forwarding carriers;", and by inserting at the end of such paragraph a new sentence, as follows: "As used in this paragraph, the term 'forwarding carrier' means any person which, in the performance or discharge of an undertaking to transport property in interstate or foreign commerce to which this act applies, for compensation, utilizes or employs the instrumentalities or services of any transportation agency; but no person shall be subject to regulation as a forwarding carrier under this part with respect to operations of such person which are otherwise subject to regulation under this act."

THROUGH ROUTES

SEC. 3. Paragraph (4) of section 1 of the Interstate Commerce Act, as amended, is amended to read as follows:

"(4) It shall be the duty of every common carrier subject to this part to provide and furnish transportation upon reasonable request therefor, and to establish through routes with other such carriers, and just and reasonable rates, fares, and charges applicable thereto; and it shall be the duty of common carriers by railroad subject to this part to establish through routes with common carriers by water subject to part III, and just and reasonable rates, fares, and charges applicable thereto. It shall be the duty of every such common carrier establishing through routes to provide reasonable facilities for operating such routes and to make reasonable rules and regulations with respect to their operation, and providing for reasonable compensation to those entitled thereto; and in case of joint rates, fares, or charges, to establish just, reasonable, and equitable divisions thereof, which shall not unduly prefer or prejudice any of such participating carriers."

TRANSPORTATION FREE OR AT REDUCED RATES

SEC. 4. (a) Paragraph (7) of section 1 of the Interstate Commerce Act, as amended, is amended by inserting, after "attorneys at law;", the following: "to the executive officers, general chairmen, and counsel of employees' organizations when such organizations are authorized and designated to represent employees in accordance with the provisions of the Railway Labor Act;".

(b) The first sentence of paragraph (1) of section 22 of the Interstate Commerce Act, as amended, is amended—

(1) by inserting, after "the necessary agents employed in such transportation,", the following: "or the transportation of persons for the United States Government free or at reduced rates,"; and

(2) by inserting, after "free carriage to their own officers and employees,", the following: "or to prevent the free carriage, storage, or handling by a carrier of the household goods and other personal effects of its own officers, agents, or employees when such goods and effects must necessarily be moved from one place to another as a result of a change in the place of employment of such officers, agents, or employees while in the service of the carrier,".

Mr. LEA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEA: Page 200, strike out lines 19 to 21, inclusive, and insert in lieu thereof the following:

"SEC. 4. (a) Paragraph (7) of section 1 of the Interstate Commerce Act, as amended, is amended by striking out 'and their families, its officers, agents, surgeons, physcians, and attorneys-at-law' and inserting in lieu thereof a comma and the following: 'its officers, agents, surgeons, physicians, and attorneys-at-law, and the families of any of the foregoing to the executive.'"

The CHAIRMAN. Without objection, the committee amendment will be agreed to.

There was no objection, and the amendment was agreed to.

The Clerk read as follows:

CAR SERVICE

SEC. 5. Paragraph (14) of section 1 of the Interstate Commerce Act, as amended, is amended by inserting after the words "not owned by the carrier using it" the following: "(and whether or not owned by another carrier)."

UNDUE PREFERENCE OR ADVANTAGE; INVESTIGATION BY COMMISSION; LIABILITY OF BENEFICIAL OWNER AND SHIPPER; FACILITIES FOR INTERCHANGE OF TRAFFIC

SEC. 6. (a) Paragraph (1) of section 3 of the Interstate Commerce Act, as amended, is amended to read as follows:

"(1) It shall be unlawful for any common carrier subject to the provisions of this part to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatever."

(b) The Interstate Commerce Commission is authorized and directed to institute an investigation into the rates on manufactured products between points in one classification territory and points in another such territory, and into like rates within any of such territories, maintained by common carriers by rail or water subject to part I of the Interstate Commerce Act, as amended, for the purpose of determining whether said rates are unjust and unreasonable or unlawful in any other respect in and of themselves or in their relation to each other, and to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist: *Provided*, That the Commission in its discretion may confine its investigation to such manufactured products and the rates thereon as shippers thereof may specifically request be included in such investigation.

(c) Section 3 of the Interstate Commerce Act, as amended, is amended by adding after paragraph (2) thereof the following new paragraph:

"(3) If a shipper or consignor of a shipment of property (other than a prepaid shipment) is also the consignee named in the bill of lading and, prior to the time of delivery, notifies, in writing, a delivering carrier by railroad or a delivering express company subject to the provisions of this part, (a) to deliver such property at destination to another party, (b) that such party is the beneficial owner of such property, and (c) that delivery is to be made to such party only upon payment of all transportation charges in respect of the transportation of such property, and delivery is made by the carrier to such party without such payment, such shipper or consignor shall not be liable (as shipper, consignor, consignee, or otherwise) for such transportation charges but the party to whom delivery is so made (if such party is the beneficial owner) shall be liable therefor and also for any additional charges which may be found to be due after delivery of the property. If the shipper or consignor has given to the delivering carrier erroneous information as to who the beneficial owner is, such shipper or consignor shall himself be liable for such transportation charges, notwithstanding the foregoing provisions of this paragraph and irrespective of any provisions to the contrary in the bill of lading or in the contract of transportation under which the shipment was made. An action for the enforcement of such liability either against the party to whom delivery is made or the shipper or consignor may be begun within the period provided in paragraph (3) of section 16, or before the expiration of 6 months after final judgment against the carrier in an action against either of such parties begun within the limitation period provided in paragraph (3) of section 16. The term delivering carrier means the line-haul carrier making ultimate delivery."

(d) Paragraph (3) of section 3 of the Interstate Commerce Act, as amended, is amended by striking out "(3)" and substituting in lieu thereof "(4)", and is further amended to read as follows:

"(4) All carriers subject to the provisions of this part shall, according to their respective powers, afford all reasonable, proper, and equal facilities for the interchange of traffic between their respective lines and connecting lines, and for the receiving, forwarding, and delivering of passengers or property to and from connecting lines; and shall not discriminate in their rates, fares, and charges between connecting lines, or unduly prejudice any connecting line in the distribution of traffic that is not specifically routed by the shipper. As used in this paragraph the term 'connecting line' means the connecting line of any carrier subject to the provisions of this part or any common carrier by water subject to part III."

(e) Paragraph (4) of section 3 of the Interstate Commerce Act, as amended, is amended by striking out "(4)" and substituting in lieu thereof "(5)."

Mr. JONES of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: On page 202, line 12, after the word "ever", strike out the quotation marks; and, after line 12, add the following:

"(1a) It is hereby declared to be the policy of Congress that shippers of wheat, cotton, and other farm commodities for export should have substantially the same advantage of reduced

rates as compared to shippers of such commodities not for export that are in effect in the case of shipment of industrial products for export as compared with shipments of industrial products not for export, and the Interstate Commerce Commission is hereby directed to institute such investigations, to conduct such hearings, and to issue orders making such revision of rates as may be necessary for the purpose of carrying out such policy."

Mr. BULWINKLE. Mr. Chairman, I make a point of order against the amendment. The amendment offered by the gentleman from Texas [Mr. JONES] is not germane to the section or the paragraph on page 202, (1) and (b). Paragraph (b) is a subsection of (1). (1) provides that it shall be unlawful for any common carrier subject to the provisions of this part to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, and the other is to provide for an investigation by the Interstate Commerce Commission as to the reasonableness or discrimination in rates, and provided that the Commission may, in its discretion, confine its investigation to such manufactured products as it would receive complaints on. I cannot see how at this particular place the amendment offered by the gentleman from Texas is germane.

Mr. JONES of Texas. Mr. Chairman, I desire to be heard if the Chair has any doubt.

Contrary to what the gentleman from North Carolina [Mr. BULWINKLE] has said, section 1 is an amendment to a section already in the Interstate Commerce Act, and the Chair will note is in quotation marks; (b) is an addition to the present Interstate Commerce Act. The next section is entirely new. So it is not a continuing thing.

(1) deals with all kinds of discrimination in freignt rates; discriminations as to persons, companies, corporations, associations, port districts, gateways, districts, territories, regions, or any other particular description of traffic.

The CHAIRMAN (Mr. THOMASON). The Chair is ready to rule. The Chair thinks the amendment is germane and overrules the point of order.

Mr. JONES of Texas. Mr. Chairman, inasmuch as this is the only amendment I expect to offer, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES of Texas. Mr. Chairman, I think this is an amendment of great importance. Many of the older Members of the House in point of service will remember that some 7 or 8 years ago we had under consideration this question of discriminations, and it was discussed to a considerable extent.

Whenever any industrial product is shipped from a point in the interior to a port location, destined for shipment abroad, the rate is reduced from 25 to 33⅓ percent. Whenever a farm product is shipped, as a rule there is no reduction. The purpose of my amendment is to direct, as a policy, that the same average reduction be given to farm commodities going into export, that now prevails with reference to industrial commodities going into export.

I assume that the reason for the reduction in industrial commodity rates is to enable factories to run, as nearly as possible, full time, and thus perhaps give a better price for the products in this country, and to encourage world trade. But if that rule is fair with reference to industrial commodities, why should it not apply to agricultural commodities? Is there any particular charm hovering around industrial commodities that does not apply also to the raw and basic product?

To show you that there is a real distinction, I want to read to you from a comment by one of the Commissioners in Grain Rates case, 1930. Mr. Commissioner Lewis makes this statement:

> Our carriers have extended—and we have not interfered—with manufacturers of iron and steel articles, automobiles, and farm machinery rates 25 percent lower on exports than on domestic shipment.

I am quoting from a member of the Interstate Commerce Commission to the effect that the carriers have extended rates 25 percent lower on exports of iron and steel articles and farm machinery than on domestic shipments. He states:

> If the same principle were applied to wheat and its products it would have a vast beneficial result. I have favored and still favor export rates on wheat and its products 10 or 15 percent lower than domestic rates, but it requires that part of the tariff on such rates be made subject to minimum weight 10 percent higher in the case of grain and 50 percent higher in the case of flour than apply on domestic movements.

Quoting further from Mr. Lewis:

> Taking all the above transportation facts into consideration and entirely leaving out economic considerations, it seems to me that export rates 15 percent lower than domestic rates are justified and conservative. They are less than the carriers have extended to certain manufacturers.
>
> The advantage of export rates is acknowledged by carriers and manufacturing industries which have built up large outlets for our products in foreign lands.

Commissioner Lewis in concluding his concurrence in the opinion says:

> I am authorized to say that Commissioner Tate concurs in that part of the foregoing which expresses the opinion that there should be a lower export rate because of different transportation conditions.

Now I want to cite you some examples of reductions in rates on manufactured articles. When two farm implements are shipped from Indianapolis, Ind., to New Orleans, La., one of them to go abroad, loaded on the same platform, unloaded on the same dock, the one going into foreign trade takes a rate of 48½ cents per 100 pounds whereas the one to be used by a farmer in Louisiana takes 82 cents per 100 pounds. If it is shipped from Chicago to Galveston, Tex., it is $1.06 if it is to be used by the Texas farmer, but only 49½ cents if it is to go abroad.

If wheat is shipped from Amarillo, Tex., to Galveston, Tex., the export rate is 35 cents a hundred, the domestic rate is also 35 cents a hundred—no reduction.

On iron and steel shipped from Gary, Ind., to New York the domestic rate is 52 cents, the export rate is 36 cents. The rate on shipments of iron and steel from Pittsburgh, Pa., to New York for export is 23 cents, whereas the domestic rate is 36 cents.

I am not prepared to say that these privileges are wrong, but I do say that if they are extended to industrial products going into foreign fields the same privilege should be extended to agricultural products. [Applause.] If the manufacturer of an American plow, when he ships it abroad, gets a reduction in rates in order to enable him to handle his production better, why, in the name of common sense, should not the American farmer have the same privilege?

Under this amendment it is the declared policy of Congress to give the same privilege of reduced rates on agricultural commodities going into export that we extend to industrial commodities. The reason these discriminations exist in the case of manufactured products, I think, is because the producers of these products are organized, are able to come down here and claim their privileges, whereas the farmers, great individualists that they are, living in many instances thousands of miles from each other, do not have the chance to come down to Washington to present their case and claim their rights and privileges. It seems to me it is but just and fair that these discriminations be corrected insofar as it is possible to do so.

Just to show you how the big industrialists sometimes get advantage in freight rates, let me cite the instance of the importation of coconut oil. Here is an amazing discrimination. Coconut oil competes with lard and with cottonseed oil. When shipped from the Orient and landed at Galveston, Tex., for shipment from Galveston to Cincinnati, Ohio, where the great soap factories are located, the rate on coconut oil is 33½ cents per hundred pounds. The rate on cottonseed oil loaded on the same dock at Galveston, in the same type of car, and shipped to the same point of destination, Cincinnati, is 65 cents per 100 pounnds, twice as much—a competing product.

The Interstate Commerce Commission has been overloaded, and these great interests come and present their claims, present and outline the facts, but it seems to me that no man can justify such discrimination in the case of manufactured products as against agricultural products. It should be corrected one way or the other. I have many more illustrative examples that I could cite if I had time. On practically no farm product is there a preferential export rate. There are a few such instances where the shipment originates from a water point such as Kansas City, but in the great mass of cases from interior points the farm commodities are charged the full rate, although they go into the export trade. I may say in passing that the figures I have cited were furnished me by the secretary of the Interstate Commerce Commission, so there can be no question as to their accuracy. They may have some later figures, but these are substantially correct and are furnished over the signature of the Secretary of the Interstate Commerce Commission on December 17, 1938.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. JONES of Texas. I yield.

Mr O'CONNOR. I am thoroughly in accord with the gentleman's amendment, but it does occur to me that it ought to be sufficiently broad to include all agricultural products and livestock intended for export.

Mr. JONES of Texas. It does; it includes all agricultural commodities, wheat, cotton, livestock, and other agricultural products.

I hope the gentleman from California will agree to this amendment, its declaration of policy, and provisions. I think it has caught the sentiment of this body favorably. [Applause.]

Mr. Chairman, I shall take no further time of the Committee.

Mr. BULWINKLE. Mr. Chairman, I rise in opposition to the amendment.

The amendment offered by the gentleman from Texas reflects the view that Congress should interfere with rate making. Many efforts have been made in the past to have Congress enter this field. So far, Congress has not seen proper to instruct the Interstate Commerce Commission as to just how it shall handle particular rate situations. Most of the well-informed shippers of the country would prefer that Congress keep out of this field.

Aside from this obvious fact, this particular amendment proceeds upon an entirely erroneous theory. The idea seems to be that if the carriers put in special export rates for the movement of industrial products, they must, at the same time, put in special export rates for the movement of farm products and the export farm rate must have the same relation to the domestic rate as the export industrial rate has to the domestic industrial rate. The two things, however, have no relationship. It cannot be logically said that if the export rate on iron articles is 80 percent of the domestic rate, then the export rate on farm products must be 80 percent of the domestic rate.

These low export rates, whether they be on industrial products or on farm products, are put in for one of two reasons. In the first place, many of the special export rates are adopted in order to equalize the ports. We have a case of a railroad operating from Chicago to New Orleans but not from Chicago to New York. If goods originating at Chicago are exported through New Orleans, the water distance from New Orleans to Liverpool being so much greater than the water distance from New York to Liverpool, necessarily the water portion of the rate will be higher if the product moves through New Orleans than if it moves through New York. Not only will the rate be higher, but the time is longer and the traffic will be subjected to other disadvantages.

A railroad which operates from Chicago to New Orleans has the right to insist on a lower export rate than the rate from Chicago to New York in order to equalize the disadvantage that comes from the longer ocean haul. This is a crude illustration, but it reflects one of the important reasons why export rates are often lower than domestic rates.

There is no real reason, based on inland transportation, why there should be a difference, but the commercial considerations are such that in order to equalize the ports to a certain degree and to give railroads serving the more distant ports a haul, these export rates must be put in. In fixing export rates for the purpose of equalizing the ports, no consideration is given to whether the commodities are industrial products or agricultural products. There are numerous export rates on agricultural products to some ports lower than to others. The whole matter is one of competition among the railroads and competition of markets.

The second important reason why export rates are put in is to encourage and stimulate the sale of surplus products abroad which cannot be absorbed by the domestic markets. The principle is a very familiar one. If often happens that the foreign purchaser of products will not buy in the United States when he can buy from South America or from some other foreign country at a lower cost, due to difference in labor. In those cases the American railroads must make some exceptions to their standard basis of rates in order to meet the world competition in foreign markets. This condition sometimes leads to the establishment of relatively low export rates.

It is perfectly obvious that the Interstate Commerce Commission must not be bound up by a rigid rule which would require arbitrarily the putting in of export rates on one commodity merely because those export rates have been put on another unrelated commodity. If no cotton, for instance, moved through the port of New York from the cotton-producing territory, there would be no occasion to have export rates to New York, although it might be of the first importance to have export rates on certain industrial products from that same territory to New York. These rates must be governed by practical considerations, by conditions of competition, with all of which the Interstate Commerce Commission is perfectly familiar.

To say that you must lower the export rates on agricultural products because the export rates on industrial products have been lowered is as illogical as to say that you must lower the prices of cotton piece goods because the price of mules has been decreased. Each of these situations presents its own specific problem and the rate structure of the country, the free movement of traffic, and the merchandising of America's products will be hopelessly confused, if not destroyed, by an artificial rule such as is proposed in the Jones amendment.

Mr. GREEN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN to the amendment offered by Mr. JONES of Texas: Add to the amendment, after the word "cotton," the words "citrus fruits and vegetables."

Mr. GREEN. Mr. Chairman, it was not plain to me that the amendment offered by the gentleman from Texas [Mr. JONES] would include horticultural and grove products. I would like to ask the author of the amendment if it will?

Mr. JONES of Texas. The language of the amendment says, "wheat, cotton, and other farm commodities." Rather than name the other commodities, I would prefer if the gentleman would insert before the word "other," the word "all."

Mr. GREEN. How about the words "farm and grove"?

Mr. JONES of Texas. All other farm commodities.

Mr. GREEN. Does the gentleman think that would cover it?

Mr. JONES of Texas. I will accept the amendment, if he will change it in that way.

Mr. GREEN. Mr. Chairman, I ask unanimous consent to change the amendment that I have offered to the language just stated by the gentleman from Texas [Mr. JONES].

The CHAIRMAN. Is there objection to the request of the gentleman from Florida [Mr. GREEN]?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. GREEN to the amendment offered by Mr. JONES of Texas: Before the word "other" in the second line, insert the word "all."

Mr. O'CONNOR. Will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Montana.

Mr. O'CONNOR. May I ask the gentleman from Texas if he would permit to be included in the amendment the words "livestock products"?

Mr. GREEN. The gentleman may take up that a little later. I favor inclusion of livestock.

Mr. Chairman, I am heartily in favor of the Jones amendment, as amended. Congress has, particularly during the last 6 years—not so much before then—done all it could to help the farm and general agricultural interests of our Nation. This is a case in which we can help the farmers of the Nation by giving them the same export freight rates as are given to industry.

In according this to the farmers of our Nation you are lending them an indirect farm aid which is far better than any artificial aid which the Congress can give. I have in mind the fact that some 3 or 4 years ago the Florida citrus growers appeared before the Interstate Commerce Commission to try to obtain a lower rate on citrus fruits.

We asked for an even 15-cent per bushel reduction on our grapefruit. At that time we had a large surplus. The people of the country desired to eat grapefruit, but the shipping rate was so high on grapefruit that about one-third of that year's crop rotted under the trees because we failed to obtain a reduced rate to ship it to market. A large portion of this citrus was for the Canadian market, which is a foreign market, and which would come well under the provisions of the pending amendment.

I am confident that the apple shippers of our Nation have experienced the same handicap in shipping their produce to Canada and to other foreign countries, so I am particularly interested in the amendment insofar as it would apply to production from the orchards and from the groves. I would judge that every year about one-quarter to one-third of the peach crop in Georgia, particularly because Georgia has an early peach season, rots under the trees because they do not have an adequate marketing system to disseminate these products to all parts of the United States; and because the marketing is largely controlled by the transportation, the cost being so high. The farmers, fruit growers, vegetable growers, and livestock producers need relief worse than any producers in America.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. I understand that the gentleman's amendment covers not only all farm products but livestock products as well.

Mr. GREEN. I will have to let Mr. JONES, the chairman of the Committee on Agriculture, answer that question.

Mr. JONES of Texas. I believe that the amendment will cover farm and livestock products.

Mr. GREEN. Mr. JONES, the chairman of the Agriculture Committee, who offered the amendment, advises me that it, as amended by my amendment, includes livestock and all farm and horticultural products; yes; citrus fruits and vegetables also.

Mr. JONES of Texas. I should like to call attention, in reply to what the gentleman from North Carolina said, to the fact that on manufactured articles coming from interior points there is a general export rate reduction. This amendment simply authorizes the Commission to apply substantially the same average rate. It is not a rate-making proposition; it is simply a declaration of policy with instructions to do this generally.

Mr. GREEN. Yes; parity for industry and agriculture. I urge that my amendment to the Jones amendment be adopted and then that you adopt the Jones amendment.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the law permits railroads to reduce freight rates on export products. The object is to facilitate the sale of our products to the foreign market. The amendment proposed would prevent such shipments unless the same rates were granted to our domestic shipments. This amendment, if adopted, would be a destructive amendment. It would greatly tend to curtail foreign markets for our goods in all cases where such shipments now receive reduced rates. The object of giving reduced rates to exported products is to encourage the foreign market as purchasers of our products. It is no injury to agriculture if a reduced rate is given to industrial products and increased sales result. The more products America can sell abroad, whether manufactured or agricultural, the better it is for both industry and for agriculture. The more of our agricultural products that reach the foreign market the better off America is and the farm and factory sections of the country are alike benefited.

In effect, this amendment denies the retention of that foreign market for industrial products unless the domestic rate on agricultural products is based on a parity with export industrial products. The logic of that would be to compel all agricultural products to be shipped on the reduced rate that is given to products destined for foreign markets or else deny giving any export rate to products destined for the foreign market. The ultimate result would be that we would simply keep the rates at a high level and deprive ourselves of the advantage of the foreign market that may be reached only by this lower rate. That would be no benefit whatever to agriculture.

This would be very damaging to agriculture. It would be damaging to the wheat producers, and it would be damaging to all agricultural producers who are depending on the foreign market and whose price is helped by the foreign market.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. Let me call the gentleman's attention to the difference between the domestic rates and the export rates on certain southern products. On cottonseed cake and meal from Dothan, Ala., to Jacksonville, Fla., the domestic rate is 19.8 and the export rate 18.

Mr. JONES of Texas. Does the gentleman object to that preference there?

Mr. BULWINKLE. No; I do not.

Mr. JONES of Texas. Why not extend it to all farm commodities?

Mr. BULWINKLE. I am showing the gentleman that it has been begun.

Mr. JONES of Texas. That is about a 3-percent reduction—from 19.8 to 18.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that I may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BULWINKLE. This statement which I had prepared by the Interstate Commerce Commission on certain southern products shows the difference in the domestic and the export rate, and the gentleman may use the statement if he so desires.

Mr. LEA. We will ask to insert this statement in the RECORD. I have not had an opportunity to examine or analyze it.

I should like to say further that one feature involved in this problem is the relative rates to different ports. When a subject like this was brought before the subcommittee, immediately the news of it spread abroad; there was great complaint and concern over the effect it would have on the different ports in dealing with the commerce of the United States. It must be remembered that this does not propose the same rates on products that are of the same kind, but products unrelated and of a different character are proposed to be put on the same basis.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. This amendment would not discriminate against ports. As I understand, all ports will be treated alike.

Mr. LEA. No; they are not treated alike.

Mr. LUTHER A. JOHNSON. We want them to be treated alike.

Mr. LEA. The present plan is to try to put them on an equality, but if you put them on an arbitrary basis, regardless of the circumstances involved, then you create discrimination between ports.

Mr. LUTHER A. JOHNSON. Circumstances, for some reason, have been discriminating against our Texas ports, I would say.

Let me ask the gentleman this question, How does the gentleman substantiate the claim that giving lower rates on the exportation of wheat or other agricultural products is going to hurt the farmer? I cannot follow his logic. I shall vote for the Jones amendment, and think it should be adopted.

Mr. LEA. Because you deny yourselves those rights under this amendment. To require all domestic products to move on an export-rate basis would make it impossible for such a rate to be granted agriculture. When you prevent the railroad from granting export reduction unless domestic shipments move at the same price, you simply make it impossible for the railroads to grant the reduced rate in either case. You would leave the farmer holding the bag.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield.

Mr. PACE. Why is it so much more important to take care of the ports than it is to take care of the farmers? [Applause.]

Mr. LEA. What we are trying to do here is to draft a bill that gives proper consideration to each section, and we are not trying to favor one class or group at the expense of another. If we have any means of straightening out our transportation system, it should be to give justice to all and give the entire country the benefit of reasonable and just rates with proper regard to the rights of each industry.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. LEA) there were—ayes 69, noes 27.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Texas [Mr. JONES] as amended by the gentleman from Florida [Mr. GREEN].

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Do I understand that the vote just had was upon the amendment to the amendment offered by the gentleman from Florida?

The CHAIRMAN. The gentleman is correct.

Mr. HALLECK. And the pending vote is upon the original amendment offered by the gentleman from Texas as amended by the amendment offered by the gentleman from Florida?

The CHAIRMAN. The gentleman is correct.

The question was taken; and on a division (demanded by Mr. LEA) there were—ayes 72, noes 32.

So the amendment, as amended, was agreed to.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

On page 202, line 15, and on page 203, line 1, after the word "products", insert "agricultural commodities and raw materials."

Mr. WHITTINGTON. Mr. Chairman, this bill, as was stated by the chairman of the committee in presenting the bill to the Committee of the Whole for its consideration, contained an important provision not heretofore incorporated in transportation legislation that would enable the Interstate Commerce Commission to make investigations of rates and to recommend an elimination of discrimination, or, to use his language, it embraced, as he stated, the so-called Ramspeck resolution.

Now, Mr. Chairman, with the attention of the Committee for just a moment, let me say that section (b), on page 202, authorizes and directs, and I read from this section:

The Interstate Commerce Commission is authorized and directed to institute an investigation into the rates on manufactured products between points in one classification territory and points in another such territory, and into like rates within any of such territories, * * * for the purpose of determining whether said rates are unjust and unreasonable or unlawful in any other respect in and of themselves or in their relation to each other.

This subsection (b) concludes—and I quote further from said section:

Provided, That the Commission in its discretion may confine its investigation to such manufactured products and the rates thereon as shippers thereof may specifically request be included in such investigations.

The purpose of my amendment is to authorize the Commission to make investigations not only with respect to manufactured products but agricultural commodities and raw materials, and only those investigations will be made that are requested by the shippers. In other words, the amendment that I propose inserts after the words "manufactured products" the words "agricultural commodities and raw materials."

If it be answered, Mr. Chairman, that at present agricultural commodities do receive lower rates, permit me to call your attention to the illustration given us a moment ago by the distinguished chairman of the Committee on Agriculture [Mr. JONES of Texas], where there is a rate on coconut oil from Galveston, Tex., to Cincinnati, Ohio, of about 33 cents per hundred, whereas the rate between the identical points on cottonseed oil is more than twice as much.

I respectfully submit that even though in some cases there may be in some areas lower rates on agricultural commodities, it can do no one an injustice to give the Interstate Commerce Commission the power and the authority to treat agriculture and industry alike, and that is all on earth agriculture asks. [Applause.] We want no advantages; and if it be fair to grant an investigation for manufactured products, I respectfully submit that there can be no justification in refusing that investigation to agricultural commodities and to raw materials.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield to the gentleman from North Carolina.

Mr. WARREN. The proviso in subsection (b) vitiates everything that is attempted prior to that, as it now stands, does it not?

Mr. WHITTINGTON. I would say, with all deference, as I understand subsection (b)—and I want to be constructive, if I may—subsection (b) authorizes an investigation into the rates in areas and in territories for manufactured products, and the paragraph to which the gentleman refers would confine those investigations to requests by shippers. I am undertaking to amend that so they would be authorized to investigate both as to manufactured products and agricultural commodities and raw materials, and in each case be confined to the requests that were submitted by the shippers.

Mr. WARREN. I think subsection (b) is a mere jargon of words. The whole subsection is absolutely meaningless. It does not amount to a row of pins because the Interstate Commerce Commission, under the general law today, has authority to do every single thing that it is intended to give them by this language put in the bill.

Mr. WHITTINGTON. I agree with the gentleman. For 50 years they have had the power and authority, but we have now in the pending section given them substantial direction and authorization to undertake to remove a discrimination, and I believe the amendment is fair and should be adopted. [Applause.]

Mr. BULWINKLE. Mr. Chairman, I rise in opposition to the amendment. During the early part of this session of Congress every State in the South was represented at a meeting held to endeavor to obtain, as they stated, fair freight rates from the Interstate Commerce Commission.

The gentleman from Georgia [Mr. RAMSPECK] was authorized to introduce a resolution, which he did, and which resolution is the one under discussion by the gentleman from Mississippi [Mr. WHITTINGTON]. This protest against southern freight differentials was also heard before the Committee on Interstate and Foreign Commerce.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. TERRY. The gentleman is confining this to a southern protest. The committee to which the gentleman refers was not composed wholly of people from the South, but there were people from the Middle West, the Southeast, the Southwest, the Northwest, and the mountain country. It represented the whole country.

Mr. BULWINKLE. I know that what the gentleman says must be true else he would not say it; all that I heard was largely, I think, by some of our friends from the South. In any event we had hearings on this day after day for a full week. We gave hearings to southern Representatives, southern shippers, to anyone from the South who would come before the committee and tell what they wanted. They said all they wanted was a pointed stick to prod the Interstate Commerce Commission with, and so in drafting this bill we took this "sop" if you please, we took this thing that "amounts to nothing," as we are informed by the opponents of the bill which Mr. RAMSPECK introduced, and put it in the bill in its entirety. There was no question of southern agricultural rates. The great question that was before the committee was that in the Southern States they said the manufacturing plants could not get the same rates, as compared with the northern plants, and everyone knows, or should know, that the commodity rates on southern agricultural products are fair. It took me, I think, 2 or 3 days with this subcommittee of ours to induce them to put this in, and I ask members of this Committee to vote down this amendment, because it is unnecessary. It does not add one thing to the bill.

Mr. PIERCE of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. PIERCE of Oregon. Do I understand the gentleman to say that agricultural rates are fair?

Mr. BULWINKLE. In the commodity rates.

Mr. PIERCE of Oregon. The gentleman never paid them, I dare say.

Mr. BULWINKLE. The commodity rates that agriculture gets are very much lower than the many other rates and if the gentleman will examine them he will see that they are.

Mr. PIERCE of Oregon. I must say that if the gentleman were a farmer he would not make such a statement as that.

Mr. BULWINKLE. Very well, how about being a manufacturer? Compare the rates on manufactured goods with the rates on agricultural products.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes; I yield.

Mr. KEEFE. I did not hear the first part of the gentleman's statement; but I inquire as to whether or not there is any purpose or meaning in this entire paragraph. The Interstate Commerce Commission now, under existing law, has all of that power; and is it not their duty to do so under the law?

Mr. BULWINKLE. Upon complaint; yes.

Mr. KEEFE. To make an investigation?

Mr. BULWINKLE. Yes; upon complaint.

Mr. KEEFE. Then what does this paragraph mean?

Mr. BULWINKLE. It simply means that it is the Ramspeck resolution, put in at the request of the southern Members, and that is all that it does mean—to advise the Commission that Congress wanted an investigation.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Yes.

Mr. HINSHAW. The only point about this paragraph that is of interest are the words in line 14 "and directed." The Commission is already authorized to make an investigation, but this paragraph directs the Commission to make it.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. SOUTH. Mr. Chairman, I rise in support of the amendment. As I said on the floor of the House 2 or 3 days ago, the Ramspeck resolution, so-called, is nothing more than a sop, so far as our rate problem is concerned. I have a very high regard for my colleague the gentleman from Georgia [Mr. RAMSPECK]. He has worked diligently on this rate proposition, and I presume this is the best he could get; but I say to him and to my colleague from North Carolina [Mr. BULWINKLE] that the Members who met with the gentleman from Georgia [Mr. RAMSPECK] from time to time to protest against unjust discriminations and rate differentials did not agree to the Ramspeck proposal, and most of us do not agree to it now.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. Yes.

Mr. TERRY. I consulted with the gentleman from Georgia [Mr. RAMSPECK] with reference to making this addition to the provisions in the bill, and the gentleman from Georgia [Mr. RAMSPECK] told me that he had no objection at all to the addition that we are now trying to put into the bill.

Mr. SOUTH. Did the gentleman ever tell anyone on this committee or anyone else that the provision in the bill was ample and satisfactory?

Mr. TERRY. No; but I speak only for myself.

Mr. WHITTINGTON. Is not subsection (b), if it be adopted, applicable to the entire country?

Mr. SOUTH. That is right.

Mr. WHITTINGTON. The word "southern" does not occur any more than the word "northern." Neither has any business in the law; it ought to be for the benefit of the entire country.

Mr. SOUTH. I agree with the gentleman from Mississippi.

I want to call the attention of those of you who live anywhere in the United States except in the official zone to the fact that your section is being discriminated against. Do not get the idea that this is a fight for the benefit of a particular section. Every section of the country, except a few square miles in the favored "official zone," is paying more than its share. Somebody here has said that manufactured products alone are paying excessive rates. Let us see about that. I call the attention of my colleague from North Carolina [Mr. BULWINKLE] to the following:

From Dallas, Tex., to Indianapolis, Ind., a distance of 861 miles, the freight on butter, eggs, and dressed poultry, minimum weight 20,000 pounds, amounts to $1.48 per 100 pounds.

From Indianapolis, Ind., to Bridgeport, Conn., 871 miles, or 10 miles farther, the carrying charges are 94 cents per 100 pounds, or 54 cents less.

From Dallas, Tex., to Chicago, Ill., a distance of 905 miles, the rate is $1.48.

From Chicago, Ill., to New York City, a distance of 909 miles, the rate is 99 cents.

From Fort Worth, Tex., to Cincinnati, Ohio, a distance of 962 miles, the rate is $1.48.

From Cincinnati, Ohio, to Portland, Maine, a distance of 964 miles, the rate is $1.

From Fort Worth, Tex., to Dayton, Ohio, a distance of 1,001 miles, the rate is $1.55.

From East St. Louis, Ill., to New York City, a distance of 1,025, the rate is $1.09.

Now, these are not manufactured products. They are farm products. I want to tell you Mr. Chairman, that while the railroad boys who have been sponsoring this legislation may not have written this provision, they saw it before we from the areas discriminated against saw it, and I guarantee you that it meets with their approval. It does not provide for a thing more than the Interstate Commerce Commission now has authority to do. It says, "You gentlemen investigate the rate structure in certain sections of the country as it relates to manufactured products, and then if any relief is needed, grant that relief to such products."

Now, when they tell you that manufactured products are the only products that need adjustment, I ask them to tell

you why it would not be all right to go ahead and investigate rates on all products, whether manufactured or not, and then apply the remedy to only such products as need to be remedied.

As I said to the gentleman from Arkansas this morning, suppose lawlessness breaks out in the town of Little Rock and somebody thinks the Negroes are responsible for it. Can you imagine a committee of citizens coming in and saying to the district attorney's office and the sheriff and the police department, "Go down into that section of the city and investigate lawlessness as it relates to the Negroes?" No. They will say, "Go down there and investigate lawlessness. We have been told that the Negroes may be responsible for it, but wherever you find lawlessness existing, it shall be your duty, and you shall have full authority to put it down, regardless of who the guilty parties may be."

And so it should be as to the rate differential problem. The Interstate Commerce Commission should be given authority to make a full, fair, and complete study and investigation as to rate differentials and discriminations in all sections of the country, and on every kind and character of goods, where it is alleged such unfair and discriminatory rates exist, "and to enter such orders as may be appropriate for the removal of any such unlawfulness which may be found to exist." [Applause.]

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I had not intended to enter into this discussion on the particular amendment until the gentleman from North Carolina [Mr. WARREN] made the statement he did with reference to this section of the bill. Of course, he is entitled to his opinion. So are other gentlemen who say it is not of any value. I simply want to state the facts for the benefit of the committee.

Some 4 years ago I introduced a bill attempting to have the Interstate Commerce Commission apply the destination level theory to interterritorial freight rates. We got a hearing before the committee this year on that bill. We did have an organization of western and southern Members who helped to get that hearing. They did not endorse the provision in this bill. It never was submitted to them, but when we got the hearing before the Committee on Interstate and Foreign Commerce, both in the House and in the Senate, the rate experts from both the South and West appeared before those committees and argued against the bill which we had pending. One of the main arguments they offered was that we had preferential rates on agricultural commodities and raw materials from the South into the North and from the West into the North, and they feared that such rates might be disturbed under my bill. I do not know whether that is true or not.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I am sorry. I cannot yield.

Mr. SOUTH. Can the gentleman name those experts?

Mr. RAMSPECK. That testimony was given. I have no objection, insofar as I am concerned, to the Whittington amendment. I have so stated to people who have talked to me about it, but there is this to be pointed out about it: Certain rate experts from our own section and from the West were apprehensive about going into those rates. It is also true that if the Interstate Commerce Commission must investigate all rates under the bill, it will take much longer, and the real problem, as I see it, is the rate on manufactured products.

I want to make it plain to those who are interested in this matter that I am not here opposing the amendment offered by the gentleman from Mississippi.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. WHITTINGTON. With or without the amendment, only such investigation will be made as is asked for.

Mr. RAMSPECK. That is true.

Mr. WHITTINGTON. And nobody is going to ask for an investigation covering an agricultural rate if they are getting a square deal on that already?

Mr. RAMSPECK. That is true, and the reason is obvious. It simplifies the investigation. May I point out to the gentleman from North Carolina, I know of one case coming from Danville, Va., where the people in Danville spent $60,000 in order to get a rate reduced. Under this provision the Interstate Commerce Commission is directed to investigate those rates, and certainly it will save a lot of money and a lot of trouble to the people who are interested in them, because all they have to do is write the Commission a letter and say "I want this rate investigated," and the Congress has directed them to do it. They ought to be investigated, because if there ever was a cockeyed thing in this world, it is the freight-rate system under which our railroads operate. There are more freight rates in existence than any man can write out in figures. Some five quintillion freight rates in this country. They are just full of discriminations, I mean discriminations between sections of the country, discriminations between cities, towns, ports, and in character of commerce, and everything else. They ought to be investigated.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. SOUTH. And those discriminations do not apply entirely to manufactured goods.

Mr. RAMSPECK. I do not say that they do. I say to the gentleman that I am not opposed to the amendment, but I am opposed to any gentleman getting up here and stating that it does not mean anything. It does mean a lot to the people interested in getting a real freight-rate system in this country; and that applies not only to the South, but to the West and all other sections of the country.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. HALLECK. I understood my colleague on the committee from North Carolina to refer to the inclusion of this provision as a sop, to refer to it in a sarcastic manner. I think that was not his idea.

Mr. RAMSPECK. I mean the gentleman from North Carolina [Mr. WARREN], who interrupted the gentleman from Mississippi and said it did not mean a thing. I think he is mistaken; but he is, of course, entitled to his opinion.

[Here the gavel fell.]

Mr. TERRY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was one of the members of the freight-differential group that requested the consideration and hearing by the Committee on Interstate and Foreign Commerce of the matter of freight-rate differentials. It is not a matter of theory as to whether or not we have freight-rate discriminations in this country. It is admitted that we have, and it is one of the livest questions we have before us today. I think one of the hopes we have now is that on the Interstate Commerce Commission in recent months there have been appointed men who have a broad vision and who will go into these questions of discrimination, and I think we shall get a fairer deal in the future than we have had in the past.

In House Document No. 264, that was printed in reference to the interterritorial freight-rate question, it is said, on page 8:

> The effect of this regionalization of the freight-rate structure is to localize commerce by hampering a national flow of goods across territorial boundary lines. It is natural, however, for commerce to expand as civilization progresses, and as long as these barriers against a national flow of commerce remain economic progress of the Nation will be retarded.

That is the reason, Mr. Chairman, why we direct the Interstate Commerce Commission to make an investigation of these discriminations. In the bill (S. 2009) that was passed by the Senate in May there was an amendment offered by Senator Hill, a former Member of this body, which includes rates on raw materials, in addition to manufactured products, as subjects for investigation. It has been said, Mr. Chairman, that we in the South do not want to go into the question of raw materials. It has been stated here that we have preferential rates on raw materials, and therefore that we ought to be quiet. I say to you, Mr. Chairman, as a Representative of a part of the South, that I am perfectly willing that all rates, whether favorable or unfavorable to the South,

shall be investigated; and if it is found that we have rates we should not have, I say they should be taken away from us and that we should be put on an equality with the rest of the country. What I want is a full and fair investigation into the whole rate structure in all parts of the country. But I do not believe that an investigation will show that our raw materials are unduly favored.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. TERRY. I yield.

Mr. SOUTH. The gentleman from Arkansas knows that the rate on butter, eggs, and poultry from Little Rock, Ark., to Chicago, Ill., a distance of 625 miles, is $1.11 a hundred, where the rate on the same products from Chicago to Auburn, N. Y., a distance of 626 miles, or 1 mile farther, is 81 cents.

And I would like to ask the gentleman further if he thinks the provision, particularly with reference to domestic freight rates in the bill, will help that situation?

Mr. TERRY. Personally, I think the provision in the bill will not help that situation, for there are discriminations with respect to raw, manufactured, and agricultural products. I say that if there are discriminations and preferences, whether they be for or against us, they should be investigated.

I ask the Committee, Mr. Chairman, to sustain the Whittington amendment.

Mr. PATRICK. Mr. Chairman, I rise in opposition to the Whittington amendment.

Mr. Chairman, we in the South, of course, are not opposed to anything that can reduce the rate discriminations that exist or aid the movement toward correction that has been started; but here is the danger we are running into: If we do not watch out we are going to bite off more than we can chew, that is exactly what is likely to happen. Do you realize what a tremendous thing this is we are getting into, what will be necessary to be done under this legislation if we include agricultural commodities and raw materials? Why, the whole Nation's face is our field, and a tremendously difficult and expensive thing to handle if we should get it going as is here begun.

BOB RAMSPECK is not going to offer anything as a sop. I am surprised that those who know him would make the statement that this brilliant gentleman from Georgia would come forth after all these years and stick something in here which is meaningless and is merely a sop. It is like hunting with a splatter-bored shotgun as against a choke-bored gun. If you go out and hunt with a choke-bored gun you can sight something and perhaps hit it; but if you go out with a splatter-bored gun you may shoot all day long and hit nothing.

That is what is in our minds here today. We have something to do and we can do it if we proceed wisely, but must undertake legislation in such form as to be practical and which can be carried forth, or else the whole thing will go by the board. That is the problem before us.

Mr. Chairman, I cut my teeth on this freight-rate proposition. One of the reasons I am in Congress today is because I was able to holler so loud and so long about the freight-rate proposition. This Ramspeck resolution was introduced on March 22 of this year. As a matter of fact, it has been introduced every year for 4 years. An investigation was had and hearings were held. The committee sat and heard a great volume of testimony on it and all that the hearings revealed that could be intelligently proceeded against were these manufactured products that are contained in this bill. It does not show good faith for those who only now come forth at this late date and offer matter of this sort that would if properly presented necessitate long and painstaking hearings, with experts and others, not somebody who will just cut loose and say something in the wind, hoping to ride in on the tail of a section of the bill.

Experts must be heard in testimony as to many things to bring this phase of the bill properly before us today. It shows lack of good faith to come in here and amend in this superficial manner after all the painstaking, expensive hearings that were necessary to get this considered. This should not be put in as a sort of rump measure. That is not the way to secure constructive, successful legislation. Many other difficulties will appear. Of course, this is politics, but we are not Republicans or Democrats on this bill. Democrats and Republicans are on each side. This truly renews our faith in the sincerity and devotion to cause of this body. We find the strong gladiator from North Carolina, Mr. WARREN, unsheathing his sword in defense of the other side. But we shall be able to mow him down, no doubt. Of course, his presence in the other camp distressed us a little.

Mr. Chairman, we have to undertake a program that is possible to be carried through, and we have to hold to this if legislation ever does what it has as its purpose, and that is the reason I oppose the Whittington amendment. We have a chance to open the door to something we have been fighting for for years. But if we go and open up the floodgates under the Whittington amendment and get the whole thing in, the likelihood is that the legislation will not pass and the bill will be defeated. In the second place, if it does go through and pass into law, the whole field spread before us, we cannot concentrate our efforts and get the results we want. This will dissolve the law into an ineffective wide gesture only.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment and this subsection close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE of Oregon. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON]. If there is anything in this Government, in any way, shape, manner, or form, that really needs investigation and a careful study by all the intelligent people of the country, it is railroad rates. You can take the list and go through the freight schedule, and you will find no consistency, no rule of reason, nothing that seems to guide them, except "get all the traffic will bear."

For almost half a century I have been paying freight rates on cattle, sheep, hogs, and wheat. We are located about 300 miles from tidewater. I have seen those rates climb year after year, especially since the management of the railroads has been moved to New York. When the management of our western roads was local, we could go to Portland, Oreg., and talk to the general manager. We could there make a showing as to our case. I remember a distinct case in which I made a presentation to the management of a railroad in the West that 4 cents was too much of a differential for the haul over a mountain. The management changed it and made the rate 2 cents. When the power to regulate the railroads moved back to Wall Street, that is one of the changes they made in our community. That rate was put back to 4 cents extra to haul over the mountain, and we have never been able to get even a hearing since that was done 12 or 14 years ago. Under the I. C. C. it would take years to get a decision on such a matter.

We have received some relief from these excessively high rates since the coming of the truck, and with the limited water transportation that has been available. Railroad rate making ought to be investigated and we ought to know if some rule of reason cannot be adopted so far as these freight rates are concerned. The reason this bill is here is to get more money for the railroads, at any cost to all others. There is no other reason for bringing it in here for consideration. It will not afford more employment, it will not result in better shipping conditions, it will not increase industry, nor help the farmer. It may not get more money, legitimately, though its privileges will cost the Government a pretty penny. Who will pay the bill? The farmer and the laborer, the man who cannot pass it on. That is the man who ultimately pays. He must pay this extra money demanded for carrying freight. They have put the rates up as high as they possibly can now where there is little competition from the trucks. The trucks now are under the

control of the Interstate Commerce Commission. We passed that law, although I voted against it. Now, it is sought to get water under the same group, which means shoving those rates up just as close to the railroad rates as they can get them, which means more money from a few, not more traffic from the many.

The group of men that are most fooled in this thing is the railroad workingmen. Why, if it were not for the railroad labor lobby here in Washington now this bill would not stand a single chance of being passed. It would not get 100 votes.

Mr. Chairman, I can remember when, in my far-away Oregon home, I used to think of the Congress, the House of Representatives, deliberating on this floor and in committee over bills that were being considered for enactment into law. I had enjoyed some years of legislative experience as State senator and as Governor, but in my humble way and from my western training I really believed that the laws which governed us nationally were carefully considered in detail in committees, debated with care, and then finally enacted after intelligent procedure and deliberation. They were to my innocent mind assumed to be the product of mature judgment. I am now serving my fourth term in this body. I have been somewhat disillusioned by what I have experienced and witnessed here in regard to the consideration and final passage of many important and far-reaching laws which have been added to the statute books since I took office on March 3, 1933. Never have I been more disillusioned, and never has my faith in democratic processes received a severer blow, than in the legislative history of this measure now under consideration.

We had heard that a railroad bill was coming. There had been placed on our desks the report of the Committee of Six. Everyone had been propagandized into full knowledge of the "plight of the railroads." Some of us thought we knew something about it and were eagerly awaiting opportunity to study proposed remedies and hear them discussed on this floor. We knew the Committee on Interstate and Foreign Commerce of the House was considering such an act and that it had before it a measure passed by the Senate and studied by our membership. Suddenly, on Wednesday, July 18, there came from the printer and was given to the House a bill 304 pages in length, with two volumes of House committee hearings and a brief report giving little clue to the real significance of the proposed changes in our whole transportation system. As we thumbed through the bulky pamphlet we found that 196 pages had been crossed out. They were the Senate bill, for which 108 new pages had been substituted, retaining only the title and enacting clause of the original bill already given such careful study in the Senate.

APPEAL TO RULES COMMITTEE

A few of us appeared before the House Rules Committee to protest giving a rule for the consideration of this stupendous, sweeping, revolutionary legislation in these closing days of the first session of the Seventy-sixth Congress, knowing full well that the rule would mean pressure for quick enactment of a measure little understood, very much under suspicion, and menacing in its possiblities. It is midsummer. We are all tired and worn from a long session. Most of us are disappointed over the results of the session; some are resentful; and many Members of the House have one or more bills they are anxious to see enacted in these closing days. In our appeal to the Rules Committee we asked that the rule be denied at this time, and that upon adjournment of Congress we be allowed to take this bill home for the study it merits and demands. If such legislation is necessary or called for, in part or in its entirety, then next January we could commence discussion and consideration of the measure which will effect, directly or indirectly, more people and interests than any other bill that has been considered since I have been in the Congress.

The Rules Committee saw fit to grant the rule. We are now to be allowed 6 hours of general debate, and then reading of the bill before it is put up for final passage, all within 3 or 4 days.

DEMOCRACY STANDS INDICTED

I never have seen, in my time, nor have I read in our history of as severe an indictment against democracy as the forcing of this bill for consideration, or rather, without consideration, in these midsummer days. For its careful consideration there is no reasonable opportunity nor would any such effort now be fruitful. It is simply impossible to cover the ground in so short a time, and no instructive leadership has been offered for the clarification. The methods used, the long delay and sudden rush, rightly or wrongly, engender suspicion and distrust. Perhaps out of 435 Members, perhaps I say, 10 percent will read the bill carefully. Perhaps 1 percent will have a fairly clear understanding of what it really means. No one can predict its ultimate effect.

The Senate bill, with its 196 pages, covers the problem from one angle. The House bill in its 108 pages, considers it from another angle. Should this bill pass, then it has to go to a conference committee between the two Houses as the Senate bill and House bill clearly disagree. The rules of this House already establish a precedent whereby bills of the same title passing each House but differing fundamentally may be "harmonized" by giving the conferees the right and power to write their own bill. Does anybody in this broad land believe that the 6 or 10 conferees who will be appointed from the Senate and the House will in the closing days of this session be able to coordinate and write a satisfactory conference bill? I do not think anybody is so foolish as to believe that. The conference agreement would, of necessity, be "guided" by the well paid railroad lawyers and lobbyists who are here in the National Capital with their stenographers and statisticians and have already been too powerful a factor in this matter. Do the producers and shippers of this Nation desire to be subjected to the conditions of a law hastily drawn by a few men in a closed conference chamber? Is that the best we can do under a representative government? Do honest men wish to accept the full responsibility of decisions of such vital importance? Would it not be more creditable to our Government and to this administration to remodel our transportation laws in the full light of day and with all the discussion and information obtainable? We all know the bill will be handed to the conferees and their version will probaby be adopted by each House, and that will be the law. Not a Member of this House can predict what that law will be nor will he have the privilege of modifying or amending it.

WHY THE HASTE?

Why the haste? Do it now while we have the country geared up to the idea, they say. Next winter there will be more time to consider and there might even be a change in public sentiment. At any rate, we shall have time to learn what is actually in the bill and whether shippers and other forms of transportation are afforded any protection.

The very fact that its sponsors are willing to have the bill carefully scrutinized by the Congress and the country would do something toward restoring the confidence in legislative bodies now badly shattered even among members of those bodies. Among other things, I should like time to investigate part II of title III briefly set forth on page 10 of the committee's report as "relating to the payment by the Government of full rate in the case of land-grant carriers." This royal gift to the railroads was not included in the Senate bill. Why should the richly endowed land-grant railroads now be relieved of the obligation entered into as part, a very small part, repayment for public lands looted from the people under misapprehension as to the ultimate status of the railroads in relation to the public? How can we without information or reasonable argument so betray our people? Further in that section, which appears to me to be amazing, I read that a certain section of the statutes "shall not hereafter be construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be per-

formed." Just how far reaching is that clause and what sharpster from our financial overlords slipped it into the bill when vigilance was suspended?

I do not know what all is in this bill. You know little more than I know. Can I decently be asked to vote for a hundred pages of concessions wrung from a congressional committee through a few weeks of pressure from railroad owners who have themselves ruined a great industry and have been a corrupting influence in legislatures and Congresses ever since their earning powers came to the attention of the greedy rascals who ruined them? Any Member who votes "yes" must be voting his entire confidence in the too-hurried committee action, or his indifference to a subject of vital importance to the well-being of the people he represents. I cannot yield my judgment on such a matter. I have followed this railroad problem studiously for over half a century. The proposed action seems to me to indicate only the depths to which our legislative routine may be lowered when resort is made to threats and fears. Just a seasoning of patience and reason will help us to weather this crisis more successfully than will hasty action. I do not minimize the importance of the railroads. I am willing to support any reasonable, fair, and clearly understood legislation to help carry them through the reorganization necessary to throwing off their shackles. I will not vote to bestow privileges on one group while imperiling the others involved. Since there is no public demand for this legislation, we are, in effect, legislating in response to private demands. It piles more favors on a group suffering from its own bad conduct.

WHO WANTS THIS BILL MADE A LAW?

There is no dire need for such a comprehensive act at this time nor for such hasty action. There is no demand for it except from the group in Wall Street which owns or rather controls the securities of the railroads. We have not heard that it is demanded by our governmental agencies which have given us as a Nation such a heavy stake in our railroad system. The farmers surely do not want it, and they seem to understand that it heavily penalizes our basic industry—agriculture—to pay the heavy debts accumulated over long years of wicked manipulation of our transportation system upon which producers are so entirely dependent. The shippers do not need it. The Interstate Commerce Commission has not asked for it and it now has more laws than it has been able to digest and enforce without unconscionable delays.

This bill will be no aid to industry, but rather a handicap. What is the object? Why was it thrown at us in this manner at this late date? The reason offered for popular consumption is that it will increase the income of the transportation lines. We are not told what incomes will be curtailed or wiped out for the benefit of this one industry. Have the railways not been receiving enough to pay the costs of operation with a reasonable profit? The reply depends somewhat upon the viewpoint as to essential costs, especially in relation to interest and dividends on overcapitalization.

The history of railroad operations in the United States may be truthfully written some day; and if it ever is so recorded, it will show more fraud, juggling, and manipulation than any other line of business the world has ever known. The private electric utilities have done quite a job, but they are smaller. The men who have dominated the financial affairs of the transportation lines have sought always to keep the capitalization high and have dissipated the income to suit the whims of those controlling overlords who know little of railroad management and operation and take no pride in achievement in the transportation field. It ever has been the policy of the companies to charge all the traffic would bear, even when a different policy would have brought in more revenue, as has been amply demonstrated in recent practice. Controlling most of the press, either directly or indirectly, the manipulators have been able to put over the propaganda, and they have skillfully laid the groundwork for this present effort to put into their hands means to enable them to continue to carry on their antisocial business of squeezing every dollar possible from the public and blocking progress by destroying competition from other types of carriers.

RELATION TO RAILROAD LABOR

Let no one be deceived into thinking this bill is a measure conceived for the purpose of aiding or designed to aid and extend railroad employment or to increase or maintain wage rates. Let no one imagine it will provide work for those tragically situated groups of railroad men who have been "off the boards" for so many months. Will the railroads employ any more men if this bill passes? It is the idea that they will do so which influences some Members and may make this legislation possible. It is a false idea. The railroad companies said the same thing to the employees 20 years ago, when Congress was considering what is known as the Transportation Act of 1920, and still today there are less than half as many railroad employees as there were in the happy days of the 1920's. Railroad men in my home town, a railroad center, must have a continuous service of nearly 20 years before they are afforded continuous employment on the railroad. Longer trains and bigger engines have laid off men by the scores. Efficiency experts come through every little while, stand around in the shops and offices, and spot some poor employee who can be retired and his work shouldered on someone else. Engines are now in the making that will haul not only 100 cars but up to 175 cars, thus lengthening the distance between the engine and the caboose, which the workers want shortened in the interests of safety and employment. If it were not for the assistance of rail labor, this bill would stand no chance of being enacted into law at this time.

There are not 25 percent of the Members of this Congress who would vote for the bill if it were not for the pressure of the brotherhoods and the railroad employees. Yet the very companies which demand this legislation have mercilessly opposed the reasonable gains through legislation for the benefit of these groups. Where would the employees be now if Congress had listened to the men in whose interests this bill is presented? True, the trainmen are opposing it, and that they have able and fearless leadership is amply demonstrated by their statement in reply to the proposed wage reduction in 1938 "Main Street—Not Wall Street." It certainly puzzles me to have any of the intended victims of that wage-reduction movement pleading now for Wall Street.

LOBBYISTS AND PROPAGANDA

I just wonder how many lobbyists there are in this town now for this bill. I think if the truth could be known we would find that there are hundreds, well paid, expenses taken care of, meals and refreshments provided, managed by a slick, smooth group from Wall Street that knows how to lobby. I remember once in the State of Oregon when I opposed a bill that was put up to a referendum of the people. A tremendous campaign was made by the packing interests which opposed legislation desired by the dairymen. Expert managers in lobbying were brought into the State. After the election was over, in talking with one of the lobbyists, I said, "Tell me how you did it. How could you fool the people and make them vote against their own interests in a matter of this kind?" I will never forget his reply. "Governor Pierce, it is easy enough if you have plenty of time and money and put on the propaganda and have most of the papers with you." It is easy enough to make the people vote their rights away. Yes, you can herd them like bands of sheep. Put on the propaganda. Certainly that is what has been done in this case. The question has been asked who planned the legislation and who can explain it. I just wonder!

THE BILL DESIGNED TO KILL WATER TRANSPORTATION

The Government has invested over $2,000,000,000 in improving our waterways and harbors. The real object behind this bill is to prevent the use, as far as possible, of the rivers, the canals, and the waterways for the transportation of freight. The Interstate Commerce Commission having water, truck, and railroads all under its jurisdiction, and a mandate from this Congress, in this bill, so to fix the rates

that there shall be sufficient money earned to pay the costs of operation and dividends on stocks and bonds for a huge overcapitalization of railroads (double the actual value) would throttle truck and water competition. No one not a producer or shipper can fully realize what the coming of the motortruck has meant for short hauls. No one remote from waterways can understand the hopeful expectancy with which shippers have looked forward to relief through that ancient, efficient, and cheap method of transportation—by waterways. The plan is to raise the cost of transportation by water and then the shipper would move his products by rail, as it is quicker. Where the time element is of little importance he should be allowed to benefit from the cheaper method of hauling. There is room for all carriers. Let them share the business. The greatest harm I can see in this bill is that it is designed to kill water transportation by putting it under the Interstate Commerce Commission. Does it need regulating at public expense?

Our learned colleague from New York [Mr. WADSWORTH] has admirably set forth the effect of this proposed legislation on certain classes of water carriers. I urge all who did not hear his talk to read it in the RECORD and to read the minority views which he signed in the House report on the bill. I cannot too strongly urge a review of that brief minority report which gives the story in compact form, told by those who have had the benefit of committee hearings. They say part III on waterways should be stricken out—I quote significant sections 6 and 8:

(6) It is a matter of common knowledge that the producers and the consumers of the Nation must pay the entire cost of transportation, whether that cost be much or little. There is no denying the fact that the primary purpose of regulating water transportation is in order that the cost of such transportation may be raised, for the purpose of eliminating, as termed by the sponsors of such regulation, "cutthroat competition." With the farmer on the verge of bankruptcy, it is going to be difficult for him to pay the increased cost, resulting from this regulation. It is significant that the farmer has not asked for this legislation. The same is true as to industry generally.

(8) The adoption of this provision will not and cannot materially help railroad labor. As stated above, the total amount of freight handled by the water carriers involved amounts to less than 4 percent. If this traffic were taken over by the railroads, the handling of it would be easily accomplished by slightly lengthening trains, without increasing the number of employees. In other words, both management and labor in the railway field, we believe, are chasing a rainbow in their hope that this bill will bring them prosperity.

The Representative clearly showed that this bill is aimed at the contract carriers on the waterways and the tramp steamers carrying about half of our inland water-borne commerce. The other half of the inland water commerce is owned and controlled by big shippers—steel, coal, and big industries. They are not affected by the bill, of course.

THE FARMER CANNOT BEAR THIS LOAD

The object of this legislation is to put value into the fourteen billions of so-called securities that have no value today, and should not have any. Somebody must be made to pay. Who will finally pay? The farmer and the laboring man. Those who cannot pass the load along. The farmer and the laboring man have ever been the "goat." I assure the proponents of this bill that the agricultural community is in no condition, financially or otherwise, to take on this increased burden of making good $14,000,000,000 of worthless securities owned and controlled by Wall Street.

I want to warn the selfish few. I want to warn the greedy group who seek by this legislation to put another mortgage upon the farmer and to foreclose on the laboring man's home. I want to warn them that these people are just at the breaking point and this may be the last straw. The farmers have already been aroused and are frantically appealing to Congress for assistance and the right to security and a fair return for labor and sacrifice. Aid has been granted under this administration, and the farmers see a half-bright day, especially those who grow commodities like corn, wheat, cotton, and tobacco. Oh, I do not say they are prosperous but they are far better off than they would have been had they not been protected by the legislation enacted during the last 6 years and the appropriations made for their benefit. This legislation would simply make their position more desperate. Pass it, and they must be back here again next winter and the following winter for further subsidy. You and I know that the breaking point of our Treasury is not far away. The hour is too critical for such profligate flinging of favors to the banker group of the Atlantic border. We of the West and South resent insistence upon consideration of legislation of this character at this time to be enacted under whip and spur in the closing hours of this Congress. We fear for our agricultural interests.

Prices at ports are determined and fixed by world's prices. If costs of transporting products to these ports are increased, the farmers must bear the burden. They will bear the heavy costs of restrictive transportation legislation. They will not surrender without a bitter fight the right to enjoy the benefits of all methods of transportation. The beneficiaries of this bill would be a very small group, powerful, and insolently grasping. This is not proposed in the interests of railway labor, which would not gain in security. It would mulct the shippers and producers for the great financial interests which practically own this country, run its machinery, and work their way with its legislative bodies through creating panic for fear they may break further. The political party which sponsors such legislation should and will pay the penalty by forfeiting public confidence. The story will get out because the bills will be presented for payment and the real oppressors will be apparent.

RAILROAD FINANCIAL JUGGLING

It is simply nonsense for the proponents of this measure to claim it is for the purpose of railroad stabilization, coordination, or some equally comprehensive or meaningless phrase. That is not the object at all. The object is to get more money for the railroads, giving them license to loot the Government and the shippers. This is to be done, not by creating more traffic, but by killing off competition and giving the shipper no choice between rail, water, or motortruck. The companies have no trouble, with their brilliant array of counsel, in increasing freight rates, whether justified or not, and all so-called regulatory legislation has not been for the interest of the shipper, the industrial plants, or the laboring man. It has been largely in the interest of the manipulators who have handled and juggled the securities.

Just think of the figures. When the Transportation Act of 1920 was passed all the railroads in the United States could have been purchased for $12,000,000,000, their market value. If they sold today at the prices for which stocks can be purchased in the markets they would bring $12,000,000,000, where they stood 19 years ago. Railroad companies have never worked on the principle of amortizing or paying off their debts. If a worn-out piece of equipment is cast aside, the cost of that equipment is still continued in the capitalization and the shipper is expected to continue to contribute above the cost of operation so that dividends can be paid upon the equipment gone to the wrecking pile in years long past.

The transportation act froze into the capital structure over $12,000,000,000 of water, the capitalization becoming about $24,000,000,000. Then from the deft hand of the inventor came the perfected internal-combustion engine, which was speedily installed in cars—the truck, the tractor, and the private automobile. The overcapitalized railroads suddenly found themselves confronted with their barrier of accumulated debt which kept them from meeting the new competition. This overcapitalization had accomplished no good purpose. It was an evil outgrowth of evil practices.

LABOR AND SHIPPERS PENALIZED

Before the World War, the railroads had almost ruined the waterways by unfair, unjust competition. About that time there was a revival of interest in water transportation and Congress was asked to appropriate money to help restore abandoned and unused water lines, especially on the Great Lakes and the Mississippi. The operating managers of these railroad lines did their best to meet competition. They discharged railroad employees by the thousands, cut their pay rolls, increasing the use of their engines, lengthening their trains, and demanding more service everywhere; but

the insatiable demands for interest and dividends prevented recovery. The overcapitalization was continued with the consent of the Interstate Commerce Commission which many have been unkind enough to say became the ally of the railroad companies, forgetting its sworn duty of protecting the public. Freight rates have been increased to the point of confiscation. In many of the intermountain, western, and southern sections it costs more to transport agricultural commodities from interior shipping points than the producer gets for his labor and investment. He receives no profit but feeds the people at a loss. I have seen wheat in my home town sell for 23 cents a bushel with a transportation rate of 20 cents to tidewater, 300 miles distant. They have squeezed the lemon dry and if they raise the rates any more, well, they will find they have passed the line of diminishing returns.

LONG-AND-SHORT-HAUL BILL

Four years ago in this Congress the railroads sought to pass through Congress the Pettengill bill repealing the fourth section of the Transportation Act. The object was to allow them to charge more for a short haul than they did for a long haul in the same direction over the same line. That act passed this House over protests from farm interests. Its final enactment into law was blocked in the Senate. It has been stated that the Senate bill does not repeal the fourth section of the Transportation Act, but other students of this legislation say that it does repeal that section. Who knows what we may find the House bill actually does in that respect? No transportation legislation could be more injurious to farmers than repeal of that clause.

WILL DEMOCRACY PREVAIL IN AMERICA?

For years I taught my students what I myself firmly believed—that our country was giving to the world the finest example of representative government. I believed and taught that our democracy had been finally tested by the great upheaval of civil war and had proven that it would endure. I believed and taught that in our land all men had equal privilege and enjoyed opportunity to mold their lives by their highest ideals. I believed and taught that our Government guaranteed us against oppression and in our rights of property and free trade intercourse. Now, in my last years, I find instrumentalities for our destruction in those very institutions of government which I had thought to be bulwarks for our defense. I now realize that special privilege knows no party lines and is seldom prevented from reaching its goal. I now see clearly that a dangerous bureaucracy has become fastened upon government, a horrible parasite. This bill is one more step toward that bureaucracy which I have learned to fear. The tendency to gag rule and to pressure methods in our Congress, and the enactment of legislation which gives privileges to some while curtailing the rights of others make me fear for the future. If people wholly lose confidence in legislative bodies and become bitter and cynical about government we can no longer afford the world a beautiful and hopeful example of democracy. Some of our performances this session have left me saddened and discouraged. This handling of the railroad bill is one of them. I deplore such conduct of public business. I resent the assault on legislative decency.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK] for 4 minutes.

Mr. HALLECK. Mr. Chairman, it occurs to me that there are some things in connection with this amendment that should be said. In the course of our hearings the committee was asked to hear certain people—I do not say they were all from the southern sections, but I would say they were predominantly from those sections—who for years have been complaining about alleged freight-rate discriminations against them. The committee took time in the course of the hearings to hear them. When we started the hearings there had been proposals in the Congress which would in effect have put the Congress of the United States into the business of making rates. When the rate experts representing those sections appeared before our committee, every one of them admitted without exception, when questioned, that they did not expect the Congress of the United States to make the rates; that that was a power properly vested in the Interstate Commerce Commission and that it should remain there. The last thing in the world they wanted was that the Congress undertake to make the rates. Why, that is one of the most complicated matters of which you can conceive.

To go back a little further, there has been controversy between the different States of the country over alleged freight discriminations. We have had the Southern Governors' case before the Interstate Commerce Commission, opposed by an association of northern Governors, including my State. Without regard to who is right or wrong, the Commission is the place where the controversy should be settled; not in the Congress of the United States.

Our hearings disclosed that there are really no discriminations in regard to freight moving from north to south and from south to north. You can find differences in the freight rates within some sections of the country and official territory, but people will fairly explain to you that those differences result from differences in the density of traffic and a lot of other situations that do not really involve unjust discriminations.

Where are we in this matter? I refer to the Southern Governors' case, which is the case where these people are asking for relief. They did not in that request include one single item of raw products. Every item they referred to is a manufactured product. That is their attitude. If that is what they want, why not put it in that way? I seriously doubt whether this provision has any place in this bill at all, but in the interest of fairness and in the interest of seeing that justice is done I am going along with the provision. But if you people who live in sections against which you think there are discriminations really hope to accomplish something by this provision, you had better keep it as it is written.

As far as farm freight rates are concerned, in the 1938 Farm Act we authorized and directed the Secretary of Agriculture to intervene before the Interstate Commerce Commission to the end that the interests of the farmers might be protected. I do not know how fully he has exercised that authority, but it is there and it can be exercised.

So I say to the members of the committee, let us not go too far in the direction of setting up the Congress as the body to make rates. I believe there are something like half a million different freight rates in this country. Does any of you think you could sit down as a Member of this Congress and fairly and efficiently pass upon those different rates? The so-called Ramspeck resolution seemed to finally represent the wishes of the interested parties. So we put that in the bill. I still believe that it fairly represents what they want. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. MCLAUGHLIN].

Mr. McLAUGHLIN. Mr. Chairman, much has been said in the debate on this amendment regarding the group which organized last winter to see what could be done to eliminate discriminations in freight rates between various sections of the country. The gentleman from Georgia [Mr. RAMSPECK], who has spoken on this amendment, was selected as chairman of that group for the reason that he had been active in that work for several years. It fell to my lot to be a member of the executive committee of the group and to act as secretary of the organization. As a representative of the West, I can say that the group was not composed entirely of southerners, but consisted of a representative group of Members of Congress from all parts of the country which are adversely affected by the discriminatory practices which exist under the present system of rate making in this country.

The distinguished gentleman from Indiana, for whom I have a high regard, indicated in the speech on the amendment which he has just concluded that the amendment of the gentleman from Mississippi, which would have the effect of

authorizing and directing an investigation of rates on agricultural products and raw materials, is not needed and that no one has asked for it.

I refer, Mr. Chairman, to House Document No. 264 of the Seventy-fifth Congress, which, on page 41, sets forth a list of rates on butter, eggs, and dressed poultry from various points to various points in this country. In that list is contained the following:

The rate from Lincoln, Nebr., in the State in which I live, and in which State, of course, is located the district which I have the honor to represent, to the city of Cincinnati, Ohio, a distance of 746 miles, is $1.14 per hundredweight. From Kingston, N. Y., to Cincinnati, Ohio, the same destination, the distance is identically the same, 746 miles, but the rate is 88 cents as contrasted with the rate of $1.14 from Lincoln, Nebr., to Cincinnati. Lincoln, Nebr., is located in western trunk line territory and the other points mentioned—Cincinnati, Ohio, and Kingston, N. Y.—are located in official, or eastern territory.

So I suggest to the gentleman from Indiana [Mr. HALLECK] he is not entirely accurate in his statement. There is necessity for an investigation of the discrimination which exists on agricultural products and raw materials, but I suggest to this Committee that we are making a great deal out of something about which we need not make much, because while this amendment would authorize and direct the Interstate Commerce Commission, in making its investigation on manufactured products, to include an investigation on agricultural products and raw materials; investigation of rates of any sort would be made only if a shipper asked it. If the shipper did not complain, of course, he would not ask for an investigation of rates and none would be made. I submit that this amendment should be adopted. [Applause.]

Mr. ALEXANDER. Mr. Chairman, you have all heard the joke about the farmer who shipped his hogs down to South St. Paul and then got a bill from the railroad for freight because the check received for the hogs was not enough to pay the freight bill. Well, that is no joke to the farmers of the great Middle West whose prices have been on the toboggan ever since the slump started in 1922. It may be a joke to the farmers of the other sections of this Nation, I cannot speak for them, but I can speak to a certain degree for the farmers of the Middle West, and I know you are discussing today one of the most fundamental and serious problems which confronts their welfare and through them the future, in fact, of this Nation, and still you refuse to allow this amendment to go through which would make it possible to examine this problem—not to correct it, but at least fully to examine it.

You know, in the final analysis, this bill which we are discussing now would not only give control over all freight rates and all transportation to the Interstate Commerce Commission and through them to the railroads thus doubtless raising rates still higher; but it will serve to increase Government control, Government manipulation of business, and Government regimentation and operation.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I cannot yield now.

You know, at least a majority of you do, as I know, that what we need in this Nation is to examine these high freight rates, especially on farm products, and I believe that we would find that it is the underlying cause for the farmers' plight and inability to sell his produce, as well as the plight of many other lines of commercial activity in this Nation. You know the basis of the farmers' trouble is that he has not any of the artificial protection which we have placed around the railroads. The railroads have connived with and through the Interstate Commerce Commission to force up their rates artificially, and the farmer has been forced to pay those rates because he could not protect himself, and still certain members of this committee refuse to insert this amendment which would make possible an examination of this disease of our national economic body.

I would venture to say that if the majority of the 117 new Members in the House of Representatives this year were truthful with themselves, they would admit they were sent to Washington on the basis of a promise to work for less Government control and manipulation in the administration of business. I will venture to say that you probably took to your constituents and to the voters of your district who sent you here a plea, at least by insinuation, that if elected to Congress you would end this Government manipulation and control of business; that you would lend your voice and vote to putting a stop to this continual infiltration into business by Government agencies, and I would like to suggest, at least to my Republican colleagues on the left and especially to those who seem to be so intent on supporting this measure, that if I am not mistaken, next year, when some of you go back to your constituents and ask for reelection, you are going to be brought to task if you continue in your evident intent to bring to the Nation, as you are doing through this bill, still more Government operation, control, and regimentation of our daily lives and our business structure. I hope for your sakes, as well as for the sake of my good colleagues on the right who are for this bill, that you will see that it is not in the interest of the public, it is not in the interest of the great masses of the people, the farmers, the small-business men, or the laboring people. It is only in the interest of a very small percentage of the whole citizenry to further regiment and control business as this bill provides, and to force freight rates still higher. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, this provision, so far as it provides for an investigation, directs the Interstate Commerce Commission to make the investigation and then enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist. Under the law an unreasonable rate is an unlawful rate. When we heard this matter the committee reached the conclusion that the facts justified this investigation. I have no doubt that if a complete investigation were made of our rate structure there would be many cases of differentials in both agricultural and industrial products that need correction; in fact, it is my belief that the greatest opportunity we have to establish a sound improvement of transportation is in adjusting these differentials. In my judgment, that is the primary thing that can be accomplished by the legislation that we propose. [Applause.] If there is anything that justifies that it is the present system with respect to our rate structure. In that connection, and somewhat aside from the immediate purpose, I would like to quote Mr. Eastman, who made a statement to our committee in reference to this legislation:

> The way in which rates have been made in the past enables the railroads to reduce many rates to meet new competition without going below full cost of service. On the other hand, they have multitudes of rates which yield only a margin over out-of-pocket costs, if they yield that. The existence of these low rates makes the reduction of higher rates more serious than it otherwise would be.

In fact, this method of reduction has given undue emphasis to competition in fixing rates, and that has necessitated neglect of economics in adjusting rates from the standpoint of the economic welfare; so, whatever is the result of this investigation, it is dealing with what I regard the most important phase of this problem as we seek to adjust it.

As far as the committee is concerned, I take it that it is of no consequence to the committee as to what is done with this particular amendment. When it was presented to the committee we had called to our attention, among other things, the attitude of the southern Governors. Six Governors of the Southern States joined in trying to find a remedy such as they desired, and I have in my hand a list of the products which they wanted investigated. They included 20 different classifications of articles, all of which are industrial, of a manufactured type, and none of a strictly agricultural type. The argument made to our committee was that the rates on industrial products worked to the disadvantage of the South and prevented the development of manufacturing in different localities. So in a word it is up to those who want this investigation to settle the matter as to how broad they want the investigation to be. The

only objection I see to making it broad is that by making it too broad you may dissipate your effort. By scattering the effort you may increase the job, cause delay, and weaken the result. That does not necessarily follow however. It is up to those who want it to decide that question.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. McLAUGHLIN. It will be only as broad as the shippers themselves make it by their application.

Mr. LEA. That is true.

Mr. WHITTINGTON. An investigation is not made unless requested.

Mr. LEA. That is true.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

Mr. WHITTINGTON. Mr. Chairman, some time has elapsed since the amendment was offered, and I ask unanimous consent that the amendment be again reported.

There being no objection, the Clerk again reported the Whittington amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

POOLING; CONSOLIDATIONS, MERGERS, AND ACQUISITIONS OF CONTROL IN CASE OF CARRIERS BY RAILROAD, MOTOR VEHICLE, AND WATER

SEC. 8. Section 5 of the Interstate Commerce Act, as amended, is amended to read as follows:

"SEC. 5. (1) Except upon specific approval by order of the Commission as in this section provided, and except as provided in paragraph (16) of section 1 of this part, it shall be unlawful for any common carrier subject to this part, part II, or part III to enter into any contract, agreement, or combination with any other such common carrier or carriers for the pooling or division of traffic, or of service, or of gross or net earnings, or of any portion thereof; and in any case of an agreement for the pooling or division of traffic, service, or earnings as aforesaid each day of its continuance shall be a separate offense: *Provided*, That whenever the Commission is of opinion, after hearing upon application of any such carrier or carriers or upon its own initiative, that the pooling or division, to the extent indicated by the Commission, of their traffic, service, or gross or net earnings, or of any portion thereof, will be in the interest of better service to the public or of economy in operation, and will not unduly restrain competition, the Commission shall by order approve and authorize, if assented to by all the carriers involved, such pooling or division, under such rules and regulations, and for such consideration as between such carriers and upon such terms and conditions, as shall be found by the Commission to be just and reasonable in the premises: *Provided further*, That any contract, agreement, or combination to which any common carrier by water subject to part III is a party, relating to the pooling or division of traffic, service, or earnings, or any portion thereof, lawfully existing on the date this paragraph as amended takes effect, if filed with the Commission within 6 months after such date, shall continue to be lawful except to the extent that the Commission, after hearing upon application or upon its own initiative, may find and by order declare that such contract, agreement, or combination is not in the interest of better service to the public or of economy in operation, or that it will unduly restrain competition.

"(2) (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b), for two or more carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to puchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through purchase of its stock; or for a person which is not a carrier to acquire control of two or more carriers through ownership of their stock; or for a person which is not a carrier and which has contol of one or more carriers to acquire control of another carrier through ownership of its stock.

"(b) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition of control is proposed under subdivision (a), the carrier or carriers or person seeking authority therefor shall present an application to the Commission, and thereupon the Commission shall notify the Governor of each State in which any part of the properties of the carriers involved in the proposed transaction is situated, and also such carriers and the applicant or applicants (and, in case carriers by motor vehicle are involved, the persons specified in section 205 (e)), and shall afford reasonable opportunity for interested parties to be heard. If the Commission shall consider it necessary in order to determine whether the findings specified below may properly be made, it may set said application for public hearing, but such a public hearing shall be held in all cases where carriers by railroad are involved. If the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be consistent with the public interest, it shall enter an order approving and authorizing such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon the terms and conditions and with the modifications so found to be just and reasonable: *Provided*, That if a carrier by railroad subject to this part, or any person which is controlled by such a carrier within the meaning of paragraph (7), or affiliated therewith within the meaning of paragraph (6), is an applicant in the case of a proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control involving a motor carrier, the Commission shall not enter such an order unless it finds that the transaction proposed will be consistent with the public interest and will enable such carrier to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

"(c) In passing upon any proposed transaction under the provisions of this section, the Commission shall give weight to the following considerations, among others: (1) The effect of the proposed transaction upon adequate transportation service to the public; (2) where appropriate, the effect upon the public interest of the inclusion, or failure to include, other railroads in the territory involved in the proposed transaction; (3) where appropriate, the total fixed charges resulting from the proposed transaction; and (4) where appropriate, the interest of the carrier employees affected.

"(d) The Commission shall have authority in the case of a proposed transaction involving a railroad or railroads, as a prerequisite to its approval of the proposed transaction, to require, upon equitable terms, the inclusion of other railroads, upon a finding that such inclusion is consistent with the public interest.

"(e) No consolidation, merger, purchase, lease, operating contract, or acquisition of control, which contemplates a guaranty of dividends, shall be approved by the Commission except upon a specific finding by the Commission that such guaranty is not inconsistent with the public interest. No consolidation or merger shall be approved which will result in an increase of total fixed charges on funded debt, except upon a specific finding by the Commission that such an increase in a particular case would not be contrary to public interest. The Commission shall require, as a prerequisite to its approval of any proposed transaction under the provisions of this section, a fair and equitable arrangement to protect the interests of the employees affected.

"(3) Whenever a person which is not a carrier is authorized, by an order entered under paragraph (2), to acquire control of any carrier or of two or more carriers, such person thereafter shall, to the extent provided by the Commission, taking into account the types of carriers involved in the acquisition, be considered as a carrier subject to the following provisions (which relate to reports, accounts, etc., of carriers): Section 20 (1) to (10), inclusive, of this part, sections 204 (a) (1) and 220 (a) and (b) of part II, and section 313 of part III, and the following provisions (which relate to issues of securities and assumptions of liabilities of carriers): Section 20a (2) to (11), inclusive, of part I, and section 214 of part II, including in each case the penalties applicable in the case of violations of such provisions. In the application of such provisions of section 20a of this part, and of section 214 of part II in the case of any such person the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance of its service to the public by each carrier which is under the control of such person, that it will not impair the ability of any such carrier to perform such service, and that it is otherwise consistent with the public interest.

"(4) It shall be unlawful for any person, except as provided in paragraph (2), to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management in a common interest in any two or more carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this amendatory paragraph and in violation of its provisions. As used in this paragraph and paragraph (5), the words 'control or management' shall be construed to include the power to exercise control or management.

"(5) For the purposes of this section, but not in anywise limiting the application of the provisions thereof, any transaction shall be deemed to accomplish or effectuate the control or management in a common interest of two carriers—

"(a) if such transaction is by a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier;

"(b) if such transaction is by a person affiliated with a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier;

"(c) if such transaction is by two or more persons acting together, one of whom is a carrier or is affiliated with a carrier, and if the effect of such transaction is to place such persons and carriers and persons affiliated with any one of them and persons affiliated with any such affiliated carrier, taken together, in control of another carrier.

"(6) For the purposes of this section a person shall be held to be affiliated with a carrier if, by reason of the relationship of such person to such carrier (whether by reason of the method of, or

circumstances surrounding organization or operation, or whether established through common directors, officers, or stockholders, a voting trust or trusts, a holding or investment company or companies, or any other direct or indirect means), it is reasonable to believe that the affairs of any carrier of which control may be acquired by such person will be managed in the interest of such other carrier.

"(7) For the purposes of this section, wherever reference is made to control, it is immaterial whether such control is direct or indirect. As used in this section, the term 'control' shall be construed to include the power to exercise control.

"(8) The Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether any person is violating the provisions of paragraph (4). If the Commission finds after such investigation that such person is violating the provisions of such paragraph, it shall by order require such person to take such action as may be necessary, in the opinion of the Commission, to prevent continuance of such violation. The provisions of this paragraph shall be in addition to, and not in substitution for, any other enforcement provisions contained in this part; and with respect to any violation of paragraphs (2) to (13), inclusive, of this section, any penalty provision applying to such a violation by a common carrier subject to this part shall apply to such a violation by any other person.

"(9) The district courts of the United States shall have jurisdiction upon the complaint of the Commission, alleging a violation of any of the provisions of this section or disobedience of any order issued by the Commission thereunder by any person, to issue such writs of injunction or other proper process, mandatory or otherwise, as may be necessary to restrain such person from violation of such provision or to compel obedience to such order.

"(10) The Commission may from time to time, for good cause shown, make such orders, supplemental to any order made under paragraph (1), (2), or (8), as it may deem necessary or appropriate.

"(11) Nothing in this section shall be construed to require the approval or authorization of the Commission in the case of a consolidation, merger, purchase, lease, operating contract, or acquisition of control where the only parties to the transaction are motor carriers subject to part II (but not including a motor carrier controlling, controlled by, or affiliated with, a carrier as defined in section 1 (3)), and where the aggregate number of motor vehicles owned, leased, controlled or operated by such parties, for purposes of transportation subject to part II, does not exceed 20.

"(12) The authority conferred by this section shall be exclusive and plenary, and any carrier or corporation participating in or resulting from any transaction approved by the Commission thereunder shall have full power (with the assent, in the case of a purchase and sale, a lease, a corporate consolidation, or a corporate merger, of a majority, unless a different vote is required under applicable State law, in which case the number so required shall assent, of the votes of the holders of the shares entitled to vote of the capital stock of such corporation at a regular meeting of such stockholders, the notice of such meeting to include such purpose, or at a special meeting thereof called for such purpose) to carry such transaction into effect and to own and operate any properties and exercise any control or franchises acquired through said transaction without invoking any approval under State authority; and any carriers or other corporations, and their officers and employees and any other persons, participating in a transaction approved or authorized under the provisions of this section shall be, and they are hereby, relieved from the operation of the antitrust laws and of all other restraints, limitations, and prohibitions of law, Federal, State, or municipal, insofar as may be necessary to enable them to carry into effect the transaction so approved or provided for in accordance with the terms and conditions, if any, imposed by the Commission, and to hold, maintain, and operate any properties and excise any control or franchises acquired through such transaction.

"(13) If any provision of the foregoing paragraphs of this section, or the application thereof to any person or circumstances, is held invalid, the other provisions of such paragraphs, and the application of such provision to any other person or circumstances, shall not be affected thereby.

"(14) As used in paragraphs (2) to (13), inclusive, the term 'person' includes an individual, partnership, association, joint-stock company, or corporation, and the term 'carrier' means a carrier by railroad, an express company, or a forwarding carrier, subject to this part, a motor carrier subject to part II, and a water carrier subject to part III.

"(15) From and after the 1st day of July 1914, it shall be unlawful for any carrier, as defined in section 1 (3), or (after the date of the enactment of this amendatory section) any person controlled by such a carrier, or affiliated therewith, to own, lease, operate, control, or have any interest whatsoever (by stock ownership or otherwise, either directly, indirectly, through any holding company, or by stockholders or directors in common, or in any other manner) in any common carrier by water operated through the Panama Canal or elsewhere with which such carrier aforesaid does or may compete for traffic or any vessel carrying freight or passengers upon said water route or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic; and in case of the violation of this provision each day in which such violation continues shall be deemed a separate offense.

"(16) Jurisdiction is hereby conferred on the Commission to determine questions of fact, arising under paragraph (15), as to the competition or possibility of competition, after full hearing, on the application of any railroad company or other carrier. Such application may be filed for the purpose of determining whether any existing service is in violation of such paragraph and may pray for an order permitting the continuance of any vessel or vessels already in operation, or for the purpose of asking an order to install new service not in conflict with the provisions of such paragraph. The Commission may on its own motion or the application of any shipper institute proceedings to inquire into the operation of any vessel in use by any railroad or other carrier which has not applied to the Commission and had the question of competition or the possibility of competition determined as herein provided. In all such cases the order of said Commission shall be final.

"(17) If the Commission shall be of the opinion that any such existing specified service by water other than through the Panama Canal is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration, the Commission may, by order, extend the time during which such service by water may continue to be operated beyond July 1, 1914. In every case of such extension the rates, schedules, and practices of such water carrier shall be filed with the Commission and shall be subject to this act in the same manner and to the same extent as is the railroad or other common carrier controlling such water carrier or interested in any manner in its operation: *Provided*, That any application for extension under the terms of this provision filed with the Commission prior to July 1, 1914, but for any reason not heard and disposed of before said date, may be considered and granted thereafter."

Mr. HARRINGTON. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HARRINGTON: On page 210, line 9, after the word "affected", substitute a comma for the period and add the following: "*Provided, however*, That no such transaction shall be approved by the Commission if such transaction will result in unemployment or displacement of employees of the carrier or carriers, or in the impairment of existing employment rights of said employees."

Mr. HARRINGTON. Mr. Chairman, the purpose of my amendment is to safeguard railway labor. We have contended all along, and I again repeat, this bill is essentially in the interest of railroad carriers, the stronger railroad carriers, I should say, and contrary to the interest of the weaker roads, the water carriers, the shippers, the public, and, I emphasize right here, contrary to the interest of the railroad employees. I realize full well the splendid work of the able gentleman from Ohio [Mr. CROSSER] in behalf of the railroad employees, and I can assure him and the Members that this is no attempt to usurp his position of leader for railroad employees' legislation, but I do think he has failed to recognize the dangers inherent in this bill. If you want to pave the way for ghost railroads and ghost railroad towns, if you want the blue envelope or the pink slip going out to 200,000 railroad employees, do not vote for my amendment.

Some of you may be confused by the fact that several of the railroad brotherhoods have endorsed this bill under the mistaken impression that it protects the interests of the employees and prevents disemployment when consolidations are authorized. My analysis convinces me that the bill simplifies the method of consolidation and does not protect the employee.

In the original version of this measure the following language referring to consolidations appeared:

Provided, That approval of any transaction—

That is, any consolidation—

subject to the provisions of this section may be given without hearing if in the judgment of the Commission a hearing is not necessary to enable it to make appropriate findings. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises.

In other words, the door was left wide open for consolidation of lines without a hearing and without any protection whatever for the interest of employees.

I call your attention now to the fact that through being misled some of the same railroad unions also endorsed the original bill containing this language. But this wide-open invitation to consolidate was too raw a deal for the committee to swallow, and the provision was later eliminated

and new language substituted. The language now provides for—

A fair and equitable arrangement to protect the interests of the employees affected—

High-sounding and rosy-tinted words which guarantee absolutely no safeguard to employees and, in short, mean practically nothing.

Listen to this, you friends of railroad employees: In an analysis of the pending bill published this month by the Association of American Railroads, if you please, I find this paragraph on the subject of "Consolidations":

The House bill, as well as the Senate bill, vastly improves the present law with respect to railroad consolidations. It repeals that provision of the existing law which requires the Interstate Commerce Commission to set up a complete plan of consolidation, assigning all railroads to a limited number of systems. This artificial method of handling has proved ineffective, and the Commission itself has recommended that it be relieved of this duty. The House bill provides for the consolidation of railroads in accordance with plans to be worked out in each case by the railroads and submitted for approval to the Interstate Commerce Commission. There are other useful provisions in the bill of a technical nature, which will facilitate consolidation.

There you have it direct from the railroad owners. The bill as now written permits the roads to work out their own consolidations; in fact, "facilitates" these consolidations, and if you can consolidate railroads without disemploying workers, I would like to know how.

My amendment protects the railroad worker against any unemployment or any impairment of employment rights as a result of consolidations. Naturally, the railroads are not going to like this amendment. But if they want to show good faith with the brotherhoods they will accept it.

Fellow Members, in addition to all its other iniquities against the public, this legislative monstrosity will throw thousands of railroad employees out of work. Let us sidetrack the bill now until the next session. In the meantime I feel safe in assuring you that the railroad brotherhoods will wake up to the fact that they are the victims of a "sellout." An educational plan is under way to undeceive them as to the so-called merits of this bill. The "Paul Reveres" are beginning to ride. The country is just getting wise.

Mr. WARREN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Iowa [Mr. HARRINGTON].

On last Friday, in making the first speech in opposition to this bill, directing the attention of railroad employees to the subject, I said as follows:

Mark my words, when I say to them as a friend who has stood by them when they needed friends in this body, that not one railroad job will this bill create, although it will throw thousands and thousands of others who toil out of employment. Certainly they must realize these coordinations and consolidations and shakedowns will ultimately mean the loss of thousands and thousands of their own jobs.

Let any member of the committee or any Member of the House point to one single, solitary provision in this bill in behalf of the railroad employees of this country. Forever there is hanging over them the specter of unemployment. Men in my own district with at least 20 years of seniority—and I am told that men in other sections with more seniority than that—are today walking the streets without work, having to mortgage their homes, seeing no possible chance of returning to their former jobs.

The amendment offered by the gentleman from Iowa [Mr. HARRINGTON] would protect them and would write into this law the protection that every railroad man in the country, regardless of what brotherhood he belongs to, desires.

It was just a short while ago that Mr. Daniel Willard said:

Eighty percent of the savings effected by consolidations would be taken out of the pockets of the railroad workers.

Who are going to make these consolidations? The management, who might be more friendly, are not going to make them; but every Member of this House knows that the consolidations are going to be made by the railroad bankers in New York City. If the Members of this House here today want to safeguard the jobs of railroad men throughout the country, they ought to earnestly and vigorously support the amendment just offered by the able gentleman from Iowa [Mr. HARRINGTON]. [Applause.]

[Here the gavel fell.]

Mr. ALEXANDER. Mr. Chairman and members of the Committee, I have just received a letter from Mr. Steve C. Lush, vice chairman of the Minnesota State legislative board of the Brotherhood of Railroad Trainmen. I have known him personally for many years. He is a very able man and very sincere as well as a prominent and popular citizen of the State of Minnesota. I want to read you some of his letter, because it is very relevant to this amendment which is now before us.

Mr. Lush says:

At our recent international convention held in Cleveland, Ohio, a resolution was unanimously adopted condemning this legislation which you are now considering. We are satisfied that the enactment of this bill will bring about wholesale consolidations of railroads, which as we all agree, would be disastrous not only to the employees of the railroads but to the country itself.

We have from the outset contended that the principal reason for the railroads desiring this legislation was because they felt that it would be easier to bring about monopolistic consolidations and thereby lessen employment. I again call your attention to the fact that approximately 57 percent of the people formerly employed upon railroads are no longer so employed, yet the railroads' tonnage has only decreased 29 percent. Therefore it is quite evident and apparent that the employees of the American railroads have already paid more than a fair share toward the present business slump and other factors which have taken the traffic from the rails, and we further feel that any benefits derived from the passage of this act will be of little moment to the employees, and we are doubtful if it will be of much benefit to the stock and bond holders.

If the railroads will give adequate freight service, they will have returned to the rails the freight now being hauled by other means of transportation, the same as they recovered the passenger business when they lowered rates and speeded up their trains. Therefore I cannot too earnestly urge you to vote against this legislation.

In other words, the Brotherhood of Railroad Trainmen are not for this legislation.

Now I want to tell you who belongs to the Brotherhood of Railroad Trainmen in case you do not already know. It will be well to consider who they are. They are one of the big four, the other three being the Brotherhood of Railway Conductors, the Brotherhood of Locomotive Engineers, and the Brotherhood of Enginemen and Firemen.

The Brotherhood of Railroad Trainmen includes in its membership conductors, assistant conductors, dining-car conductors or stewards, ticket collectors, train baggagemen, yardmasters, assistant yardmasters, yard conductors or foremen, flagmen, brakemen, switchmen, switch tenders, and car-retarder operators, a membership totaling altogether more than all three of the other brotherhoods combined. Shall they not have some voice in railroad and transportation legislation? They must know something about their own business, and I believe we should listen to their pleas to vote down this legislation. At least, this amendment under consideration is in line with the argument contained in Mr. Lush's letter. Therefore, I believe we should support the amendment of the gentleman from Iowa. [Applause.]

Mr. GEYER of California. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this is an appropriate time and place to say what I have to say with regard to this bill.

The committee substitute for S. 2009 is supposed to establish a national transportation policy for fair and impartial regulation of the modes of transportation, by rail, highway, and water so administered to recognize and preserve the inherent advantages of each, and to encourage fair wages and equitable working conditions. When I read section 8, permitting consolidations and mergers, especially in subsection (c) where the Commission, the Interstate Commerce Commission, shall give weight to "where appropriate, the interest of the carrier employees affected," it makes me stop and wonder just what benefit can come to carrier employees in fair wages and equitable working conditions who have been displaced from their jobs through consolidations and mergers where the Commission did not deem it to be

appropriate to give weight to their employment. What in heaven's name can any railroad employee or any officer of an employees union find in this bill to support it and at the same time be fair to themselves and to the employees they represent?

Consolidations and mergers of railroads is of benefit only to the already over-rich big bankers and security holders, and certainly can never be of benefit to railroad employees. Consolidations and mergers will mean abandonment of terminals, shops, and tracks; not only will the employees lose their jobs, but businessmen will lose their patronage, communities will be deprived of railroad service—can you imagine the conditions bound to prevail in hundreds of communities denied rail service because the big-banker owners and controllers of railroads throught their profits could be greater with the consolidations and mergers permitted and even encouraged in the committee's substitute bill.

The railroads have evidently lured some of the employees' representatives into supporting such legislation under the guise of regulating all modes of transportation—get even with their competitors—and the hope thereby to create more railroad jobs. What great additional handicap does part 2 impose upon highway carriers which would be of benefit to rail employees; would abandonment of rail service where highway carriers can serve, be of great benefit to rail employees? I think not, and the rail employees would think as I do if they knew the real import of this drastic legislation. What can the rail employees hope to gain in part 3, the regulation of water carriers? Will not such regulation lead to increased water rates with damaging effect upon such mode of transportation? Suppose that some traffic now on water would be forced to use rails under the provisions of this legislation purported to recognize and preserve the inherent advantages of present modes of transportation, will the rail employees be benefited therefrom? No, the answer is "no," because the long freight train will be made longer and no additional rail employees will be needed.

Our friends supporting the committee tell us the legislation is not to injure or cripple water carriers. If that be true, then why, why is part 3 included? Our friends tell us that this legislation is not to deprive rail employees of their jobs; then why has the committee all but forgot rail employees with the sop, yes, very slim sop, "where appropriate the carrier employees affected." Why did they fail to include a provision prohibiting consolidations and mergers where loss of rail employment would be involved?

This legislation is unfair to the communities available to water-carrier service, the proponents hope to give railroads undue advantage over water carriers. This legislation is unfair to rail employees, it will be the vehicle to eliminate many rail jobs through consolidations and mergers. This legislation is unfair to the people generally, those who now have water-carrier service, and those who will be left without rail service through the easy-made consolidations and mergers with resultant abandonments.

I did not represent railroads in civil life as an attorney or otherwise. I am not representing railroads or any other industry here. I am doing my best to represent the people, which includes the railroads, their employees, and their patrons; the highway carriers, their employees, and their patrons; the water carriers, their employees, and their patrons. Therefore, Mr. Chairman, I am opposed to the committee substitute for S. 2009.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes, and I would like to reserve 5 minutes of that time for myself.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. BOLLES].

Mr. BOLLES. Mr. Chairman, I rise in support of the amendment.

In the State of Wisconsin are three great railroad organizations: The Milwaukee & St. Paul, the Northwestern, and the Sioux. The next step in consolidation in the Middle West will be these three railroads, and at least 2,500 men will be put out of work, as estimated by those who have gone over the records carefully. I am opposed to the Lea bill if it does not include this amendment for the protection of the men working on the railroads. [Applause.]

I believe there is an obligation on the Interstate Commerce Commission, much as I dislike the Commission, to support the railroad men as well as the railroads themselves in their financial structure. I believe it is just as much the obligation of the Interstate Commerce Commission at this time under any measure passed by Congress to see that pay envelopes and pay are provided for the railroad men as it is to reduce interest and change bonds.

I am for the Harrington amendment because our first obligation is to the people of the United States, not to the financiers.

I am opposed to this bill because it allows finance corporations to buy the bonds of a railroad outright and take it into public ownership. When this is done there will be few people employed compared to the number employed today. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, economists tell us that the railroads of the country are suffering from a number of mortal diseases. Were I a diagnostician of their condition I would say that the most fatal phase of their situation is banker operation and control. These nimble gentry have taken and are taking now hundreds of millions of dollars out of the railroads annually.

Senator WHEELER stated, I think before the special committee on the wage question, that $365,000,000 a year was being wasted largely because of that and similar phases of the question.

I am for the Harrington amendment. This morning I had a call from the Honorable John Fitzgibbons, formerly a Member of this House and now the New York State representative of the trainmen. I asked him to dictate his views on the bill. He dictated the following:

In Oswego, N. Y., the consolidation of the D., L. & W. with the New York Central combined their freight facilities and resulted in the abandonment of a freight house. Two stations and two ticket offices were reduced to one, with the business handled through the N. Y. C. office. Consolidation nationally would bring about the unemployment of many thousands.

Consolidation, as provided in the Lea bill, would affect many villages and communities. The civic interest, which has brought about the establishment of schools, fire and police departments, would be destroyed by abandoning roads.

Railroad consolidations such as the Pennsylvania and the B. & O., the Great Northern and the Northern Pacific to the coast, parts of the D., L. & W. parallel to the Erie, will put the railroad employees on the dole.

Accompanying Mr. Fitzgibbons was J. A. Farquharson, national legislative representative of the Brotherhood of Railroad Trainmen. He says in part:

Hearings have been held before the Interstate Commerce Commission on the consolidation of the Chicago & North Western and the Chicago, St. Paul & Pacific Railroads. Probably the greatest damage which would be done by this consolidation would be between Chicago and Minneapolis, but in the whole consolidation plan it is contemplated that 1,108 miles of track would be abandoned; that terminal facilities, as well as freight houses, stations, and shops would be consolidated and as a result many men would lose their positions.

In this statement Mr. Farquharson quotes the words of one of the leading railroad managers in the United States of America, a real railroad manager, not a banker manager, Daniel Willard, who says that 80 percent of these consolidations would come out of the pockets of the men.

Mr. Farquharson goes on to state:

If a similar consolidation were effected between the Southern Pacific and the Western Pacific, the same possibility of unemployment would follow. The same is true of many portions of the Great Northern and the Northern Pacific, if those two lines were consolidated. Especially in the West, the abandonment of railroad

mileage leaves communities without reasonable railroad transportation. One thing should be borne in mind, that the settlement of the western country was encouraged by the building of railroads, and the railroad terminals of the West are largely dependent on railroad pay rolls, and if these pay rolls are reduced or wiped out, as is possible under this legislation, then these communities will suffer.

I say, let the railroads cure these evils in management, these grave leaks, this wasting of more than $1,000,000 a day, before Congress attempts to take it out of the pockets of the men.

I am for this amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I am not going to speak exactly upon the amendment that is before the Committee at this time. I want to apprise the House of two amendments I intend to offer. One is on page 208 following the language:

If the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be consistent with the public interest, it shall enter an order.

Instead of the word "shall" insert the word "may." As the bill came to the House from the Senate it contained in this sentence the word "may"; and the word "may", as I understand it, is in the present statute law on the subject. I want to restore the language of the Senate bill with reference to the power of the Interstate Commerce Commission, and take away from the Commission the mandatory feature of this provision.

On page 209, in line 11, where the word "other" is used, I shall offer an amendment to strike out the word "other" and substitute for it the word "weak." Personally I do not believe in the consolidation of railroads unless there is some weak road that cannot stand on its own feet and which should be consolidated with some solvent and strong and financially sound railroad.

Railroads are indispensable to this country; we must have them. Apparently they need assistance. The railroads are today answering for the sins of their fathers. I think this bill will be of some assistance to the railroads and likewise to the public, also to the country as a whole. I want to ask the chairman of the committee just what obstacles there are in existing law that stand in the way of bringing about consolidations, which obstacles have been eliminated in this bill? I would like to be enlightened upon this point because I am sure the chairman knows I am looking for information.

Mr. LEA. The main difficulty that has been eliminated by this bill as to consolidations is the requirement that the Commission itself shall submit plans providing for the consolidation. They contemplated consolidations in probably 15 different sections of the country. It has been impractical; it has not worked. That was eliminated in this bill. The pending bill provides for voluntary consolidations, the plans to be submitted by the railroad companies subject to approval, or disapproval, or modification by the Interstate Commerce Commission.

Mr. O'CONNOR. In other words, you are broadening the power of the Interstate Commerce Commission to effect consolidations by this bill?

Mr. LEA. No. They have no power to compel consolidations. All they can do is approve. They have unlimited power to reject.

Mr. O'CONNOR. They have the power if this bill is passed?

Mr. LEA. If the bill is passed, yes.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, I rise at this moment to say that I am in full accord with the amendment and intend to support it.

I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein a table showing the trend of employment on the railways of the country.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The table referred to follows:

Statement showing for certain commodities more or less susceptible to highway and water transportation the number of cars handled by the St. Louis-San Francisco Ry. during each of the years 1924 to 1938, both inclusive

[J. M. Kurn and John G. Lonsdale, trustees St. Louis-San Francisco Ry. Co., debtor]

Commodity	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Corn	11,848	9,531	10,444	9,580	9,160	8,916	9,097	7,070	4,030	4,360	6,463	4,740	5,508	3,572	2,856
Oats	5,139	4,584	4,697	3,032	3,103	3,437	3,256	3,074	1,096	1,745	1,071	703	1,238	1,302	716
Hay	18,235	20,054	15,674	9,573	9,345	10,111	11,707	5,451	3,669	1,861	6,324	2,621	3,104	3,135	989
Coal	120,119	119,112	115,174	109,869	106,776	109,613	82,748	64,822	54,653	49,166	48,219	47,322	58,505	57,632	49,159
Lumber	70,573	77,659	69,738	59,907	58,282	56,892	35,994	23,481	15,259	18,813	18,428	22,347	27,364	25,884	20,133
Petroleum oil (com. 450 to 453)	105,202	134,597	133,328	137,245	140,765	150,819	152,132	141,566	117,643	110,012	104,912	107,460	113,876	110,409	98,895
Sugar, sirups, molasses, etc. (com. 470, 471, and 472)	3,366	3,062	3,389	2,467	2,930	3,435	2,991	2,836	2,032	1,861	2,141	2,112	2,512	2,613	2,309
Iron and steel articles (com. 491, 512, and 513)	17,263	18,552	18,526	19,110	5,441	6,774	5,575	4,059	2,431	3,404	3,930	4,798	7,057	8,068	5,016
Cast-iron pipe, and iron and steel pipe	(1)	(1)	(1)	(1)	9,414	11,329	10,944	5,843	2,683	2,436	3,427	3,624	6,290	6,412	3,833
Machinery and boilers	3,256	3,939	4,441	3,891	3,333	3,570	2,967	1,626	909	977	1,019	1,363	1,803	2,492	1,538
Cement	14,033	16,829	20,827	19,834	20,038	19,297	16,395	10,724	6,650	7,088	7,835	7,966	12,036	11,628	11,961
Automobiles and autotrucks (com. 590, 591, and 592)	15,560	20,166	19,529	11,990	19,225	28,256	14,095	4,833	2,955	6,356	8,449	12,998	14,051	15,276	8,152
Merchandise (less carload freight) (figures shown are tons, not cars)	733,643	746,320	745,769	714,627	663,838	639,412	504,488	369,205	271,853	250,915	253,200	244,052	278,739	293,083	253,491
Number of employees	24,245	24,728	24,520	23,287	22,319	22,483	19,704	15,437	12,936	12,841	13,178	13,266	13,893	14,880	13,027

[1] Included with other iron and steel articles prior to 1928.

Statement showing for certain commodities more or less susceptible to highway and water transportation the number of cars handled by the Illinois Central System during each of the years 1924 to 1938, both inclusive

[Illinois Central System (Illinois Central R. R. Co. and Yazoo & Mississippi Valley R. R. Co.]

Commodity	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Corn	41,405	38,423	41,323	39,084	44,211	39,881	35,771	25,020	26,316	30,380	32,049	21,097	33,682	26,405	46,237
Oats	32,007	30,781	24,434	23,993	24,753	23,814	20,145	19,698	11,631	11,941	8,146	7,918	10,556	10,786	10,367
Hay	21,993	19,082	19,562	13,990	11,255	13,159	15,232	7,457	3,159	2,260	5,079	2,936	2,088	2,213	1,678
Coal	360,535	387,040	431,533	447,049	399,601	398,254	322,284	261,167	262,138	235,969	254,202	269,901	291,863	294,238	233,825
Lumber	214,278	223,178	217,810	200,057	181,826	179,002	108,751	74,047	46,333	51,900	50,081	74,322	96,141	94,481	68,096
Petroleum oil (com. 450 to 453)	101,506	105,230	140,029	150,441	150,444	159,080	148,362	127,947	91,860	101,305	97,703	99,447	106,726	108,024	99,692
Sugar, sirups, molasses, etc. (com. 470, 471, and 472)	28,591	27,914	30,055	31,860	30,366	33,980	29,122	25,337	19,912	18,127	19,816	20,276	22,712	25,874	22,721

Statement showing for certain commodities more or less susceptible to highway and water transportation the number of cars handled by the Illinois Central System during each of the years 1924 to 1938, both inclusive—Continued

Commodity	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Iron and steel articles (com. 491, 512, and 513)	20,420	23,435	26,286	26,778	24,586	25,615	17,152	12,112	6,886	10,359	13,502	16,800	20,950	22,696	13,524
Cast-iron pipe and iron and steel pipe	(1)	(1)	(1)	(1)	9,806	13,116	10,325	6,219	2,182	2,372	3,996	4,103	6,497	7,741	5,991
Machinery and boilers	9,814	11,381	12,202	9,755	9,594	9,556	7,836	4,928	2,413	2,565	4,031	5,083	5,321	6,478	3,301
Cement	23,947	22,662	24,052	28,421	31,472	27,484	27,101	22,541	15,225	13,500	14,736	14,341	22,638	23,262	23,043
Automobiles and autotrucks (com. 590, 591, and 592)	30,715	38,727	40,003	34,365	47,016	52,523	30,372	20,513	10,534	18,452	24,725	38,953	42,294	43,350	21,383
Merchandise (less carload freight) (figures shown are tons, not cars)	2,070,249	2,008,731	2,084,555	2,100,990	1,866,076	1,823,731	1,495,882	1,201,721	864,698	806,320	767,064	745,034	881,037	933,494	828,735
Number of employees	60,870	59,699	62,423	57,976	54,578	54,679	44,694	37,660	27,219	25,052	29,267	28,654	31,660	31,410	27,362

[1]Included with other iron and steel articles prior to 1928.

NOTE.—Years 1924 to 1930 approximated.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, I hope the pending amendment will be adopted. I think the House would be derelict in its duty to the million men who operate the railroads if adequate provision were not made for their welfare.

The bill now provides that in any plan of consolidation the carrier shall make "a fair and equitable arrangement to protect the interests of the employees affected," but you can readily see how uncertain, indefinite, and unsatisfactory that provision is. I find that quite often the different Government administrative agencies interpret acts of Congress in a manner quite different from the intention of the Members of Congress, and no one can predict what construction the carriers and the Commission would give to the very broad language "a fair and equitable arrangement"; their idea of fairness and equity might be quite different from the treatment the Congress would want them to receive. That is why this amendment is necessary to give definite expression to the treatment or "arrangement" the Congress wants the employees to receive.

One of the largest groups of railroad employees, the Brotherhood of Railway Trainmen, has urged us to vote against this bill and one of their principal grounds of objection arises from their fear that these consolidations will result in the discharge of thousands of railroad employees. This amendment will remove the possibility of such action by the carriers.

I am somewhat disturbed about the plan or policy indicated by this bill. No one even claims that this bill would result in cheaper cost of transportation, and I find in it little promise for increased employment among railroad employees. In the ranks of the 10,000,000 unemployed there are thousands of former railroad employees, all in need of work. One of the causes of the distressing financial condition of the farmers of the Nation is the high cost they must pay to get their products to the great consuming centers. Yet here we have a bill to reorganize the entire transportation system of the Nation and with apparently no thought given to our two most urgent problems, unemployment in the cities and bankruptcy on the farms.

Of course, our great railroad systems must be preserved, and I want to see them preserved other than by Government ownership. They are essential to the development of our Nation; they are necessary for our national defense; they are the safest means of transportation in the world. And knowing that my knowledge of transportation problems is quite limited I hesitate to offer any criticism of our experienced railroad executives, but it seems to me that this bill is contrary to practically all of the policies of the present administration and contrary to the modern method of doing business.

This bill seeks to place full control of all of our transportation systems in one agency and to practically abolish the time-honored American system of competition, while the present administration has been active to break down monopoly and to broaden the free competitive system. This bill leans toward reduction in employment, while the present administration is spending billions to provide employment. This bill gives every indication of increasing the cost of transportation, while this administration is fighting day and night to provide means whereby the producer may receive more for his farm commodities.

Every great industry today, except the railroads, have adopted the system of mass production with a low-unit cost. The practice started with the 5- and 10-cent store and those operators have made millions. It is followed today in the automobile industry; they produce millions of cars, with a small profit per car, and pay handsome dividends. It is the modern method of doing business; millions of customers, with a very small profit on each.

There are millions of people ready and anxious to travel by rail. They know it is the safest method of travel. They know they are taking their lives in their hands every time they drive a car on the public highways. And they do not travel by rail simply because the fare is too high and they cannot get the schedules. I firmly believe that if a substantial cut was made in rates, passenger and freight, say cut in half, and additional trains were put in service, say about double the present number, that millions of automobiles would become idle except for pleasure rides, the wide margin between the producer and consumer price would be reduced, and the revenue of the railroads would be increased many times. It would not only be the greatest possible contribution toward business recovery, but would provide employment for every railroad employee waiting for work and thousands of others.

I may be wrong, but it seems to me that in following the course set forth in this bill we are missing one of the greatest opportunities we will ever have to help solve the problem of unemployment and restore prosperity among all classes of our people.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. LEA].

Mr. LEA. Mr. Chairman, we must recognize that we are dealing with a serious, difficult problem. It is not a case for passion and it is not a case where voting for the impossible will do anybody any good. No one will be benefited by voting for the impossible in this case. A few years ago there were 1,600,000 employed by the railroads of the United States, while today there are only about 1,000,000. Labor cannot receive compensation on a job unless the employer is able to earn the money with which to pay labor. About 150,000 of the 240,000 miles of railroad in the United States have been on the verge of bankruptcy or in the possession of the courts. There are surplus facilities and there is a surplus operation of railroads. It is inevitable that unless there is a great increase in the volume of traffic a part of those facilities and operations must disappear.

The question then is, What is going to be done for labor? The Members who have spoken before propose that no consolidation shall occur; they refuse to reduce these surplus facilities if men are going to lose jobs. They insist on a course that will further decrease jobs. It is impracticable. We must face the facts.

This bill provides for voluntary consolidation. It is not compulsory. The economic conditions, we thought, did not justify compulsory consolidation but only by consent of those concerned. The railroad unions have an agreement

with most of the class I railroads by which they are cared for during a period of 5 years to cover unemployment due to a consolidation. It is estimated that ordinarily those who are discharged on account of consolidations will be taken care of for 5 years either through a pension system that has been established by this agreement or because of the normal release of labor, which will provide places for a part of those who would lose their positions.

About 20 of the 21 brotherhoods are supporting this bill. Unfortunately in the ranks of railroad labor there is one limited group that seems to be against whatever the others propose. The leader of that limited group, I am sorry to say, refuses to face the facts. He is fighting against the interest of labor rather than cooperating with the main groups of labor in the rail industry. However, the bulk of the railway people recognize the true facts and support this bill.

Mr. VAN ZANDT. Will the gentleman yield?

Mr. LEA. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Will the gentleman tell the members of the committee what percentage of railroad labor that one organization represents?

Mr. LEA. I would be pleased if the gentleman would state it, because I do not happen to know.

Mr. VAN ZANDT. About 10 percent.

Mr. LEA. Ten percent clinging for a thing that is absolutely impossible. This is a case where labor must help itself by helping the carriers by whom they are employed.

There are two things I would call to your attention in reference to the treatment of labor that may be released by consolidations. One is a provision that provides that the Commission shall require as a prerequisite to its approval of any proposed transaction under the provisions of this section, a fair and equitable arrangement to protect the interests of the employees. It is also provided in connection with the considerations that shall govern the action of the Commission, that in passing upon any proposed transaction under the provisions of this section the Commission shall give weight to the following considerations:

(4) Where appropriate the interests of the carrier employees affected.

By agreement with nearly all the class I railroads, there is a pension system against unemployment for 5 years. In addition, there is the duty placed upon the Commission to see that the employees are fairly treated in case of consolidation which might cause reduction in labor employment. A great reduction in railway labor employment has occurred and will yet follow unless some remedy for the railroads is discovered. The best remedy is to improve the status of the railroads. Put them in the position of being going concerns and then employment will increase.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield to the gentleman from Texas.

Mr. RAYBURN. Is it not true that, in the condition in which the railroads now are, railroad employment is going down steadily?

Mr. LEA. That is absolutely true.

Mr. RAYBURN. Is it not also true that if something is not done and if the status of the railroads is not improved, in many instances, unless there is consolidation, many of the railroads will go out of existence?

Mr. LEA. That is true.

Mr. RAYBURN. In a situation like that, would we not be doing more to protect railroad labor and provide the hope of employing more men if we did not practically prohibit consolidation, which would be the effect of the adoption of this amendment?

Mr. LEA. Absolutely. The greatest help labor can expect will come through improvement in the condition of the railroads so the railroads will be able to employ more labor. Unless that improvement occurs, probably 75,000 or 100,000 miles of railroad will go out of business and the employees will then be out of employment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. HARRINGTON].

The question was taken; and on a division (demanded by Mr. LEA) there were—ayes 96, noes 68.

So the amendment was agreed to.

Mr. NORRELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NORRELL:

On page 210, after line 9, insert the following paragraph:

"(f) The Commission shall require, as a prerequisite to its approval of any consolidation, merger, or acquisition of control under the provisions of this section, (A) that the total capitalization of the properties, consolidated, merged, or acquired shall not exceed the value of the property owned or used by each common carrier included in such consolidation, merger, or acquisition, determined by the Commission (whether or not the carrier is a carrier subject to part I) in the manner specified in section 19a, and (B) that the number of executive officers of any corporation so consolidated, merged, or acquired, or of any new corporation created as a result of such consolidation, merger, or acquisition, shall not exceed such number as in the opinion of the Commission is necessary for the proper management of such corporations or new corporation, and that the salary of any such officer shall not exceed such amount as the Commission finds to be just and reasonable."

Mr. NORRELL. Mr. Chairman, I am not going to consume the 5 minutes allotted to me in explaining this amendment. The amendment in brief simply provides that in case of a consolidation of railroads, before the order of consolidation is entered, the Interstate Commerce Commission shall do two things:

First, the Commission shall ascertain the value of the physical properties of the merged or consolidated railroads and shall see to it that the stock must not exceed the actual value of the properties, thereby eliminating the inflated, watered stock the railroads issued a few years ago. This simply provides that the stock of the consolidated railways shall not be in excess of the value of the actual physical properties owned at the time by the merged railroads.

Second, the amendment provides that before the consolidation order shall be entered the Interstate Commerce Commission shall ascertain the necessary number of executive officials the consolidated railroads should have and the reasonable compensation these men should receive, and fix the number of executives and the salary they shall receive. Then that will be the maximum number of such employees the consolidated railroads shall have and the maximum amount of salary the employees shall receive.

In other words, if you want consolidation of railroads, let us put them on a sound basis financially and let us not have the money that the railroads earn consumed by overpaid and oftentimes unnecessary executives.

Mr. Chairman, if you are trying to remedy the evil that exists, here is where you can remedy it. There is pending now in another body of the Congress a bill that will appropriate millions of dollars of the taxpayers' money for the benefit of the railroads. While we are making these loans or gifts, as the case may be, let us see that the railroads operate upon a sound financial basis, taking the inflated or watered stock out, and seeing that their executives are necessary and do not receive more than they should receive. Let us place this all within the jurisdiction of the Interstate Commerce Commission prior to rendering the order of consolidation.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Chairman, I rise in opposition to the amendment.

The amendment offered by the gentleman from Arkansas covers two rather distinct grounds.

Paragraph (a) deals with the total capitalization of consolidated roads. It is inconceivable that the Interstate Commerce Commission, which will have control of the subject, would permit an excessive capitalization. Ordinarily, we would expect that the consolidated company would not have a greater capitalization than is represented by the physical value of the property. It is wholly unnecessary to write in language of this kind, which would limit the power of the Commission in the premises. It might well be that the Commission would require the total capitalization to be less

than the value of the property. A provision of this kind might be construed to mean that the Commission could not make the capitalization less than the value.

There is a great deal of conflict and difference of opinion about what constitutes the value of railroad property. You will remember that in the great leading case of *Smyth* v. *Ames* (169 U. S. 466), decided in 1898, the Supreme Court, speaking through Mr. Justice Harlan, pointed out some of the different elements of value which exist in railroad property and enumerated the matters which any court or commission must take into consideration. The opinion states:

> We hold, however, that the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public. And, in order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property.

This famous declaration has been the standard which the courts and the Commission have tried to follow through all the years. It is easy to conceive of innumerable disputes which would arise if there is written into the law the positive enactment that the capitalization shall not exceed the value of the property.

It will be remembered also that section 19a to which the Norrell amendment refers is a value for rate-making purposes. This is not necessarily the same as a value for capitalization purposes. It may be less or it may be more. The quotation above from Smyth against Ames refers to a value for rate-making purposes. It is obvious, therefore, that if we inject this element into the matter of consolidations, we have endless disputes before us as to what all these elements of value really mean.

The Interstate Commerce Commission once undertook to fix the value for rate-making purposes on the basis of prudent investment. The Supreme Court of the United States upset this theory in a well-considered case, commonly known as the O'Fallon case and the subject has been one which has given us the greatest difficulty ever since.

Mr. BULWINKLE. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BULWINKLE. Congress, in 1933, repealed the recapture clause, partly for the reason that the Interstate Commerce Commission admitted that it had so much difficulty in finding value that the statute led to innumerable disputes and endless litigation. The same result might be expected if this amendment is written in.

The bill, as the committee reports it, contains standards which seem to be entirely sufficient. It is provided, lines 2 to 6 on page 210, that no consolidation or merger shall be approved which will result in an increase of total fixed charges, except upon a specific finding by the Commission. It is further provided, in subsection (c) on page 209, that the consolidation must conform to standards which will insure adequate transportation service, which will take in other railroads necessary to a particular section of the country, which will fix the amount of total fixed charges and which will protect the interests of the employees. In subsection (b), beginning on page 207, there are very adequate standards, all of which look to the protection of the public interest.

The effect of adopting the first part of the Norrell amendment will be to cause confusion and dispute, without accomplishing anything of substantial good.

The second part of the Norrell amendment, which he includes under (b), is an extremely objectionable provision, to which employees should be the first to object. It has always been the contention of railroad employees that the Government should not have the power to fix the number of employees, nor the wages of these employees. If it is sound, and we think it is, that the Government should keep out of this field so far as organized employees are concerned, by the same token the Government should not enter the field with reference to executive officers, so-called.

We think it is a sound contention that the Government should not hamper unduly the freedom of the railroads to manage their own affairs. There are certain matters which are in the public interest; there are others which should be left to managerial discretion. If the Interstate Commerce Commission is put in control of the number of officers and the salaries of officers, certainly it should follow that the Commission should be put in control of the number of employees and the wages of employees. To adopt such a provision would be to divest the management of the last shred of managerial control.

The salaries of railroad officers are not excessive, in comparison with persons performing no more responsible duties for other industries. Generally speaking, the maximum salary of any railroad officer is $60,000 a year. There are only one or two exceptions to this rule. If this amount is compared with the salaries of the officers of great industrial corporations and with those who produce moving pictures, it would seem that the salaries of railroad officers are modest indeed.

However that may be, no private business can hope to succeed if the Government undertakes to dictate the number of the officers and their compensation. The railroads need the services of young men to whom the business is attractive. If, however, the opportunity to advance and to be compensated is limited by the flat of a Government agency, the result will be that the best young men will be drawn away from the railroad business and into more attractive fields. Whether a particular salary is or is not excessive may be a matter of opinion, but it is clear that if the railroad business is to prosper and advance and serve the public interest it must be sufficiently attractive to secure and retain the allegiance of a large circle of earnest and ambitious young men.

I trust that the Committee will vote down the amendment.

Mr. THOMAS F. FORD. Mr. Chairman, I rise in support of the amendment, and I have two or three reasons for that, and the first one is this: Very shortly the Congress of the United States is going to be called upon to pass on a measure which will have for its purpose the lending of a considerable amount of money to the railroads.

If we are going to loan money or buy equipment and lease that equipment, whichever way we do about these consolidations, we ought to have something to say about the top-flight salaries they are going to pay, and the Commission ought to be instructed definitely to keep those salaries within reasonable limits.

Mr. VAN ZANDT. Mr. Chairman, during the last 2 hours we have witnessed a remarkable exhibition on the part of some Members of this Committee. Some gentlemen, who, heretofore never appeared to be such friends of the railroads or of the railroad men, have suddenly become transformed into railroad experts and are attempting to solve the problems of the railroads and the railroad men in a most remarkable way.

When the rate question was under consideration a few moments ago, I noticed that some of the gentlemen most active in attempting to solve the railroad problem are the advocates of southern preferential rates, the strongest advocates of T. V. A., and the water carriers, all the cutthroat competitors of the railroads. These "friends" of the railroads and the railroad men are trying to write into this bill a new proposal for passenger rates. It may be interesting to these recently developed passenger-rate experts, that it usually requires 20 or 30 years for the ordinary mortal to grasp the intricate problems of rates. Yet, some of the gentlemen become qualified overnight. All this causes me to suspect that some gentlemen are not so much interested in solving these problems in the interest of a sound transportation system in this country, but in the interest of some of the many cutthroat competitors of the railroads which

are intent upon destroying the railroads and destroying the jobs of railroad men.

A few moments ago this body adopted an amendment which will have the effect of nullifying the section concerning railroad consolidations. When that was done it was not done in the interest of railroad labor, as it was pretended. That amendment will penalize railroad labor. It will do great injury to railroad labor. It will cost many railroaders their jobs. And I will tell you why.

That amendment will force the railroads to abandon certain lines, and abandonment means the loss of jobs. It causes me to wonder whether some of these gentlemen are speaking as the friends of railroad labor today, or whether they are really the enemies of railroad labor. Behind this amendment I can see all the enemies of railroad labor functioning. The waterway advocates today have joined forces with those who support the T. V. A. and those who always have opposed the railroads. They are emasculating this bill; they are tearing it to pieces. When this bill is perfected in this committee and we are called upon to vote on the final passage, we will find out whether these gentlemen are the friends of railroad labor. We will find those who are offering these emasculating amendments under the guise of perfecting the bill, will vote against it, because they are not in favor of the railroads or of railroad labor.

Therefore, I say quit your demagoguing and stand up and vote for the things that will support the railroad men of this country. The railroad men are for this bill as it came from the Committee on Interstate and Foreign Commerce of the House. There are 21 labor organizations in this country, and 20 of those organizations support this legislation as it was reported. I say that 20 great labor organizations cannot be wrong. One organization is against the bill, but the vast and overwhelming majority of the laboring men are for it.

I know whereof I speak. I come from a railroad community. There are 27,000 honest-to-goodness railroad men in that community. They all support this legislation. Thousands of other citizens in my congressional district are indirectly dependent upon the railroads and they are for this legislation which is designed to place all forms of transportation on a substantial equality. So, I say again, quit demagoguing and support the railroad men and be fair in your consideration of this measure.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. NORRELL].

The question was taken; and on a division (demanded by Mr. NORRELL) there were ayes 39 and noes 83.

So the amendment was rejected.

Mr. O'CONNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 208, line 15, after the word "it", strike out the word "shall" and insert "is authorized to."

Mr. O'CONNOR. Mr. Chairman, I have another amendment, which I would like to have read also.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 209, line 19, after the word "of", strike out the word "other" and insert "weak."

The CHAIRMAN. Without objection, the two amendments will be considered as one. The gentleman from Montana is recognized.

Mr. MAPES. Mr. Chairman, reserving the right to object, in just what way are those two amendments related?

Mr. O'CONNOR. They are really not related, but I thought we could save time by discussing them both at the same time. They are short amendments.

Mr. MAPES. But they are so different that they ought not be voted on together.

Mr. O'CONNOR. Very well. If the gentleman objects, I will withdraw the second amendment.

The CHAIRMAN. Without objection, the gentleman withdraws the second amendment.

There was no objection.

Mr. O'CONNOR. I will ask for consideration of the second amendment immediately following consideration of the first one.

Mr. MAPES. That is all right as far as I am concerned.

Mr. HINSHAW. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 208, line 15, after the word "it", strike out the word "shall" and insert "is authorized to."

The CHAIRMAN. The gentleman from Montana is recognized.

Mr. O'CONNOR. Mr. Chairman and Members of the Committee, the language I wish to change follows the language which I will read to you on page 208:

If the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be consistent with the public interest, it shall, or it is authorized.

Now, the way the bill reads it is mandatory upon the Commission to make the merger or lease of the property. I want the bill to read as it read when it came from the Senate, which was to the effect that if the Commission found that it would be in the public interest it may, instead of shall, consolidate. There might be something latent that would not appear as far as the public interest is concerned, such as causing unemployment, that should give the Commission the power to use its discretion as to whether or not it should compel the merger of the railroads. That is the reason why I want the original language restored. I want to say this to you members of the committee, and this is no reflection on the members of the committee of the House, that this bill was originally drafted by Senator WHEELER, of Montana, than whom there is no more conversant legislator in either branch of this Congress on transportation problems. He has been studying the railroad problem ever since he has been in Congress and is thoroughly familiar with its every angle.

Mr. CROSSER. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield to my friend. I could not help yielding to the gentleman.

Mr. CROSSER. You say that nothwithstanding the fact that the Commission finds it is in the public interest, they should not be required to put the matter into effect?

Mr. O'CONNOR. Yes.

Mr. CROSSER. If it is in the public interest, it is in the interest of the employees just as well, because they are a part of the public.

Mr. O'CONNOR. The trouble is it might be made to appear in the public interest through false propaganda. Bankers who made the loan may have had something to do with the propaganda.

Mr. CROSSER. That is not the public. The bankers are not the public. The public is all the people.

Mr. O'CONNOR. I will say this, that usually the one who holds the purse-strings controls the situation.

Mr. CROSSER. But that would not be in the public interest.

Mr. O'CONNOR. To a certain extent it might appear to be. What I want to do is to give this Commission the power of a court, to make a finding, and after it has made a finding to the effect that it is in the public interest, I want to give it discretion as to whether or not the merger shall take effect.

Mr. CROSSER. What is the use of their finding it in the public interest if they cannot say the merger shall take place? That is simply saying, "In our judgment, this should be done."

Mr. O'CONNOR. I will say the word "may" has been written into the law for years. Why do we change that now?

Why do we make it mandatory upon the Commission to do this work now? Why not still leave it discretionary if we have faith in our Commission? The Commission is a quasi-judicial body that makes findings through rendered judgments.

Mr. CROSSER. But we are trying to make the law more intelligent.

Mr. O'CONNOR. The law has always been intelligent. The difficulty has been that the Commission did not have the power. I think the committee should accept this amendment. I think it should accept the amendment and leave the discretion with the Interstate Commerce Commission.

Mr. CROSSER. Does not the gentleman realize that inserting the language which he suggests here would give the Commission very questionable constitutional authority?

Mr. O'CONNOR. We are giving the Interstate Commerce Commission discretion and authority over transportation. That is what we are doing by this bill.

Mr. CROSSER. We say if they find this is in the public interest, the interest of the people of the United States.

Mr. O'CONNOR. Then you are directing them to do something just as you would direct the courts.

Mr. CROSSER. If a thing is for the welfare of the people, in the public interest, should it not be done?

Mr. O'CONNOR. I may say to the gentleman from Ohio that this is a quasi-judicial body. You must give it some discretion.

Mr. CROSSER. If it is right, then that is what they declare.

Mr. O'CONNOR. The gentleman does not get my point. My point is this: Generally it may be to the apparent interest of the country that this merger should take place, but on account of local conditions, on account of unemployment, on account of many employees who have invested their entire savings in a home nearby their work—homes which would be rendered valueless—the Commission should not do it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana.

The amendment was rejected.

Mr. O'CONNOR. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 209, line 19, after the word "of", strike out the word 'other' and insert the word "weak."

The CHAIRMAN. The gentleman from Montana is recognized for 5 minutes.

Mr. O'CONNOR. Mr. Chairman, I am not going to take the full 5 minutes. I shall merely call attention to the fact that when this bill came from the Senate, written by a man who knew how to write railroad legislation, it included the word "weak." So that you will understand I will read subsection (c):

(c) In passing upon any proposed transaction under the provisions of this section, the Commission shall give weight to the following considerations, among others: (1) The effect of the proposed transaction upon adequate transportation service to the public; (2) where appropriate, the effect upon the public interest of the inclusion, or failure to include, other railroads in the territory involved in the proposed transaction.

I want to take out the word "other" and insert in lieu thereof the word "weak," which was written into the bill in the Senate. It was in the bill as it came to the House and that is the word that should be used, because under the bill now, two big, powerful railroads could merge. Why should you want to merge two roads like the Great Northern and the Northern Pacific? You might very well merge the Northern Pacific or the Great Northern with some railroad that could not stand on its own feet, some railroad that was weak and financially insecure, but why should you merge great big railroads? Yet this bill would give just that authority to the Interstate Commerce Commission, and that is one thing we should not do.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. HALLECK. Can the gentleman tell us what a weak railroad is in contemplation of law?

Mr. O'CONNOR. A weak railroad has been interpreted, I may say for the information of the gentleman from Indiana, a weak railroad has been interpreted as being a railroad that could not stand financially on its own feet, that has or is forced to go into receivership or lacking in power to perform properly. That is what a weak railroad means.

Mr. HALLECK. Where has that interpretation been made?

Mr. O'CONNOR. By the courts. I cannot cite the gentleman the decisions, but it is a general term known to and used by the Interstate Commerce Commission. It was written into the bill when the bill came to the House. I ask the membership of this Committee not to pass a bill that would permit the consolidation of big powerful railroads by the Interstate Commerce Commission, permit only the consolidation of railroads in the event that one of the roads is a weak railroad.

Mr. CROSSER. Is not a weak railroad another railroad?

Mr. O'CONNOR. It is another railroad but the difference is that if a railroad is going out of business the employees lose their jobs anyhow, but if a big railroad takes over a weak railroad the employees stay on. That is just the difference, and to save those jobs is the thing I am trying to do.

Mr. CROSSER. Is not a weak railroad another railroad?

Mr. O'CONNOR. Yes.

Mr. CROSSER. Would not a weak railroad be included within this language, then? Of course it would.

Mr. O'CONNOR. Wait a minute. Other railroads includes strong as well as weak, but "weak" does not include "strong." There is a difference.

Mr. Chairman, I yield back the balance of my time.

Mr. HALLECK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this matter was considered very carefully by the committee, and I am frank to say we had a lot of difficulty in trying to determine between ourselves just what would be a weak railroad in contemplation of the suggested language. I do not care to minimize the effectiveness or the ability of any member of any other body. There are undoubtedly able men over there. They have tried to draft a bill that met their ideas as to what this legislation should be. We have done the same thing, and if finally there are differences we can approach the solution of those differences when we get to conference. But I submit that this is not a change that should be written into this bill.

Two strong railroads capable of carrying on obviously would not want to consolidate in the first instance and would not apply for consolidation to begin with.

Not having particular regard to this amendment, but on another matter I want to say a few words. In general debate last week I referred to a resolution adopted by the executive committee of the American Farm Bureau in support of this legislation.

Subsequently the gentleman from New York [Mr. CULKIN] referred to that statement of mine and to the position of the Farm Bureau as expressed therein. He stated to the House that Mr. O'Neill, president of the Farm Bureau, had gone fishing with Mr. Pelley, president of the American Association of Railroads, and sought to draw the inference that that might have had something to do with Mr. O'Neill's attitude with respect to this legislation.

To begin with, the statement from which I quoted was from the executive committee of the Farm Bureau and not from Mr. O'Neill. In fairness to the gentleman from New York, and he is a fine, upstanding gentleman, he took the floor this morning to suggest to the membership that he had been in communication with Mr. Pelley, and Mr. Pelley said to him that no such occurrence ever took place. He then withdrew his statement.

Since that time I have been informed that Mr. O'Neill emphatically denies the allegation of the gentleman from New York and says that nothing of the kind ever took place. I believe that Mr. O'Neill makes a true statement in that

regard. In order that the record may be kept straight, I wanted to make this statement to the Committee.

I have an idea that the leaders of Farm Bureau considered this whole matter very carefully. The men on the executive committee are able men. They represent all sections of this country. They represent a great body of our agricultural people. I do not believe they would have made the recommendation that they made if they had not thought this matter over very carefully and had not reached the conclusion that the passage of this bill substantially in the form it is now would be in the public interest not alone of the farmers and the people they represent, but of the people generally all over the country.

[Here the gavel fell.]

Mr. PATRICK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I had a number of things I intended to say in respect to this amendment proposed by the gentleman from Montana [Mr. O'CONNOR], which seeks to strike out merely the word "other" and put in the word "weak" which would leave entirely to whatever court or administrative body had jurisdiction, presumably the Interstate Commerce Commission, the job of determining what is a weak railroad. Therefore, no matter what expediency should arise, unless the railroad, under the determination of whatever body was holding forth, is considered a weak railroad, it could not be considered. One body might hold one way one week and another some other way next week. It is like a man's foot. Every man measured a foot by his own, up until the time 12 inches was reached, and became established as 1 foot.

That has not been done by or under this legislation. There is no use to go on with a lot of argument. There once was a man who went into a restaurant and ordered a cup of coffee, which was overturned. The waitress came up and said, "Look, my friend, you have turned your cup of coffee over." He said, "No; I did not. It was just so weak it fell over."

I think we will leave the amendment to its own end.

Mr. LEA. Will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from California.

Mr. LEA. I would like to call the attention of the gentleman to the fact this provides what the Commission shall consider in determining whether or not it will take in any roads for consolidation.

Mr. PATRICK. Yes.

Mr. LEA. If we confine consideration of the Commission to only weak roads, that may force another road to be left out that ought to be included. Suppose it became necessary to sidewalk a little road. A little road is not necessarily a weak road because it is small. It may be considered that it should be taken in. If this section is changed, as suggested, it would prevent the Commission from having the power to take care of that small road that ought to be included in the consolidation.

Mr. PATRICK. And it might result in the Commission regarding the road as weak, when it should not be so regarded, not having any measure by which to define the word "weak." It might result in a decision that a railroad was weak, which was not in the real or practical sense weak at all and might defeat the very purpose of this legislation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from Montana.

Mr. O'CONNOR. The gentleman, of course, knows that if a railroad or any other institution needs financial assistance, that is prima facie evidence, in fact it is conclusive evidence, that it is weak. That is the meaning of the word "weak" as proposed to put in the bill.

Mr. PATRICK. That is what the gentleman says.

Mr. O'CONNOR. That is what everybody else says.

Mr. PATRICK. How does the gentleman know that?

Mr. O'CONNOR. Outside of you. Everybody but you says so.

Mr. PATRICK. The gentleman has nothing on earth to stand behind with that statement. There is nothing with which to measure a construction of "weak."

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana [Mr. O'CONNOR].

The amendment was rejected.

Mr. BURDICK. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BURDICK: Page 210, line 9, after the last word, strike out the period, add a semicolon and the following: "Any finding or order made or issued under this section may be reviewed by the circuit court of appeals for any judicial circuit in which an interested party may reside, if a petition for such review is filed within 3 months after the date such order is issued. The judgment of any such court shall be final except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 240 of the Judicial Code, as amended (U. S. C., title 28, sec. 347). The review by such Court shall be limited to questions of law, and the findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive. Upon such review, such Court shall have power to affirm or, if the order is not in accordance with law, to modify or to reverse the order, with or without remanding the case for a rehearing as justice may require. Pending the final determination of any such court review no liability for penalties under this part shall be incurred."

Mr. HINSHAW. Mr. Chairman, I reserve a point of order against the amendment.

Mr. BURDICK. Mr. Chairman, I am not offering this amendment to incumber the bill. Does the gentleman want to make his point of order now?

Mr. HINSHAW. No; I was going to let the gentleman proceed.

Mr. BURDICK. If the gentleman thinks I should not proceed, make the point of order now and it will save me 5 minutes of effort.

The CHAIRMAN. Does the gentleman insist on the point of order being passed on at this time?

Mr. HINSHAW. Not at this time, Mr. Chairman; I wanted to reserve the point of order until the end of the gentleman's remarks.

Mr. BURDICK. I wish to say to the gentlemen of this House that I am very anxious to vote for this legislation and am offering this amendment because I believe the measure should be amended. After all, our liberties and our properties finally come into some court of law. While we find judges that are corrupt, I think it is to the credit of the American people that we are handling those judges as they should be handled.

In this bill on the question of mergers you have left with the Commission the absolute power of a court of review. Suppose in the case of a merger of the Northern Pacific and the Great Northern Railroads, which run through my section of the country, some interested stockholder or other interested party objected to the consolidation. The final and absolute control of that entire merger under this bill would be left with the Interstate Commerce Commission. In another section of this bill you provide for the building of bridges across navigable streams. With respect to awards as to payments to be made by the Government and by the railroads you provide the same kind of appeal in the case of the bridges that I recommend now in my amendment to this section of the bill.

I do not believe there is anyone here, whether you are interested in those who work for the railroads or those who own the railroads, who can find any possible objection to having the final power of determination of a question as great as a merger left in the courts of this country. I believe this Congress would be making a great mistake to give the power to this quasi-judicial body, this autocratic body, to determine a great question of law, and maybe a great constitutional question as well.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from New York.

Mr. CULKIN. The gentleman, in his amendment, confines the appeal to questions of law and leaves the questions of fact to the Interstate Commerce Commission.

Mr. BURDICK. That is right.

Mr. CULKIN. Does not the gentleman believe that such an appeal would be in no way effective; that is, the litigant complaining should have a right to appeal on both questions of fact and questions of law?

Mr. BURDICK. I cannot imagine that the Interstate Commerce Commission in making findings would ever make findings at all unless they found the facts in the case; but in making the application of the law that we are writing here today to those facts, they might make mistakes.

Mr. CULKIN. May I say that the gentleman is too sanguine on that.

Mr. BURDICK. I do not know what the gentleman means by "sanguine," but I accept the compliment.

I hope no one will object to this provision in the amendment. I believe it is a good one.

Mr. LEA. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from California.

Mr. LEA. A provision granting the right of review of the Interstate Commerce Commission's orders is in the Interstate Commerce Act, and this provision would apply to a case of this kind, so I believe the amendment offered by the gentleman is not necessary in order to give this right of review. That right exists under the general law.

Mr. BURDICK. Is the chairman of the committee prepared to state now that under the bill as you have written it the power of appeal from an order on a merger still remains with some interested party?

Mr. LEA. I am advised by the attorney here that that is true. In case that is not true, the chairman would be perfectly willing to return to this section in order that the gentleman's amendment might be considered. As far as I am concerned, I believe the right of court review should exist.

Mr. BURDICK. Mr. Chairman, with that explanation I withdraw my amendment.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from North Dakota is withdrawn.

There was no objection.

The Clerk read as follows:

REPEAL OF POWER TO FIX CERTAIN THROUGH ROUTES AND JOINT RATES

SEC. 9. Paragraph (13) of section 6 of the Interstate Commerce Act, as amended, is amended—

(1) by repealing subparagraph (b);

(2) by striking out "(c)" and inserting in lieu thereof "(b)"; and

(3) by striking out "(d)" and inserting in lieu thereof "(c)."

Mr. LEA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, had come to no resolution thereon.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following resignation from committees:

JULY 24, 1939.

Hon. WILLIAM B. BANKHEAD,
Speaker, House of Representatives, Washington, D. C.

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the District of Columbia Committee, the Mines and Mining Committee, the Coinage, Weights, and Measures Committee, and the Pensions Committee.

Respectfully submitted.

WILLIAM D. BYRON, M. C.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes at the conclusion of the business today.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address delivered by the Postmaster General in New Haven, Conn., last Friday.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a memorandum prepared by the United States Conference of Mayors on the subject of work relief and the future.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on three subjects.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address recently delivered by me at the dedication of a post office at Everett, Mass.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement by the president of the American Good Government Society.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, by including a list of professors and instructors in Government office, as printed in the Washington Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of certain statements made in the Senate concerning my district.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, the same consisting of two and a half pages. I have an estimate from the Government Printing Office.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein some brief extracts from Mr. Elliott Roosevelt's radio attack on the Congress.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a short excerpt from the New York Herald Tribune.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from Alabama [Mr. HOBBS], is recognized for 5 minutes.

CONSTITUTIONALITY OF THE HATCH BILL

Mr. HOBBS. Mr. Speaker, this morning's News has an editorial which I ask unanimous consent to insert in the RECORD at this point. This editorial pays me the compliment of saying that I may have heard of the late Mr. Justice Oliver Wendell Holmes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE RIGHT TO PLAY POLITICS

Congressman SAM HOBBS, of Alabama, was quite oratorical in opposing the Hatch bill. He based his opposition on high constitutional grounds. To restrict the political activities of Federal officeholders, he said, was to infringe upon their liberties.

We wonder if the Honorable Mr. HOBBS ever heard of the case of *McAuliffe* v. *New Bedford*, decided 47 years ago.

McAuliffe was a policeman in New Bedford, Mass. He was fired for violating the rule that "no member of the department shall be allowed to solicit money or any aid, on any pretense, for any political purpose whatever." McAuliffe took the case to the court on the ground that the rule violated his right of free speech.

The issue was decided by the Supreme Judicial Court of Massachusetts, January 6, 1892, in this language:

"The petitioner may have a constitutional right to talk politics but he has no constitutional right to be a policeman. The city may impose any reasonable condition upon holding office within its control. This regulation is a reasonable condition."

The man who wrote that decision was the late Justice Oliver Wendell Holmes. Mr. HOBBS may have heard of him.

Mr. HOBBS. Mr. Speaker, anyone would have great temerity to attempt to discuss the constitutionality of the Hatch bill without being perfectly familiar with the authorities dealing with that question. I am perfectly familiar, and was at the time I made my argument, with one of the leading cases on a similiar subject in the field of construction of State statutes, to wit, *McAuliffe* v. *New Bedford*, 155 Mass. 216.

The McAuliffe case is perfectly good law in its own field, but has little application to the question of the constitutionality of a somewhat analogous inhibition when written in a Federal statute. The sovereignty of a State is unlimited except by whatever of its power it granted to the Federal Government in the Constitution of the United States. The Federal Government has no power except that delegated by the States. None of the police powers were delegated. McAuliffe was a policeman who had taken office under a law of Massachusetts which provided that his tenure of office should be:

> During good behavior and until removed by the mayor * * * for cause deemed by him sufficient after due hearing.

Another regulation prevented policemen from soliciting funds for political purposes. The mayor, upon due hearing, after complaint made against Police Officer MacAuliffe, held that the violation of this antisolicitation regulation was good cause for his removal from office. Mr. Justice Oliver Wendell Holmes, as a Justice of the court of last resort in Massachusetts, held that under those circumstances MacAuliffe was not entitled to reinstatement on mandamus. So it is perfectly apparent that the MacAuliffe case is not an authority in point as to the Hatch bill.

Now, there is an authority in point as to the Hatch bill, and that is Ex parte Curtis, decided by the Supreme Court of the United States in 106 United States at page 371, and I am going to ask unanimous consent to put that decision in full in the RECORD at this point in conjunction with my remarks, for it is very illuminating.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The decision referred to is as follows:

EX PARTE CURTIS

The sixth section of the act of August 15, 1876, chapter 287, prohibiting, under penalties therein mentioned, certain officers of the United States from requesting, giving to, or receiving from any other officer money or property or other thing of value for political purposes, is not unconstitutional

Petition for a writ of habeas corpus.

The sixth section of the act of August 15, 1876, chapter 287, entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government," provides "that all executive officers or employees of the United States not appointed by the President, with the advice and consent of the Senate, are prohibited from requesting, giving to, or receiving from, any other officer or employee of the Government, any money or property or other thing of value for political purposes; and any such officer or employee who shall offend against the provisions of this section, shall be at once discharged from the service of the United States; and he shall also be deemed guilty of a misdemeanor, and on conviction thereof shall be fined in a sum not exceeding $500."

Curtis, the petitioner, an employee of the United States, was indicted in the Circuit Court for the Southern District of New York, and convicted under this act for receiving money for political purposes from other employees of the Government. Upon his conviction he was sentenced to pay a fine, and stand committed until payment was made. Under this sentence he was taken into custody by the marshal, and on his application a writ of habeas corpus was issued by one of the justices of this court in vacation, returnable here at the present term, to inquire into the validity of his detention. The important question presented on the return to the writ so issued is whether the act under which the conviction was had is constitutional.

The case was argued by Mr. Edwin B. Smith in favor of the petition, and by the Solicitor General in opposition thereto.

Mr. Chief Justice Waite, after stating the case, delivered the opinion of the court.

The act is not one to prohibit all contributions of money or property by the designated officers and employees of the United States for political purposes. Neither does it prohibit them altogether from receiving or soliciting money or property for such purposes. It simply forbids their receiving from or giving to each other. Beyond this no restrictions are placed on any of their political privileges.

That the Government of the United States is one of delegated powers only, and that its authority is defined and limited by the Constitution, are no longer open questions; but express authority is given Congress by the Constitution to make all laws necessary and proper to carry into effect the powers that are delegated (art. I, sec. 8). Within the legitimate scope of this grant Congress is permitted to determine for itself what is necessary and what is proper.

The act now in question is one regulating in some particulars the conduct of certain officers and employees of the United States. It rests on the same principle as that originally passed in 1789 at the first session of the First Congress, which makes it unlawful for certain officers of the Treasury Department to engage in the business of trade or commerce, or to own a sea vessel, or to purchase public lands or other public property, or to be concerned in the purchase or disposal of the public securities of a State or of the United States (Rev. Stat., sec. 243); and that passed in 1791, which makes it an offense for a clerk in the same department to carry on trade or business in the funds or debts of the States or of the United States, or in any kind of public property (id., sec. 244); and that passed in 1812, which makes it unlawful for a judge appointed under the authority of the United States to exercise the profession of counsel or attorney, or to be engaged in the practice of the law (id., sec. 713); and that passed in 1853, which prohibits every officer of the United States or person holding any place of trust or profit, or discharging any official function under or in connection with any executive department of the Government of the United States, or under the Senate or House of Representatives, from acting as an agent or attorney for the prosecution of any claim against the United States (id., sec. 5498); and that passed in 1863, prohibiting Members of Congress from practicing in the Court of Claims (id., sec. 1058); and that passed in 1867, punishing by dismissal from service an officer or employee of the Government who requires or requests any workingman in a navy yard to contribute or pay any money for political purposes (id., sec. 1546); and that passed in 1868, prohibiting Members of Congress from being interested in contracts with the United States (id., sec. 3739); and another, passed in 1870, which provides that no officer, clerk, or employee in the Government of the United States shall solicit contributions from other officers, clerks, or employees for a gift to those in a superior official position, and that no officials or clerical superiors shall receive any gift or present as a contribution to them from persons in Government employ getting a less salary than themselves, and that no officer or clerk shall make a donation as a gift or present to any official superior (id., sec. 1784). Many others of a kindred character might be referred to, but these are enough to show what has been the practice in the legislative department of the Government from its organization, and, so far as we know, this is the first time the constitutionality of such legislation has ever been presented for judicial determination.

The evident purpose of Congress in all this class of enactments has been to promote efficiency and integrity in the discharge of official duties, and to maintain proper discipline in the public service. Clearly such a purpose is within the just scope of legislative power, and it is not easy to see why the act now under consideration does not come fairly within the legitimate means to such an end. It is true, as is claimed by the counsel for the petitioner, political assessments upon officeholders are not prohibited. The managers of political campaigns, not in the employ of the United States, are just as free now to call on those in office for money to be used for political purposes as ever they were, and those in office can contribute as liberally as they please, provided their payments are not made to any of the prohibited officers or employees. What we are now considering is not whether Congress

has gone as far as it may, but whether that which has been done is within the constitutional limits upon its legislative discretion.

A feeling of independence under the law conduces to faithful public service, and nothing tends more to take away this feeling than a dread of dismissal. If contributions from those in public employment may be solicited by others in official authority, it is easy to see that what begins as a request may end as a demand, and that a failure to meet the demand may be treated by those having the power of removal as a breach of some supposed duty, growing out of the political relations of the parties. Contributions secured under such circumstances will quite as likely be made to avoid the consequences of the personal displeasure of a superior, as to promote the political views of the contributor—to avoid a discharge from service, not to exercise a political privilege. The law contemplates no restrictions upon either giving or receiving, except so far as may be necessary to protect, in some degree, those in the public service against exactions through fear of personal loss. This purpose of the restriction, and the principle on which it rests, are most distinctly manifested in section 1546, supra, the reenactment in the Revised Statutes of section 3 of the act of June 30, 1868, chapter 172, which subjected an officer or employee of the Government to dismissal if he required or requested a working man in a navy yard to contribute or pay any money for political purposes, and prohibited the removal or discharge of a working man for his political opinions; and in section 1784, the reenactment of the act of February 1, 1870, chapter 63, "to protect officials in public employ," by providing for the summary discharge of those who make or solicit contributions for presents to superior officers. No one can for a moment doubt that in both these statutes the object was to protect the classes of officials and employees provided for from being compelled to make contributions for such purposes through fear of dismissal if they refused. It is true that dismissal from service is the only penalty imposed, but this penalty is given for doing what is made a wrongful act. If it is constitutional to prohibit the act, the kind or degree of punishment to be inflicted for disregarding the prohibition is clearly within the discretion of Congress, provided it be not cruel or unusual.

If there were no other reasons for legislation of this character than such as relates to the protection of those in the public service against unjust exactions, its constitutionality would, in our opinion, be clear; but there are others, to our minds, equally good. If persons in public employ may be called on by those in authority to contribute from their personal income to the expenses of political campaigns, and a refusal may lead to putting good men out of the service, liberal payments may be made the ground for keeping poor ones in. So, too, if a part of the compensation received for public services must be contributed for political purposes, it is easy to see that an increase of compensation may be required to provide the means to make the contribution, and that in this way the Government itself may be made to furnish indirectly the money to defray the expenses of keeping the political party in power that happens to have for the time being the control of the public patronage. Political parties must almost necessarily exist under a republican form of government; and when public employment depends to any considerable extent on party success, those in office will naturally be desirous of keeping the party to which they belong in power. The statute we are now considering does not interfere with this. The apparent end of Congress will be accomplished if it prevents those in power from requiring help for such purposes as a condition to continued employment.

We deem it unnecessary to pursue the subject further. In our opinion the statute under which the petitioner was convicted is constitutional. The other objections which have been urged to the detention cannot be considered in this form of proceeding. Our inquiries in this class of cases are limited to such objections as relate to the authority of the court to render the judgment by which the prisoner is held. We have no general power to review the judgments of the inferior courts of the United States in criminal cases, by the use of the writ of habeas corpus or otherwise. Our jurisdiction is limited to the single question of the power of the court to commit the prisoner for the act of which he has been convicted (Ex parte Lange, 18 Wall. 163; Ex parte Rowland, 104 U. S. 604).

The commitment in this case was lawful, and the petitioner is, consequently,

Remanded to the custody of the marshal for the southern district of New York.

Mr. Justice Bradley dissenting.

I cannot concur in the opinion of the court in this case. The law under which the petitioner is imprisoned makes it a penal offense for any executive officer or employee of the United States, not appointed by advice of the Senate [an unimportant distinction, so far as the power to make the law is concerned], to request, give to, or receive from any other officer or employee of the Government any money, or property, or other thing of value, for political purposes; thus, in effect, making it a condition of accepting any employment under the Government that a man shall not, even voluntarily and of his own free will, contribute in any way through or by the hands of any other employee of the Government to the political cause which he desires to aid and promote. I do not believe that Congress has any right to impose such a condition upon any citizen of the United States. The offices of the Government do not belong to the legislative department to dispose of on any conditions it may choose to impose. The legislature creates most of the offices, it is true, and provides compensation for the discharge of their duties, but that is its duty to do, in order to establish a complete organization of the functions of government. When established, the offices are, or ought to be, open to all. They belong to the United States and not to Congress, and every citizen having the proper qualifications has the right to accept office and to be a candidate therefor. This is a fundamental right of which the legislature cannot deprive the citizen nor clog its exercise with conditions that are repugnant to his other fundamental rights. Such a condition I regard that imposed by the law in question to be. It prevents the citizen from cooperating with other citizens of his own choice in the promotion of his political views. To take an interest in public affairs and to further and promote those principles which are believed to be vital or important to the general welfare, is every citizen's duty. It is a just complaint that so many good men abstain from taking such an interest. Amongst the necessary and proper means for promoting political views, or any other views, are association and contribution of money for that purpose, both to aid discussion and to disseminate information and sound doctrine. To deny to a man the privilege of associating and making joint contributions with such other citizens as he may choose, is an unjust restraint of his right to propagate and promote his views on public affairs. The freedom of speech and of the press, and that of assembling together to consult upon and discuss matters of public interest, and to join in petitioning for a redress of grievances, are expressly secured by the Constitution. The spirit of this clause covers and embraces the right of every citizen to engage in such discussions, and to promote the views of himself and his associates freely, without being trammelled by inconvenient restrictions. Such restrictions, in my judgment, are imposed by the law in question. Every person accepting any, the most insignificant, employment under the Government must withdraw himself from all societies and associations having for object the promotion of political information or opinions. For if one officer may continue his connection, others may do the same, and thus it can hardly fail to happen that some of them will give and some receive funds mutually contributed for the purposes of the association. Congress might just as well, so far as the power is concerned, impose, as a condition of taking any employment under the Government, entire silence on political subjects, and a prohibition of all conversation thereon between Government employees. Nay, it might as well prohibit the discussion of religious questions, or the mutual contribution of funds for missionary or other religious purposes. In former times, when the slavery question was agitated, this would have been a very convenient law to repress all discussion of the subject on either side of Mason and Dixon's line. At the present time any efficient connection with an association in favor of a prohibitory liquor law, or of a protective tariff, or of greenback currency, or even for the repression of political assessments, would render any Government official obnoxious to the penalties of the law under consideration. For all these questions have become political in their character, and any contributions in aid of the cause would be contributions for political purposes. The whole thing seems to me absurd. Neither men's mouths nor their purses can be constitutionally tied up in that way. The truth is, that public opinion is oftentimes like a pendulum, swinging backward and forward to extreme lengths. We are not unfrequently in danger of becoming purists, instead of wise reformers, in particular directions, and hastily pass inconsiderate laws which overreach the mark they are aimed at, or conflict with rights and privileges that a sober mind would regard as indisputable. It seems to me that the present law, taken in all its breadth, is one of this kind.

The legislature may, undoubtedly, pass laws excluding from particular offices those who are engaged in pursuits incompatible with the faithful discharge of the duties of such offices. That is quite another thing.

The legislature may make laws ever so stringent to prevent the corrupt use of money in elections, or in political matters generally, or to prevent what are called political assessments on Government employees, or any other exercise of undue influence over them by Government officials or others. That would be all right. That would clearly be within the province of legislation.

It is urged that the law in question is intended, so far as it goes, to effect this very thing. Probably it is. But the end does not always sanctify the means. What I contend is, that in adopting this particular mode of restraining an acknowledged evil, Congress has overstepped its legitimate powers, and interfered with the substantial rights of the citizen. It is not lawful to do evil that good may come. There are plenty of ways in which wrong may be suppressed without resorting to wrongful measures to do it. No doubt it would often greatly tend to prevent the spread of a contagious and deadly epidemic, if those first taken should be immediately sacrificed to the public good. But such a mode of preventing the evil would hardly be regarded as legitimate in a Christian country.

I have no wish to discuss the subject at length, but simply to express the general grounds on which I think the legislation in question is ultra vires. Though as much opposed as anyone to the evil sought to be remedied, I do not think the mode adopted is a legitimate or constitutional one, because it interferes too much with the freedom of the citizen in the pursuit of lawful and proper ends. If similar laws have been passed before, that does not make it right. The question is, whether the present law, with its sweeping provisions, is within the just powers of Congress. As I do not think it is, I dissent from the opinion of the majority of the court.

Mr. HOBBS. And there has never been a departure from the Curtis case. I verified that before my talk to the House the other night, fully expecting the proponents of the Hatch bill to cite some authority in support of their contentions as to its constitutionality; but when they cited none, I sent back to the Library the three books I had here in order to answer them; and, incidentally, one of the cases upon which I relied and had here was that of McAuliffe against New Bedford.

So it is, Mr. Speaker, that the newspapers continue to have their fun and wax sarcastic; but I wish to submit to this intelligent audience, now that the fever of battle has died down and pulse beats have become normal, that it is an absurd proposition that we can by mere congressional enactment deprive American citizens of their personal liberties guaranteed by the Constitution.

Section 9 of the Hatch bill inhibits political activity—no matter how innocent—by certain Federal employees completely and absolutely; not merely while "on their jobs" but in "off hours" as well; not only while in Government buildings but also when at home.

Read the Curtis case. Read it carefully and ponder its reasoning. Note the ground upon which it bases its decision. See what it says about the rights of officials to be active in political campaigns.

It seems to me that a study of this case will convince any man that the prohibition against taking any active part in political management or political campaigns, in section 9 of the Hatch bill, as passed, is unconstitutional.

There are eight sections of the Hatch bill which, in my judgment, are constitutional and which interdict every abuse of freedom of speech or freedom of action.

[Here the gavel fell.]

Mr. HEALEY. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HOBBS. I thank the gentleman.

Mr. MUNDT. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. Gladly.

Mr. MUNDT. I do not ask the question in a form of heckling. I realize the gentleman is a student of constitutional law and is very sincere in his belief. Also I realize that many of us who supported the Hatch bill are equally sincere. I wish the gentleman would explain whether, in his opinion, the curtailing features of the Civil Service Act upon the political activities of civil-service employees are not somewhat analogous to those we placed on their appointees under the Hatch bill, and whether, if one bill is unconstitutional, then must not all be unconstitutional?

Mr. HOBBS. I thank the gentleman for his question because I recognize his sincerity. I attempted to clear up that point in my argument Thursday night, but I shall try again gladly. The distinction is indicated in the Curtis case, in which there are, I think, six other instances aside from the civil service, where Congress has enacted perfectly valid regulations prohibiting pernicious conduct on the part of certain employees, but in each case the prohibited conduct was pernicious. For instance, the solicitation of funds for political purposes by one employee from another. But here, in the Hatch bill, after specifically and properly prohibiting all pernicious political activity, we went further and prohibited any activity in political management or political campaigns on the part of certain Federal employees, whether pernicious or not. Such activity might be as pure and wholesome as sunshine, and yet it is interdicted.

Mark you, there is no need of additional law to fire a man who diverts time that he is paid for, from the service of the Government to any kind of political activity, no matter how innocent, for he is bound to perform his duty. The civil service for 50 years has required that a civil servant abstain from political activity. Every person who takes a position under the civil service knows that law and exchanges his rights under the Constitution of freedom of speech and freedom of action for the security of the quid pro quo guaranty of a permanent job. I stated that the other night, and if you make this bill anything but retroactive, ex post facto, as it were, it would be much less obnoxious. Every free-born citizen has a right to bargain away rights, if he wishes. But we should not commission him for a term of 4 years and thereafter force him, by changing the law, either to give up his constitutional rights or his job.

Mr. MUNDT. Am I correct in assuming that the gentleman's constitutional objections are based on the retroactive features of the bill rather than its restrictive features?

Mr. HOBBS. No, sir. The restrictions tie a string to a man's job after he took it, when there was no string. As a matter of policy, I doubt if the time has come when it is wise to foreclose the rights of freedom of speech and of action of any American citizen merely because he happens to be an employee of the Federal Government. And this consideration is wholly aside from the question of constitutionality.

Mr. MUNDT. Mr. Speaker, will the gentleman yield further?

Mr. HOBBS. Assuredly.

Mr. MUNDT. It is not true, however, that since none of the penalties are retroactive, that the constitutionality of the law might therefore not be subject to criticism.

Mr. HOBBS. Oh, the gentleman cannot seriously mean that the penalties are not retroactive in the loose sense in which we are using the word.

Mr. MUNDT. Under the bill we are not penalizing anyone for some political indiscretion of the past.

Mr. HOBBS. We are talking about section 9. Section 9 says you must be kicked out. Let us say that I am a United States district attorney. When I accepted that position there was no restriction on my liberty of speech or conduct. I entered into that office and was commissioned for 4 years, and then after 3 years have expired you come along and say: "No matter how free you were when you assumed office, you cannot defend your administration no matter how bitterly it may be attacked in a political campaign. You can take no active part in political compaigns; keep your mouth shut, or I will fire you."

I say that is unfair and utterly indefensible. Abstract justice, as well as the Constitution, condemns such a provision. [Applause.]

The SPEAKER. The time of the gentleman from Alabama has again expired.

EASEMENT FOR CERTAIN LANDS IN NEW MEXICO

Mr. DEROUEN, from the Committee on the Public Lands, submitted a conference report and statement on the bill (S. 1558) to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes.

EXTENSION OF REMARKS

Mr. KITCHENS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I have just made.

The SPEAKER. Without objection it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on Wednesday next, after the business on the Speaker's desk has been disposed of and other legislative matters, I may be permitted to address the House for 5 minutes.

The SPEAKER. Without objection it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. STEARNS of New Hampshire, on account of official business to attend the meeting of the Inter-Parliamentary Union in Oslo.

To Mr. LANHAM, after today, to attend the Inter-Parliamentary Union as a delegate of the American group.

To Mr. HOOK, for 2 weeks, on account of important business.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m.) the House adojurned until tomorrow, Tuesday, July 25, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INSULAR AFFAIRS

There will be a meeting of the Committee on Insular Affairs on Tuesday, July 25, 1939, at 10 a. m., for the consideration of H. R. 6197, creating the Puerto Rico Water Resources Authority, and for other purposes; and S. 2784, to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936.

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday next, July 26, 1939, at 10 a. m., for the consideration of H. R. 793, H. R. 3521, House Joint Resolution 288, House Joint Resolution 290, and S. 72. The Indian Affairs Committee will also consider H. R. 5684 and H. R. 2653 on Wednesday.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m. Wednesday, July 26, 1939, for the consideration of H. R. 2793 (by Mr. BURCH).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1039. A communication from the President of the United States, transmitting a supplemental estimate for the War Department for the fiscal year 1940, to remain available until expended, amounting to $1,500,000 (H. Doc. No. 444); to the Committee on Appropriations and ordered to be printed.

1040. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year 1940 amounting to $50,000 (H. Doc. No. 445); to the Committee on Appropriations and ordered to be printed.

1041. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Post Office Department for the fiscal year 1940, in the sum of $900,000 (H. Doc. No. 446); to the Committee on Appropriations and ordered to be printed.

1042. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Federal Works Agency amounting to $1,000,000 (H. Doc. No. 447); to the Committee on Appropriations and ordered to be printed.

1043. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the District of Columbia for the fiscal year 1940, in the amount of $53,660 (H. Doc. No. 448); to the Committee on Appropriations and ordered to be printed.

1044. A letter from the Attorney General, transmitting the draft of a proposed bill to extend the retirement privilege to the officers and employees of the Federal Bureau of Investigation; to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4985. A bill to provide for a Fishery Educational Service in the Bureau of Fisheries; with amendment (Rept. No. 1269). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 260. Joint resolution authorizing the removal of the statue of John Marshall from its present site on the Capitol Grounds to a new site in proximity to the Supreme Court Building; with amendments (Rept. No. 1270). Referred to the Committee of the Whole House on the state of the Union.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 6443. A bill to permit certain aliens whose childhood was spent in the United States, if eligible to citizenship, to become naturalized without filing declaration of intention; without amendment (Rept. No. 1277). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of West Virginia: Committee on Mines and Mining. H. R. 7189. A bill to authorize research and experiments to find new uses for anthracite coal; without amendment (Rept. No. 1301). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee of conference. S. 1558. An act to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes (Rept. No. 1302). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of West Virginia: Committee on Mines and Mining. H. R. 7327. A bill for the relief of the Nevada Silica Sands, Inc.; without amendment (Rept. No. 1271). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on War Claims. H.R. 5369. A bill for the relief of Maj. Noe C. Killian; without amendment (Rept. No. 1272). Referred to the Committee of the Whole House.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 6546. A bill for the relief of Benno von Mayrhauser and Oskar von Mayrhauser; without amendment (Rept. No. 1273). Referred to the Committee of the Whole House.

Mr. TAYLOR of Tennessee: Committee on Immigration and Naturalization. H. R. 6965. A bill for the relief of Stina Anderson; without amendment (Rept. No. 1274). Referred to the Committee of the Whole House.

Mr. GAVAGAN: Committee on War Claims. H. R. 5608. A bill directing the payment to William H. Carter of travel allowances from Manila, P. I., to San Francisco, Calif.; with an amendment (Rept. No. 1275). Referred to the Committee of the Whole House.

Mr. GAVAGAN: Committee on War Claims. H. R. 1629. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, adjudicate, and enter judgment on the claim of Carl G. Allgrunn against the United States for the use of his invention in rifling guns during the war and thereafter by the Symington-Anderson Co. at Rochester, N. Y., said invention being shown and described in his Letters Patent No. 1,311,107 issued by the Patent Office of the United States on or about July 22, 1919; without amendment (Rept. No. 1276). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 3774. A bill for the relief of Albert L. Barnholtz; with amendments (Rept. No. 1278). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. H. R. 3853. A bill for the relief of Floyd Elton; with an amendment (Rept No. 1279). Referred to the Committee of the Whole House.

Mr. FENTON: Committee on Claims. H. R. 4141. A bill for the relief of Celia Press, Bernard Press, Ethel Press, and Marion Press; with amendments (Rept. No. 1280). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 4198. A bill for the relief of M. L. Parish; with amendments (Rept. No. 1281). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4252. A bill for the relief of J. George Bensel Co.; with an amendment (Rept. No. 1282). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 4875. A bill for the relief of Mamie Hoffman; with amendments (Rept. No. 1283). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 5607. A bill for the relief of George A. Meffan, United States marshal, district of Idaho; with amendments (Rept. No. 1284). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5698. A bill for the relief of H. H. Rhyne, Jr.; with amendments (Rept. No. 1285). Referred to the Committee of the Whole House.

Mr. FENTON: Committee on Claims. H. R. 5951. A bill for the relief of the heirs of Emma J. Hall; with amendments (Rept. No. 1286). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 6259. A bill for the relief of Jack D. Collins; with an amendment (Rept. No. 1287). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 6490. A bill for the relief of W. R. Fuchs, former disbursing clerk, Department of Agriculture; J. L. Summers, former disbursing clerk; and G. F. Allen, chief disbursing officer, Division of Disbursement, Treasury Department; without amendment (Rept. No. 1288). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 6491. A bill for the relief of Roscoe B. Huston and Simeon F. Felarca; without amendment (Rept. No. 1289). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 6492. A bill for the relief of John L. Hicks, rural rehabilitation supervisor, Farm Security Administration, Department of Agriculture, Santa Rosa, N. Mex.; without amendment (Rept. No. 1290). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 6804. A bill for the relief of George E. Miller; without amendment (Rept. No. 1291). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 6805. A bill for the relief of Sam E. Woods; without amendment (Rept. No. 1292). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 6808. A bill for the relief of Matilda Larned; with amendments (Rept. No. 1293). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. S. 1211. An act for the relief of Jesse Claud Branson; without amendment (Rept. No. 1294). Referred to the Committee of the Whole House.

Mr. FENTON: Committee on Claims. S. 1229. An act for the relief of Ernest Clinton and Frederick P. Deragisch; without amendment (Rept. No. 1295). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1527. An act for the relief of Joseph Lopez Ramos; without amendment (Rept. No. 1296). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1823. An act for the relief of William E. Cowen; without amendment (Rept. No. 1297). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2023. An act for the relief of C. L. Herren; without amendment (Rept. No. 1298). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2054. An act for the relief of Joseph Alder, E. G. Allen, and E. G. Allen and By Hanchett jointly; without amendment (Rept. No. 1299). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2271. An act for the relief of Barnet Warren; without amendment (Rept. No. 1300). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 7339. A bill to exempt sail vessels from the provisions of section 13 of the act of March 4, 1915, as amended, requiring the manning of certain merchant vessels by able seamen, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CANNON of Missouri:

H. R. 7340. A bill to amend the Fair Labor Standards Act of 1938 to provide for an exemption of certain small newspapers; to the Committee on Labor.

By Mr. DEMPSEY:

H. R. 7341. A bill to provide for the gratuitous distribution of the CONGRESSIONAL RECORD to certain radio correspondents; to the Committee on Printing.

By Mr. JONES of Texas:

H. R. 7342. A bill to amend the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Agriculture.

By Mr. CELLER:

H. R. 7343. A bill to amend certain laws governing Federal prisoners, and for other purposes; to the Committee on the Judiciary.

H. R. 7344. A bill to extend the terms of judges of the district courts in Alaska, Hawaii, and the Virgin Islands to 8 years; to the Committee on the Judiciary.

By Mr. KING:

H. R. 7345. A bill to require the payment of prevailing rates of wages on Federal public works in Hawaii; to the Committee on Labor.

By Mr. LESINSKI:

H. R. 7346. A bill to vest absolute in the city of Dearborn the title to lot 19 of the Detroit Arsenal grounds subdivision, Wayne County, Mich.; to the Committee on the Public Lands.

By Mr. MARTIN of Iowa:

H. R. 7347. A bill to amend subdivision (A) of section 13 of the Fair Labor Standards Act of 1938, relating to exemption from the operation of said act, and exempting from the provisions of said act employees of certain organizations engaged in agriculture, industry, and other pursuits; to the Committee on Labor.

By Mr. McLEOD:

H. R. 7348. A bill to amend section 22 of Public Law No. 13, Seventy-first Congress, providing for the apportionment of Representatives in Congress, approved June 18, 1929; to the Committee on the Census.

By Mr. RAMSPECK:

H. R. 7349. A bill to amend the Fair Labor Standards Act of 1938; to the Committee on Labor.

By Mr. KING:

H. Con. Res. 34. Congressional resolution relating to foreclosures on farmers on public land in Hawaii; to the Committee on the Territories.

MEMORIALS

Under clause 3 rule XXII, memorials were presented and referred as follows:

By the SPEAKER. Memorial of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Senate Joint Resolution No. 22, with reference to dairy and cheese products; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM:

H. R. 7350. A bill for the relief of Morris Burstein and Jennie Burstein; to the Committee on Immigration and Naturalization.

By Mr. CALDWELL:

H. R. 7351. A bill for the relief of Lt. Comdr. P. A. Caro; to the Committee on Naval Affairs.

By Mr. HEALEY:

H. R. 7352. A bill for the relief of Louis Ganz; to the Committee on Military Affairs.

By Mr. HENDRICKS:

H. R. 7353. A bill authorizing the appointment of Paul Crank to warrant officer; to the Committee on Naval Affairs.

By Mr. RANDOLPH:

H. R. 7354. A bill to amend the act entitled "An act for the relief of Basil N. Henry"; to the Committee on World War Veterans' Legislation.

By Mr. ROBSION of Kentucky:

H. R. 7355. A bill granting a pension to Lillie Wood; to the Committee on Invalid Pensions.

By Mr. WOOD:

H. R. 7356. A bill granting a pension to Caroline Webb Koock; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4887. By Mr. BARRY: Petition of the Taxpayer's Civic Association of Maspeth, Inc., concerning sugar legislation in 1940; to the Committee on Ways and Means.

4888. By Mr. MICHAEL J. KENNEDY: Petition of the American League for Peace and Democracy, opposing enactment of the Walsh amendments to the Wagner Labor Relations Act; to the Committee on Labor.

4889. Also, petition of the Grand Lodge, Brotherhood of Railroad Trainmen, opposing enactment of the House substitute bill for Senate bill 2009, known as the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4890. Also, petition of Howard M. Long, president, Vessel Owners and Captains Association, opposing regulation of water carriers by the Interstate Commerce Commission as provided by the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4891. Also, petition of the Railway Express Agency, New York City, pertaining to the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4892. Also, petition of the New York Board of Trade, Inc., opposing enactment of Senate bill 2343, the Mead bill to provide for the insurance of loans to business; to the Committee on Banking and Currency.

4893. Also, petition of the United Telephone Organizations of New York City, representing a membership of 9,500, opposing House bills 229 and 230; to the Committee on Military Affairs.

4894. Also, petition of the New York Joint Council of the United Office and Professional Workers of America, representing 16,000, opposing the proposed amendments to the Social Security Act which would exclude insurance agents on commission; to the Committee on Ways and Means.

4895. Also, petition of the International Association of Machinists, favoring enactment of Senate bill 2009, Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4896. Also, petition of the Merchants' Association of New York, opposing enactment of Senate bill 2009, the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4897. Also, petition of the National Knitted Outerwear Association, protesting against the enactment of House bill 944, known as the wool labeling bill; to the Committee on Interstate and Foreign Commerce.

4898. Also, petition of the Allied States Association of Motion Picture Exhibitors, urging enactment of Senate bill 280, to prohibit the compulsory block booking and blind selling of motion-picture films in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4899. Also, petition of the Delaware, Lackawanna & Western Railroad Co., of Hoboken, N. J., favoring enactment of Senate bill 2009, omnibus bill to place all forms of transportation under control of Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

4900. Also, petition of Alfred S. Osbourne, vice president, Union Barge Line Corporation, opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4901. Also, petition of the Young Men's Board of Trade, opposing the Patman chain-store bill; to the Committee on Ways and Means.

4902. Also, petition of Local No. 802, American Federation of Musicians, representing approximately 20,000 professional musicians, urging enactment of House bill 3840; to the Committee on Military Affairs.

4903. Also, petition of the Descendants of the American Revolution, protesting against the enactment of the Hobbs bill (H. R. 5643), the Dempsey bill (H. R. 4860), the Smith bill (H. R. 5138), the McCormack bill (H. R. 6075), the Reynolds bill (S. 409), and the Reynolds amendment barring aliens from social-security benefits; to the Committee on Ways and Means.

4904. Also, petition of Thomas J. Lyons, president, and James C. Quinn, secretary, Central Trades Labor Council of Greater New York, representing approximately 600,000 organized workers, urging enactment of legislation restoring prevailing wage rate on Works Progress Administration; to the Committee on Appropriation.

4905. By Mr. KEOGH: Petition of the Journeyman Plumbers Union, No. 463 Auxiliary, New York City, favoring the Murray-Sabath amendments to the Work Relief Act; to the Committee on Appropriations.

4906. Also, petition of Local Union 580 of the International Association of Bridge and Ornamental Iron Workers, favoring the restoration of prevailing rate of wages on Works Progress Administration work; to the Committee on Appropriations.

4907. Also, petition of the Central Trades Labor Council, Greater New York, favoring the restoration of prevailing wage rate on Works Progress Administration work; to the Committee on Appropriations.

4908. Also, petition of the Asbestos Workers' Local, No. 12, New York City, favoring the restoration of prevailing rate of wages on Works Progress Administration; to the Committee on Appropriations.

4909. Also, petition of the Edward Conen Transportation Corporation, Brooklyn, N. Y., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

4910. By Mr. PFEIFER: Petition of Barnwell Bros., Inc., New York City, opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4911. Also, petition of the Edward Conen Transportation Corporation, Brooklyn, N. Y., urging passage of Senate bill 2009, the transportation bill; to the Committee on Interstate and Foreign Commerce.

4912. Also, petition of the Asbestos Workers Local, No. 12, New York City, urging prevailing rate of wages on Works Progress Administration projects; to the Committee on Appropriations.

4913. Also, petition of the United Association of Journeymen Plumbers and Steam Fitters, No. 463, New York City, favoring the Murray-Sabath amendments to the Woodrum Relief Act; to the Committee on Appropriations.

4914. By Mr. WELCH: Resolution adopted by the Board of Supervisors of the City and County of San Francisco, favoring the continuation of the Federal Theater and other art projects and their inclusion in the relief appropriation bill now before the United States Senate Appropriations Committee; to the Committee on Appropriations.

4915. By the SPEAKER: Petition of the United States Conference of Mayors, Washington, D. C., petitioning consideration of their resolution with reference to the Works Progress Administration situation; to the Committee on Appropriations.

4916. Also, petition of the Workers Alliance of America, Washington, D. C., petitioning consideration of their resolution with reference to Walker County, Ala., Workers Alliance relief legislation; to the Committee on Appropriations.

SENATE

TUESDAY, JULY 25, 1939

The Senate met in executive session at 11 o'clock a. m.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

Come, Holy Spirit, heavenly Guide: Inspire the hearts of Thy servants, the President of the United States, the Members of this Senate, and all the people of the land with the abundance of Thy grace. Nourish them with all goodness; replenish them with wisdom; and fill their minds with thankfulness for the mercies Thou hast ever bestowed, which exceed all that they have desired or deserved. Through Jesus Christ our Lord who with Thee and the Father reign as one God throughout the ages, world without end. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, July 24, 1939, was dispensed with, and the Journal was approved.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. The Senate adjourned last evening in executive session. Are we now automatically in executive session?

The VICE PRESIDENT. The Senate having met this morning following an adjournment in executive session last evening is, therefore, now in executive session.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

Adams	Byrd	Gillette	Johnson, Colo.
Andrews	Byrnes	Glass	King
Ashurst	Capper	Green	La Follette
Austin	Chavez	Guffey	Lee
Bailey	Clark, Idaho	Gurney	Lodge
Bankhead	Clark, Mo.	Hale	Logan
Barbour	Connally	Harrison	Lucas
Barkley	Danaher	Hatch	Lundeen
Bilbo	Davis	Hayden	McCarran
Bone	Downey	Herring	McKellar
Borah	Ellender	Hill	McNary
Bridges	Frazier	Holman	Maloney
Brown	George	Holt	Mead
Bulow	Gerry	Hughes	Miller
Burke	Gibson	Johnson, Calif.	Minton
Murray	Radcliffe	Stewart	Vandenberg
Neely	Reed	Taft	Van Nuys
Norris	Russell	Thomas, Okla.	Wagner
Nye	Schwartz	Thomas, Utah	Walsh
O'Mahoney	Schwellenbach	Tobey	Wheeler
Overton	Sheppard	Townsend	White
Pepper	Shipstead	Truman	
Pittman	Smathers	Tydings	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Ohio [Mr. DONAHEY] is unavoidably detained.

The Senator from Arkansas [Mrs. CARAWAY], and the Senator from Illinois [Mr. SLATTERY] are absent on important public business.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

REPORTS OF COMMITTEES

The VICE PRESIDENT. The Senate is in executive session. Are there any executive reports of committees?

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Joseph A. Ziemba, of Chicago, Ill., to be collector of customs for customs collection district No. 39, with headquarters at Chicago, Ill. (reappointment).

He also, from the same committee, reported favorably the nominations of several doctors to be assistant surgeons in the United States Public Health Service, to take effect from date of oath.

Mr. BYRNES, from the Committee on Banking and Currency, reported favorably the nomination of Sam Husbands, of South Carolina, to be a member of the Board of Directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1938.

Mr. BAILEY, from the Committee on Commerce, reported favorably the nominations of several officers for promotion in the Coast Guard.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the Executive Calendar is in order.

Mr. BARKLEY. I ask unanimous consent that the pending treaty which was under consideration at the time the Senate adjourned last night be now taken up and that the Executive Calendar be not called.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

GENERAL TREATY WITH PANAMA

The Senate, as in Committee of the Whole, resumed the consideration of the treaty, Executive B (74th Cong., 2d sess.), a general treaty between the United States of America and the Republic of Panama, signed at Washington on March 2, 1936.

The VICE PRESIDENT. The Senator from Nevada [Mr. PITTMAN] is recognized.

Mr. PITTMAN. Mr. President, there is pending an amendment offered to the treaty by the Senator from Rhode Island [Mr. GERRY], which reads as follows:

> At the end of article X add the following: "either prior to or subsequent to the taking of such measures."

To understand that amendment one must again read article X.

Article X, to which the amendment is proposed to be added, reads as follows:

> In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments.

The Senator from Rhode Island proposes to add to that article "either prior to or subsequent to the taking of such measures." That clause undoubtedly refers to "consultation."

In a letter from the Secretary of State, dated Department of State, Washington, February 1, 1939, we find a communication relative to article X. It is a very important letter. We also find a reply to that letter by Augusto S. Boyd, Minister of Panama. I think it is appropriate at this time to have both letters in the RECORD and under consideration, as

the weight and effect of the letters are questioned by this amendment, and also by an amendment which will be offered by the junior Senator from Texas [Mr. CONNALLY].

I desire Senators to listen to this letter, so as to ascertain whether the minutes of interpretation preceded the making of the treaty or whether they were made as a part of the treaty. That fact will be determined by the letter of the Secretary of State and the reply of the Minister of Panama.

I desire a careful consideration of the wording of this letter.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Vermont?

Mr. PITTMAN. If the question is not too long. I want to read the letter.

Mr. AUSTIN. I merely wish to ask a question. What is the date of the letter the Senator is about to read?

Mr. PITTMAN. I am going to read the full letter, date and all.

The letter is as follows:

DEPARTMENT OF STATE,
Washington, February 1, 1939.

The Honorable Señor Dr. DON AUGUSTO S. BOYD,
Minister of Panama.

SIR: I have the honor to refer to the general treaty signed between the United States of America and the Republic of Panama on March 2, 1936, and to the record of the proceedings of the negotiations leading to this accord. As you may recall, on several occasions during the course of the negotiations, it was found necessary to discuss and to reach a mutual understanding as to the interpretation to be placed upon certain draft provisions eventually incorporated in the signed treaty. These discussions and understandings were, after each meeting, embodied in the duly attested typewritten record of the proceedings of the treaty negotiations.

It seems possible that, following the favorable report at the close of the last session of Congress by the Committee on Foreign Relations of the United States Senate on the general treaty and accompanying conventions, the individual Members of the Senate in their consideration during the current session of Congress of the treaty and conventions, may ask for clarification as to the precise meaning of certain important provisions of the general treaty which affect the security and neutrality of the Panama Canal. With a view to anticipating these inquiries, and in the hope of avoiding further delay on this account in the consideration of the general treaty of March 2, 1936, it has seemed to my Government advisable to set forth in an exchange of notes between our two Governments the substance of some of these above-mentioned understandings as mutually reached. I should be grateful, accordingly, if you would inform me whether your Government shares the understanding of my Government upon the points which follow in subsequent paragraphs.

1. In connection with the declared willingness of both the Government of the United States of America and the Government of the Republic of Panama to cooperate for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford them (art. I of the general treaty of March 2, 1936) the word "maintenance" as applied to the Canal shall be construed as permitting expansion and new construction when these are undertaken by the Government of the United States of America in accordance with the said treaty.

2. The holding of maneuvers or exercises by the armed forces of the United States of America in territory adjacent to the Canal Zone is an essential measure of preparedness for the protection of the neutrality of the Panama Canal and, when said maneuvers or exercises should take place, the parties shall follow the procedure set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 2, 1936.

3. As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X of said treaty, the Government of the United States of America need not delay action to meet this emergency pending consultation, although it will make every effort in the event that such consultation has not been effected prior to taking action to consult as soon as it may be possible with the Panamanian Government.

Accept, sir, the renewed assurances of my highest consideration.

CORDELL HULL.

I shall now read the letter of the Minister Plenipotentiary of the Republic of Panama:

LEGATION OF PANAMA,
Washington, February 1, 1939.

Mr. SECRETARY: I have the honor to refer to Your Excellency's valued communication of today's date with respect to the general treaty signed between the Governments of the Republic of Panama and of the United States of America March 2, 1936, and to the proceedings of the meetings held by the Commissioners of Panama and of the United States of America during the negotiations which preceded the signature of the said treaty. Your Excellency invites my attention to the fact that during the course of the negotiations and after discussion a mutual agreement was reached with regard to the interpretation to be given to certain provisions which eventually were incorporated in the treaty. Your Excellency states that these discussions and understanding were, after each meeting, embodied in the typewritten records of the proceedings.

You then give as your opinion that in view of [sic] the favorable report presented at the close of the last session of Congress by the Committee on Foreign Relations of the Senate of the United States of America on the general treaty and the various accompanying conventions, some Members of the Senate, during the debates with respect to the general treaty and the conventions in the present session of Congress, may ask for clarification as to the meaning of certain provisions of the general treaty affecting the security and neutrality of the Panama Canal. With a view to anticipating such an eventuality, and of avoiding new delays in the consideration of the general treaty of March 2, 1936, Your Excellency states that it seems advisable to your Government to effect an exchange of notes with my Government for the purpose of reiterating the interpretation given to certain points in the proceedings.

I take pleasure in informing Your Excellency that I have been authorized by my Government to effect this exchange of notes and to clarify the points propounded by Your Excellency, and which, for greater clarity, are set forth in the English language, as follows:

Then the three interpretations which have already been read are set out.

I avail myself of this occasion to renew to Your Excellency the assurances of my most distinguished consideration.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. PITTMAN. I will ask the Senator to permit me to finish this line; then I will yield. The minutes referred to are minutes adopted by the negotiators.

Mr. AUSTIN. Mr. President, will not the Senator yield for a question at that point?

Mr. PITTMAN. I yield to the Senator.

Mr. AUSTIN. I think that if the Senator will yield we will be more likely to arrive at an understanding of what the Senator is reading. The Senator has omitted something in the letter, and I am not aware of the part omitted. I, therefore, ask whether in the part omitted there is a reference to negotiations preceding occupation.

Mr. PITTMAN. I have left out nothing from the letter except what I will now read. When I read the first letter, I stated that I was leaving out minutes 1 and 2, because I was reading only minute No. 3, which deals with article X; but will read the first 2 minutes:

1. In connection with the declared willingness of both the Government of the United States of America and the Government of the Republic of Panama to cooperate for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford them (art. I of the general treaty of March 2, 1936), the word "maintenance" as applied to the Canal shall be construed as permitting expansion and new construction when these are undertaken by the Government of the United States of America in accordance with the said treaty.

2. The holding of maneuvers or exercises by the armed forces of the United States of America in territory adjacent to the Canal Zone is an essential measure of preparedness for the protection of the neutrality of the Panama Canal, and, when said maneuvers or exercises should take place, the parties shall follow the procedure set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 2, 1936.

I now read the third minute again:

3. As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the government of Panama as provided in article X of said treaty, the Government of the United States of America need not delay action to meet this emergency pending consultation, although it will make every effort in the event that such consultation has not been effected prior to taking action to consult as soon as it may be possible with the Panamanian Government.

I thought it was understood that I was leaving out minutes Nos. 1 and 2. Now they have been read into the RECORD;

and, so that there may be no misunderstanding, I will state that I have read to the Senate all of the letter of Minister Boyd, except that I did not read the 3 minutes. So that there may be no occasion for criticism, I will reread those 3 minutes:

1. In connection with the declared willingness of both the Government of the United States of America and the Government of the Republic of Panama to cooperate for the purpose of insuring the full and perpetual enjoyment of the benefits of all kinds which the Canal should afford them (art. I of the general treaty of March 2, 1936), the word "maintenance" as applied to the Canal shall be construed as permitting expansion and new construction when these are undertaken by the Government of the United States of America in accordance with the said treaty.

2. The holding of maneuvers or exercises by the armed forces of the United States of America in territory adjacent to the Canal Zone is an essential measure of preparedness for the protection of the neutrality of the Panama Canal and, when said maneuvers or exercises should take place, the parties shall follow the procedure set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 2, 1936.

3. As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X of said treaty, the Government of the United States of America need not delay action to meet this emergency pending consultation, although it will make every effort in the event that such consultation has not been effected prior to taking action to consult as soon as it may be possible with the Panamanian Government.

I avail myself of this occasion to renew to Your Excellency the assurances of my most distinguished consideration.

AUGUSTO S. BOYD, *Minister.*

Mr. President, every day during the drafting of the treaty the parties who adopted these minutes of interpretation were called negotiators. As a matter of fact, they were ministers plenipotentiary of the President of the United States and the President of Panama. They were not merely casual negotiators.

Let me now read what will show who these parties were and what authority they had. They were the agents of two Presidents who had authority to act. They were acting for the President of the United States and the President of Panama, not only in making the treaty, but every day while writing it they were also writing the interpretation of every clause which might seem ambiguous.

The President of the United States of America;

Mr. Cordell Hull, Secretary of State of the United States of America, and Mr. Sumner Welles, Assistant Secretary of State of the United States of America; and

The President of the Republic of Panama;

The Honorable Dr. Ricardo J. Alfaro, Envoy Extraordinary and Minister Plenipotentiary of Panama to the United States of America, and the Honorable Dr. Narciso Garay, Envoy Extraordinary and Minister Plenipotentiary of Panama on special mission;

Who, having communicated their respective full powers to each other, which have been found to be in good and due form, have agreed upon the following.

The agreement was the agreement of the President of the United States, who has the constitutional authority to make treaties, and the agreement of the President of Panama, and at the time the negotiators made the treaty, on behalf of the President of the United States and the President of Panama, they made these minutes of interpretation. Hearing this matter debated one would think these negotiators were some unauthorized persons who had taken this action. They were not; they were the Ministers Plenipotentiary of the President of the United States and the President of Panama.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. The Senator still leaves me without a convincing answer to this question: Why did they write a treaty which said, "We had to consult ahead of action," and write notes which said, "We could act ahead of consultation"? Why did they not say the same thing both times?

Mr. PITTMAN. Mr. President, the Senator knows as much about the drafting of treaties as does the Senator from Nevada, and in the little experience we have had with treaties, over a period of many years, we have discovered that it is exceedingly difficult, in making a treaty between two different governments which use different languages, to employ idioms which will give exact expression to what is meant.

My impression is that at the time article X was drawn the negotiators were considering normal times. I mean by that, there is no doubt whatever that it was understood that if the United States desired to make preparations for war in the territory of Panama, the United States should consult with Panama as to what it desired to do in the Panamanian territory. However, after that was decided, one of the drafters asked the question, "But assume that an emergency arises which requires immediate action before the representatives of the two governments can get together, before we can even consult with respect to what we want to do, then what shall we do?" The answer was simply, "Well, of course it is understood that in an emergency action must be taken, after which, if necessary, consultation will be had."

However, I revert to the question which has been raised by the junior Senator from Texas [Mr. CONNALLY] and by the Senator from Rhode Island [Mr. GERRY], for whose legal opinions I have the very highest regard. Both Senators contend that there is nothing before the Senate to disclose whether or not the ratifying body of Panama had these minutes before it and ratified the treaty in view of these interpretations, and that afterwards either Government might say, "Oh, no; we did not know anything about these minutes of interpretation." That, of course, is quite an appealing argument.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Does the Senator from Nevada yield to the Senator from Texas?

Mr. PITTMAN. I yield.

Mr. CONNALLY. I understand the Senator's contention concerning these minutes and notes of interpretation. But let me ask the Senator a very practical question. Suppose after we shall have ratified the treaty an issue should arise as to what the treaty means; in all good conscience which would control—the letter which the minister wrote, the minutes of the negotiation, or the treaty, for there is a conflict between them? That is admitted. Where would we go and put our finger on a provision and say, "It is right here?" Would we go to the minutes?

Mr. PITTMAN. I will try to answer that question from my viewpoint. I think the rules of interpretation and construction of treaties are the same as the rules of construction and interpretation of contracts. In fact, a treaty is nothing but a contract between governments. If a contract is drawn between another party and myself, and the other party must sign the contract before I sign it, and there happens to be a clause in it which seems subject to misunderstanding, and after signing the contract he writes me a letter when he transmits the contract to me, and says, "I understand the purpose and effect of article X of this contract which I am signing, to be so and so," and in view of that letter of transmission and that construction of article X of the contract I am induced to sign it, and do sign it, that letter becomes a part of the contract for the purpose of future interpretation and construction, and the courts of our country have universally so held.

Mr. CONNALLY. Mr. President, will the Senator again yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. Of course, we recognize the rule that when the language of a contract is ambiguous some collateral writings may be considered. But here there is no claim of ambiguity, because the Secretary of Foreign Affairs says that article X means that there shall be prior consultation. He says that in his letter. Therefore it is not ambiguous. He says, however, "I am authorized by my government in effect to vary article X." But we are contending that since the Congress of Panama ratified the treaty more than 2 years previously, no one but the Congress of Panama can

authorize the foreign minister to change the terms of the treaty.

Let me say to the Senator from Nevada that the amendment I have offered simply incorporates the third paragraph in the letter written by the Foreign Minister, in his own language, and if that should be agreed to then there could not be any controversy, and it would be a very simple matter for the Panamanian Government to accept what they say already they are accepting.

Mr. PITTMAN. Let me proceed, then. My contention is that the language cannot be ambiguous. It does not say that before the United States Government shall occupy any portion of the territory of Panama for defense purposes the Government of the United States shall consult the Government of Panama. If it did say that, this interpretation might be considered as antagonistic. But it does not say that. It does not say whether the consultation shall take place before or after. It does not even say that there shall be a consultation, although it is thoroughly understood that there should be. What it says is—and I will read the language—"will be the subject of consultation between the two governments." That is the language. When is the consultation to occur? There is no time set for it. It is very well to have the minutes of interpretation by the makers of this treaty. They say that "consultation" ordinarily means before, but in case of emergency it means after, if necessary. That is what is said.

Mr. CONNALLY. Mr. President, will the Senator again yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. The Senator concedes that article X refers to consultation. Consultation about what?

Mr. PITTMAN. Concerning the use of the territory of Panama.

Mr. CONNALLY. Exactly, concerning the use of the territory and the use of the Army. Does it not inevitably follow that since the consultation has to do with the use of the territory and the use of the Army, the language contemplates that the consultation shall take place before the use is actually made?

Mr. PITTMAN. Not necessarily, because under article XXIII of the 1903 treaty, which has not been abrogated, the right of the United States Government is recognized at any time, without consultation with anyone, to occupy any territory in the vicinity for the defense of the Panama Canal.

Mr. CONNALLY. Let me ask another question, and then I shall not interrupt the Senator further. If article XXIII of the prior treaty controls why was article X put in the present treaty?

Mr. PITTMAN. Article X undoubtedly was put into the treaty for the purpose of giving the Panamanian Government some consideration, and it was perfectly proper to do so. The consideration given was that proposed action should be the subject of consultation. It did not in any sense of the word negative the absolute power of article XXIII under the 1903 treaty. The words "power of consultation" were contained in the treaty. There was nothing in it which indicated that the consultation should be before action. The makers of the pending Panama treaty wanted it so stated. So they said or indicated that the consultations should be before action, and our Government said, "Yes; unless an emergency arises." That is exactly what the language of the treaty means, and the drafters of the treaty have made it quite plain to everyone what it means.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. MINTON. Was not article X put in only for the purpose of establishing a status, and maintaining a status? In other words, the Panamanian Government wanted to maintain some semblance of sovereignty in the relationship between the two parties.

Mr. PITTMAN. It was put in, as is very plain to be seen, in the first place, for the purpose of binding the Government of Panama to cooperate in every possible way for the defense not only of the Panama Canal but of Panama. That is No. 1.

No. 2. It was put in, there can be no doubt, for the purpose, as I said before, of softening article XXIII of the 1903 treaty by providing that proposed action should be the subject of consultation. And in normal times consultation should be had before the United States acted in the territory of Panama. But there was nothing in the article which said whether the consultation should be before or after, until Panama insisted on the interpretation that it should be before, and the United States insisted it should not be before, if an emergency required the United States to act before consultation could be had. Then the Panama Government said, "If there is an emergency and you have to act before consultation, then you will consult after that as soon as possible."

Mr. President, that is as plain as day. I now go back to the amendment proposed by the Senator from Rhode Island. The Senator from Rhode Island desires to add at the end of article X—

Either prior to or subsequent to the taking of such measures.

That would change the entire intent of the article so far as the Government of Panama is concerned. That would leave the United States free from the necessity of consulting in advance of action at any time it does not want to do so. Panama wants it understood that the consultation is to be before action whenever it is possible. The United States wants it understood that consultation shall be had before action, except in case of emergency, and then action will be taken immediately, and the consultation will be had thereafter as soon as possible. The amendment would make impossible what Panama wants.

Those who advocate amendments say that we have no proof that the ratifying body of Panama, which I now understand is its assembly, had any knowledge of the minutes of interpretation which were made by the makers of the treaty, and that the assembly might afterward say, "We did not know anything about that." I say that when the Minister Plenipotentiary of Panama to this country, with full and general powers, represents to our Government that his Government ratified the treaty with certain understandings, we not yet having ratified it, if we ratify it under certain representations by the Minister of Panama, Panama is bound by those representations, because we have a right to accept representations by the Minister of Panama, who has plenipotentiary powers to deal with this Government. It is absurd to say that governments which communicate through their plenipotentiaries with general powers may not have accepted the representations of their ministers as to the acts of the governments.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. That being true, everybody, including the Panamanian Government, being in agreement as to what the language means, why is it in any degree offensive to the Panamanian Government to take the action proposed by the Senator from Texas [Mr. CONNALLY] and close the debate for keeps?

Mr. PITTMAN. I shall attempt to give my own view of the question. In the first place, the Assembly of Panama is in adjournment. It meets on the first Monday in September and will not meet again until 1940. If any amendment is placed in the treaty, either the treaty will be delayed until 1940 or there will have to be a special session of the Panamanian Assembly.

In the second place, such an amendment would be a clear indication that we do not trust the Government of Panama. A lack of trust in the Government of Panama would destroy one of the greatest advantages we would obtain from the treaty; that is, not merely the promise of cooperation by Panama but the wholehearted, friendly cooperation of Panama in the protection of the Panama Canal.

Mr. President, I am ready to close. On yesterday afternoon, having in mind the objection that we had no proof that the ratifying body of the Republic of Panama took into consideration the minutes and interpretations, I put the

matter up to the State Department. The Secretary of State has just transmitted to me two very important communications containing a decisive statement with regard to the objection that the ratifying body of Panama might not have had knowledge of the minutes of interpretation made by the makers of the treaty at the time the treaty was made. I shall read the communications:

JULY 25, 1939.

His Excellency Señor Dr. DON AUGUSTO S. BOYD,
Ambassador of Panama.

EXCELLENCY: I understand from the debate in the Senate of the United States yesterday on the treaties signed with Panama, March 2, 1936, that the question was raised as to whether the Assembly of Panama had the notes and minutes of the treaty negotiations before it at the time the treaties were considered and ratified by that body.

I shall thank you to advise me definitely as to whether the notes and minutes of the negotiations were before the Assembly of Panama and were thoroughly understood and considered by the Assembly in connection with its ratification of the aforesaid treaties.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL.

JULY 25, 1939.

His Excellency CORDELL HULL,
Secretary of State.

EXCELLENCY: I am in receipt of Your Excellency's note of this date in which you state that you understand from the debate in the Senate of the United States yesterday on the treaties with Panama signed March 2, 1936 that the question was raised whether the Assembly of Panama had the notes and minutes of the treaty negotiations before it at the time the treaties were considered and ratified by that body.

I think that the best answer I may give to Your Excellency is to transcribe textually in translation, law No. 37, of 1936, which was passed by our assembly on the 24th of December 1936, and which reads as follows:

"The National Assembly of Panama Decrees

"Only article: There are hereby approved and ratified in all their parts the General Treaty, the Radio Communications Convention, the Convention on the Transfer of the Stations of La Palma and Puerto Olbadía, and the Convention on the Trans-Isthmian Highway, signed in the city of Washington, March 2, 1936, by plenipotentiaries of the Governments of the Republic of Panama and of the United States of America, which is done taking into account the minutes and the exchanges of notes signed on the same date and which contain interpretations and explanations of certain important aspects of the general treaty and of the conventions aforementioned."

From the law quoted above Your Excellency will observe that the minutes and the notes were before the assembly, and were considered and understood by it at the same time that the assembly ratified the treaty and conventions above mentioned.

Accept, Excellency, the sentiments of my highest consideration.

AUGUSTO S. BOYD.

I think those communications put an end to the question.

Mr. GERRY. Mr. President, on yesterday when the treaty was under consideration by the Senate I was struck, as the debate developed, by the fact that the treaty was ratified by Panama in 1936 and that the correspondence between the Panamanian Government and our Secretary of State was dated in 1939. I was also impressed, as was the Senator from Michigan [Mr. VANDENBERG], with the fact that there was sufficient ambiguity in the treaty to cause our Secretary of State to deem it necessary to ask for further explanations.

I can well understand the point that when two governments are conducting negotiations through accredited representatives the representatives must have certain leeway, and that the conversations which took place during the negotiations, which conversations were taken down, would naturally have a bearing on the construction of the treaty.

I asked the chairman of the Foreign Relations Committee whether or not there was any evidence to show that the treaty had been ratified by the Panamanian Senate. I received no answer to that question. Today I learn from the statement submitted by the State Department that it was ratified by the assembly. Apparently under the laws of Panama, of which no one present seemed to have a wide knowledge, treaties of the Panamanian Government must be ratified by the assembly, which I presume includes both bodies, and not merely the senate. However, I have no information as to that question.

One of the main things which was bothering me was the fact that there was nothing in the record to show that the Panamanian ratifying body, in conjunction with the executive branch of the Panamanian Government, had before them the minutes of the meetings. I raised that point; and it has now been answered. It appears that the minutes were before the Assembly of Panama, and therefore the assembly had knowledge of the proceedings. That circumstance seems to me very strong evidence of the fact that the situation was pretty well understood; and in my opinion it takes away much from the force of the argument that the clarifying letters were written afterward.

Under these circumstances, and because of the fact that the Senator from Texas has offered what I consider to be a better amendment, I ask unanimous consent to withdraw my amendment. I will reserve final judgment, so far as my opinion is concerned, until I hear the debate further and certain other questions which are still puzzling me shall be cleared up in the debate.

Mr. CONNALLY obtained the floor.

Mr. JOHNSON of California. Mr. President——

Mr. CONNALLY. I will yield to the Senator from California but I should like to make a suggestion before he speaks.

Mr. GERRY. Mr. President, I have asked unanimous consent to withdraw my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment offered by the Senator from Rhode Island is withdrawn.

Mr. CONNALLY. Mr. President, I offer an amendment to article X which I should like to have read at the desk. Then, I will yield the floor to the Senator from California.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. It is proposed to add a new paragraph to article X of the treaty, as follows:

As set forth in the records of the proceedings of the negotiations of the general treaty of March 2, 1936, which proceedings were held on March 16, 1935, in the event of an emergency so sudden as to make action of a preventive character imperative to safeguard the neutrality or security of the Panama Canal, and if by reason of such emergency it would be impossible to consult with the Government of Panama as provided in article X of said treaty, the Government of the United States of America need not delay action to meet this emergency pending consultation, although it will make every effort in the event that such consultation has not been effected prior to taking action to consult as soon as it may be possible with the Panamanian Government.

Mr. CONNALLY. Mr. President, in explanation, I wish to say to Members of the Senate that the amendment which I offer simply adds to article X of the treaty paragraph 3 of the letter of the Foreign Minister of Panama upon which the chairman of the committee relies for what he thinks is the proper interpretation of article X. If this amendment should be adopted there could be no controversy because as soon as the Panamanian Government should agree to it, which they are bound to do because it is the language of their own Foreign Minister, it would elucidate and clear up this situation entirely.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. The result of the Senator's amendment would simply be to make the treaty actually say what the Senator from Nevada says it says, what the Panamanian Minister says it says, and what our Secretary of State says it says.

Mr. CONNALLY. Exactly.

Mr. PITTMAN. Mr. President, may I interrupt the Senator there?

Mr. CONNALLY. I yield.

Mr. PITTMAN. With the further suggestion that we doubt the word of our Secretary of State, we doubt the word of the Foreign Minister of Panama, and our action will necessitate

either delay for months in the reratification of the amendmen or cause the Government of Panama to call a special session of the congress of that country.

Mr. VANDENBERG. If the Senator from Texas will permit me, I do not doubt anybody's word, but I doubt the advisability of relying upon ambiguous language in international relationships.

Mr. CONNALLY. Mr. President, I have no hostility toward this treaty; I am favorable to the treaty. I am willing to pay Panama the rental of the Canal territory in the old 100-percent dollars, although that will cost us nearly $150,000 annually more than the treaty provides. I desire to deal justly and generously with Panama; but, at the same time, while dealing justly with Panama, I want to deal justly with the people of the United States whose canal is located on that territory, and I want to prevent any possible subsequent argument with Panama. Our contention is, and it is the contention of Panama, that article X as written requires prior consultation. The amendment, if adopted, will make it clear, because we adopt the language of the Panamanian Secretary of State. They cannot object to this amendment in the nature of a reservation.

The Senator from Nevada says that it will take several months because their Congress does not meet soon; but we have had this treaty in the Senate for a long while, and we have not shown any tendency to violate the speed laws in its consideration. So why should we quibble over a few months' delay in Panama? My prediction is, however, that if we agree to this amendment Panama will ratify it within 30 days. The Congress of Panama is not like the Congress of the United States, whose Members live thousands of miles apart. I dare say members of the Congress of Panama could all be reached by telephone or automobile within 30 minutes after this treaty, with the amendment, is ratified; and I predict when they get the assurance of the $150,000 additional payment every year they will ratify it very quickly for fear we will change our minds. I say that with all respect to Panama. They want the increased payment.

If there should be any consultation under article X of the treaty, which is admittedly, according to the statement of those who are advocating it, ambiguous, suppose we should go ahead. It is said that in an emergency we could go ahead and consult Panama later, but, then, probably, they would have a claim for damages for the injury to their territory by reason of military operations because we had not consulted them in advance. That is a possibility. They could say, "You did not consult us in advance; the treaty said you ought to do so, but you did not do it, and your army tramples down our grass and our coconut trees, and we want some damages." If, however, we put this amendment in the treaty, and agree particularly in their very own language, there can be no discussion; there can be no quibbles.

Let me suggest to Senators that if we here on the floor of the Senate disagree about the construction of this treaty and the negotiations incident to it, is it not possible that the Panamanians might disagree about it with us after the treaty has been ratified?

So I submit, Mr. President, the Senate should agree to this amendment, which sets forth the meaning of article X exactly in accordance with what the chairman of the Committee on Foreign Relations contends it means, and what the Panamanians say they are willing for it to mean, and which they say is not meant by the present article X, because the letter of the Panamanian Secretary of State says that consultation in advance is required by article X. The Foreign Minister of Panama has no more authority to change the action of the Congress of Panama in ratifying this treaty than has the Secretary of State of the United States to repeal a statute of the Congress of the United States.

I do not want to argue the matter further, but I submit this is a sane, fair adjustment of the whole question and removes every doubt whatever.

Mr. JOHNSON of California. Mr. President, the amendment of the Senator from Texas solves one question presented by this treaty. It seems to me to be perfectly ridiculous to contend that a treaty may be ratified in 1936 by the ratifying body of one signatory and in 1939 there may be added by the ratifying body of the other signatory a clarifying clause which will solve the difficulty of 1936. It would be like the Senate ratifying a treaty or not ratifying a treaty, and long afterward, when another Senate may have come into being or another one may be contemplated, having it ratify something that was done by the prior Senate or something done in times past which did not apply at all to the particular time in question.

Mr. President, the solving of this particular technical question is important, it is true; it goes to the heart of the very matter we are discussing; but there is something greater than that. Mr. President, can you not see that the Panama Canal is now completely under our jurisdiction? Always since its construction it has been under the power of the United States to do as it pleased in regard to the Panama Canal. And, Mr. President, do you not see that at this particular time of stress and crisis we are denying to the United States the absolute power that it has possessed up to this time and are whittling away a great portion of the power that was conferred by the original treaty? The pending treaty, first of all, abrogates the first clause of the old treaty of 1903, and it abrogates the succeeding clauses and provisions of that treaty and changes entirely the set-up of the Panama Canal. It is changed when we most need it, for we most need it today. I cannot for the life of me understand why we should be so ready for the Panamanians to change the power that we have exerted up to this time over the Panama Canal and today leave its control doubtful. I do not say that the treaty gives control absolutely to somebody else or to some other power, but it leaves the power of control doubtful at a time when we most need it and when it may be of most assistance to this country and to the other countries of the earth. So why do it? We do it, first of all, because we agree to give to the Panama Government $400,000 instead of $250,000 in round numbers. We give that, and we ought to give it, because the treaty originally obligated us to pay the sum in gold coin and in 100-percent dollars, and now we are tardily doing that justice to Panama. But we do it, too, because Panama insists that her citizens shall have all the commercial privileges of the Canal Zone and all of the business that shall be done there, and we are denying to American citizens the right to do business there. We do not permit them by this treaty to carry on their usual course of life. Why is it that we should now, 3 years after the treaty has been presented to the Senate, hurry its ratification? Why is it necessary right now, when fires are burning all over the earth, to say that the United States Government shall yield any part of its power over the Panama Canal?

I adjure you, my colleagues in the Senate, not to permit any part of the power that is ours over the Panama Canal to be taken away at this time, but to hang on to it for the safety of the United States and the protection of the world.

Mr. PITTMAN. Mr. President, I merely wish to call attention to the fact that I received this morning from the Minister of Panama a certificate of the resolution of ratification of the Assembly of the Legislature of the Republic of Panama on the 24th day of December 1936, which is set out textually. We do not have to rely on any subsequent correspondence.

Mr. LA FOLLETTE. Mr. President, I should like to say just a few words in connection with the amendment offered by the Senator from Texas [Mr. CONNALLY].

In the first place, I think we should bear in mind the fact that article XXIII of the treaty of 1903 is not in any way impaired by the ratification of this treaty.

In the second place, as the Senator from Nevada [Mr. PITTMAN] has just pointed out, we now are on official notice that these notes and interpretations were under consideration at the time this treaty was ratified by the Panamanian Government. Therefore I think it is clear that the interpretation contained in the notes is the interpretation which was

placed upon article X of the pending treaty by the Panamanian Government when it exercised its right under its constitution and ratified the treaty.

Mr. President, as I see it, the power of the Government of the United States to protect the Panama Canal is amply safeguarded in the treaty. The question is whether or not, by its ratification, we wish to cultivate and encourage the friendship of the Panamanian Government and its citizens. To my mind that is a very important consideration, because it seems to me to be perfectly clear that any possible designs upon the Canal which might eventuate in the future will not occur in the Canal Zone, which is completely under the control of the Government of the United States and under the surveillance of our military and naval intelligence. If it is conceivable that in the future some plans, in view of international developments, may result in efforts to sabotage or destroy the Canal, such plans will be formulated in the territory of Panama.

Believing that all of our rights and privileges essential to the protection of the Canal are retained and safeguarded by the treaty, I believe we should ratify it without reservation and without amendment, in order that we may encourage and develop the friendship of the Panamanian Government and of Panamanian citizens.

Mr. LUCAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. LA FOLLETTE. I do.

Mr. LUCAS. Does the Senator believe there is any conflict between the correspondence recently carried on between the Panamanian Government and the Secretary of State in regard to the treaty and the treaty itself, which was ratified by Panama back in 1936?

Mr. LA FOLLETTE. I personally see no conflict, because, as the Senator knows, the exchange of notes merely embodied the interpretative notes which were made at the time the treaty was negotiated; and we are now officially advised that at the time the Panamanian Government ratified the treaty those notes were before the Panamanian Assembly.

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. LA FOLLETTE. I yield.

Mr. CONNALLY. Was the note of the foreign minister, dated February 1, 1939, before the Panamanian Parliament?

Mr. LA FOLLETTE. No; but the note of the Panamanian Minister, dated February 1, 1939, quotes verbatim the interpretative note written at the time the treaty and article X thereof were negotiated; and we now are officially advised that all of those notes and interpretations were before the Panamanian Parliament when it acted upon the treaty and ratified it.

Mr. LUCAS. Mr. President, were those notes and the treaty in front of the Panamanian Government when it wrote the clarification letter?

Mr. PITTMAN. Mr. President, let me read this letter to the Senator. He was not here when I presented it.

Mr. LA FOLLETTE. I yield.

Mr. PITTMAN. This is the letter, dated this morning, to the Secretary of State, from the Minister of Panama:

JULY 25, 1939.

EXCELLENCY:

I am in receipt of Your Excellency's note of this date in which you state that you understand from the debate in the Senate of the United States yesterday on the treaties with Panama signed March 2, 1936, that the question was raised whether the Assembly of Panama had the notes and minutes of the treaty negotiations before it at the time the treaties were considered and ratified by that body.

I think that the best answer I may give to Your Excellency is to transcribe textually, in translation, Law No. 37 of 1936, which was passed by our assembly on the 24th of December 1936, and which reads as follows:

This is the law of ratification:

"THE NATIONAL ASSEMBLY OF PANAMA

"DECREES

"Only article: There are hereby approved and ratified in all their parts the General Treaty, the Radio Communications Convention, the Convention on the Transfer of the Stations of La Palma and Puerto Obadía, and the Convention on the Trans-Isthmian Highway, signed in the city of Washington, March 2, 1936, by plenipotentiaries of the Governments of the Republic of Panama and of the United States of America, which is done taking into account the minutes and the exchanges of notes signed on the same date, and which contain interpretations and explanations of certain important aspects of the General Treaty and of the conventions aforementioned."

That is the end of the law of ratification.

From the law quoted above, Your Excellency will observe that the minutes and the notes were before the assembly and were considered and understood by it at the same time that the assembly ratified the treaty and conventions above mentioned.

Accept, Excellency, the sentiments of my highest consideration.

AUGUSTO S. BOYD.

His Excellency CORDELL HULL,
Secretary of State.

Mr. LUCAS. Then, undoubtedly, the Panamanian Government, having in front of it the notes and the treaty entered into back in 1936, considered the clarification letter a part of the treaty and those notes.

Mr. LA FOLLETTE. Mr. President, as I have stated, it seems to me that every power essential and necessary to the defense of the Panama Canal is protected by the treaty; and it comes down to a simple question of whether or not, by the ratification of the treaty without reservation or amendment, we desire to cultivate and encourage the friendship of the Panamanian Government and its people toward the Government of the United States. For that reason, I hope that no amendment or reservation will be agreed to.

Mr. LUCAS. Mr. President, I should like to ask the Senator from Nevada one more question.

A moment ago the Senator from California [Mr. JOHNSON] made a very impassioned plea for nonratification of the treaty, and he indicated to me through that speech that the United States will lose some of its rights in the Panama Canal as a result of the ratification of the treaty. I do not believe that he fully explained what we shall lose as a result of ratification of the treaty, but I should like to have the Senator from Nevada reply to the implication or assertion which was made.

Mr. PITTMAN. That question has not been a serious one before the committee during the past 3 years. The treaty maintains the rights of all of the citizens of the United States who are now engaged in business in the Canal Zone. That is No. 1. It provides that United States citizens may engage in the sale of materials to the United States Government or to its employees or agents, soldiers, or others. It limits the amount of business which may be conducted in the Panama Canal Zone.

Mr. LUCAS. That is, it limits American citizens in the amount of business they may negotiate in the Canal Zone?

Mr. PITTMAN. Yes; in the Canal Zone.

Mr. LUCAS. At the present time there is no limitation on the amount of business they may transact?

Mr. PITTMAN. There is no limitation.

Mr. JOHNSON of California. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. JOHNSON of California. The treaty specifically supersedes article I of the convention of November 18, 1903. That is point No. 1 where we yield a power.

Thereafter in article II it insists that—

The United States of America hereby renounces the grant made to it in perpetuity by the Republic of Panama of the use, occupation, and control of lands and waters, in addition to those now under the jurisdiction of the United States of America.

That is point No. 2 where we yield a power.

The Senator can count up pretty high in the digits, if he desires, as to what is done in relation to the business at Panama, and he will see what is yielded.

Here is the ratification note of Cordell Hull dated March 2, 1936, which is couched in pleasant terms, and states:

With reference to section 1 of article III of the treaty signed today, wherein are specified the classes of persons to whom goods imported into the Canal Zone, or purchased, produced, or manufactured therein, may be sold by the Government of the United States

of America, I have the honor to confirm the understanding reached in the course of the recent negotiations, namely, that for the purposes of said section 1 of article III, the term "Officers, employees, workmen, or laborers in the service or employ of the United States of America," as it appears in section 2 (a) of said article III, is interpreted as referring exclusively to such persons whose services are related to the Panama Canal, the Panama Railroad Co., or their auxiliary works, and to duly accredited representatives of any branch of the Government of the United States of America exercising official duties within the Republic of Panama, including diplomatic and consular officers, and to members of their staffs.

Following that, I read a part of the statement given out by the representatives of Panama:

We wish to express our great pleasure at the statement made by the representatives of the Government of the United States of America during the negotiation of the treaty, that it is not the intention or desire of the Government of the United States of America to compete with Panamanian industry. We are also pleased to know with respect to the hotels—

Even the hotels—

in the Canal Zone that they were established for the purpose of meeting the necessities of the passenger traffic at a time when the hotels established in Panama were not entirely in position to do so; that as soon as this situation is satisfactorily altered the hotel business proper will be left in the hands of the industry established in Panama, and that the prosperity of the Republic of Panama in this, as in other respects, is earnestly desired by the United States of America.

We are carrying friendship pretty far in this treaty.

All through it run the indications that we will have nothing more to do with business in Panama. If an American has a business established in Panama, he is not permitted to transmit it to his offspring. It dies with him.

Mr. LUCAS. Does our Nation surrender any property rights under the treaty?

Mr. JOHNSON of California. No; the country does not. It is nationals of the country only who are affected in this way.

Mr. PITTMAN. We never gave any title to anyone in the Panama Canal Zone. Anyone who was doing business there was doing it by consent.

Mr. JOHNSON of California. No; we gave the God-given right of Americans to do business where they pleased and how they pleased, so far as they did it in a manner befitting Americans.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Texas [Mr. CONNALLY].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER proceeded to put the question.

Mr. McNARY. Mr. President, I thought the ruling was that the yeas and nays had been ordered.

Mr. BARKLEY. Not on this amendment.

The PRESIDING OFFICER. The yeas and nays were ordered on the amendment offered by the Senator from Rhode Island [Mr. GERRY].

Mr. McNARY. I asked for the yeas and nays just a moment ago.

The PRESIDING OFFICER. An insufficient number seconded the request.

Mr. McNARY. Then I suggest the absence of a quorum, because I am satisfied that a sufficient number of Senators are in favor of having the yeas and nays taken.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrnes	Guffey	Lucas
Andrews	Capper	Gurney	McCarran
Ashurst	Chavez	Hale	McKellar
Austin	Clark, Idaho	Hatch	McNary
Bailey	Clark, Mo.	Hayden	Maloney
Bankhead	Connally	Herring	Mead
Barbour	Danaher	Hill	Miller
Barkley	Davis	Holman	Minton
Bilbo	Downey	Hughes	Neely
Bone	Ellender	Johnson, Calif.	Norris
Borah	Frazier	Johnson, Colo.	Nye
Bridges	George	King	O'Mahoney
Brown	Gerry	La Follette	Overton
Bulow	Gibson	Lee	Pepper
Burke	Gillette	Lodge	Pittman
Byrd	Green	Logan	Radcliffe
Reed	Sheppard	Tobey	Walsh
Russell	Smathers	Truman	Wheeler
Schwartz	Taft	Vandenberg	White
Schwellenbach	Thomas, Utah	Wagner	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Texas [Mr. CONNALLY].

Mr. McNARY. Upon that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. AUSTIN. Is the vote on the Connally amendment?

The PRESIDING OFFICER. The vote is on the Connally amendment.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LUCAS. I announce that my colleague [Mr. SLATTERY] is unavoidably detained from the Senate. If present he would vote "nay."

Mr. GREEN (after having voted in the negative). I have a pair with the Senator from Wisconsin [Mr. WILEY]. I transfer that pair to the Senator from Illinois [Mr. SLATTERY], and allow my vote to stand.

Mr. McNARY (after having voted in the affirmative). I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who I observe is absent from the Senate. I transfer that pair to the senior Senator from Delaware [Mr. TOWNSEND] and let my vote stand.

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Ohio [Mr. DONAHEY] is unavoidably detained.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], the Senator from Mississippi [Mr. HARRISON], the Senator from West Virginia [Mr. HOLT], the Senator from Minnesota [Mr. LUNDEEN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are absent on important public business.

The Senator from Montana [Mr. MURRAY] is detained in a conference at the White House.

The Senator from Tennessee [Mr. STEWART] is detained in one of the Government departments.

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am not informed how he would vote on this question if he were present. I therefore withhold my vote. If at liberty to vote, I should vote "nay."

The result was announced—yeas 30, nays 49, as follows:

YEAS—30

Austin	Danaher	Johnson, Calif.	Reed
Bailey	Davis	Johnson, Colo.	Sheppard
Barbour	Frazier	King	Taft
Bridges	Gerry	Lodge	Tobey
Burke	Gibson	McKellar	Vandenberg
Byrd	Gurney	McNary	White
Clark, Mo.	Hale	Miller	
Connally	Holman	Nye	

NAYS—49

Adams	Clark, Idaho	Lee	Radcliffe
Andrews	Downey	Logan	Russell
Ashurst	Ellender	Lucas	Schwartz
Bankhead	George	McCarran	Schwellenbach
Barkley	Gillette	Maloney	Smathers
Bilbo	Green	Mead	Thomas, Utah
Bone	Guffey	Minton	Truman
Borah	Hatch	Neely	Wagner
Brown	Hayden	Norris	Walsh
Bulow	Herring	O'Mahoney	Wheeler
Byrnes	Hill	Overton	
Capper	Hughes	Pepper	
Chavez	La Follette	Pittman	

NOT VOTING—17

Caraway	Lundeen	Smith	Van Nuys
Donahey	Murray	Stewart	Wiley
Glass	Reynolds	Thomas, Okla.	
Harrison	Shipstead	Townsend	
Holt	Slattery	Tydings	

So Mr. CONNALLY's amendment was rejected.

The PRESIDING OFFICER. The treaty is still before the Senate and open to amendment. If there be no further amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive B, Seventy-fourth Congress, second session, a general treaty between the United States of America and the Republic of Panama, signed at Washington on March 2, 1936.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification.

Mr. JOHNSON of California. On that question I ask for the yeas and nays.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. An amendment was offered yesterday by the Senator from Rhode Island [Mr. GERRY].

The PRESIDING OFFICER. The amendment was withdrawn.

The Chair is informed that if there are reservations to be made to the treaty they must be made at this time. If there be no reservations, the question is on agreeing to the resolution of ratification.

Mr. JOHNSON of California. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if he were present and voting he would vote "yea." If permitted to vote I should vote "nay."

The roll call was concluded.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. I inquire if my colleague [Mr. SLATTERY] is paired?

The PRESIDING OFFICER. The Chair is informed that there is no information at the desk on that question.

Mr. LUCAS. My colleague is unavoidably detained. If present he would vote "yea."

Mr. MINTON. I announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], the Senator from Mississippi [Mr. HARRISON], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] are absent on important business. I am advised that if present and voting these Senators would vote "yea."

The Senator from Ohio [Mr. DONAHEY] and the Senator from West Virginia [Mr. HOLT] are unavoidably detained.

The Senator from North Carolina [Mr. REYNOLDS] and the Senator from South Carolina [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Minnesota [Mr. LUNDEEN] is absent on important public business.

The result was announced—yeas 65, nays, 16, as follows:

YEAS—65

Adams	Clark, Mo.	La Follette	Radcliffe
Andrews	Connally	Lee	Russell
Ashurst	Downey	Logan	Schwartz
Bailey	Ellender	Lucas	Schwellenbach
Bankhead	George	McCarran	Sheppard
Barkley	Gerry	McKellar	Smathers
Bilbo	Gibson	Maloney	Stewart
Bone	Gillette	Mead	Thomas, Utah
Borah	Green	Miller	Truman
Brown	Guffey	Minton	Van Nuys
Bulow	Hatch	Murray	Wagner
Burke	Hayden	Neely	Walsh
Byrd	Herring	Norris	Wheeler
Byrnes	Hill	O'Mahoney	White
Capper	Hughes	Overton	
Chavez	Johnson, Colo.	Pepper	
Clark, Idaho	King	Pittman	

NAYS—16

Austin	Frazier	Johnson, Calif.	Reed
Barbour	Gurney	Lodge	Taft
Bridges	Hale	McNary	Tobey
Danaher	Holman	Nye	Vandenberg

NOT VOTING—15

Caraway	Harrison	Shipstead	Townsend
Davis	Holt	Slattery	Tydings
Donahey	Lundeen	Smith	Wiley
Glass	Reynolds	Thomas, Okla.	

The PRESIDING OFFICER. Two-thirds of the Senators present concurring therein, the resolution of ratification is agreed to, and the treaty is ratified.

PANAMA—CONVENTION REGARDING THE CONSTRUCTION OF A TRANS-ISTHMIAN HIGHWAY

Mr. PITTMAN. Mr. President, there are three collateral conventions on the calendar. In view of the vote, I do not think there will be any debate over any of them. One of them is with regard to building a road across the Isthmus of Panama. The second is with regard to conforming to the radio convention providing for the regulation of radio communications. The third is a convention transferring certain radio stations to Panama.

I ask that Calendar No. 8, the convention regarding the construction of a trans-Isthmian highway, be laid before the Senate.

Mr. WHITE. Mr. President, I have no objection to the convention regarding the construction of a trans-Isthmian highway. However, I wish to take a moment to express my opposition to the conventions dealing with the radio situation.

Mr. PITTMAN. That is the reason why I asked for the consideration of the highway convention first. I did not know of any objection to it.

Mr. McNARY. Mr. President, I reserve the right to object if consideration of the convention leads to any debate.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. PITTMAN. Certainly.

Mr. KING. Under the terms of the convention, is there any obligation on the part of the United States to construct a road?

Mr. PITTMAN. There is not.

Mr. KING. Or is it merely permissive?

Mr. PITTMAN. The convention grants permission to build a road.

The PRESIDING OFFICER. Is there objection to the present consideration of the treaty?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the convention, Executive E (74th Cong., 2d sess.), a convention between the United States of America and the Republic of Panama, with regard to the construction of a trans-Isthmian highway between the cities of Panama and Colon, signed at Washington on March 2, 1936, which was read the second time, as follows:

HIGHWAY BETWEEN PANAMA AND COLON

The United States of America and the Republic of Panama, in order to arrange for the completion of a highway between the cities of Panamá and Colón through territory under their respective jurisdictions, hereinafter referred to as the Trans-Isthmian Highway, have resolved to conclude a Convention for that purpose and have appointed as their Plenipotentiaries:

The President of the United States of America:

Mr. Cordell Hull, Secretary of State of the United States of America, and Mr. Sumner Welles, Assistant Secretary of State of the United States of America; and

The President of the Republic of Panama:

The Honorable Doctor Ricardo J. Alfaro, Envoy Extraordinary and Minister Plenipotentiary of Panama to the United States of America, and The Honorable Doctor Narciso Garay, Envoy Extraordinary and Minister Plenipotentiary of Panama on special mission;

Who, having communicated to each other their respective full powers, which have been found to be in good and due form, have agreed upon the following:

ARTICLE I

In order to make possible the completion of the Trans-Isthmian Highway, the Government of the United States of America undertakes to obtain such waiver from the Panama Railroad Company of its exclusive right to establish roads across the Isthmus of Panama as is necessary to enable the Government of the Republic of Panama to construct a highway from a point on the boundary of the Madden Dam area at Alhajuela to a point on the boundary of the Canal Zone near Cativá.

ARTICLE II

As a contribution to the completion of the Trans-Isthmian Highway, the United States of America will construct without delay and at its own expense that portion of the Highway between the Canal Zone boundary near Cativá and a junction with the Fort Randolph

Road near France Field, which portion shall thereafter be maintained by the Republic of Panama at its own expense.

ARTICLE III

Prior to the undertaking of further construction on the Trans-Isthmian Highway, each Government will appoint an equal number of representatives, who will constitute a joint board with authority to adjust questions of detail regarding the location, design and construction of the portions of the Highway falling under the jurisdiction of each Government. Questions of detail on which the board may fail to reach an agreement will be referred to the two Governments for settlement.

ARTICLE IV

The sections of the Trans-Isthmian Highway which are to be constructed by each Government shall have the following minimum characteristics:

(*a*) *Pavement.*—Concrete; normal width 18 feet, suitably widened on curves of 5 degrees or sharper; of the thickened edge type of 9″–7″–9″ section, with proper reinforcement with steel in accordance with good practice; provision for suitable longitudinal and transverse joints, sealed with an asphalt filler, and with adjacent slabs properly doweled.

(*b*) *Gradients.*—maximum 8 percent.

(*c*) *Curves.*—maximum 12 degrees, properly superelevated and suitably widened pavement when of 5 degrees or sharper.

(*d*) *Bridges and Culverts.*—to be two-way, of a width of 20 feet; of capacity to carry live loads equivalent to 20-ton truck with 14 tons on rear axle and 6 tons on front axle; and so located and of such span or size as to afford adequate drainage under maximum flow.

(*e*) *Right of Way.*—to be of ample width to accommodate the pavement plus 4-foot berms and drainage ditches and to provide for suitable slopes in cuts and fills; the right to be reserved to each of the two Governments to install and use telegraph and telephone lines of either pole line construction or underground cable construction in that part of the Trans-Isthmian Highway subject to the jurisdiction of the other Government.

ARTICLE V

The portions of the Trans-Isthmian Highway which the two Governments undertake to construct according to the provisions of this Convention will be completed within a period of ten years after the entrance into force of the Convention. The two Governments will consult with each other with a view to coordinating the construction of the two portions of the highway so far as may be feasible in order that the usefulness of one portion may not be unduly impaired by a failure to complete the other portion.

ARTICLE VI

The United States of America and the Republic of Panama shall maintain in a good state of repair at all times the portions of the Trans-Isthmian Highway within their respective jurisdictions.

ARTICLE VII

Subject to the laws and regulations relating to vehicular traffic in force in their respective jurisdictions the United States of America and the Republic of Panama shall enjoy equally the use of the Trans-Isthmian Highway.

ARTICLE VIII

The present Convention shall be ratified in accordance with the constitutional methods of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place at Washington.

IN WITNESS WHEREOF, the Plenipotentiaries have signed this Convention in duplicate in the English and Spanish languages, both texts being authentic, and have hereunto affixed their seals.

DONE at the city of Washington the second day of March, 1936.

[SEAL] CORDELL HULL.
[SEAL] SUMNER WELLES.
[SEAL] R. J. ALFARO.
[SEAL] NARCISO GARAY.

The PRESIDING OFFICER. The convention is before the Senate and open to amendment. If there be no amendment to be proposed, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive E, Seventy-fourth Congress, second session, a convention between the United States of America and the Republic of Panama with regard to the construction of a Trans-Isthmian Highway between the cities of Panama and Colon, which was signed at Washington on March 2, 1936.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution of ratification is agreed to and the convention is ratified.

PANAMA—RADIO CONVENTIONS

Mr. PITTMAN. Mr. President, it has been indicated by the Senator from Maine [Mr. WHITE] that he wishes to discuss the radio conventions. Therefore, in consideration of the fact that I know the Senator from Kentucky [Mr. BARKLEY] desires to return to a bill which is pending in legislative session, I shall not at this time urge consideration of those conventions.

LEGISLATIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of legislative business.

The motion was agreed to; and the Senate proceeded to the consideration of legislative business.

WAGES UNDER WORK PROJECTS ADMINISTRATION

Mr. MALONEY. Mr. President, I ask unanimous consent that there may be published in the RECORD at this point an editorial from the Bridgeport Times-Star referring to the matter of a cut in security wages under the W. P. A., and a telegram on the subject of the W. P. A. bill which I received from Mayor George J. Coyle, of New Britain, Conn.

There being no objection the editorial and telegram were ordered to be printed in the RECORD, as follows:

[From the Bridgeport Times-Star of July 22, 1939]

MALONEY ON W. P. A. WAGES

Connecticut Senator MALONEY is apparently on solid ground when he tells his colleagues at Washington that the W. P. A. intends to interpret one of the sections of the new relief act as instruction to raise the rate of W. P. A. wages in the South and lower those in the North and West.

The section in question directs that geographical differentials in the W. P. A. monthly security wage shall be equalized, insofar as is harmonious with living costs

W. P. A. authorities are apparently preparing to pay little heed to the difference in living costs between the North and South, and to proceed, on September 1, to the elimination of geographical differences in the W. P. A. wage.

This will mean that the W. P. A. wage in the South is raised and that, to make this possible without adding to the cost of the entire W. P. A. national pay roll, the W. P. A. wage in the North and West will be dropped.

It would be an error for the North to regard this as a sectional battle—as Senator Maloney does—if it were not for the fact that the South itself began it as a sectional battle. Regardless of living costs, southern Members of Congress wanted southern W. P. A. wages raised to the level of northern wages, and this section of the new relief act is a direct result of their strategical stranglehold upon Congress.

We in the North know that the monthly security wage in effect on the W. P. A. here is no more than that—that it barely provides subsistence for those families who have to rely upon it.

The object of the southern bloc in Congress was to make the standard of living on the W. P. A. in the South better and higher than it is in the North. That would be inevitable, if wages are equalized.

Senator MALONEY holds that W. P. A. Commissioner Harrington doesn't have to interpret this section of the bill as a direct order to equalize wages at the expense of the North. He holds that the present northern rate of pay represents the absolute minimum for maintenance of a bare living standard.

We hope he is right legally; we know he is right morally and practically. His colleagues of the North and West should rally round him in his stand.

NEW BRITAIN, CONN., *July 24, 1939.*

Senator FRANCIS T. MALONEY,
Senate Office Building, Washington, D. C.:

Press reports indicate that Senator MURRAY, of Montana, will offer amendment to Relief Act to restore employment to 650,000 W. P. A. workers. As mayor of New Britain I respectfully urge you to support the proposed amendment or to offer one of your own in order that thousands of our people may continue to eat. Situation may become desperate if immediate restoration of employment is not effected.

Mayor GEORGE J. COYLE.

PETITIONS

The VICE PRESIDENT laid before the Senate a resolution of the San Francisco County (Calif.) Council of Labor's Nonpartisan League favoring the repeal of recently enacted legislation affecting the hours and wages of W. P. A. workers and the enactment of legislation restoring certain bene-

fits to workers under the W. P. A., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of Ellis Jirous Post No. 53, American Legion, of Perry, Okla., favoring the enactment of legislation to grant a service pension to all veterans of the World War and to all widows and other eligible dependents of deceased veterans of such war, which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from the New York State Federation of Post Office Clerks praying for the prompt enactment of legislation to grant sick and vacation privileges to substitute employees of the Postal Service, which was referred to the Committee on Post Offices and Post Roads.

W. P. A. RELIEF WORK

Mr. WALSH. Mr. President, I present a letter embodying a resolution from the general board of the Brotherhood of Shoe and Allied Craftsmen, urging the Senate to take action to modify the Work Relief and Relief Act of 1940, so that heads of families and workers over 45 years of age may be exempt from this act. I ask that this letter or petition be printed in the CONGRESSIONAL RECORD and appropriately referred.

There being no objection, the letter, in the nature of a petition, was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

BROTHERHOOD OF SHOE AND ALLIED CRAFTSMEN,
Brockton, Mass., July 21, 1939.

The Honorable DAVID I. WALSH,
The United States Senate, Washington, D. C.

DEAR SIR: The general board of the Brotherhood of Shoe and Allied Craftsmen at its meeting held on July 17, 1939, has requested me to inform you of its position in regard to the Emergency Relief Appropriation Act of 1939 as many of the brotherhood's 12,000 membership are directly affected by the above-mentioned act. At this meeting the general board unanimously adopted the following resolution:

Whereas the Brotherhood of Shoe and Allied Craftsmen is convinced that the right to work is a fundamental human liberty and is unalterably opposed to the substitution of public dole for public work; and

Whereas section 16 (b) of the Emergency Relief Appropriation Act of 1939 provides for the laying off by September 1, 1939, of all W. P. A. relief workers who have been continuously employed for 18 months, which, in our opinion, will bring great suffering to thousands of such workers who have no other means of sustenance: Therefore, be it

Resolved, That we, the Brotherhood of Shoe and Allied Craftsmen, hereby request that you bring before the Senate at once a bill designed to modify this act so that heads of families and workers over 45 years of age be exempted from this section of the act.

We trust that those workers who because of their inability to obtain employment in private industry are forced to depend upon W. P. A. relief work to support themselves and their families will receive your full cooperation as requested in the above resolution.

Very truly yours,

BROTHERHOOD OF SHOE AND ALLIED CRAFTSMEN,
By WALTER V. RISLEY, *General President*.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 4732. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to George M. Corriveau;

H. R. 4733. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to Laura T. Corriveau;

H. R. 5405. An act authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes;

H. R. 5685. An act to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a real estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937;

H. R. 6266. An act providing for the incorporation of certain persons as Group Hospitalization, Inc.;

H. R. 7086. An act to provide for insanity proceedings in the District of Columbia;

H. R. 7320. An act to amend the District of Columbia Revenue Act of 1939, and for other purposes;

H. J. Res. 340. Joint resolution providing that the farmers' market in blocks 354 and 355 in the District of Columbia shall not be used for other purposes; and

H. J. Res. 367. Joint resolution to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes.

REPORTS OF COMMITTEES

Mr. RUSSELL, from the Committee on Immigration, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 3215. An act to amend the act of March 2, 1929 (45 Stat. 536) (Rept. No. 916);

H. R. 4100. An act to amend the naturalization laws in relation to an alien previously lawfully admitted into the United States for permanent residence and who is temporarily absent from the United States solely in his or her capacity as a regularly ordained clergyman or representative of a recognized religious denomination or religious organization existing in the United States (Rept. No. 917); and

H. R. 6724. An act to provide for the prompt deportation of aliens engaging in espionage or sabotage, alien criminals, and other undesirable aliens (Rept. No. 918).

Mr. BARKLEY, from the Committee on Finance, to which was referred the bill (S. 2712) to amend section 2803 (c) of the Internal Revenue Code, reported it with amendments and submitted a report (No. 919) thereon.

Mr. GEORGE, from the Committee on Finance, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 134. A bill providing for continuing retirement pay, under certain conditions, of officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability while in the service of the United States during the World War, and for other purposes (Rept. No. 939);

S. 2866. A bill to provide for allowance of expenses incurred by Veterans' Administration beneficiaries and their attendants in authorized travel for examination and treatment (Rept. No. 920); and

S. 2867. A bill to authorize the Administrator of Veterans' Affairs to transfer by quitclaim deed to the Pennsylvania Railroad Co., for right-of-way purposes, a small strip of land at Veterans' Administration facility, Coatesville, Pa. (Rept. No. 921).

Mr. CLARK of Missouri, from the Committee on Finance, to which was referred the bill (H. R. 5450) to extend the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed, reported it without amendment and submitted a report (No. 922) thereon.

Mr. JOHNSON of Colorado, from the Committee on Finance, to which was referred the bill (H. R. 6268) to authorize the Commissioner of Internal Revenue to make certain allowances for losses by leakage and evaporation upon withdrawal of packages of brandy or fruit spirits under certain conditions, reported it without amendment and submitted a report (No. 923) thereon.

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (H. R. 6479) amending section 2857 of the Distilled Spirits Act, reported it with an amendment to the title and submitted a report (No. 924) thereon.

Mr. GUFFEY, from the Committee on Finance, to which was referred the bill (H. R. 6555) to amend the act of March 28, 1928 (45 Stat. 374), as amended, relating to the advance of funds in connection with the enforcement of acts relating to narcotic drugs, so as to permit such advances in connection with the enforcement of the Marihuana Tax Act of 1937, and to permit advances of funds in connection with

the enforcement of the customs laws, reported it without amendment and submitted a report (No. 925) thereon.

Mr. KING, from the Committee on Finance, to which was referred the bill (H. R. 6556) to provide for the seizure and forfeiture of vessels, vehicles, and aircraft used to transport narcotic drugs, firearms, and counterfeit coins, obligations, securities, and paraphernalia, and for other purposes, reported it without amendment and submitted a report (No. 926) thereon.

Mr. BYRD (for Mr. BARKLEY), from the Committee on the Library, to which was referred the joint resolution (H. J. Res. 183) authorizing the Librarian of Congress to return to Williamsburg Lodge, No. 6, Ancient Free and Accepted Masons, of Virginia, the original manuscript of the record of the proceedings of said lodge, reported it without amendment.

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (S. 628) to allow the Home Owners' Loan Corporation to extend the period of amortization of home loans from 15 to 25 years, reported it with amendments and submitted a report (No. 927) thereon.

He also, from the same committee, to which was referred the bill (S. 844) to simplify the accounts of the Treasurer of the United States, and for other purposes, reported it without amendment and submitted a report (No. 928) thereon.

Mr. MALONEY, from the Committee on Immigration, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2355. A bill for the relief of Benno von Mayrhauser and Oskar von Mayrhauser (Rept. No. 932); and

S. 2492. A bill for the relief of Dane Goich (Rept. No. 933).

Mr. MAHONEY also, from the Committee on Immigration, to which was referred the bill (S. 2598) for the relief of Kurt Wessely, reported it with an amendment and submitted a report (No. 934) thereon.

Mr. ANDREWS, from the Committee on Immigration, to which was referred the bill (S. 2030) for the relief of Mira Friedberg (Mira Dworecka), reported it with amendments and submitted a report (No. 935) thereon.

Mr. SMATHERS, from the Committee on Immigration, to which was referred the joint resolution (S. J. Res. 37) for the relief of Kam N. Kathju, reported it with an amendment and submitted a report (No. 936) thereon.

Mr. LA FOLLETTE, from the Committee on Finance, to which was referred the resolution (S. Res. 160) directing the Tariff Commission to investigate certain facts concerning domestic productions and importations of wood pulp or pulpwood (submitted by Mr. BORAH on July 12, 1939), reported it with an amendment and submitted a report (No. 938) thereon.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 3409) to amend the act of June 15, 1936 (49 Stat. 1516), authorizing the extension of the boundaries of the Hot Springs National Park, in the State of Arkansas, and for other purposes, reported it with amendments and submitted a report (No. 940) thereon.

Mr. PEPPER, from the Committee on Commerce, to which was referred the bill (H. R. 4306) to make the United States Coast Guard Academy library a public depository for Government publications, reported it without amendment and submitted a report (No. 941) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 2859) to perfect the consolidation of the Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard of certain officers and employees of the Lighthouse Service, and for other purposes, reported it with amendments and submitted a report (No. 942) thereon.

He also, from the same committee, to which was referred the bill (H. R. 6273) to exempt certain motorboats from the operation of sections 4 and 6 of the Motor Boat Act of June 9, 1910, and from certain other Acts of Congress, and to provide that certain motorboats shall not be required to carry on board copies of the pilot rules, reported it without amendment and submitted a report (No. 943) thereon.

Mr. LEE, from the Committee on Commerce, to which was referred the bill (H. R. 3224) creating the Louisiana-Vicksburg Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to purchase, maintain, and operate a bridge across the Mississippi River at or near Delta Point, La., and Vicksburg, Miss., reported it with amendments and submitted a report (No. 944) thereon.

Mr. HUGHES, from the Committee on Immigration, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 166. A bill for the relief of Nathan Kaplan (Rept. No. 929);

S. 1510. A bill for the relief of George Louis Artick (Rept. No. 930);

S. 1617. A bill for the relief of John Nicholas Chicouras (Rept. No. 948); and

S. 2427. A bill authorizing the naturalization of John Ullmann, Jr. (Rept. No. 931).

Mr. STEWART, from the Committee on Immigration, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1870. A bill for the relief of Dionis Moldowan (Rept. No. 951); and

S. 2830. A bill to provide for the registration of aliens (Rept. No. 937).

Mr. CAPPER, from the Committee on Immigration, to which was referred the bill (S. 2527) for the relief of Mary Nouhan, reported it without amendment and submitted a report (No. 949) thereon.

Mr. SCHWELLENBACH, from the Committee on Immigration, to which were referred the following bills, reported them each without amendment and submitted a report thereon as indicated:

S. 1326. A bill for the relief of Janet Hendel, nee Judith Shapiro (Rept. No. 946); and

H. R. 5056. A bill for the relief of Nicholas Contopoulos.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2277. A bill for the relief of Nicholas Contopoulos (Rept. No. 952); and

H. R. 6435. A bill to authorize cancelation of deportation in the case of Louise Wohl (Rept. No. 947).

Mr. THOMAS of Utah, from the Committee on Education and Labor, to which was referred the bill (S. 1110) to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended, reported it with an amendment and submitted a report (No. 950) thereon.

INVESTIGATION OF IMMIGRATION PROBLEM—REPORT OF A COMMITTEE

Mr. HOLMAN, from the Committee on Immigration, to which was referred the resolution (S. Res. 168) providing for an investigation of the immigration of aliens into the United States (submitted by Mr. HOLMAN on July 21, 1939), reported it with an amendment, submitted a report (No. 945) thereon, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ADDITIONAL COPIES OF RULES AND NOTES OF CIVIL PROCEDURE FOR DISTRICT COURTS

Mr. HAYDEN. From the Committee on Printing I report back favorably, without amendment, Senate resolution 162, and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 162), submitted by Mr. ASHURST on July 13, 1939, was considered and agreed to, as follows:

Resolved, That House Document No. 460, Seventy-fifth Congress, third session, entitled "Rules of Civil Procedure for the District Courts of the United States," and House Document No. 588, Seventy-fifth Congress, third session, entitled "Notes to the Rules of the Civil Procedure for the District Courts of the United States,"

be printed in one volume with an index and bound, as may be directed by the Joint Committee on Printing; and that 550 additional copies shall be printed, of which 100 copies shall be for the use of the Senate and 450 copies for the use of the House of Representatives.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HILL:

S. 2880. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of R. Brinskelle and Charlie Melcher; to the Committee on Claims.

By Mr. BROWN:

S. 2881. A bill for the relief of Elsie D. Frayer; to the Committee on Finance.

S. 2882. A bill for the relief of Julius Porath;

S. 2883. A bill for the relief of Daniel Steele;

S. 2884. A bill for the relief of Glen E. Robinson, doing business as the Robinson Marine Construction Co.; and

S. 2885. A bill for the relief of Glen E. Robinson, doing business as the Robinson Marine Construction Co.; to the Committee on Claims.

S. 2886. A bill to vest absolute in the City of Dearborn, Wayne County, Mich., the title to lot 19 of Detroit Arsenal grounds subdivision, Wayne County, Mich.; to the Committee on Public Lands and Surveys.

S. 2887 (by request). A bill to amend section 2169, United States Revised Statutes, being title 8, section 359, United States Code; to the Committee on Immigration.

S. 2888 (by request). A bill to amend the act of June 6, 1924, entitled "An act to amend in certain particulars the National Defense Act of June 3, 1916, as amended, and for other purposes"; to the Committee on Military Affairs.

By Mr. GILLETTE:

S. 2889. A bill to provide for the gratuitous distribution of the CONGRESSIONAL RECORD to certain radio correspondents; to the Committee on Printing.

By Mr. WALSH:

S. 2890. A bill to permit per diem employees of the Naval Establishment to work more than 8 hours per day under certain circumstances; and

S. 2891. A bill to amend the act of October 6, 1917, "An act to provide for the reimbursement of officers, enlisted men, and others in the naval service of the United States for property lost or destroyed in such service"; to the Committee on Naval Affairs.

By Mr. BAILEY:

S. 2892. A bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; to the Committee on Commerce.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred, as indicated below:

H. R. 4732. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to George M. Corriveau;

H. R. 4733. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to Laura T. Corriveau;

H. R. 6266. An act providing for the incorporation of certain persons as Group Hospitalization, Inc.;

H. R. 7086. An act to provide for insanity proceedings in the District of Columbia;

H. R. 7320. An act to amend the District of Columbia Revenue Act of 1939, and for other purposes;

H. J. Res. 340. Joint resolution providing that the farmers' market in blocks 354 and 355 in the District of Columbia shall not be used for other purposes; to the Committee on the District of Columbia; and

H. J. Res. 367. Joint resolution to authorize the Secretaries of War and of the Navy to assist the governments of American republics to increase their military and naval establishments, and for other purposes; to the Committee on Foreign Relations.

FLOOD CONTROL—AMENDMENT

Mr. SHEPPARD and Mr. MINTON each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 6634) amending previous flood-control acts, and authorizing certain preliminary examinations and surveys for flood control, and for other purposes, which were ordered to lie on the table and to be printed.

MOTION TO DISCHARGE COMMITTEE STRICKEN FROM CALENDAR

Mr. NEELY. Mr. President, under the heading of "Subjects on the Table," in the calendar of business of the Senate, appears the following:

Motion of the Senator from West Virginia [Mr. NEELY] to discharge the Committee on Interstate Commerce from further consideration of Senate bill 280.

I move that the motion be indefinitely postponed, and that all reference to it be stricken from the calendar.

The VICE PRESIDENT. Without objection, it is so ordered.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—AMENDMENTS

Mr. ASHURST submitted an amendment, and Mr. TAFT submitted sundry amendments intended to be proposed by them, respectively, to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which were ordered to lie on the table and to be printed.

HEARINGS BEFORE COMMITTEE ON PRINTING

Mr. HAYDEN submitted the following resolution (S. Res. 171), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Printing, or any subcommittee thereof, is authorized, during the Seventy-sixth Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

REPORT OF COMMITTEE ON COMMERCE

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 2892) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, reported it without amendment.

THE NATIONAL DAIRY PROBLEM—ADDRESS BY SENATOR LA FOLLETTE

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a radio address by him on the National Dairy Problem, broadcast by transcription over station WHA, Madison, Wis., May 4, 1939, which appears in the Appendix.]

PRELIMINARY REPORT OF TEMPORARY NATIONAL ECONOMIC COMMITTEE—ADDRESS BY SENATOR O'MAHONEY

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD a radio address delivered by him on July 24, 1939, on the subject, The Preliminary Report of the Monopoly Committee, together with newspaper articles by John T. Flynn, Hugh S. Johnson, and David Lawrence, which appear in the Appendix.]

ADDRESS BY CHAPLAIN OF THE SENATE AT GRADUATION EXERCISES OF THE UNIVERSITY OF VERMONT

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD an address entitled "The Momentous Decisions of Life," delivered by Rev. ZeBarney T. Phillips, D. D., Chaplain of the Senate, on the occasion of the one hundred and forty-eighth graduation exercises at the University of Vermont, at Burlington, Vt., on June 12, 1939, together with the introduction by Dean J. L. Hills, which appears in the Appendix.]

ROUND-TABLE DISCUSSION ON WORKS FINANCING ACT OF 1939

[Mr. WAGNER asked and obtained leave to have printed in the RECORD the round-table radio discussion on the Works Financing Act of 1939 broadcast on Monday, July 24, 1939, which appears in the Appendix.]

PHILIPPINE MARKET—ADDRESS BY HORACE B. POND

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an address on the subject of The Philippine Market, delivered at Manila, P. I., on May 27, 1939, by Horace B. Pond, president of the Pacific Commercial Co., which appears in the Appendix.]

AMENDMENT OF PATENT LAWS—STATEMENT BY PARKER, CARLSON, PITZNER & HUBBARD

[Mr. WHEELER asked and obtained leave to have printed in the RECORD a statement prepared by Parker, Carlson, Pitzner & Hubbard, of Chicago, relative to Senate bill 2688, to amend section 4884 of the Revised Statutes (U. S. C., title 35, sec. 40), which appears in the Appendix.]

SLUM CLEARANCE

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a list of the organizations and individuals endorsing Senate bill 591, authorizing the expansion of the slum clearance and low-rent housing programs, which appears in the Appendix.]

EQUITY FINANCING

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article entitled "Equity Financing," by H. I. Phillips, reprinted from the New York Sun, which appears in the Appendix.]

INCREASE IN GOVERNMENT AGENCIES

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article in Nation's Business for August, 1939, under the headline "The State vs. The Citizen. Tragic Chronicle of the Quickening Pace of Political Control," which appears in the Appendix.]

RISE IN TRADE INDEX—ARTICLE FROM WASHINGTON POST

[Mr. MINTON asked and obtained leave to have printed in the RECORD an article published in the Washington Post of July 24, 1939, dealing with the increase in the trade index during the past 12 months, which appears in the Appendix.]

RESIGNATION OF HON. JESSE H. JONES

Mr. SHEPPARD. Mr. President, I desire to place in the RECORD a letter to the President of the United States from Hon. Jesse H. Jones, tendering his resignation as a member of the Board of Directors of the Reconstruction Finance Corporation in order that he might accept appointment as Federal Loan Administrator, and the President's reply thereto.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 15, 1939.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: I hereby tender you my resignation as a member of the Board of Directors of the Reconstruction Finance Corporation in order that I may accept appointment by you as Federal Loan Administrator under your reorganization plan No. I.

When I came to the R. F. C. upon its establishment, February 2, 1932, it was assumed that the conditions which caused the creation of the Corporation by Congress would soon pass. The breakdown in our financial and economic affairs has been repaired, but the readjustment is taking much longer than any of us expected.

It has been an honor and a privilege to serve as a director of the R. F. C. and as Chairman of its Board during this reconstruction period, and I shall be glad to contribute what I can as Federal Loan Administrator.

My greatest compensation in my R. F. C. work has been the continued confidence and support which you have given me, and the confidence of Congress, my associates in the Corporation, and the business world generally. Whatever success I may have had in furnishing leadership to the organization has been due to that confidence and support.

The Corporation is solvent. It has sound assets sufficient to pay all of its debts and return to the Treasury the entire capital stock invested in it, with something in addition.

I have said on many occasions that the R. F. C. organization is as capable as that of any privately owned business. I wish to emphasize that statement and to bespeak for the organization and for my successor as Chairman the same confidence and support that I have enjoyed. Mr. Schram is competent; the organization is competent. They are in every way worthy of confidence and support.

Sincerely yours,

JESSE H. JONES, *Chairman.*

THE WHITE HOUSE,
Washington, July 18, 1939.

Hon. JESSE H. JONES,
Reconstruction Finance Corporation, Washington, D. C.

DEAR JESSE: I have received and accepted your resignation as a member of the Board of the Reconstruction Finance Corporation, but I do so only because of your undertaking the work of Federal Loan Administrator.

The Reconstruction Finance Corporation under your chairmanship has made an amazing record of financial efficiency, while at the same time assisting many banks, corporations, and individuals to continue solvent and to do their part in giving employment and keeping the wheels of industry turning.

Your statement that the Reconstruction Finance Corporation "has sound assets sufficient to pay all of its debts and return to the Treasury the entire capital stock invested in it, with something in addition," reminds me that in 1933, 1934, 1935, and 1936 a few people in the executive branch of the Government, more people in the Congress of the United States, and many individuals and newspapers in civil life were announcing to the Nation that the Reconstruction Finance Corporation was broke and that the Government would not get back more than 50 cents on the dollar.

These people were in some cases honest in their belief, but in many cases were making these ghoulish statements with the hope that their own type of partisanship would thereby be served. In either case their action did little to encourage the "confidence" they were so loudly talking about. In either case their gloomy predictions proved false.

I call this matter of history to your attention because it is illustrative of the difficulties which public servants find in carrying out their duties.

You, the fellow members of your Board, and all of us who have some confidence in the good sense of the American people, and confidence in the ability of honest government to cope with difficult situations, which have not been solved by wholly private efforts, have a right to some measure of pride in the Reconstruction Finance Corporation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

Mr. ASHURST. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

Mr. REED obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BARKLEY. I understand that when the bill was laid aside yesterday a motion to recommit had been made, and that that motion is now the pending question.

The PRESIDENT pro tempore. The situation is as stated by the Senator from Kentucky.

Mr. BARKLEY. I ask unanimous consent that not later than 2 p. m. today the Senate proceed to vote on the motion to recommit; and, if that motion shall be rejected, that the Senate then proceed to vote on the bill and any amendments thereto.

Mr. REED. Mr. President, I object, not because I desire to delay final consideration of the bill, but because I am not certain that by 2 o'clock we shall have had a fair opportunity to debate this very important measure. I assure the majority leader, the distinguished Senator from Kentucky [Mr. BARKLEY], that so far as I and anyone else for whom I can speak are concerned, there is no disposition to delay the bill.

Mr. BARKLEY. When we were about to adjourn yesterday, I understood it had been tentatively agreed among those who had been conferred with that we would vote today at an hour not later than 12:30, which would have given an hour and a half for debate. I do not wish to shut off any Senator who wishes to discuss the bill; but the Senator will appreciate that it is necessary for us to proceed with some expedition.

Mr. McNARY. Mr. President, I can clarify the situation by saying that I was in accord with that suggestion. However, after consulting with the able Senator from Kansas, I learned that he intended to object.

Mr. BARKLEY. We will let the matter run along for a few minutes.

Mr. REED. Mr. President, it is always my desire, whenever possible, to support the report of a committee of this

body. The only way in which we can fairly legislate upon the tremendous number of subjects which come before us is through committees; and with me the report of a committee always has much weight. The report of the committee in this case has much weight. However, there is one outstanding and unusual circumstance attached to the report of the committee. After it made its report upon the question of the number of additional judges which should be approved and authorized, it introduced a witness of its own. Today I shall quote only from the witness brought into the case by the distinguished Senator from Vermont [Mr. AUSTIN] with the high approval of the Senator from Arizona [Mr. ASHURST], chairman of the Judiciary Committee.

In brief, Mr. President, the bill authorizes the appointment of two additional circuit judges and six additional district judges, being a lesser number than that recommended by the judicial conference, which was headed by the eminent Chief Justice of the United States. The committee took the liberty of not agreeing with the judicial conference. The committee made recommendations away below those of the judicial conference. The 9 or 10 or 11 old men in the case seem to have had not much more weight than "the 9 old men" had with the Congress upon a previous occasion.

But I wish, Mr. President, to call the attention of the Senate to the evidence introduced by a witness brought into this case by the committee itself. I refer to Judge Merrill E. Otis, a district judge of 14 years' experience and service, one of the most eminent jurists in the United States, who wrote an article which was put into the RECORD by the Senator from Vermont. In that article Judge Otis sets up for the first time, to my knowledge, a standard by which this body may be governed in the authorization of additional judges for the circuit and the district bench. I wish to read from the article of Judge Otis, the witness of the committee, in which he used the language which appears on page 9678 of the RECORD of last Friday. At that point Judge Otis went on to speak of the motives which should govern the judicial conference as well as the Senate and the House of Representatives of the United States in the selection of additional judges, and Judge Otis, in this very learned and able article, speaking of those who advocate more judges, I think rather optimistically, stated:

> They would spurn any effort of any politician to secure the creation of some new judgeship for the mere sake of patronage, although his efforts be buttressed by some specious showing or even by an honest showing of a need obviously transient. Packing a district court with unneeded judges is not only an economic waste; it is degrading and humiliating to every serving judge in the district affected. Responsible statesmen will welcome a measuring stick, if one can be devised, by the application of which to the work to be done in any district it can be determined whether a new judge is needed.

That testimony, Mr. President, was put in the RECORD with the approval of the Senator from Vermont and the approval of the Senator from Arizona, chairman of the Judiciary Committee. Judge Otis did provide a yardstick. I hope every Member of the Senate will read the article of Judge Otis, and really I wish that no Senator could be permitted to vote on this measure until he had read that article.

Mr. President, by the yardstick set up by the eminent witness brought into this picture by members of the committee itself there is not a single district judge recommended who is justified by that yardstick.

Mr. McCARRAN. Mr. President, will the Senator kindly yield at that point?

Mr. REED. I shall ease the mind of the Senator from Nevada if he will let me proceed for a moment.

Mr. McCARRAN. Very well.

Mr. REED. Although technically there are none of these additional judgeships that meet the yardstick measurement of Judge Otis, I would be disposed to say that perhaps two exceptions might be made and two additional judges possibly might be justified. I put at the top of that list an additional judge for the southern district of New York, and, because of the statement of the distinguished Senator from Nevada [Mr. MCCARRAN] yesterday, who said he had made a personal investigation of the matter, I would be inclined to go further and allow one for the southern district of California, although, in all candor, it should be said that we have been allowing southern California additional judges to an extent that really ought to take care of the business there. However, I will, if I can, quiet the mind of the Senator from Nevada by saying that I shall not object to an additional judge for the southern district of California.

Mr. McCARRAN. Mr. President, now will the Senator kindly yield?

Mr. REED. I am glad to yield to the Senator from Nevada.

Mr. McCARRAN. May I, first of all, dispel the idea that I am at all interested from the standpoint of patronage, for I have no patronage in California. I was selected by the chairman of the Judiciary Committee to go into California to investigate conditions in the Federal courts in that State, and especially in the southern district of California. I did so impartially; and I say "impartially" because I have no personal interest whatever in California. There is no involvement of jurisdiction; there is nothing that crosses the State line except that California comes over to Nevada once in a while to get some money and take it back to California.

Mr. REED. May I break in on the Senator at that point?

Mr. McCARRAN. Certainly.

Mr. REED. I have been around Arizona and Nevada to a considerable extent, and I was under the impression that it was the hope of citizens of Arizona and Nevada that when they died they would go to California instead of going to Heaven. Perhaps that is not correct.

Mr. McCARRAN. That is the most incorrect statement ever uttered. May I say that my one outstanding idea of Heaven is that I may live and abide for eternity in the breast of my Saviour in Nevada. I would not select any other place of all the places of the earth save and except the place of my birth. So the Senator need have no concern in that respect.

But recurring to the original question, let me say to the Senator that the yardstick of Judge Otis, if it were applied to practical conditions and facts in the southern district of California it would apply a hundred percent, for I may say to the able Senator, that there is a limit of human endurance; men cannot work over 18 or 20 hours a day mentally or physically, and the judges in southern California are working to the very limit, to an extent that some of them have been broken down in health.

Mr. REED. I may say to the Senator from Nevada that I am not a lawyer, but I understand when a lawyer wins his case that is enough. I have said to the Senator from Nevada that, so far as I was concerned, I was not going to object to an additional judge for southern California. Does not that satisfy the Senator from Nevada?

Mr. McCARRAN. If the able Senator from Kansas is not a lawyer he will do until we find another one. [Laughter.]

Mr. REED. I have led a fairly respectable life up to this time. [Laughter.]

Mr. McCARRAN. That makes the Senator a lawyer.

Mr. REED. Mr. President, we have heard much in this country about "court packing." I disagreed profoundly with the President of the United States in what was called his "court packing" plan, not because I agreed with the decisions of the Court, but because I did not like the method of the President. But I am just as much opposed to "court packing" by the courts themselves through a judicial conference as I am to "court packing" in any other way. I desire to read further upon this point from the testimony of the distinguished witness, who was brought into this case by the Judiciary Committee itself. Judge Otis, in a footnote referring to that part of his statement which I have already read, says:

> Regretfully it must be said that instances of such efforts have been numerous.

That is to say, efforts to increase the number of judges upon the bench of the circuit and district courts for the purpose of increasing patronage. That is what Judge Otis was referring to in his footnote.

I charge the mind of the Senate with this statement:

> Even the Conference of Senior Circuit Judges occasionally has been misled to suggest additional judgeships where there was no need. The conference and Congress would do well to consult the district judges on the ground and the organized bar, not for recommendations but for facts. They might hope to get accurate information from such sources.

Mr. President, every lawyer—and most of the Members of this body are lawyers—every student of public questions knows that litigation is declining. It is the complaint of lawyers everywhere that, because of the decline in litigation, they are having more and more difficulty in earning a living practicing law. It is the testimony of judges generally that, because of that fact, their terms of court are shorter. Yet in the period of the past 15 or 20 years there have been appointed additionally to the district and circuit courts of the United States the following number of judges:

Under the Harding administration, 26 additional district judges were appointed and 1 circuit judge.

Under the Coolidge administration, 22 district and 2 circuit judges.

Under the present administration, 41 additional district judges and 7 circuit judges.

And now we are faced with a recommendation from the judicial conference for additional judges, both district and circuit.

Let me use as an illustration the policy of the judicial conference as to my own State of Kansas. The judicial conference and the Attorney General recommended an additional district judge for Kansas. My colleague the senior Senator from Kansas [Mr. CAPPER], who sits here at my left, and I told the chairman of the Judiciary Committee that Kansas did not need an additional judge. We did not want to take the responsibility for incurring an expenditure which was not justified by the appointment for life of a man who, once in office, could be removed only through impeachment. Therefore, we asked the chairman of the Judiciary Committee to leave Kansas out of the bill, and he did so. Yet, by the yardstick of Judge Otis, not only does every one of the courts for which these additional judges are recommended fail to meet the requirement but in most cases they fall below what actually is taking place in the United States court in Kansas.

I desire to say, for the information of the chairman of the Judiciary Committee—I am speaking now to the question of the bill being recommitted—that if that motion fails—it should not fail, but if it does fail—I expect to offer several amendments to the bill. I make my last appeal, without much hope of its being accepted, to the distinguished Senator from Arizona [Mr. ASHURST], the chairman of the committee, and to the distinguished Senator from Vermont [Mr. AUSTIN], a member of the committee, and say to them that in this situation I should infinitely prefer to recommit the bill to the committee, to let the committee take up these questions and work them out where they will have more time, where the work can be done more intelligently, where that kind of work ought to be done, than to try to amend the bill from the floor. The latter is not a good way to legislate, and I should be very much happier if my very good friend the Senator from Arizona—whose graciousness is so well known—in the light of the testimony of his own witnesses, and in the light of what the committee knows, would agree to recommit the bill.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. ASHURST. So far from feeling any irritation, I honor the able Senator from Kansas for the performance of his duty and his able defense of his view.

The able Senator urges that the bill be recommitted. I shall state the reason why I shall not support the motion, if the Senator will permit me to do so. The judicial conference—and I need not describe it; every Senator knows what it is—urged that provision be made not only for all the judges mentioned in the bill but for at least 10 or 12 additional judges. The Attorney General likewise urged that provision be made for 10 or 12 more judges than are in this bill; whereupon, I say now, as I said yesterday, that the Committee on the Judiciary early last year addressed itself to the question of additional judges. The Committee on the Judiciary made this problem its first business. At great inconvenience to many Senators, I, as chairman, sent one Senator into the eighth circuit, one into the seventh, one into the sixth, and they made a personal investigation. They examined the dockets; they conversed with the clerks; they conversed with the lawyers and the judges. After personal investigation, they brought back their report, to the effect that those named in the bill were the only judges needed, and that the additional 8 or 10 judges recommended by the judicial conference were not now needed.

Suppose the bill were recommitted to the Committee on the Judiciary. There is nothing more that we could do. We should not be justified in sending Senators again personally to examine the dockets. What new facts would we obtain? What more may we do? I cannot too highly commend the diligence of the special committee in this matter.

I am going to mention a name. For example, I committed to the able Senator from Vermont [Mr. AUSTIN] the delicate and important task of investigating the first and second circuits to ascertain what, if any, additional judges are necessary. The able Senator from Vermont, with a diligence that is most commendable, made his investigation and submitted his report; the Committee on the Judiciary unanimously supported his report, and I am certain will continue to do so.

I say again we have reduced this bill to an irreducible minimum. If the Senate should vote to recommit the bill to the committee I should feel no irritation, but it would simply mean that there would be no judicial bill. I assure the Senator that if the bill shall be recommitted we can do no more than we now have done.

I thank the Senator for permitting me to interrupt him.

Mr. REED. Mr. President, I hope the Senator from Arizona and the Senator from Vermont will take no offense at what I am about to say, that despite the very earnest efforts and all the investigation and the report the committee made, it is common gossip upon the floor and in the cloakrooms that with the exception of the southern district of New York and the southern district of California, many members of the committee itself are in serious doubt as to whether any of the other additional judges are justified.

Mr. ASHURST. Mr. President, that may be true. For years I was afflicted with the vice of listening to and sometimes being guided or rather misguided by gossip. In reconstructing my plan of life many years ago I made it my first business never to be guided in any matter, large or small, by gossip, but only by facts. How much this gossip will influence Senators will be determined when the roll is called.

The Senator from Kansas [Mr. REED] is giving evidence that he is going to make a superb United States Senator. He is already giving vouchers that he is going to be a useful Senator; but I warn him respectfully, of course, that in great matters or small matters, if he listens to gossip—the greatest gossipers on earth are United States Senators—he will put a bad mark on the splendid career he otherwise would make.

Mr. REED. Mr. President, I assure the Senator that some of the gossip comes from such high sources on the committee that I could not possibly disregard it.

Mr. ASHURST. I must be fair enough to say, if the Senator will permit, and I say it frankly, by no means did the entire committee agree with all the provisions of this bill. The committee was unanimous in the conclusion that there should be no judges other than those mentioned in this bill, but I do not want to be understood as saying that all the members of the committee voted for the creation of all these judgeships in this bill. Personally, I voted for them all, and if I had not thought I was right I would not have done so.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from Kansas yield to the Senator from New York?

Mr. REED. I yield to the Senator from New York.

Mr. WAGNER. Unfortunately I was not able to be present and hear all the remarks of the Senator from Kansas, and I wondered whether there was any doubt in his mind as to the necessity for an additional judge in the southern district of New York.

Mr. REED. I may say to the Senator from New York that I have already stated that, so far as I am concerned, and so far as I know, so far as those who feel as I do about the matter are concerned, there will not be any objection to the recommendation of the committee for an additional judge for the southern district of New York.

Mr. WAGNER. My reason for making the inquiry is that I introduced originally the bill providing an additional judge, and I did it only after an investigation I had made, not as thorough an investigation as that made by the senior Senator from Vermont [Mr. AUSTIN], but sufficient to satisfy me of the absolute need. I may say to the Senator that unless I were convinced there was a need I certainly would not be for it.

Mr. REED. I may say to the Senator from New York and to the Senator from Vermont that I, even as a layman, realize that there is quite a difference in the character of litigation, or there may be a difference, that the number of cases, which is the main yardstick used by Judge Otis, is not an infallible yardstick, and Judge Otis does not so contend.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CLARK of Missouri. I have no disposition to argue with my distinguished friend the senior Senator from New York as to the necessity of an additional judge for the southern district of New York; but I recall that just a few years ago, some 3 years ago, when a bill was pending in the Senate for two additional judges in the southern district of New York, there was actually a vacancy permitted to exist for a period in excess of a year in order that three judges might be appointed at one time.

Mr. REED. While the Senator from Missouri is on the floor, I may say to him that the committee report is remarkable in that it contains a recommendation for an additional judge for the district of New Jersey when a vacancy on the district bench in that State has existed for 18 months. Yet the committee brings in a report recommending an additional judge, which can only be justified on the ground of more work than the court can do, when there has been an 18 months' vacancy due to the inability of Boss Frank Hague to determine whom he wants appointed judge. But the committee brings in a report for an additional judge in New Jersey.

Mr. SMATHERS. Mr. President——

Mr. REED. If the bill shall be recommitted, that will be the end of it. If the bill shall not be recommitted, I expect to offer an amendment striking out the provision for an additional judge for New Jersey, under the circumstances.

Mr. SMATHERS. Mr. President——

Mr. REED. I yield to the Senator from New Jersey.

Mr. SMATHERS. I should like to say to the Senator from Kansas that I hope he knows more about the State of Kansas than he does about New Jersey. There has been no vacancy existing in the State of New Jersey for 18 months, and the inability of Boss Frank Hague to decide who is going to be the judge is not the reason why the vacancy has not been filled.

Mr. REED. I understand Boss Hague decides everything in New Jersey. [Laughter.]

Mr. SMATHERS. That may be true for Kansas, but it is not true for New Jersey.

Mr. REED. I was speaking about New Jersey.

Mr. SMATHERS. I wish to say to the distinguished Senator from Kansas that the vacancy which has existed in the United States district court judgeship in New Jersey for 9 or 10 months has nothing in the world to do with the fact that we need an additional judge there, because we promoted one of the United States district court judges to the circuit bench, and more than half of the time since he was promoted he has been sitting as a United States district court judge.

Mr. REED. But the Senator does not mean to say that the vacancy caused by the promotion will not ultimately be filled, if it has not been already, does he?

Mr. SMATHERS. I mean to say to the Senator that there were in the Federal district court of my State of New Jersey 400 cases which were over 2 years old, before the vacancy occurred.

Mr. REED. The number of cases which may be 2 years old, or 1 year old, or 3 years old, is as much a matter of the attitude of the litigants and their counsel as it is of the time of the court. In all litigation there is one side or the other which is perfectly willing that a decision shall never be rendered. So the length of time that some cases may be hanging on the calendar or the docket of the court is not important.

Tested by the yardstick of Judge Otis, the New Jersey district does not need any relief. Judge Otis stated that, after making allowance for various facts and reducing the yardstick materially so as to get it down to a sound basis—and if New Jersey has any judges as able as Merrill Otis, it is to be congratulated——

Mr. BARBOUR. Mr. President, will the Senator yield?

Mr. REED. In just a moment I will yield to my Republican colleague.

The records show that in the New Jersey district, per judge, 97 Government civil cases were filed in 1938, and 127 private civil cases, a total of 217, and the yardstick of Judge Otis showed that a judge should be able to handle, in addition to his criminal work, 200 civil cases in which the Government is a party, and 200 civil cases in which there are private litigants.

In Kansas by the same yardstick the 1 judge is handling 240 cases a year, against an average of 217 in New Jersey.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. SMATHERS. Does the Senator from Kansas think that the three district court judges now presiding in New Jersey, all Republicans, and my distinguished Republican colleague, would all support this application for an additional district court judge in New Jersey if he were not needed?

Mr. REED. I am very fond of my Republican colleague from New Jersey, but I fear he has a weakness, so far as New Jersey is concerned, which will at least deter me from fully accepting any recommendations he may make regarding New Jersey without looking the animal in the teeth. [Laughter.]

I now yield to the junior Senator from New Jersey.

Mr. BARBOUR. Mr. President, I plead guilty to the weakness with which the Senator charges me, for certainly my desire to see that what is right and just for New Jersey is always done for New Jersey is no less than that entertained by my colleague or anyone else in New Jersey.

I was about to say, before my colleague spoke, that certainly I cannot possibly be accused of any partisan or selfish interest, particularly in connection with this additional judgeship in New Jersey. At present all the district judges in the State of New Jersey are Republican judges, and if I wanted to play partisan politics or be selfish in my own personal political interest, I would, of course, do everything I could, in the closing days of this session to prevent any new judges being appointed, because obviously they undoubtedly would both be Democratic judges. But I am not now playing politics and never will do so, certainly so far as the judiciary is concerned.

As my colleague has stated, the district judges of the State of New Jersey are unanimously, all three of them, in support of this proposed legislation, which would enable two new judges to be appointed. The district judges of New Jersey

know that these additional judgeships are definitely needed in the public interest. I know them all and I trust them all. I believe in them all. They have written to me that they are in favor of the creation of these judgeships. They have written and told me they are in favor of these new judgeships because they are necessary—absolutely necessary. The Bar Association of the State of New Jersey also urges the creation of these new judgeships in New Jersey and for the same reason. Many important attorneys, some of whom I have known all my life, who have no partisan interest in the matter, speak of the necessity for these two new judgeships.

Mr. President, I realize that there was a delay in filling the vacancy which was caused when Judge William Clark was promoted to the circuit bench. I most certainly do not condone the delay in filling that vacancy. Naturally, I was not consulted with respect to the situation, and there was nothing that I could do about it. I was not involved. As I understand, the delay grew out of a difference between my colleague [Mr. SMATHERS] and other powers that be in the State of New Jersey.

Mr. REED. Meaning Mr. Frank Hague, of Jersey City?

Mr. BARBOUR. Meaning Mr. Frank Hague, of Jersey City. Perhaps I should also add the Governor. But in any event, Mr. President, entirely aside from that unfortunate and regrettable delay, or the reason for it, or the justification for it, if there was any, which I do not admit, I think it was occasioned very largely by the desire on the part of my colleague—if I understand the situation correctly—that the new judge to fill that vacancy should come from the southern part of the State, while Frank Hague and possibly others wanted the new judge to come from the northern section of the State.

Mr. President, the point I am trying to make is that entirely aside from that inexcusable delay—and I never have condoned the delay—there never was at any time any question whatever about the absolute necessity for the additional judge to fill the vacancy caused by Judge Clark's elevation to the circuit court. We are dealing with the necessity—not a quarrel between Democrats in New Jersey—a necessity not only for a judge to fill the vacancy, but a judge to fill the additional judgeship which is created by the bill. Both are necessary, and that is the reason, the only reason, I am for this proposed legislation.

Mr. REED. Mr. President, I may suggest to my good friend the Senator from New Jersey that the figures do not bear him out. His district, per judge, is far below the average of the country as a whole. His area is below the standard set by Judge Otis, way below what we are doing in Kansas; and New Jersey has a vacancy in a judgeship, a vacancy which it was stated here yesterday has continued for 18 months.

I made inquiry of the Senator from Connecticut [Mr. DANAHER] this morning to confirm that statement, because I am using the statement made on the floor yesterday as to the length of time the vacancy in New Jersey has existed. I have no knowledge of my own concerning it. It was stated yesterday that the vacancy had existed for 18 months. The Senator from Connecticut told me this morning that the vacancy had existed for 18 months. May I ask the Senator from New Jersey how long the vacancy has continued?

Mr. BARBOUR. I think what the Senator stated is probably correct. Of my own knowledge I do not know the exact number of months, but I do not challenge the statement that it was 18 months.

Mr. REED. Then, is it not ridiculous, when a district in which there are now three judges shows a less load per judge than the average of the country, according to the yardstick of Judge Otis, a district where a vacancy has existed for 18 months, that the Committee on the Judiciary should bring in a report recommending an additional judge for that district? If that is not the height of absurdity, then I do not know what it is; and I challenge my distinguished friend, the Senator from Arizona, for whom I have deep affection and high respect, to reconcile such a situation with good legislation and sound public policy.

Mr. HATCH. Mr. President——

Mr. ASHURST. Mr. President, will the Senator yield to me, since he asked me the question?

Mr. REED. I yield to the Senator from Arizona.

Mr. ASHURST. Long ago I learned to depend upon the senior Senator from Kansas [Mr. CAPPER] as a Senator and public servant because I found that he was usually accurate. I am beginning to learn to depend upon the junior Senator from Kansas [Mr. REED] likewise. When I want information as to Kansas I do not go to New Jersey. I believe that WARREN BARBOUR and WILLIAM SMATHERS know more about New Jersey than the Senator from Kansas [Mr. REED] knows about New Jersey. Likewise, I believe that ARTHUR CAPPER and CLYDE REED know more about Kansas than the New Jersey Senators know about Kansas.

When I wish information I go to those who in reason are supposed to have the information. With due deference to the able speech made by the junior Senator from Kansas, I chose to follow the reasoned judgment of the Republican Senator from New Jersey [Mr. BARBOUR], whom I esteem, and in whose judgment I believe, and the reasoned judgment and conclusions of the Democratic Senator from New Jersey [Mr. SMATHERS], rather than the judgment of the Senator from Kansas, who I am sure has never made a close investigation of the judicial situation in New Jersey.

In other words, Senators will pardon me when I follow the New Jersey Senators in respect to New Jersey matters, and the Kansas Senators in respect to Kansas matters.

Mr. REED. May I inquire of the Senator from Arizona, the chairman of the Committee on the Judiciary, whether he accepted at 100-percent face value the recommendation of every Senator regarding the requested increase in the number of judges in his State? Will the Senator answer "yes" or "no"?

Mr. ASHURST. My answer is "Yes."

Mr. REED. Then I say that on that statement alone the report of the committee should be recommitted. Any important committee of the Senate which undertakes to rely upon local influence, local advice, local demands, 100 percent, is not entitled to an unquestioned vote of the Senate, nor should the measure be passed without the severest scrutiny and criticism.

Mr. ASHURST. Mr. President, I respect the judgment of the Senators from Kansas, and let me say that I will not mention any State except the State of Kansas. I do not feel at liberty to mention other States. The Senators from Kansas made a request of me in a most respectful way, and they had a right to do so. They said, "We do not want a new judge in Kansas." I said, "I shall kill the bill, then, if I can, before you get another judge in Kansas."

Mr. REED. The Senator was very gracious about it.

Mr. ASHURST. The Senators from another State—I shall not mention the name of the State unless they ask me to do so—said, "If you will put a judge for our State in the bill, we will kill it." I said, "There will be no new judge for your State."

The Senators from still another State—I continue to refrain from mentioning the name of the State—requested that no new judge be named for their State. I said to them, "So far as I am concerned, there will not be a new judgeship for your State in the bill, if I am going to manage the bill, if the Senators from that State are against such a proposal."

Mr. President, I feel safe in trusting Senators. When a Senator says, "I need an additional clerk," I am willing to vote favorably on his request. If we cannot trust him in the matter of a clerkship, we cannot trust him to manage the important and vital affairs of the Government.

I do not say that I would be in favor of having legislation passed simply because the two Senators from a State should walk in and say, "We want another judge for our State," but I say that when the Senators agree in making the request, and the record bears them out, I am willing to support the proposition.

The same statement applies to forest preserves. If a Senator were to say to me, "I do not want any more forest preserves in my State," I would adopt his view.

Mr. BARBOUR. Mr. President, will the Senator yield to me? Perhaps I should not interrupt him?

Mr. ASHURST. I yield. Perhaps I have said enough.

Mr. BARBOUR. No; the distinguished Senator from Arizona never says enough. But, anyway, I do not charge the Senator from Kansas with prejudice or with having charged me with trying to exert what I think he termed influence, or trying to get power. Certainly in my case in this instance that absolutely could not possibly be so. There is, moreover, probably no Republican in the whole State of New Jersey who is known to be politically more absolutely opposed to or forthrightly against Frank Hague than myself. I want that to be clearly understood by everyone, both here in the Senate as it is back home in New Jersey. Moreover, I have not heard from Mayor Hague in this whole connection, as I have not communicated with him or would not do so. So much for the subject of Frank Hague so far as I am concerned. But, as the Senator from Kansas has based his information on the reports of judges and others who have come here and said that on the basis of the review they feel this way and that way, I am basing my information as a United States Senator and as a citizen of the State of New Jersey and, regardless of my party affiliation, on what I know to be the necessity for these additional judgeships. That is why, as I have said before, I am for these additional judgeships. Even despite the fact that of necessity they will be Democratic appointments, that is entirely beside the point so far as I am concerned.

Mr. President, as I have said, I do not criticize the Senator from Kansas for his position, and I do not want him to criticize me for mine. There are frequently grounds for an honest and friendly difference of opinion as to these sort of facts. I honestly believe my facts are correct. The Senator from Kansas believes his facts are correct.

Mr. REED. Mr. President, will the Senator permit me to interrupt him?

Mr. BARBOUR. Yes; I yield.

Mr. REED. They are not my facts. They are the official record—that is all.

Mr. BARBOUR. Well, Mr. President, the official record deals academically with just numbers of cases. We all know that districts vary very greatly, and the character of cases varies very greatly. In the discussion of certain types of legal cases here a few days ago between the distinguished Senator from New York [Mr. WAGNER] and another Senator who was engaging him in colloquy at the time, it was admitted that some of the cases in the southern district of New York took as long as 2 years to be disposed of. Very obviously one cannot compare those cases with cases of other sorts in other areas which take a very short time to dispose of. I know we have good hard-working judges in the State of New Jersey, and I know they cannot keep abreast of their dockets. They must have additional judges to help them if justice is to be properly administered in my State.

Mr. President, personally I am very sorry that the vacancy in New Jersey was not filled. It of course should have been filled long ago, but as I have stated that is really not the issue. The issue is, Are two additional judgeships necessary? And there is nothing in the record anywhere which at any time refuted the necessity for these additional judgeships—both of them.

Mr. REED. Will not the Senator concede that if that judge had been working we would have had the equivalent for the past 18 months of an additional judge? And that is all that the bill gives the State.

Mr. BARBOUR. I never denied that. That is that the vacancy we have spoken of so often should have been filled long ago.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. REED. When the junior Senator from New Jersey has completed I shall be happy to yield to the senior Senator from New Jersey.

Mr. BARBOUR. I am glad to yield. All I wanted to do was to make my position absolutely clear and make sure that everyone understands just why I take the position I do in this whole connection.

Mr. REED. I will now yield to the senior Senator from New Jersey.

Mr. SMATHERS. I wish to say to the Senator from Kansas, so that he will not again become excited and exercised over the 18-month vacancy, that the vacancy took place last year. During the closing hours of the previous session of Congress Judge Clark was confirmed as a circuit court judge. Instead of qualifying as a circuit court judge he continued as a district court judge for all of last year, and tried a great number of district court issues up until practically the first of January of this year. So, as a matter of fact, the vacancy has existed from January 1 of this year until the present time.

Mr. REED. If the Senator from New Jersey will get his calendar straight, the Congress adjourned last year in June.

Mr. SMATHERS. In June.

Mr. REED. We are now approaching August 1939.

Mr. SMATHERS. The Senator from Kansas misses the point every time I try to bring it home to him.

Mr. REED. I have not been able to understand that there is any point.

Mr. SMATHERS. Oh, yes; there is a point. I am sure the Senator will get it if he listens. At least, I have hope.

Mr. REED. The Senator should not be too optimistic. He will have to make the point much plainer than he has made it up to this time.

Mr. SMATHERS. I realize that. I want to bring home this point to the Senator from Kansas: Although Judge Clark was confirmed by the Senate in June of last year, he did not take office as a circuit court judge, but continued to serve practically throughout all of last year, doing district court work as a district court judge before he resigned his position. Does the Senator from Kansas get that point, or does he want to get it?

Mr. REED. I heard the Senator from New Jersey.

Mr. SMATHERS. All right.

Mr. REED. Mr. President, I told the majority leader——

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. WAGNER. I do not want to delay the conclusion of the Senator's remarks.

Mr. REED. I assure the Senator that there will be a quorum call. Let me say to the Senator from New York that I would not want to take a vote at this time, because nearly all the Senators now in the Chamber are interested in additional judges, and I certainly would not hazard a vote in the group now present. We will have a quorum call before we vote.

Mr. WAGNER. I think the Senator really has not a sufficient appreciation of what Senators regard as their obligation. I am sure the Judiciary Committee has never had the experience of a Member of the Senate coming before it asking for additional judges unless he was able to support his request by statistics indicating the necessity therefor. No Senator would do such a thing; and after the Senator has been in the Senate a little longer he will know that to be a fact.

The Senator has suggested that political considerations are creeping into this legislation for additional judges. In the first place, the Judiciary Committee, above all others so far as I know, has the reputation of not permitting political considerations to creep into its discussion of legislation pending before it with reference to the judiciary.

I think some of us consider these matters above mere politics. There were two vacancies in the circuit court of appeals, one of them created last year as the result of some legislation which I introduced. I myself had the pleasure of endorsing two candidates for those offices. Both are members of the Senator's party, but they stood so high in the profession that I did not hesitate to recommend them for that office. I think the Senator is not accepting the suggestion of the distinguished chairman of the Judiciary Committee to guard against mere rumors and to rely upon facts.

Mr. REED. If the Senator from New York will permit the observation, no one is so simple as to accept the correctness of the statement that Senators are not at times—not always, but frequently—interested in the political considerations attaching to the appointment of judges and the creation of judgeships. All that the distinguished Senator from New York can say from now until the debate closes will not change that fact in the minds of the people.

Mr. WAGNER. Does the Senator think that a Senator would deliberately recommend an additional judge, although he knew that such additional judge was not needed?

Mr. REED. I think it has been done; yes.

Mr. WAGNER. I know of no such case.

Mr. REED. I think it has been done.

Mr. WAGNER. I cannot think of a Senator who would make such a recommendation under those circumstances.

Mr. REED. Mr. President, I wish to read briefly, and then I shall conclude, so far as the motion to recommit is concerned. Of course, I want it distinctly understood that some amendments will be offered to the bill in an effort to reach the most glaring examples of things that ought not to be done. In my humble judgment, with due deference to the Senator from Arizona [Mr. ASHURST], and my very good friend the Senator from Vermont [Mr. AUSTIN], who is not now present, the committee should have taken care of that matter.

I wish to quote again from Judge Otis:

> Packing a district court with unneeded judges is not only an economic waste; it is degrading and humiliating to every serving judge in the district affected.

Judge Otis continues:

> Regretfully—

I wish the Senator from New York [Mr. WAGNER] were present—

> Regretfully, it must be said that instances of such efforts have been numerous.

This is a United States judge of long experience speaking.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BORAH. Is the Senator reading from Judge Otis' statement?

Mr. REED. I am reading from a footnote written by Judge Otis to his own remarks, explaining them.

Mr. BORAH. Where were the remarks made? Were they made before a committee?

Mr. REED. They were made in an article written for and printed in the University of Kansas City Law Review for June 1939, entitled "The Business of United States District Courts," by Merrill E. Otis.

Mr. BORAH. I know Judge Otis. I esteem him very highly. I would not make any suggestions which would reflect on his integrity of mind when he makes these statements. However, I have been on the Judiciary Committee for 30 years, and I have had an opportunity to observe the workings of that committee. I wish to say that, in my opinion, the present chairman of that committee would not for a moment brook any improper action on the part of anyone in the selection of judges if he knew of it. As Judge Otis says, there may be instances in which such things as he refers to occurred.

Mr. REED. He said there were numerous instances.

Mr. BORAH. Does he give the numerous instances in the footnote?

Mr. REED. No. Judge Otis said:

> Regretfully it must be said that instances of such efforts have been numerous.

Mr. BORAH. I wish to God that in this country politics were cleaned out of other departments as thoroughly as is the case in the judicial department of the United States. Of course, there are exceptions, but taking the history of our judiciary as a whole, it is a proud story.

Mr. REED. I wish to complete the reading of what Judge Otis said. I will say to the distinguished Senator from Idaho that I am merely trying to bring the situation to the attention of the Senate and of the country.

Mr. BORAH. The Senator is quite within his duty in bringing all the facts to the attention of the Senate. I am not criticizing him at all. However, it does not help us on the Judiciary Committee to say that these things occur without giving any instances in which they have occurred.

Mr. REED. The Senator from Idaho, being the dean of the Senate, knows that one Senator does not go around digging into some other Senator's patronage preserves when it is not any of his individual business.

Mr. BORAH. If that be true, there is no use in our debating the question.

Mr. REED. Senators do not do that. The Senator knows that as well as anyone.

Mr. BORAH. It does not help us to say that judges are being selected for political reasons without citing specific instances.

Mr. REED. I am quoting a distinguished and experienced United States judge literally, and reading his exact language. If I may proceed, he says:

> Even the conference of senior circuit judges occasionally have been misled to suggest additional judgeships where there was no need.

Mr. BORAH. Of course, we have to operate the Government with human beings; and they make mistakes. However, I am now speaking of those who willfully do the things about which the Senator speaks. I am happy to say that I think such instances are rare, indeed. As a lawyer, as a Senator, and as a citizen I have learned to deeply respect the American judiciary.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. REED. I shall be very glad to yield.

Mr. HATCH. I have not been in the Chamber during all of the Senator's discussion.

Mr. REED. I am very sorry. The Senator from New Mexico would have been highly edified. I am trying to do with the judicial situation what the Senator has been so successful in doing with the political situation.

Mr. HATCH. I wish to say to the Senator from Kansas that if he has been criticizing the Judiciary Committee for its lack of fidelity to duty in the recommendation of judges, the Senator from Kansas is the last Senator who should make that charge, for this reason—and I ask the Senator if I am not correct: The judicial conference has recommended, and the Attorney General has recommended, for 2, 3, or perhaps more years, that an additional judgeship be created in the State of Kansas.

Mr. REED. That is correct.

Mr. HATCH. And the Judiciary Committee of the United States Senate has gone through that recommendation, not once but several times, and in this bill has refused to follow the recommendation of the conference, and has not reported an additional judge for the State of Kansas.

Mr. REED. Very well.

Mr. HATCH. The committee was right, was it not?

Mr. REED. The committee did the proper thing; yes, sir. I am giving the committee credit for it. I am criticizing the committee for some of the recommendations which it has made in the bill—not all of them, but some of them—and if and when the time comes to offer amendments to the bill these matters will be developed more in detail as to specific cases.

Mr. HATCH. I merely mention that to call to the mind of the Senator from Kansas and of the Senate the fact that the committee has been more than careful; that we have excluded judges whom we did not think were necessary. Only yesterday I stood on the floor of the Senate and told about another judge provision for whom was excluded from the bill, although there was need and use in that case for an additional judge in the particular circuit. There is no question about that. All the judges agree as to the need, but the committee decided that it was not absolutely necessary that the additional judge in that case be provided, and

so the committee eliminated the provision for him. We have tried to provide for judges on the basis of need.

Mr. REED. And sometimes the committee had to go contrary to the recommendations of the Judicial Conference, headed by the Chief Justice of the United States.

Mr. HATCH. As the Senator from Idaho has just explained, they make mistakes; they are human beings, and perhaps we have been mistaken in refusing to follow them. Perhaps they were right; we may have been mistaken, but we exercised the best judgment we had.

Mr. REED. Let me say to the Senator from New Mexico that I am merely trying now to help the committee acquire information by which it may, or the Senate may, correct the mistakes.

Mr. HATCH. It would be no help to the committee to recommit the bill. If there is any judgeship that ought to be eliminated and stricken from the bill, well and good; that would help; but to recommit the whole bill merely in order to strike out provision for one judge would be wrong.

Mr. REED. I am sorry the Senator from New Mexico was not present——

Mr. HATCH. I am also sorry.

Mr. REED. When I stated I preferred to handle these matters through the committee, I thought that was the better, the more intelligent, the more systematic way to do it; I always prefer to operate through the committees; but it is now late in the session and there are provisions in the bill for the appointment of three additional judges whose appointment I think would be an outrage from the standpoint of public policy.

The first thing to do—and I would rather have the committee do it—would be for the committee to take the bill back and reconsider the matter. I made an appeal to the chairman of the Judiciary Committee to do that, without intending any reflection upon him or upon the committee. We have heretofore recommitted bills. There is nothing novel about it. We have done it sometimes, in fact, usually in the face of the opposition of the committee itself. I probably would feel that way about it if a bill were to be recommitted to a committee of which I was a member. But there are some things in the bill that I think do need correction; and I am not alone in that view; it has been freely voiced on the floor within the last few days, and probably will be continued to be voiced.

Mr. President, I have taken much more time than I had intended. I want to respect the courts; I differed with the President of the United States as to his method of "court packing" without undertaking to justify or defend the opinions of the Court, which I thought were open to criticism. But, further than that, I want the courts to respect themselves; I want the legislative agencies of this Government to help preserve the courts in their full integrity, and I want the machinery of this body to respond and operate in a way that will keep the judiciary as clean as may be. That is the only purpose for my appearance on this floor.

I have no present personal interest in a single one of these cases. I am only discharging what I conceive to be a public duty in the interest of a sound public policy.

Mr. AUSTIN. Mr. President, just a word. I think in justice to Judge Otis a brief extract from his remarkably fine work should be read. I read from page 222 of the reprint.

> The measuring stick devised will not be sufficiently accurate to measure thirty-seconds of an inch; it will be sufficiently accurate to measure miles. What has been done by a judge can be done again. And if some single judge, by reason of special capacity, can do more than the average judge, so that his record, considered alone, is not a measure of great value, the average work of several judges will be a useful and valuable measure.

That is the end of what I want to read. There is no need of any comment.

Mr. REED. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. REED. May I not ask the distinguished Senator from Vermont whether or not in establishing his yardstick Judge Otis reduced it from the maximum? He eliminated a number of factors so as to bring his yardstick down to what he very strongly intimated and probably directly stated was the reasonable applicable yardstick for practical application.

Mr. AUSTIN. I can show exactly how much he reduced it. He reduced it with respect to the 10 districts which he used for his test, that is, the 10 most busy districts, from 492 for criminal cases to 400; from 227 for civil cases in which the Government was interested to 200, and from 221 cases of all other kinds to 200.

Then he made another comparison, that is, a comparison with his own western district of Missouri, where there are two judges. In that case he reduced his figure from 574 criminal cases to 400; from 248 civil cases in which the Government was interested to 200, and from 241 civil cases of all other kinds to 200.

Mr. REED. May I ask the distinguished Senator from Vermont if I have not used the reduced figure used by Judge Otis in making his yardstick in every case?

Mr. AUSTIN. I believe so.

The PRESIDING OFFICER. The question is on the motion of the Senator from Connecticut [Mr. DANAHER] to recommit the bill to the Committee on the Judiciary.

Mr. DANAHER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The CHIEF CLERK called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lee	Schwartz
Ashurst	Ellender	Lodge	Schwellenbach
Austin	Frazier	Logan	Sheppard
Bankhead	George	Lucas	Shipstead
Barbour	Gerry	McCarran	Smathers
Barkley	Gibson	McKellar	Stewart
Bilbo	Gillette	McNary	Taft
Bone	Green	Maloney	Thomas, Okla.
Borah	Guffey	Mead	Thomas, Utah
Bridges	Gurney	Miller	Tobey
Brown	Hale	Minton	Townsend
Bulow	Harrison	Murray	Truman
Burke	Hatch	Neely	Vandenberg
Byrd	Hayden	Norris	Van Nuys
Byrnes	Herring	Nye	Wagner
Capper	Hill	O'Mahoney	Wheeler
Chavez	Hughes	Pepper	White
Clark, Idaho	Johnson, Calif.	Pittman	
Connally	Johnson, Colo.	Radcliffe	
Danaher	King	Reed	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Connecticut [Mr. DANAHER] to recommit the bill to the Committee on the Judiciary.

Mr. DANAHER. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GREEN (when his name was called). I have a pair with the Senator from Wisconsin [Mr. WILEY]. I transfer that pair to the Senator from Illinois [Mr. SLATTERY], and will vote. I vote "nay."

Mr. SHIPSTEAD (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], and therefore withhold my vote. I am not informed how the Senator from Virginia would vote if present. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. McNARY. The Senator from Oregon [Mr. HOLMAN] is absent on official business. If present he would vote "yea."

Mr. MINTON. I announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Louisiana [Mr. OVERTON], the Senator from Illinois [Mr. SLATTERY], and the Senator from Massachusetts [Mr. WALSH] are absent on important public business. I am advised that if present and voting, these Senators would vote "nay."

The Senator from North Carolina [Mr. BAILEY], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from West Virginia [Mr. HOLT], the Senator from Minnesota [Mr. LUNDEEN], and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained.

The Senator from North Carolina [Mr. REYNOLDS] and the Senator from South Carolina [Mr. SMITH] are absent because of illness in their families.

Mr. STEWART. I have a pair with the junior Senator from Oregon [Mr. HOLMAN], who, I am advised, if present and voting, would vote "yea." I transfer that pair to the Senator from Louisiana [Mr. OVERTON] and vote "nay."

The result was announced—yeas 17, nays 63, as follows:

YEAS—17

Bridges	Johnson, Calif.	Nye	Vandenberg
Capper	King	Reed	White
Danaher	Lodge	Taft	
Gurney	McNary	Tobey	
Hale	Norris	Townsend	

NAYS—63

Adams	Clark, Idaho	Hill	Pepper
Andrews	Connally	Hughes	Pittman
Ashurst	Davis	Johnson, Colo.	Radcliffe
Austin	Downey	La Follette	Russell
Bankhead	Ellender	Lee	Schwartz
Barbour	Frazier	Logan	Schwellenbach
Barkley	George	Lucas	Sheppard
Bilbo	Gibson	McCarran	Smathers
Bone	Green	McKellar	Stewart
Borah	Gillette	Maloney	Thomas, Okla.
Brown	Green	Mead	Thomas, Utah
Bulow	Guffey	Miller	Truman
Burke	Harrison	Minton	Van Nuys
Byrd	Hatch	Murray	Wagner
Byrnes	Hayden	Neely	Wheeler
Chavez	Herring	O'Mahoney	

NOT VOTING—16

Bailey	Glass	Overton	Smith
Caraway	Holman	Reynolds	Tydings
Clark, Mo.	Holt	Shipstead	Walsh
Donahey	Lundeen	Slattery	Wiley

So Mr. DANAHER's motion to recommit the bill to the Committee on the Judiciary was rejected.

Mr. DANAHER. Mr. President, in view of the vote, I think the fact should be called to the attention of the Senate that I made the motion for the reasons stated yesterday, and also in the belief that no possible harm could come were the motion to prevail, with the chance that a very real amount of good would ultimately be accomplished if the need for additional judges should later prove to be not established, or at least dissipated, as the result of pending legislation which will become effective. The fact that the Judiciary Committee has adequately considered the situation on the basis of present needs is clear. Feeling, as I do, that the confidence which we all have in the Judiciary Committee should be reasserted, I wish to state that on the question of the passage of the bill itself I shall vote for the bill.

The PRESIDENT pro tempore. The bill is still before the Senate and open to further amendment.

Mr. REED. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 2, line 2, it is proposed to strike out the words "district of New Jersey."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kansas.

Mr. REED. Mr. President, there are some other amendments to follow the one now pending. I am offering this amendment because of the peculiar circumstance that there has been a vacancy in the New Jersey district for 18 months, according to the information the Senator from Connecticut had, and for about 14 months according to the information given me today by the senior Senator from New Jersey.

I think it is a wholly inconsistent thing for this body to vote an additional judge for a district where the work is below the average per judge of the districts of the country when there has been a vacancy in that district, and the judge not working, for a year or more. Therefore, I offer the amendment to cut out of the bill the provision for that judge.

Mr. BARBOUR. Mr. President, my colleague [Mr. SMATHERS] was, I think, absent when the Senator from Kansas [Mr. REED] offered the amendment and first began to discuss it. I did not want action taken in my colleague's absence. Now, I am not going to repeat what I said earlier in this whole connection, so I will merely repeat that I join my colleague in hoping that the amendment will not be adopted.

Mr. SMATHERS. Mr. President, it is not my desire to take any additional time of the Senate. I am certain that my colleagues will be guided by the resolution of the New Jersey State Bar Association and of all of the other organizations which have gone on record in requesting this additional judgeship.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Kansas [Mr. REED].

ORDER OF BUSINESS—TRUTH-IN-FABRIC BILL

Mr. O'MAHONEY. Mr. President, before a vote is taken on the pending question, I desire to call to the attention of the Senate once more the situation which exists with respect to the truth-in-fabric bill. That measure was passed by the Senate on Friday last, and the senior Senator from Oklahoma [Mr. THOMAS], after the vote was taken, rose and entered a motion to reconsider.

It would have been quite possible for any one of the Senators who had voted for the bill immediately to have moved to reconsider and then to have moved to lay on the table the motion to reconsider, but the motion was not made, out of regard for the senior Senator from Oklahoma, who stated upon the floor that it was his purpose to seek some information with respect to the effect of the bill.

Yesterday when the Senate assembled, and the genial senior Senator from Arizona [Mr. ASHURST] announced that the judicial bill would be laid aside temporarily at any time for the consideration of the motion to reconsider, or for the substitution of the works-financing bill, some of us who were in favor of the truth-in-fabric bill, and who desired immediate action upon the motion to reconsider, called the attention of the Senate to the parliamentary condition in which the bill was, and at that time the senior Senator from Oklahoma announced that he was waiting for a telegram which would arrive in his office within a few minutes.

Thereupon, it being about 12:15 o'clock, I sought to obtain unanimous consent to fix a time for the consideration of the motion to reconsider. The Senator from Oklahoma was unwilling to grant that consent, and again out of courtesy to the desire of the Senator to obtain additional information, the friends of the truth-in-fabric bill refrained from making a motion to reconsider, and promptly moving to lay that motion upon the table.

Mr. President, it begins to appear, though I cannot say this with any definiteness, that the intention is to prevent the will of the Senate from being effectuated. Under the rules of the Senate, a motion to reconsider may be made during the next 2 days of actual session after a vote is taken. Yesterday was the first day of actual session after the vote was taken on the truth-in-fabric bill and today is the second day. The rules of the Senate were made for the purpose of effectuating the will of the Senate.

Mr. President, I am altogether unwilling to permit the judicial bill to be voted upon, or to permit any other business to be carried forward in this body, until the motion of the Senator from Oklahoma to reconsider the vote by which the truth-in-fabric bill was passed by the Senate last Friday shall be taken up for consideration.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BARKLEY. It had been my purpose upon the conclusion of the consideration of the judicial bill, which I think is near a vote, to cooperate in bringing up the motion to reconsider the vote by which the truth-in-fabric bill was passed, and if no other Senator made a motion to lay that motion on the table I intended myself to make it, in order that the matter might be speedily disposed of.

I think it is unfortunate and will be unfortunate if we are prevented by any method from voting upon the bill which is now pending merely because we have not yet reached a point where we can consider the motion to reconsider. I will cooperate completely and fully with the Senator, and I have no reason to believe that the Senator from Oklahoma has any desire to delay the consideration of his motion. But it is susceptible of easy disposition by the motion to which the Senator from Wyoming has referred, and I hope that the Senator will not carry out what seems to be the implication of his remarks, and prevent a vote on the pending bill until we can take up the motion and dispose of it, because the sooner we can dispose of the judicial bill the sooner we may dispose of the motion to reconsider.

Mr. O'MAHONEY. Mr. President, I am an inexperienced Member of this body——

Mr. BARKLEY. I should have to demur to that statement.

Mr. O'MAHONEY. I am not an expert in parliamentary procedure, but I will say to the Senator that during the course of the afternoon I have received some very valuable advice from the senior Senator from Arizona. The senior Senator from Arizona, meeting me in the cloakroom only about an hour ago, I think gave me some very wise advice when I was discussing this matter with him. He said, "Young man"—he complimented me by using that phrase.

Mr. BARKLEY. Not beyond the Senator's deserts.

Mr. O'MAHONEY. I thank the Senator. The Senator from Arizona said, "You must remember that the first rule of the Senate is lex talionis," the law of the claw.

Mr. BARKLEY. Did the Senator from Arizona explain the meaning of that to the Senator? [Laughter.]

Mr. O'MAHONEY. I said, "The law of the claw."

Mr. ASHURST. That sounded like the Senator from Arizona. [Laughter.]

Mr. O'MAHONEY. It was the Senator from Arizona.

Mr. BARKLEY. I really sincerely and seriously hope that we may dispose of the pending bill, and I can assure the Senator from Wyoming, and all other Senators interested in the truth-in-fabric bill, for which I voted, that I will do my level best—which is not always the best, but it is the best I can do to bring about an immediate disposition of the motion.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside in order that we may take up the motion of the Senator from Oklahoma.

Mr. BARKLEY. Mr. President, I hope the Senator will not make that request, because, frankly, I would be compelled to object to it. I think we might have disposed of the pending bill by now if we had been permitted to go ahead with it. The Senator knows, as all other Senators know, that I am trying my best, in a rather difficult situation, to facilitate the passage of legislation, for obvious reasons.

Mr. O'MAHONEY. Of course, and I sympathize with the Senator——

Mr. BARKLEY. I appreciate the Senator's sympathy, and I will appreciate his cooperation no less than his sympathy.

Mr. O'MAHONEY. Mr. President, I sympathize with the intention of the Senator to secure action upon legislative matters before this body. One of the legislative matters is the truth-in-fabric bill, which has already been passed——

Mr. BARKLEY. I agree.

Mr. O'MAHONEY. And I hope to have the cooperation, the immediate cooperation, of the Senator from Kentucky, and of all other Senators, to bring about action upon that matter.

Mr. BARKLEY. If the Senator will give me his immediate cooperation on the pending bill, I will give him my immediate cooperation on the other matter.

Mr. O'MAHONEY. Mr. President, may I ask for unanimous consent that immediately upon the passage of the judicial bill, or perhaps I should say the disposition of the judicial bill—and I thank Senators about me for the amendment—that the Senate shall proceed to the consideration of the motion to reconsider the vote by which the truth-in-fabric bill was passed.

Mr. THOMAS of Oklahoma. Mr. President, reserving the right to object, when I may have the floor——

The PRESIDENT pro tempore. The Senator from Oklahoma.

Mr. BARKLEY. Mr. President, may I inquire of the Senator from Oklahoma what he means? I do not quite understand what he means by saying "When I may have the floor." Does he mean on his motion, or now?

Mr. THOMAS of Oklahoma. I want the floor.

Mr. BARKLEY. Did I understand the Senator to inquire whether he might have the floor now, or at the time his motion comes up? The Senator does not have to ask unanimous consent to get the floor.

Mr. THOMAS of Oklahoma. That is what I am asking.

Mr. BARKLEY. The point is whether, if consent is granted to take up the motion of the Senator immediately after the disposition of the pending bill, he is asking that he may have the floor at that time, or is asking that he may have it now.

Mr. AUSTIN. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. AUSTIN. May a Senator who has proffered a request for unanimous consent hold the floor?

Mr. O'MAHONEY. Mr. President, I had the floor when I proffered the request, and there has been no response as yet.

Mr. THOMAS of Oklahoma. Reserving the right to object——

The PRESIDENT pro tempore. It is customary in the Senate, if a Senator asks unanimous consent, to allow any other Senator who desires to state the reasons for his objection to make them known. That is the ordinary practice. Whether the Senator from Wyoming has the floor or not, he will be recognized after whoever desires to discuss the objection shall have finished. Does the Senator from Oklahoma object?

Mr. THOMAS of Oklahoma. Reserving the right to object, I ask for the floor.

The PRESIDENT pro tempore. Does the Senator from Wyoming yield the floor?

Mr. O'MAHONEY. Mr. President, I am trying to obtain an understanding among all the Members of this body. I see no reason why the Senator from Oklahoma should not state his position without calling upon me to yield the floor. I confess to the Senator that I am rather hesitant, because in my inexperience I do not know what new parliamentary procedure he may be proposing. I understood the other day that it was merely a matter of securing some information, and that the purpose of the Senator was not to interrupt or obstruct the consideration of the bill.

Mr. BARKLEY. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. On a unanimous-consent request, cannot the discussion be terminated at any time by any Senator calling for the regular order?

The PRESIDENT pro tempore. It can be. The question is on the request of the Senator from Wyoming. Is there objection?

Mr. THOMAS of Oklahoma. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. O'MAHONEY. Mr. President——

The PRESIDENT pro tempore. The Senator from Wyoming is recognized.

Mr. O'MAHONEY. I desire to give notice that at the earliest opportunity, when I may secure the floor after action on the judicial bill, I shall move that the Senate proceed to the consideration of the motion of the Senator from Oklahoma, unless at this moment I may obtain the consent of the Senator from Arizona to make a motion on my own behalf to reconsider the vote by which the truth-in-fabric bill was passed.

Mr. ASHURST. I felicitate the Senator from Wyoming; I am very much in favor of the position he has taken; I am as much in favor of the bill he is championing as I am in favor of the judicial bill; I am in favor of both bills but we must be practical. The judicial bill is approaching a final vote. I believe we will vote on it within 30 minutes—certainly in 40 minutes. The Senator then surely can secure the floor to have the motion considered. The Senate was serious and in earnest when it voted for the truth-in-fabric bill. The Senate is not going to commit the futile action of considering a bill today, and then, forsooth, because some Senator entered a motion to reconsider another matter, find itself powerless to resume consideration of the bill it was considering.

Let us finish consideration of the pending bill.

Mr. HATCH. Mr. President, in order that the matter may be disposed of I will state that if the Senator from Arizona were to yield to the Senator from Wyoming in order that he might make the motion to take up the motion to reconsider, then it is my purpose, and I state it frankly, to move to table the motion of the Senator from Oklahoma so it can be disposed of.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. AUSTIN. Would not the chairman of the Committee on the Judiciary, the sponsor of the pending bill, by his own yielding displace the pending business?

Mr. ASHURST. I want to thank the Senator for his inquiry. I have no such power. I have no such influence. I simply insist in a modest way that we finish the business at hand. I am sure the Senator from Wyoming will have no opportunity——

Mr. O'MAHONEY. "No opportunity" is right. [Laughter.]

Mr. ASHURST. No—will have no trouble in procuring the floor. Let us finish consideration of the pending bill.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. There is one parliamentary inquiry pending. The Chair asks the Senate to give the Chair an opportunity to dispose of the pending parliamentary inquiry.

The Senator from Oklahoma [Mr. THOMAS] on July 21 moved that the vote by which the truth-in-fabric bill was passed be reconsidered. The Senator from Wyoming [Mr. O'MAHONEY] has asked unanimous consent that the motion be disposed of now. If, while the business under consideration is pending, another matter is taken up on motion, then the unfinished business is displaced.

Mr. AUSTIN. Mr. President, a further parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. AUSTIN. When such a request for unanimous consent is proposed, is it not in order to object to it?

The PRESIDENT pro tempore. It would be in order to object to it.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Kentucky will state it.

Mr. BARKLEY. Has the motion to reconsider the vote by which the truth-in-fabric bill was passed been entered?

The PRESIDENT pro tempore. It was entered on July 21.

Mr. BARKLEY. So that it is in order——

The PRESIDENT pro tempore. It is in order.

Mr. BARKLEY. It is in order at any time, and particularly would be at the conclusion of the pending business, to move to proceed to consider that motion?

The PRESIDENT pro tempore. It is within the parliamentary practice.

Mr. BARKLEY. I will state to the Senator from Wyoming, if he will permit me, that immediately upon the passage of the pending bill I will cooperate with the Senator to have that motion taken up, if I myself have to make the motion to take it up, and then move to table the motion to reconsider. I think the matter ought to be disposed of in order, and not interfere with the bill now under consideration.

Mr. O'MAHONEY. Mr. President, with the statement by the Senator from Kentucky, I am quite satisfied. Let me say that the position which I have taken before the Senate has been prompted by a desire to secure action by the Senate to carry out its will already expressed. And because I have been resisting what I have regarded to be, however mistakenly, a dilatory procedure, I myself am not willing to engage in a dilatory procedure against the consideration of and immediate action upon the pending bill. So, with the understanding which has already been expressed by the Senator from Kentucky, I shall not proceed to make any further request at this time to make any further remarks to the Senate, but immediately upon the disposition of the pending bill, I shall seek to obtain recognition by the Chair.

Mr. THOMAS of Oklahoma. Mr. President, I happen to represent in part, as best I can, one of the great cotton-producing States. My State produces approximately 1,000,000 bales of cotton a year. When the truth-in-fabric bill was before the proper committee, a subcommittee was appointed to consider it. The subcommittee consisted of Senators from the Northern States—the Senator from Wyoming [Mr. SCHWARTZ], a Northern State where no cotton is grown; the Senator from Minnesota [Mr. LUNDEEN], from a Northern State where no cotton is grown; and the Senator from Vermont [Mr. AUSTIN], likewise from a Northern State where no cotton is grown. I was not a member of either the subcommittee or of the main committee. I listened to the discussion of the bill on the floor of the Senate, and I desire now to take a very few moments to make a short statement.

Mr. President, on July 21 the Senate passed Senate bill 162, the so-called truth-in-fabric bill. During the debate on the bill, as it appears on page 9664 of the RECORD, the senior Senator from Vermont [Mr. AUSTIN] asked the senior Senator from Kentucky [Mr. BARKLEY] this question:

> How much, if any, would the market for cotton be impaired if one of the effects of the operation of this bill should be to reduce the production of goods made of mixtures of cotton and wool?

In part the Senator from Kentucky [Mr. BARKLEY] replied:

> Due to those circumstances the sale of cotton, to some extent, would probably be affected.
>
> Mr. AUSTIN. May I ask the Senator if he can state whether it is correct that a hundred million pounds of cotton go into mixtures with wool annually?
>
> Mr. BARKLEY. It has been a long time since I gathered the figures, but I would not in any way dispute the figures given by the Senator. A very large quantity of cotton goes into the manufacture of garments that are made of mixed wool and cotton.

Mr. President, if the figures mentioned by the Senator from Vermont are substantially correct, then 100,000,000 pounds of cotton, when measured in bales of 500 pounds each, means that some 200,000 bales of cotton are used annually in the wool-manufacturing industry.

The Senate subcommittee which held the hearings was composed of Senators from noncotton-growing States; hence the relation of wool to cotton and the amount of cotton used jointly with wool in producing cloth and such products as cotton blankets, worsteds, and mohair, using cotton warps, were given little, if any, consideration. I make no complaint of that, because the Senators did not represent cotton-producing States, and the question no doubt was not called to their attention. It was because of the development of this new possible adverse effect which the enactment of the bill might have upon cotton that caused me to enter the motion to reconsider the vote by which the bill passed the Senate.

Immediately after the motion was entered, I sent an inquiry to the National Association of Wool Manufacturers. I now send to the desk and ask to have read the telegram of inquiry which I sent to the best authority that I knew of.

The PRESIDENT pro tempore. The clerk will read.

The Chief Clerk read as follows:

JULY 21, 1939.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
386 Fourth Avenue, New York:

During consideration Schwartz wool bill it was admitted that vast quantities of cotton were used in conjunction with wool for making cloth. Please contact manufacturers making cloth from wool-cotton combination and advise estimate of amount cotton used annually in the manufacture of cloth containing both commodities.

ELMER THOMAS.

Mr. THOMAS of Oklahoma. Mr. President, that message was sent late last Friday. I expected an answer on Saturday. It did not come. But yesterday at noon, upon the convening of the Senate, I advised the Senate that I would receive a telegram shortly. I now send to the desk a message received at the telegraphic office here at 12:45 on yesterday, and I ask that it be read by the clerk.

The PRESIDENT pro tempore. The clerk will read.

The Chief Clerk read as follows:

NEW YORK, N. Y., *July 24, 1939.*

Hon. Senator ELMER THOMAS of Oklahoma,
United States Senate Office Building:

Re your telegram July 21. Beg to advise that vast amounts of cotton are combined with wool in the manufacture of various types of textile fabrics for many purposes. Despite the fact that our association represents a large majority of the textile mills classified as wool textile mills, it will be necessary to get information on combined use of wool and cotton from mills considered cotton textile mills in order definitely to estimate annual volume of cotton so used. We are undertaking a survey to get this definite information from mills of both classifications immediately. At the same time we are asking these mills to advise us their opinion of the effect the pending bill will have on their use of cotton, that is, whether or not the present proposal enacted into law will increase or decrease the use of cotton by them and to what extent. We will immediately forward this information to you as quickly as received.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS.

Mr. THOMAS of Oklahoma. Mr. President, to the cotton farmers in the cotton-producing States, facing the loss of a large part of their foreign trade and being forced to compete with new substitutes for cotton, it is all-important that nothing be done by their Government still further to reduce the demand for their product.

I have made a search of the hearings held by both the House and the Senate to see if I could find some testimony which would throw some light on the relation between wool and cotton when used in the same cloth. It so happens that a young Representative from my own State gave the only testimony that I found. I have in my hand the House hearings wherein Representative MIKE MONRONEY testified. I read only one paragraph from his testimony, on page 376 of the House hearings. Mr. BOREN, a member of the House subcommittee, from my State, asked Mr. MONRONEY the following question:

Mr. BOREN. I understand that you indicate it is your belief that this would be injurious to cotton raisers and the sellers of cotton that moves into the manufactured article?

Mr. MONRONEY. Very definitely.

Mr. MONRONEY is not the ordinary run of Members of Congress; and I do not limit that statement to the House of Representatives. I have served in both bodies. I have seen them come and go, and I know the ordinary run of Members of both the House and Senate. Mr. MONRONEY is not of that type. He comes from a wealthy family. His family made its money in the furniture business. Mr. MONRONEY grew up in the furniture business. I shall proceed to read his testimony, which shows that in the furniture business a vast amount of cloth contains wool, and at the same time it contains cotton.

Some of the finest tapestries and mohair finishings for furniture products contain as much as 75 percent of cotton and only 25 percent of wool. If furniture factories must label their furniture products "This product contains 25 percent wool and 75 percent cotton," what is the furniture buyer to do? I do not know; but I am fearful that the furniture buyer will look at some other product which does not have a portion of the product containing 75 percent of cotton.

Mr. President, I voted for the bill. I did not want to, but I had to. So far as wool is concerned, it is a good bill. I sympathize with the demand that we label our products properly if it can be done; but, as a result of the Monroney testimony before the House committee, carpets, rugs, and mattings were eliminated from the bill.

Mr. President, I am trying to obtain information. I want to know how the bill affects the cotton industry. Such information is not in the records. I tried to obtain information from the Census Bureau. The Census Bureau states that according to its records, in 1914, 28,000,000 pounds of cotton were used in the wool manufacturing industry. Twenty-eight million pounds of cotton means something like 56,000 bales. If the figures used by the Senator from Kentucky [Mr. BARKLEY] and the Senator from Vermont [Mr. AUSTIN] are accurate, 100,000,000 pounds of cotton are used annually. That means 200,000 bales.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. I do not know to what extent the subcommittee went into that question in the consideration of this particular bill. However, I think it is fair to say that there is nothing new on the subject with respect to cotton being a component part of certain mixed fabrics. As I said to the Senator from Vermont [Mr. AUSTIN], when he asked me the question the other day, I did not recall the number of pounds of cotton which go into the manufacture of mixed products. However, in the hearings which have been held from time to time for the past 25 years within my knowledge, the question of the proportion of cotton going into mixed cotton-and-wool products has been gone into, and figures have been submitted.

So the matter of cotton entering into cotton-and-wool products is not really a new question. We went into it rather intimately years ago. I have not reexamined the hearings for a long time, and I was unable to answer the Senator from Vermont as to whether or not 100,000,000 pounds of cotton went into the manufacture of mixed fabrics. Assuming that that be true, however, it does not follow that in articles of furniture—which means upholstering of furniture—the knowledge of a customer that a certain proportion of the upholstering is cotton and a certain proportion wool would necessarily militate against the sale of that product, or against the use of cotton.

The only thing I had in mind, and still have in mind, is the possibility that in the purchase of wearing apparel such knowledge might have some effect. When a man is buying a suit of clothes, or a woman is buying a coat, suit, or something of that sort, the buyer might rather delude himself and we might rather delude ourselves into the belief that it is all wool, rather than that any part of it is cotton. We are all human in that regard. I would not be willing to say to the Senator, from my experience and observation, that the sale of 100,000,000 pounds of cotton would be affected by the passage of the bill, because I do not think the passage of the bill would militate against the use of that much cotton. It might in some small degree have some effect upon the sale of wearing apparel in which there is a mixture of cotton and wool. However, in upholstery and other materials in which the matter of personal pride does not enter, I doubt very much whether it would have any effect upon the sale of cotton, because frequently in upholstery and materials of that kind, and even in draperies, a mixture of wool and cotton rather adds to the wearability than otherwise.

Mr. THOMAS of Oklahoma. Does not the Senator from Kentucky realize that if the bill is enacted into law it will

require labels to be placed upon such things as shirts, ties, socks, underwear, and everything that contains wool?

Mr. BARKLEY. I do not think the bill goes that far.

Mr. THOMAS of Oklahoma. If the Senate bill should become a law, it would not go that far; but if the original bill as it came before this body should be enacted, anything that contained any wool, or that anyone suspected contained wool, or anything which was represented to contain wool, would be a wool product and would have to be labeled. That is what I objected to.

Mr. BARKLEY. The Senate has corrected that situation. Of course, the bill would have to go to conference unless the House agreed to the Senate amendments.

Mr. THOMAS of Oklahoma. As I understand, a similar bill is pending in the House. The two bills are not the same, but they are similar. The House has not passed the House bill. I cannot understand why the emergency is so great that one-half of the United States, which produces cotton, has not been given a fair opportunity to go into the matter.

Mr. BARKLEY. I think it ought to be said that during the quarter of a century in which I have been familiar with the subject, everybody has had an opportunity to be heard. Everybody who favored the legislation and everybody who opposed the legislation has had an opportunity to go into the subject; and volumes of testimony have been taken. It may be regrettable that an incomplete and probably an inaccurate and spontaneous response to a question asked by the Senator from Vermont the other day injected the cotton situation into the debate on this particular bill; but there was nothing new about the question. It was really so old that I could not remember the figures. Anybody who was interested in such legislation during all the time it has been considered for the past quarter of a century has had the opportunity to present his views. My recollection is, although I cannot recall the figures, that years ago testimony was submitted showing the amount of cotton that went into the manufacture of mixed products, and all other fabrics and component parts of fabrics that went into the manufacture of mixed products; so there is really nothing new in the subject.

Mr. THOMAS of Oklahoma. The only information I can obtain is from the Department of Commerce, from the telegram I have received from the cotton association, and from the brief extracts from the House hearings. The telegram from the organization which represents the woolen mills as well as the cotton mills states that vast quantities of cotton are used in the woolen-manufacturing business. The organization does not know how much is so used. It does not know the effect the bill would have on the cotton industry, but it has promised in the telegram to obtain and furnish the information as soon as possible.

If the Senate does not want that information, I do not want to force it upon the Senate. However, from the standpoint of my State, I want to do what I can to protect 1,000,000 bales of cotton grown in my State annually against a bill which might have a deleterious effect upon that cotton.

Mr. President, I do not want to hold up the bill indefinitely. I was in the Chamber yesterday afternoon on two occasions when other matters were under consideration. I did not care to inject the telegrams into the RECORD at that time, because they were all the information I had. I am perfectly willing to take up the motion and vote upon it as soon as we have the information. If that is considered too long a time to wait, I am willing now to enter into a unanimous-consent agreement that the moment we shall have concluded with the so-called lending-spending bill, which should not require more than 2 or 3 days, the next order of business shall be the motion to reconsider.

I am willing to enter into an agreement that debate at that time shall be limited to 15 minutes to a side, for all I want to do is to present my information. I do not think the lending-spending bill will take more than 2 or 3 days. By that time I shall have all the information I can gather; and at that time the motion could be laid before the Senate, I could present my additional information, and I would then be willing to take a vote.

Mr. President, in order to make the record clear, I shall submit a unanimous-consent request. As I understand, Senate bill 2864 is to follow the pending judicial bill. If that be true, I ask that at the conclusion of the consideration of Senate bill 2864 the motion to reconsider be laid before the Senate, and that debate shall be limited to 30 minutes—15 minutes to a side—whereupon the vote shall be taken.

The PRESIDENT pro tempore. Is there objection?

Mr. SCHWARTZ. I object.

Mr. O'MAHONEY. I object.

Mr. THOMAS of Oklahoma. Mr. President, that leaves me no alternative. I desire now to read——

Mr. ASHURST. Mr. President, will the Senator yield to me at this time?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. ASHURST. Mr. President, the Senator from Oklahoma has been ably supporting the Judiciary Committee in his insistence that an additional judge shall be provided for Oklahoma. I am converted. I believe the Senator from Oklahoma has made a case. Let us proceed, as practical men, with the business at hand. It is a well-known axiom of natural philosophy that one body cannot occupy two places at one and the same time. Let us proceed as men with the judicial bill and vote it up or vote it down. I shall be good natured, whatever may be done; whether it be voted up or whether it be voted down. And then let us take up other matters. But I submit that—not like children making mud pies, shaping one here and in a few minutes making another at some other place else, and letting the first one fall apart—we should proceed like sensible men to the business at hand and finish the pending bill.

Mr. BARKLEY. Mr. President——

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. BARKLEY. Asking the attention of both Senators from Wyoming, may I suggest that the House of Representatives has not yet passed the proposed legislation affecting the truth-in-fabric matter. I think I may say to both Senators that the House will not pass upon such proposed legislation at this session. If we should send this bill over to that body today, in my judgment, the House would not act upon it before final adjournment.

In view of that situation, what would be really lost by agreeing to the request of the Senator from Oklahoma to pass upon the motion to reconsider immediately upon the conclusion of the bill which is to follow the judicial bill?

Mr. O'MAHONEY. Mr. President, the Senator from Oklahoma expressed the opinion that the legislation to which the Senator now refers will be disposed of in 2 or 3 days. From what I have heard around the Chamber, I am very much inclined to doubt the validity of that prophecy. It is my opinion that so soon as the judicial bill shall be disposed of the Senate will enter upon a prolonged discussion of the works financing bill. It is my understanding that the House committee, which is considering the companion measure to that offered by the Senator from Kentucky, has not as yet concluded its hearings.

Mr. BARKLEY. It has done so, I will say to the Senator.

Mr. O'MAHONEY. I am glad to know that, and that will, of course, help to expedite action. But it would seem to me to be altogether undesirable, so late in the session, to postpone the consideration of a mere motion to reconsider until discussion of any bill of such far-reaching importance as the works financing bill shall be concluded.

Mr. BARKLEY. Mr. President, let me say——

Mr. THOMAS of Oklahoma. Let me interject the statement that I am willing to agree that when the Senate convenes on Monday the first order of business, after the prayer, shall be the motion to reconsider, with a limitation upon debate.

Mr. BARKLEY. I appreciate the suggestion of the Senator from Oklahoma. The point I wanted to emphasize to both Senators from Wyoming—and I am in sympathy with their position—is that nothing would be lost by postponing the vote on the motion to reconsider for 2 or 3 days. I do not know how long the works financing bill will occupy the time of the Senate, but I do not think it will consume more than 2 or 3 days. If, however, it should consume a longer time, it would not be very material, because I can say to Senators that no effort will be made to adjourn the present session of Congress until that measure shall have been disposed of, one way or the other. So, in view of the situation in the House, and the unlikelihood of having the House act upon the truth-in-fabric bill at the present session, I do not see how time will be lost in the ultimate passage of the measure by waiting 2 or 3 days to pass upon the motion to reconsider. I am willing to agree to the suggestion of the Senator from Oklahoma. I would agree to fix Friday even or Thursday of this week as the date for a vote.

Mr. THOMAS of Oklahoma. This is Tuesday, may I say?

Mr. BARKLEY. Yes; this is Tuesday.

I would be willing to agree to vote at 12:30 o'clock on Friday on the motion of the Senator from Oklahoma, or on any other day this week, or not later than Monday.

Mr. THOMAS of Oklahoma. Mr. President, if this were an emergency matter, if someone was suffering, if someone was hungry, it would be different; but this is not that kind of bill. If this bill should pass, it would not go into effect for 6 months. So no harm can be done, in my judgment, by postponing the consideration of the motion by this body for 2 or 3 days and obtaining the information that is promised and that will be a benefit to one-half of the United States.

Mr. BARKLEY. Personally I think the Senator's request is not an unreasonable one. I myself am perfectly willing to accede to it if the Senator from Wyoming, the author of the bill, who made the report, would be willing to agree to vote on the motion to reconsider not later than 12:30 o'clock on Friday of the present week.

Mr. SCHWARTZ. Mr. President, I would be agreeable to that; but at the present time, in view of what the Senator from Oklahoma has been saying about cotton, I want to say something. The senior Senator from Arizona [Mr. ASHURST] just remarked that the Senator from Oklahoma had a good case. I have heard many plaintiffs who "had a good case" before the other side of the case was heard. I do not want for a moment to be precluded from stating the other side.

Mr. ASHURST. Mr. President, I meant the Senator from Oklahoma made a good case for an additional judge for Oklahoma. The able Senator from Wyoming must have misunderstood me. I think one of the great things the junior Senator from Wyoming and the senior Senator from Wyoming have done has been to secure the passage of the truth-in-fabric bill. It should have been passed 20 years ago. I congratulate those Senators. I said the Senator from Oklahoma made a good case, not on the truth-in-fabric bill but on the judges bill.

Mr. THOMAS of Oklahoma. Mr. President, that calls for an explanation. I have as yet made no speech and no statement on the judges bill.

Mr. ASHURST. The Senator handed me a brief, which I read, and which convinced me that Oklahoma should have an additional Federal judge.

Mr. THOMAS of Oklahoma. I am for the bill, I will say to the Senator from Arizona.

Mr. BARKLEY. Mr. President, if the Senator from Oklahoma will yield there, I will say that, of course, the Senator from Wyoming, upon being recognized by the Chair on this bill or on the next bill or any bill, can make a statement regarding the statement made by the Senator from Oklahoma.

If the Senator from Oklahoma will permit me—or he can do it himself—I should like to have the Senate agree now to vote on the motion to reconsider at 12:30 o'clock on Friday, as the colored man said, "irregardless" of what may then be before the Senate.

Mr. THOMAS of Oklahoma. Reserving the right to object, I will say that I think it would be unfair to cut off the junior Senator from Wyoming from making his explanation. It would be unfair to fix a time to vote on the motion in such a way that I could not even submit the telegrams which I am sure I shall receive. If the Senator will fix the time for a vote at 12:30 o'clock Friday, and provide a limited amount of time for debate on either side, that will be agreeable to me.

Mr. BARKLEY. If the Senator will yield, I ask unanimous consent that upon the assembling of the Senate on Friday the motion to reconsider the vote by which the truth-in fabric bill was passed shall be taken up for consideration, and that at the end of 1 hour's debate, to be equally divided and controlled by the Senator from Oklahoma and the Senator from Wyoming, the Senate shall proceed to vote on the motion to reconsider.

The PRESIDENT pro tempore. Is there objection?

Mr. O'MAHONEY. Mr. President, reserving the right to object, merely that I may understand clearly the request of the Senator from Kentucky, it is, as I understand it, that immediately upon the convening of the Senate on Friday next the motion to reconsider the vote by which the truth-in-fabric bill was passed shall become the unfinished business of the Senate, regardless of any other measure before the Senate at that time, which shall be temporarily laid aside; that there shall then be 1 hour's debate, one-half of which shall be under the control of the Senator from Oklahoma [Mr. THOMAS], who has made the motion to reconsider, and one-half of which shall be under the control of the Senator from Wyoming [Mr. SCHWARTZ], who has sponsored the proposed legislation, and that, at the end of the hour's debate, there shall be a vote without further debate.

Mr. BARKLEY. That is correct. The Senator understands the request accurately, except there is, probably, one point which should be suggested, namely, that the unfinished business of the Senate on Friday, whatever it may be, shall at the assembling of the Senate immediately be temporarily laid aside, and the motion to reconsider become the special order, to be concluded at the end of an hour's debate, as has been suggested.

Mr. THOMAS of Oklahoma. Mr. President, reserving the right to object, I will ask if the Senator from Kentucky will not include in his request that a motion to lay on the table shall not be in order during that hour?

Mr. BARKLEY. I do not know whether such an unanimous-consent agreement would be in order. It could not be in order, I will say, in my judgment, for there could not be a vote on the motion to reconsider until the end of the hour. At the end of the hour, if no motion were made to lay on the table, the vote would come on the motion, and then a motion to lay on the table would be in order.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator from Oklahoma has the floor.

Mr. O'MAHONEY. Will the Senator yield to me?

Mr. THOMAS of Oklahoma. I will yield for a question.

Mr. O'MAHONEY. In order that I may clear up the question which the Senator from Oklahoma has addressed to the Senator from Kentucky, I am very happy to say to the Senator from Oklahoma that it is my understanding that under such a unanimous-consent agreement a motion to lay on the table could not be presented; and I, for one, would not present such a motion.

Mr. BARKLEY. That is my understanding.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Oklahoma has the floor and will state his parliamentary inquiry.

Mr. THOMAS of Oklahoma. If the Senate enters into a unanimous-consent agreement to take up a certain matter at a certain hour, and that 1 hour thereafter the debate shall close and a vote shall be had, the inquiry is, Would a motion to lay upon the table be in order during that hour?

The PRESIDENT pro tempore. The Chair would hold that it would be inconsistent with the intent of the unanimous-consent agreement, and therefore that a motion to lay on the table would not be in order.

Mr. BARKLEY. Mr. President, it has been frequently stated by presiding officers that the Senate may do anything by unanimous consent. In order that there may be no doubt about the matter, I include in my unanimous-consent request a modification to the effect that no motion to lay on the table the motion of the Senator from Oklahoma shall be in order until the conclusion of the hour of debate.

Mr. O'MAHONEY. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I may say that the purpose of a motion to lay on the table is simply to shut off debate.

Mr. BARKLEY. That is correct.

Mr. O'MAHONEY. So that when there is a unanimous-consent agreement to limit debate, a motion to lay on the table would be altogether out of order and would be unnecessary, because a vote upon the original motion to reconsider would dispose of the question.

Mr. BARKLEY. I agree to that statement. That is correct.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Maine?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. WHITE. As I understand the unanimous-consent request, it is contemplated that on Friday there will be 1 hour of debate, one-half of the time to be controlled by one Senator, and the other half of the time to be controlled by another Senator.

I recognize the practice of the House of Representatives of permitting Members of that body to control the time, and to deal it out as those Members see fit to the other Members of the body, but I submit that that is a practice which ought not to be engrafted upon the senatorial system. I do not mind at all the limitation of 1 hour's debate, but I think the general rules of the Senate with respect to the right of a Senator to recognition and to speech should be followed, and that a Senator should not be relegated to the grace of some other Member of the body if he wants to discuss a measure.

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. THOMAS of Oklahoma. Yes.

Mr. BARKLEY. For 50 years the Senate on special occasions has disposed of the time for debate in that precise way. It is not a practice that I would sanction as a general thing in the Senate to anywhere near the extent to which it prevails in the House; but under special circumstances the Senate frequently has adopted such a procedure, and I think there is nothing vicious about it now and then.

Mr. WHITE. Mr. President, I think it is a thoroughly vicious practice; and I dislike to see the Senate further commit itself to that method of controlling and regulating debate in this body.

I am not going to object to the unanimous-consent request, but I think the inclusion of any such provision in a unanimous-consent request is unwise. If there be a precedent, it is strengthening an unfortunate and an unwise precedent that we should not encourage in the future.

Mr. THOMAS of Oklahoma. Mr. President, in reply to the distinguished Senator from Maine, let me say that if this agreement is reached, I now make the statement that I shall not use in excess of 15 minutes. That will leave 15 minutes free for anyone who may be a proponent of the motion to reconsider.

The PRESIDENT pro tempore. The Senate has heard the unanimous-consent request of the Senator from Kentucky as modified. Is there objection? The Chair hears no objection, and the modified agreement is entered into.

ADDITIONAL DISTRICT AND CIRCUIT JUDGES

The Senate resumed the consideration of the bill (S. 2185) to provide for the appointment of additional district and circuit judges.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. REED].

The amendment was rejected.

Mr. REED. Mr. President, I offer a further amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, lines 2 and 3, it is proposed to strike out the words "western district of Oklahoma."

Mr. REED. Mr. President, among the absurd things in the bill, the clause I propose to strike out I think is perhaps the most absurd.

The State of Kansas, lying immediately to the north of Oklahoma, has one Federal district judge. If I correctly understood the junior Senator from Oklahoma [Mr. LEE] the other day, Oklahoma now has four Federal district judges. Am I correct?

Mr. LEE. Yes, Mr. President.

Mr. REED. The junior Senator from Oklahoma agrees. The bill proposes to give Oklahoma a fifth judge. Geographically, the two States are the same size. The Senator from Oklahoma the other day called my attention to the fact that Oklahoma has 2,600,000 population, and Kansas has something less than 2,000,000. The table of cases filed in the courts last year shows a considerable number in the western district of Oklahoma, but it also shows that in the eastern district of Oklahoma only 42 civil cases were filed in which the Government had an interest, and 72 cases were filed in which the litigants were entirely private litigants.

When there are four district judges in the same State, if the work in one district is heavy and in the other and adjoining districts it is light, it ought not to be difficult for the judges themselves to adjust the matter, and certainly the bill now pending before this body providing for an administrator in the judicial system would take care of a situation of that kind.

There is no personal feeling on my part about this matter. It just seems to me to be absurd that the State of Oklahoma, with 2,600,000 people, and with four Federal district judges now, should be given a fifth Federal district judge. It does not make sense. It has no rhyme or reason, and the amendment I have offered ought to prevail.

Mr. LEE. Mr. President, the genial Senator from Kansas [Mr. REED] has next selected Oklahoma for the slaughter. I do not know where the Senator's figures originated. I should have to look at them to be sure. Otherwise I would not have an opportunity to know.

Mr. REED. Mr. President, will the Senator yield?

Mr. LEE. However, I am going to quote from the annual report of the Attorney General of the United States for the fiscal year ended June 30, 1938, in support of the figures I shall offer.

As to the geographic comparison of Oklahoma and Kansas, or even the comparison from the standpoint of population, those are not necessarily conclusive arguments as against the provision for an additional judge. We need judges in proportion to the case load, and I propose to show that Oklahoma needs an additional judge. I go further

than that and say that Kansas needs an additional judge. I am not in a position to say what the Senator from Kansas would do if the situation were reversed and we had a Republican administration which was asking for these judges. I am not prepared to say what the Senator would do, but I will say that according to the Judicial Conference, Kansas needs an additional judge.

Kansas last year had a case load of 592 for the entire State. Oklahoma had a case load of 2,090 for the entire State. Oklahoma needs an additional judge; Kansas needs an additional judge; and the Judicial Conference, presided over by the Chief Justice of the United States, and composed of the senior circuit judges of the 10 circuits plus the senior judge of the District of Columbia, recommended an additional judge for the State of Kansas, and recommended an additional judge for the State of Oklahoma. The Senators from Oklahoma believe that we should have the additional judge in accordance with the recommendation of the Judicial Conference.

We further believe that the Attorney General was correct when he also recommended an additional judge not only for Oklahoma but for the State of Kansas, because of the case loads in the two States.

The case load in western Oklahoma is considerably greater than the average per judge for the entire country, and is growing greater year by year. During the fiscal year ending June 30, 1938, the number of civil and criminal cases filed in the western district of Oklahoma was 545, as against 371 cases per judge for the entire country.

Mr. REED. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. REED. Will the Senator be good enough to put in the corresponding figure for the eastern district of Oklahoma, which lies right next to the western district, so as to reduce the two Oklahoma districts to a common denominator? The work in one of them is heavy; in the other it is very light. They could be equalized, so far as the case load on the judges is concerned, merely by one judge helping the other.

Mr. LEE. If the Senator has the figures, I should be glad to have him submit them. Since the eastern district was not in controversy, I did not think to have the figures available.

Mr. REED. Mr. President——

Mr. LEE. If the Senator is about to read from the same source from which he read a while ago, I should say the figures were so far wrong that I should object to them going into the RECORD at this point. The Senator read something about 42 cases. I have quoted from the highest authority, the Annual Report of the Attorney General of the United States, for 1938, in which he reports that for the western district there are 545 cases, civil and criminal.

Mr. REED. Mr. President, I have referred only to matters put into the RECORD by members of the Committee on the Judiciary. What I have referred to is taken from an article written by Judge Otis, and he bases his information on the actual facts in the districts themselves, and I think as taken from the Attorney General's report. I was referring only to the civil cases, cases in which the Government was concerned, or where there were purely private litigants, because it is generally agreed among the lawyers here that criminal cases are quickly disposed of. In attempting to make a comparison, I have discarded the criminal cases, and confined my statement to civil cases. The information I read was taken from Judge Otis' report which, in turn, I understand, is official information taken from the Attorney General's report.

Mr. LEE. The Senator is entirely welcome to his complete reliance upon the quotation for his own information. However, I prefer the text of the Annual Report of the Attorney General of the United States for the fiscal year ended June 30, 1938.

There are three judicial districts in the State of Oklahoma, northern, eastern, and western, with one judge for each district and an additional judge serving in all districts; but in spite of the fact that Oklahoma has four Federal judges, the case load per judge is 174 cases greater than the number of cases per judge for the entire country.

Again, let us compare the State of Oklahoma with other States of approximately the same population which also have four judges. For example, take the States of Virginia, Louisiana, and Tennessee. Each of these States has approximately the same population as Oklahoma. Likewise, each of these States has four judges, but of the cases terminated during the fiscal year 1938, none of these States exceeded 1,500, whereas the case load in Oklahoma for that period was 2,090.

Mr. President, I ask unanimous consent to have printed at this place in my remarks a brief table supporting my last statement.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Statement showing the number of district judges in the State of Oklahoma as compared with other States having 4 judges and approximately the same population

State	Number of districts	Population, 1930 census	Number of district judges	Number of cases terminated during fiscal year 1938
Oklahoma	3	2,396,040	4	2,090
Virginia	2	2,421,851	4	1,345
Louisiana	2	2,101,593	4	1,173
Tennessee	3	2,616,556	4	1,442

Mr. LEE. Thus it will be seen that Oklahoma had 548 more cases last year than the nearest State to her, which is Tennessee, having a case load of 1,442, and had a load of 817 more cases for that period than the State of Louisiana, and 645 more than the State of Virginia.

Again, the heavy burdens of the cases tried by district courts in Oklahoma is borne out further by the number of appeals made from district courts to the Tenth Circuit Court of Appeals. In the fiscal year ending June 30, 1937, a total of 48 cases were appealed from Oklahoma. This was the highest number of cases appealed from any of the six States in the tenth circuit, the next State to it being Kansas, where 41 cases were appealed, and the next State being Colorado, where 14 cases were appealed.

In the fiscal year ending June 30, 1938, a total number of 52 cases were appealed from Oklahoma, whereas only 39 were appealed from Kansas. This trend shows how the case load in Oklahoma is increasing.

The State Legislature of Oklahoma, at its last session, passed a law establishing a permit system for the sale of spirituous liquors for certain exempted purposes. This permit system, according to the general counsel of the Bureau of Internal Revenue, makes Oklahoma the only State in the Union which has the protection of the Federal Government from the importation of liquor. Consequently, there will be an increase of Federal cases in Oklahoma.

The case load in Oklahoma is heavy because almost half of the Indian population of the United States resides within that State. These Indians are the wards of the Federal Government and Federal courts have jurisdiction of the cases affecting not only the Indians but their lands.

Now, therefore, I submit that Oklahoma needs this additional district judge for the western district, as shown by comparison of the case load of other States of similar population, as shown by the comparison of the case load of 545 per judge in Oklahoma as against the case load of 371 per judge throughout the country.

Mr. THOMAS of Oklahoma. Mr. President, the State of Oklahoma, either fortunately or unfortunately, is not like the other States of the Union. We have territory embraced within our State as other States have, but in that territory

we have a greatly diversified set of jurisdictions. In addition to that, there are in the State 2,600,000 people, with the north half of the State one kind of a State, the southern half another kind. By that I mean that in the north the people raise corn, wheat, alfalfa, and similar crops, and in the southern half they raise cotton and kindred products.

In addition to having a State with such a population of the regular kind, we have in Oklahoma almost one-half of the entire Indian population of the United States. One hundred and forty thousand Indian citizens live in Oklahoma. Those 140,000 Indian citizens are divided into 52 tribes, and remnants of tribes. Each tribe has its own reservation, and its own allotments under certain laws, and no two are alike.

On great numbers of these Indian reservations oil and gas are found. The title to the land has to be adjusted under the laws pertaining to the various reservations. That means that in my State the time of at least two Federal judges is needed to take care of the Indian litigation, cases growing out of Indian problems.

For example, one circuit judge has worked for 2 years trying to adjust the affairs of one estate, the so-called Jackson Barnett estate. Jackson Barnett was a poor, forgotton Creek Indian. He had a piece of land which no one would have. But oil was discovered upon his allotment, and from the time oil was found on the Barnett allotment, royalties accrued which have amounted to more than $3,000,000. When Barnett died a few years ago there was this great estate, to be probated.

Barnett had no known descendants, and no known heirs. Probably 500 people have laid claim to a part of the Barnett estate. Those 500 claimants were represented in the Federal court by upward of 100 attorneys, and it has taken Judge Williams 2 years to go into the case, to hear the evidence and the arguments, and to read the depositions, and even yet a decision has not been reached.

Mr. President, Oklahoma is different from the ordinary State in that we have the Indian problem, with many reservations, every reservation having its own private system of laws, which must be interpreted. I submit that is an additional reason why the courts of our State are far behind in their several dockets.

The western district in Oklahoma takes in the western half of the State, embracing the capital, Oklahoma City, a city of from 225,000 to 250,000 inhabitants, and, of course, a great deal of business gravitates toward the State capital. It is for that district that we desire to have an additional judge.

Mr. LEE. Mr. President, I wish to supply the figures which the Senator from Kansas requested concerning the eastern district of Oklahoma. I have just tabulated them. The cases add up to 774. The reason why the courts are able to handle that many is because of the roving judge, who holds court in the eastern district, and helps in the work.

Mr. REED. How many of those cases are criminal cases?

Mr. LEE. Six hundred and forty-one cases.

Mr. REED. There is quite a distinction. I have omitted, in giving the figures for my State, all criminal cases, unless I otherwise stated.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Kansas, on page 2, lines 2 and 3.

The amendment was rejected.

Mr. REED. I offer another amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, it is proposed to strike out all of lines 5 and 6, as follows:

(c) One, who shall be a district judge for the northern and southern districts of Florida.

Mr. REED. Mr. President, I have had about the luck that I expected to have, and after the pending amendment shall have been disposed of I shall take about 5 minutes of the time of the Senate to discuss the general proposition.

I now wish to take about 2 or 3 minutes to develop the part that Florida is playing in this tremendous scandal, a national scandal arising from the creation of additional Federal judgeships, for which there is no justification whatever, specifically as shown when dealing with the Florida question. There was a time following the great boom in Florida, back in 1925, when everyone down there went crazy about the value of land, and then went broke. There was a tremendous amount of litigation. It reached a peak sometime between 1925 and 2 or 3 years ago. I wish to show the situation as it is at the present time, using the basis that has been used, which the Senator has most cheerfully disregarded, and which is perfectly all right with me. It is not my basis. It is the basis used by one of the very ablest Federal judges in the United States, and put into the RECORD by the Judiciary Committee members themselves. I have not departed in a single respect from the information which the committee members themselves put into the RECORD.

I wish to refer to Florida. The southern district has a heavier load than the northern district. Eliminating criminal cases—and I wish very cheerfully to admit to my good friend the Senator from Oklahoma that the criminal load in Oklahoma is a great deal heavier than the criminal load in Kansas——

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. REED. I certainly do.

Mr. THOMAS of Oklahoma. A large number of our population came from Kansas, I will say to the Senator. [Laughter.]

Mr. REED. That was the kind that had to leave our State [laughter], and they found a resting place in Oklahoma, and most unfortunately many of them have never recovered from the habits which made us put them out of Kansas.

Mr. LUCAS. Why is the Senator so strongly against the Oklahoma and Florida judgeships?

Mr. REED. Mr. President, what did my distinguished friend, the Senator from Illinois say? I do not know where he got his chips, anyhow.

Mr. SMATHERS. He got them at the same place where the Senator from Kansas got his.

Mr. BARKLEY. Mr. President, I hope the Senator from Kansas will not permit himself to be interrupted now in the consideration of the bill. He has a right to the floor and he does not have to yield. I wish to protect the Senator in the enjoyment of his exclusive right to the floor.

Mr. SMATHERS. I should like to suggest that the Senator from Kansas allotted himself 2 minutes, and the 2 minutes are up.

Mr. REED. I thank the distinguished Senator from Kentucky. I have always yielded, and with a smile, if you please. I have wanted to conduct the debate as courteously and as fairly as could be done, and in as good nature as the seriousness of the subject will permit. I am going to take 5 minutes when we come to the closing consideration of the bill, when the Senate is ready to vote on the bill. Then I shall take 5 minutes to state some conclusions upon this kind of stuff.

Mr. BARKLEY. I am so anxious to get to that 5 minutes that I am rather impatient that we move forward now.

Mr. REED. I may suggest to the Senator from Kentucky that the Senator from Oklahoma and the two Senators from Wyoming and the Senator from Kentucky between them delayed—I am not fixing the responsibility, I am only stating the fact that those four Senators, between them, delayed the disposition of the bill for quite a long time. I am talking, and have talked, directly to the merits of this particular bill at all times.

If we consider the civil cases in the northern district of Florida filed in 1938—the fiscal year ending June 30, 1938, to which Judge Otis applied his measuring stick—there were

304 civil cases in the southern district, mind you, and 156 in the northern district. Added together and divided by two, they give an average of 222.

Again, Florida is a State within which there are two district judges. It is easy enough to arrange for help between one district whose courts are heavily loaded, and another district which has a very light load.

Certainly a condition of that kind does not justify the Senate, notwithstanding the recommendation of the Committee on the Judiciary to the contrary, to increase the number of Federal judges.

SEVERAL SENATORS. Vote! Vote!

Mr. KING. Mr. President, yesterday I discussed at some length the bill under consideration and I shall not consume much of the time of the Senate in further discussion. I desire, however, to repeat what I said yesterday, that in my opinion there are no sufficient reasons to justify the passage of the bill before us. There seems to be a mania to increase Government agencies and add to the great army of Federal employees. This mania manifests itself in connection with the judiciary. Many judicial districts have been created of late and a large number of judicial positions created. The movement for additional Federal judges has been greatly accelerated during the past quarter of a century and the movement seems to be increasing in volume if not in velocity.

As I stated in my remarks yesterday during the administration of President Harding provisions were made for the appointment of 26 additional district court judges and one circuit court judge. Not content with this great increase, Congress, during the administration of President Coolidge, provided for 2 circuit court judges and 22 district court judges. Notwithstanding this deluge of new judges soon after President Hoover had been inaugurated additional efforts were made to increase the number of Federal judges. Congress, responding to the spirit of the times, passed measures authorizing the appointment of nine district court judges and two circuit court judges. I have before me the districts and circuits to which these judges were assigned, but the demand for an increase in the courts was not satiated with the creation of the districts to which I have referred.

During the administration of President Roosevelt large additions have been made to the Federal judiciary. During the past 6 years Congress has passed acts authorizing the appointment of 41 district court judges and 7 circuit court judges.

Following the defeat of the bill to increase the number of judges of the Supreme Court of the United States, Congress gave consideration to the question of still further multiplying the number of judges and in 1938 measures were passed providing for 17 additional district judges and 5 additional circuit court judges. I did not believe that the condition of the courts required additional judges nor did I believe that the creation of so large a number of judicial positions under the administrations of Presidents Harding, Coolidge, and Hoover was justified.

It is unnecessary to add that I have not approved of the large number of judicial positions which have been created under the administration of President Roosevelt.

An impartial study of the article prepared by Judge Merrill E. Otis, which was placed in the RECORD last Friday, will demonstrate that too many Federal judges have been appointed and that the present demand for additional judges is without warrant unless perhaps one may be needed in the southern district of New York.

It has been shown during the discussion of this bill that the work of the courts is decreasing and that the number of cases is falling off and the legitimate demands for increased judicial machinery are not warranted. In my opinion, there has been too much pressure, certainly during the past quarter of a century, for the creation of additional judicial districts and the appointment of additional Federal judges. Without being critical, I cannot help but believe that our judicial machinery has not been employed to the extent which it was capable. Members of the bar, in my opinion, have contributed to the delays of the courts in the handling of cases pending in the courts. The record shows that there has been a decline in the number of actions brought in the Federal courts.

Notwithstanding the decline, demands have been made for additional judges. There have been, as I recall, approximately 100 additional judges within the past few years. And the record now shows that there are approximately 309 Federal judges and 15 upon the retired list. The bill under consideration calls for two additional circuit judges and six additional district judges.

During the past quarter of a century in nearly every session of Congress measures have been introduced to increase the number of judicial districts. I am repeating when I say that pressure has been brought to create additional judicial districts and to augment the number of judges. It is believed by many that political considerations have not always been absent in passing upon this important question.

I adverted to the fact, in my address yesterday, that the judiciary was the most important branch of our Government and should be absolutely free from politics. However, there are evidences that political considerations have not always been absent in the creation of new judicial districts and in the appointment of additional judges.

The Senator from Kansas has just condemned the efforts to secure additional judges and has indicated that the same are unworthy.

During the discussion yesterday it was clearly shown that there was no justification for the creation of additional judicial districts, and there was a complete absence of any reason that would warrant providing an additional judge for Florida and also for Oklahoma. The same may be said concerning the provision for an additional judge for southern California.

However, the forces behind this bill are so powerful that opposition will be unsuccessful. It is quite likely that in the next session of Congress new demands will be made for the creation of additional Federal districts and for the appointment of additional circuit and district judges. If the Senate did its duty, it would defeat this bill and give notice to the country that no additional Federal judges shall be provided for until the evidence conclusively shows that they are imperatively needed.

I shall vote against the bill and regret that the opposition will not be sufficient to defeat it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Kansas, on page 2, lines 5 and 6.

The amendment was rejected.

The PRESIDENT pro tempore. If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

Mr. REED. Mr. President, I thank the Senators from New Jersey very much for letting me handle my own affairs in my own way and in my own time. I shall try not to occupy too much of the time of the Senate. The votes have been very overwhelming against my proposed amendments, as I had expected. The votes are very significant. However, they are not indicative of the maintenance of a sound public policy. I do not want the Senators who are in the Chamber now to think that their vote today can make an unsound public policy into a sound public policy. Litigation in this country has decreased, as the Senator from Utah said. In the face of decreasing litigation and of the need for fewer judges, there has been an increase of 100 Federal judges in recent years, and we now have before us a bill, upon which we are voting today, which proposes further to increase both the circuit court judges and the district court judges, in contravention of every existing fact, and every bit of information as to the trend of litigation in the country.

I cast no personal reflections upon my good friend from Arizona, the Chairman of the Judiciary Committee. I have

no feeling about any of these cases. I number among my friends particularly the distinguished Senator from Vermont [Mr. AUSTIN], a very warm friend who sits on my side of the Chamber. I do say upon my responsibility as a Senator of the United States that the Senate today has done a bad job from the standpoint of what would be an honest, decent, courageous, and straightforward policy regarding the Federal judiciary of the United States of America.

All the overwhelming "ayes" by which the bill may be passed will not change the accuracy or the soundness of that statement.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. ASHURST. I am far from being irritated. The Senator is secure from my prejudice. Whenever a Senator so manfully and boldly champions the view he entertains, he is secure from my prejudice. I respect him rather than otherwise.

However, Mr. President, on one side are the Attorney General, the judicial conference, the special committee, and the Senate Committee on the Judiciary. They may all be wrong, and the Senator from Kansas may be right. I scarcely think so. However, I repeat that the Senator from Kansas is secure from my prejudice, as is anyone who so manfully argues what he believes.

Mr. President, that is all I desire to say.

Mr. REED. The Senator's committee could not follow the judicial conference, and did not follow the judicial conference. The committee could not follow the Attorney General, and did not follow the Attorney General. Therefore, the conclusions of the judicial conference and of the Attorney General were not regarded by the committee as sound and conclusive. Is that correct?

Mr. ASHURST. That is correct. The majority of the Senate Committee on the Judiciary did not agree that the entire number of judges asked for by the judicial conference and the Attorney General were necessary at this time. The committee should not be blamed for erring, if it erred. Taking the view of the Senator from Kansas, we erred on the side of conservatism and prudence.

Mr. President, I ask for a vote on the bill.

Mr. REED. Mr. President, I was praising the committee for taking the attitude it took. I am citing that circumstance only to point out that not even the judicial conference, presided over by the Chief Justice of the United States, could make or did make a report which was acceptable to the Senator's committee. The same observation applies to the Attorney General. When Senators, in support of an additional judge for their State, quote such support as comes from the judicial conference or from the Attorney General, I leave the action of the Judiciary Committee as a complete answer to the fallibility or infallibility of such organizations.

The PRESIDENT pro tempore. The question is, Shall the bill pass.

The bill (S. 2185) was passed.

Mr. ASHURST. Mr. President, I may not be in the Chamber if and when conferees are appointed. If I should be absent, I respectfully request that the Senator from New Mexico [Mr. HATCH], the Senator from Nebraska [Mr. BURKE], the Senator from Kentucky [Mr. LOGAN], the Senator from Vermont [Mr. AUSTIN], and the Senator from Connecticut [Mr. DANAHER] be appointed conferees on the part of the Senate if it becomes necessary to appoint conferees.

I may be a little premature. I merely ask the Chair to appoint the Senators whom I have named as conferees on the part of the Senate if and when the time arrives for the appointment of conferees.

The PRESIDENT pro tempore. If and when conferees are appointed, if the present occupant of the chair is then in the chair, he will announce that the Senators named are appointed conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 839) to amend the Retirement Act of April 23, 1904, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAY, Mr. THOMASON, and Mr. ANDREWS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5375) to promote nautical education, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLAND, Mr. SIROVICH, Mr. RAMSPECK, Mr. WELCH, and Mr. CULKIN were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLAND, Mr. SIROVICH, Mr. RAMSPECK, Mr. WELCH, and Mr. CULKIN were appointed managers on the part of the House at the conference.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

Mr. BARKLEY. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2864, Calendar No. 936.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lee	Schwartz
Ashurst	Ellender	Lodge	Schwellenbach
Austin	Frazier	Logan	Sheppard
Bailey	George	Lucas	Shipstead
Bankhead	Gerry	Lundeen	Smathers
Barbour	Gibson	McCarran	Stewart
Barkley	Gillette	McKellar	Taft
Bilbo	Green	McNary	Thomas, Okla.
Bone	Guffey	Maloney	Thomas, Utah
Borah	Gurney	Mead	Tobey
Bridges	Hale	Miller	Townsend
Brown	Harrison	Minton	Truman
Bulow	Hatch	Murray	Tydings
Burke	Hayden	Neely	Vandenberg
Byrd	Herring	Norris	Van Nuys
Byrnes	Hill	Nye	Wagner
Capper	Holman	O'Mahoney	Walsh
Chavez	Holt	Overton	Wheeler
Clark, Idaho	Hughes	Pepper	White
Clark, Mo.	Johnson, Calif.	Pittman	
Connally	Johnson, Colo.	Radcliffe	
Danaher	King	Reed	

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Eighty-nine Senators have answered to their names. A quorum is present.

Mr. BARKLEY. Mr. President, I realize that after 5 hours of a session of the Senate we are rather at a disadvantage in attempting to begin at this hour of the day the consideration of a bill of the importance of the one now under consideration. However, I wish to make a general statement concerning the measure, its background, the reasons for its introduction, and, in a general way, what it attempts to do.

Since 1929 or 1930 we have been progressively engaged in bringing more and more to bear upon our social and economic problems the authority, influence, and cooperation of the Federal Government. However regrettable the necessity for this may be, however much we might have preferred that the course of our economic, industrial, and social life might have made it unnecessary for the Government of the United States to engage in many of the activities which it has undertaken as a result of this condition, we have been confronted, as a great President once remarked, with a condition and not a theory.

I dare say that if the course of our economic life had gone along in the ordinary sequence of events, there would have been no demand by the people that the Government of the United States engage in many of the activities which it has undertaken in the past 6 or 8 years; and there would have been no necessity for the Government, as such, to have placed at the disposal of the American people its taxing power, its credit, and its cooperation in undertaking to guide the people out of the morass of depression and despondency toward what might be hoped to be the enjoyment of all the abundent resources with which our country has been blessed by nature.

But the conditions which have faced this Nation and the world since 1929 and 1930 have been of such a character as to make it incumbent upon the Government of the United States to indulge in activities probably not contemplated by the men and women of a previous generation. I say that all of us probably would have preferred that this necessity had not existed, unless there be some among us who, in advocacy of some theory, would prefer to see the Government engage in these activities in the normal course of the exercise of its functions.

We have in this country unbounded resources; we have almost unbounded credit; we have almost unbounded reserves of money and credit. The Federal Reserve Board on yesterday made public a statement showing the gradual improvement in business conditions over a period of several weeks or months, and a week or so ago it also released information showing that the peak of reserve credit in this country has almost again been reached. Notwithstanding the fact that we have unbounded credit and unbounded resources, and that we have a reserve which has been multiplying and accumulating over a period of years, drawn from nearly every other nation in the world, due to world conditions, we still have a very serious economic condition, involving the unemployment of almost 10,000,000 able-bodied men who are anxious to work, who desire to make their contribution toward recovery and toward the enjoyment of normal life in this Nation but who are without employment today, by no fault of their own.

Whether this situation has been produced by any shortcoming of Government in previous years we need not now stop to inquire. Whether some policy followed in the years gone by has brought this debacle upon the American people or whether it might have been avoided by another course not pursued it would be futile now to discuss. We have the condition. We have such a condition that money and men are not being brought together in sufficient proximity with resources to bring about the production of commodities for sale in the market place, resulting in purchasing power on the part of the American people that would enable them to absorb unemployment.

We have tried the Works Progress Administration which, I think, has on the whole, done a splendid piece of work, involving the employment of about 3,000,000 men at any given time—sometimes a little greater number and sometimes a fewer number. The activities of the Works Progress Administration have had, perhaps, some grievous faults, probably incident and inherent in a widespread unemployment program brought together in haste as a result of economic conditions which have to be met and dealt with at least, in the first instance, without great deliberation, but in spite of its faults and its shortcomings, this program has brought to almost every township, every school district, every county, every city, and every State in the Nation permanent values in the way of permanent improvements they never would have obtained and could never have hoped for if they had relied upon their own immediate resources and ability. Yet with all the work, all the construction that has been accomplished by the Works Progress Administration, millions of men have still remained unemployed.

We have also had the Public Works Administration, based upon a slightly different foundation and underlying it a slightly different theory. In view of the fact that during the progress of the P. W. A., as we call it, approximately $4,000,000,000 worth of non-Federal projects have been undertaken and completed in the United States, with all the opportunities for misconduct and the misuse of funds that the expenditure of such enormous sums of money might involve, I believe I can say—and I think the Senate and the country will concur in the statement—that no similar amount of money was ever expended under the jurisdiction of any individual, either in war or in peace, that has involved so little criticism, so little misappropriation or waste of funds, or so little lack of business acumen and foresight. Yet in spite of the vast sums expended by the Public Works Administration, added to the amount spent by the Works Progress Administration, we have not been able to absorb the unemployment which has faced our country for nearly a decade.

We have also had the Civilian Conservation Corps, which has drawn from every community throughout the Nation young men between 18 and 25 years who not only have done a fine job physically in the improvement of all sorts of facilities on which they have labored but who at the same time had brought to them a new conception of the relationship between the Government of the United States and the people and a new relationship between them and society of which they are a part and whose responsibilities must in the very near future be assumed by them.

These men, numbering in the aggregate two or three million, averaging from 300,000 to 500,000 at any one time, returning to their homes a very large proportion of the modest pay which they have received, have been thus kept probably in large numbers from the relief rolls in the States, counties, and cities, and because of the character of their work, because of the improvement—moral, educational, and physical—which has been brought to them through this work, we can all testify to the fact that there is almost a universal sentiment in the Nation for the permanent adoption of the Civilian Conservation Corps as a part of the activities of our Government. So well have they done their work, so fine an impression have they made in every community where one of their camps has been located, that in my State there has never been a movement or a suggestion to remove one of them from a neighborhood in which they are located that has not brought a protest from the community against such removal. But, in spite of these things, we still have unemployment.

So, Mr. President, we are today confronted with a situation which challenges the earnest consideration and the single-minded devotion of every man, woman, and child in America, and certainly every man and woman in a responsible position, without regard to politics, geography, color, or religious distinction.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. BARKLEY. I yield.

Mr. LEE. The Senator stated that scarcely any project had been removed, or its removal talked of, without a protest from the community. It reminded me of a letter I received from one of my constituents, who said:

DEAR SENATOR: Stop this blankety-blank spending.

Last paragraph:

Don't cut off any of our projects.

[Laughter.]

Mr. BARKLEY. That emphasizes the old statement that "the tariff is a local issue"; and very frequently expenditures are.

As I was saying, without regard to undertaking to fix responsibility—and I do not attempt it; men have been writing for a decade about the responsibility for the condition which faces this country—without regard to the responsibility, political or governmental or legislative or executive, we are faced with a problem which we have not yet solved, the question of unemployment in the United States; and I do not know how near we are to a final solution of the problem.

We started out at the beginning of this administration in an effort to solve it through the recommendations of business in the enactment of the National Recovery Act, spon-

sored by the able Senator from New York [Mr. WAGNER], which was declared unconstitutional by the Supreme Court. Whatever may have been the defects of that law, whatever may have been the lack of wisdom in Congress in framing the law, and whatever may have been the misfortune of the type of case upon which the test was made, it was an effort initiated by industry, by business in cooperation with the Government and those who labor, to solve, at least for the time being, the economic problem which faced the United States in 1933.

We have tried to solve the question of unemployment by the wage and hour law. I have always believed and I now believe that if we have reached the time or if we shall ever reach the time in this Nation when we must decide whether all our people shall be able to work three-fourths of the time or whether three-fourths of them shall work all the time and one-fourth of them never work at all, we must decide in favor of the former of the two courses. If there is not sufficient work in the United States in the production of the necessaries of life and in their distribution so that all of our people who are capable of labor may share that labor in order to support themselves and their families, and look their fellow men in the face with pride and assurance under a great nation, then it seems to me we must devise some other alternative by which we may provide for the fair distribution of labor among those able and willing to work.

In order that we might make a beginning, that we might start the process of distribution of available labor among available laborers, we enacted the wage and hour law, by which we have undertaken to cut down unreasonable hours, in order that more men might be able to be employed, and in order that we might lift unreasonably low wages, so that purchasing power among those who do work might be enlarged, and thereby they might be enabled to buy more of the things that other men and women produce, and with the endless chain of increase in the purchase of commodities, increase in their production, and automatic increase again from time to time in purchasing power, we might ultimately reach a time when all our people might be able to work in the production of things necessary for the enjoyment of life in the United States.

As another means of solving the question of unemployment we enacted the Social Security Act, designed to give a measure of security against unemployment in abnormal times and in abnormal amounts. We have provided a beginning, which I think is only a beginning, in old-age assistance, in order that there may be a time in the history of every man's life in America when he will feel that after he has devoted the best of his years to activity, whether in war or in peace, whether in business or in the schoolroom or behind the counter or in a bank or on the farm or in the church, and has been unable to accumulate a sufficient amount of this world's goods to enable him to look forward to retirement with any degree of assurance or consolation, a generous and just society will make it unnecessary for such a man or such a women to look forward with fear and trepidity toward the coming of old age; and in order that those persons might retire from the field of actual labor and give way to younger and abler and stronger men, and thus spread employment among those more qualified to perform labor in any field, we endeavored to make at least a contribution toward the solution of the question of unemployment in the United States.

Mr. President, all these methods, and others, too, which I need not recount, but with which every Senator is familiar, have been undertaken in a tardy fashion by the United States of America; for in nearly every other progressive nation in the entire world such activities have been undertaken and carried much further over a period of a quarter of a century than is the case in the United States.

So, Mr. President, we now find ourselves with millions of our people unemployed. We find ourselves with undeveloped resources. We find a lack of purchasing power on the part of the average man and woman and the average family in America, which makes it impossible for the American people to enjoy the degree of prosperity, the degree of security, the degree of faith in the future which, in my judgment, are essential to the perpetuity of our institutions.

We talk about an annual national income of forty, fifty, sixty, seventy, or eighty billion dollars. In his message to Congress at the beginning of this session the President set as a goal an annual income of the American people of $80,000,000,000. There is nothing fantastic about that figure. I should not be satisfied to look forward to a time 10 years from now and feel that $80,000,000,000 was the limit of the annual income of the American people. I think the time will come when we shall reach not only eighty but ninety or one hundred billion dollars, and it may be that before the youngest Member of the United States Senate ceases to be an active member of society we may even reach $150,000,000,000 as the annual income of the American people. But we cannot continually look with indifference upon unemployment, and the unsatisfied condition of a large proportion of the American people in the enjoyment of the natural resources of our country, the enjoyment of an opportunity to live and to educate their children, and to enjoy not only the necessaries but some of the luxuries of life.

There is a large amount of unused capital in the United States; and the reason why it is unused is a matter upon which we need not spend a great deal of time. We hear much discussion about faith and confidence. Of course, our whole business and economic structure is based upon faith and confidence. If one does not have faith in a bank, he does not put any money in it. So long as he has faith in it, he will keep his money there; but the very moment he begins to lose faith in a bank, he takes out his money. So long as we know we can get our money, we do not want it; but the very moment we begin to suspect that we may not be able to get it, we want it.

Undoubtedly there has been and there is a hesitation on the part of private capital to venture very far out from shore in the investment of its money in construction, or to some extent in business enterprises; and there are some persons in our country who take the position that it is due to some act or policy of our Government that men are not willing to rush forward as they did in 1929 and invest their money in stocks or in other business ventures.

There are those who contend that we owe too much money now, that the debt of our country is too large, and that, because of this enormous debt on the part of our Federal Government, business is hesitant and timid, and that we are on the road to bankruptcy because of the size of the national debt.

I share the same regret with respect to the necessity for the increase of our public debt that I expressed a short time ago in reference to the embarkation of our Government on the various activities which have characterized it for the last 2 years. But in determining whether we are on our way toward bankruptcy as a people, I think it is legitimate not only to consider the size of the debt of the United States Government but to consider the size of the debts of the American people combined and in the aggregate. When we consider the size of the debts of the American people in the aggregate, I find nothing to give alarm to our country.

In 1921 the total debts of the American people, all sorts of debts—Federal debts, State debts, county debts, city debts, farm debts, home debts, railroad debts, all sorts of debts——

Mr. WALSH. Private and public?

Mr. BARKLEY. Private and public, amounted to $110,000,000,000. By 1926 the figure had risen to $140,000,000,000.

In 1921 the debt of the United States Government was approximately $24,000,000,000. It gradually went down, under a refunding plan which was adopted, I may say, in the administration of Woodrow Wilson. The public debt of the United States declined until in 1930 it was $15,922,000,000—practically $16,000,000,000.

However, while the Federal debt had declined from $24,000,000,000, in 1921, to $16,000,000,000, in 1930, the total debts of the American people of all kinds, public and private, had risen from $110,000,000,000 to $161,000,000,000. So that during the period from 1921 to 1930, while the public debt of the

Government of the United States was declining about $8,000,000,000, the total debts of all the people, public and private, had risen about $50,000,000,000.

In 1931 the public debt began to increase again. It rose from $16,000,000,000, in 1930, to over $19,000,000,000, in 1932, and to over $22,000,000,000 in 1933, and at the end of 1938 it was $36,576,000,000.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. In a moment. While the combined debts of all the American people, public and private, had risen to $161,000,000,000, practically, in round figures, in 1930, by 1938 the total combined indebtedness, of all kinds, of all the people of the United States had dropped to $155,000,000,000. I yield to the Senator from Colorado.

Mr. ADAMS. I do not wish to interrupt the course of the Senator's argument, but there are two matters about which I should like to inquire, if it will not disturb his thought.

Mr. BARKLEY. I yield to the Senator.

Mr. ADAMS. When the Government debt dropped to $16,000,000,000, were there any indirect debts, or debts guaranteed by the Government? Had the R. F. C. been established at that time, and were there any Government-guaranteed debts, or any indirect obligations at that time?

Mr. BARKLEY. The Reconstruction Finance Corporation was established in February or March 1932, I believe, and began to issue bonds at that time in order to obtain money with which to carry out its purposes. To what extent it had issued bonds to guarantee obligations of the Government in 1932 I cannot say. But the other agencies which have since been created, such as the Home Owners' Loan Corporation, the Federal Housing Administration, and other activities which have been established since 1933, did not exist in 1932.

Mr. ADAMS. If I may make one further inquiry in order to get the judgment of the Senator, I have had a feeling that the depression which came upon us in 1929 and 1930 was more chargeable to the vast increase in private and corporate indebtedness than to any other single cause. I wonder what the judgment of the Senator from Kentucky is on that question.

Mr. BARKLEY. There is much to be said in support of that theory, but it is a historic fact that all periods of prosperity, so-called, whether real or spurious—and many of us believe that especially in 1927, 1928, and 1929 the prosperity was not real—when everyone in this country thought that there never again would come a day when anyone would be steeped in poverty, when all the poorhouses were to become fading memories in the minds of men—during all periods of intense prosperity, whether real or spurious, there has been an increase in the debt of the people of the United States, and from 1920 to 1930, the period referred to as the heyday of prosperity in the United States, the average increase in the debt of the people of our country was about $6,000,000,000 a year.

Mr. ADAMS. So, while the use of credit is essential to a prosperous condition, an excess use of it brings on depression.

Mr. BARKLEY. Yes. Credit is like many other things; used properly and in the right proportions it is an indispensable agency of the people, but, like other things, it can be abused; it can be carried too far, and undoubtedly in the latter part of the decade from 1920 to 1930, which was characterized by a speculative fever such as I cannot remember—and I doubt whether the Senator from Colorado, who is much younger than I am, can remember such a period—there was an excess and an abuse of credit, spurred on by a speculative mania not altogether discouraged by men in high places in the United States.

Mr. ADAMS. We could go beyond that; it was encouraged by men in high places, was it not?

Mr. BARKLEY. I think that is true. The point I am trying to make is that all our wealth in this country stands back of all our debts. Whether a debt is public or private, the property of the people of the United States stands behind the debt. Otherwise, it would be unsafe for us to indulge in credit of any kind.

The figures may be somewhat varied by either an increase or a decrease in the general field of indebtedness in the last 6 months, but when we consider that at the end of 1938 the entire debt of all the people of the United States, public and private, which constitutes a mortgage upon all the property of the United States, had declined from $161,000,000,000 to $155,000,000,000, I think we can say with some degree of assurance that we are not headed toward bankruptcy.

Mr. ADAMS. The Senator does not feel that the Federal Government should consume all of the reduction in private and corporate indebtedness, does he? Some of us are a little uneasy lest in Government financing we go beyond what may be considered proper credit, and go to extremes, perhaps, until we reach the point which private credit expansion reached in 1929. There is a point beyond which the Government credit may be expanded too far.

Mr. BARKLEY. I agree that there may be. How near we have come to that point is a matter which is open to legitimate dispute. But I will say to the Senator from Colorado, and to other Senators, and all others interested in any views which I may entertain, that I regret that it has been necessary for the Government of the United States to borrow a single dollar in order to furnish credit to those who are entitled to it in the United States because private credit has not been available to them.

I would infinitely have preferred that the banks and other lending agencies in the United States should have furnished the credit so essential for the American people rather than have the Government of the United States do it, but in the absence of either the ability or the willingness of private lending agencies to furnish the credit, in my judgment, there was no alternative, except the entire collapse of our economic and social order, unless the Government of the United States for the time being should enter the breach and provide the credit which others were either unable or unwilling to provide.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. NORRIS. The Senator's analysis of debts of various kinds is exceedingly interesting. However, I should like to have one further analysis if the Senator is able to give it. The Senator now is speaking entirely of the Government debts. There are two kinds of debts. There are debts in the shape of loans or other investments, if there be investments, which will bring returns eventually, in theory at least, and I think usually in practice, which will pay them off. Such debts are very different from debts which we never can expect to recover. Can the Senator give us accurate information as to how much of the public debt of the United States is of such a nature that we have reason to believe it will be repaid? What provision has been made in the way of recovering on loans made by the Government? What proportion of the Government debt is represented by loans which we can expect to be repaid to the Government so it will not be necessary to use the taxing power of the Federal Government to pay it off? I hope I have made my question plain.

Mr. BARKLEY. Yes; I understand the question. That is a situation which I think is important to keep in mind all the time in considering debt, and it is a situation which is not always accurately kept in mind by those who discuss the public debt of the United States. I am not able at the moment to give the Senator the exact figures. Assuming that our present National Treasury debt amounts to about $40,000,000,000, my recollection is that approximately one-fourth of that is recoverable, but I will get the exact figures. I may be slightly in error as to the approximate amount.

Mr. NORRIS. The Senator realizes, of course, that if we go into debt with a reasonable assurance that the debt will be repaid to us such a debt should not give us as much concern as a debt to pay which we must use the taxing power. There is a great difference between the two. A large debt which under ordinary circumstances will be reduced through repayments of loans to the United States Treasury should not give us great concern, as I see it, whereas if we go into debt rapidly and to a very large amount, and the debt is of such a nature that we know the people of the United States must be taxed to pay it; that debt should excite the concern

of every legislator and everyone who has anything to do with it.

Mr. BARKLEY. At the beginning of 1933, following a year in which there had been no activity whatever among the land banks, scarcely a loan having been made in 1932, and very few in 1931, the farm-loan system set up in 1916 having ceased to function, in order to inject new blood into its veins, and make it flow, we started out by appropriating $125,000,000 from the Treasury to be put into the capital stock of the Federal land banks, and later we put in some more money, all of which is, of course, recoverable. We have loaned about $3,000,000,000 to home owners in the United States, all of which is recoverable in theory. Some of it is not recoverable against individuals, in which case the Home Owners' Loan Corporation, like any other money lender, takes possession of the property, holds it or rents it, and so manages it as to get back what the Government has put into it. Those are merely two instances of loans and investments made by the Government of the United States through its Treasury which are supposed to be recoverable.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRD. The Senator from Kentucky certainly does not contend that the bonds of the Home Owners' Loan Corporation, amounting to over $3,000,000,000, are included in the direct debt of the United States Government.

Mr. BARKLEY. I will say to the Senator from Virginia that a part of the money which the Reconstruction Finance Corporation loaned at the beginning was money made available out of the United States Treasury. Of course, expenditures, due to increase in the personnel, whose salaries have been paid, all of the W. P. A. expenditures, ranging all the way from one and three-quarter billion dollars to a little over $3,000,000,000, represent money that has been spent without any hope of recovery. We do not expect to get that money back. But I think it is well within the truth—and I will get the exact figures—that almost one-quarter of the entire direct debt of the United States may ultimately be recovered.

Mr. BYRD. Mr. President, I think the Senator from Kentucky will find himself very much in error in that statement, because nearly all of the recoverable items in loans made by the different lending corporations are not included in the direct public debt.

Mr. BARKLEY. Not all of them. The Senator is partly right, and I am partly right. Not all of them were included. But at the beginning of the program the Treasury of the United States was drawn upon for some of these funds.

Mr. BYRD. Mr. President, the amounts advanced out of the General Treasury were to purchase the capital stock of some of these corporations, and on the capital stock will fall the first loss. I think the Senator will find upon investigation that he is very much in error when he says that one-fourth of the present direct debt amounting to $10,000,000,000—one-fourth of $40,000,000,000—will be recoverable.

Mr. BARKLEY. If I am mistaken——

Mr. BYRD. I think the Senator will find that not over 5 percent of the present direct debt is recoverable. He will find, on the contrary, that there is going to be a large loss from the Goverment lending corporations, and that those losses will have to be transferred to the direct debt or paid by current taxation.

Mr. BARKLEY. I do not think anybody can say now whether the contingent losses that may occur will be large or small.

Mr. BYRD. The reason we cannot say whether they are going to be large or small is because there has been no appraisement made of the assets of these corporations. Some have been operating for 5 years without an appraisement being made. The Senate adopted a resolution recently providing for the first appraisement to be made of the assets of these corporations.

Mr. BARKLEY. Many of these corporations have kept their affairs current, and not only have they not lost money, but have paid back to the Government more than they have acquired from the Government.

Mr. BYRD. The Commodities Credit Corporation has lost its capital stock twice. Its first capital stock was $100,000,000 paid direct by the Treasury Department. It lost $94,000,000 one year. The next year it lost $119,000,000, or 119 percent of its capital stock. That was repaid by direct Treasury appropriation.

The Senator does not contend that all the loans made by the Home Owners' Loan Corporation are recoverable, does he?

Mr. BARKLEY. There are large losses due to default on the part of home owners who have been unable to keep up their payments, but in every case the Home Owners' Loan Corporation has possession of the property. Whether there will be an ultimate loss or not is dependent on whether the property may be sold for the amount of the loan.

Mr. BYRD. Even the most casual investigation will disclose that there are heavy losses resulting from those loans, because there are large numbers of properties which are now in default and have to be repossessed by the Government.

Mr. BARKLEY. On the contrary, the Reconstruction Finance Corporation, while it has had individual losses, on the whole has made sufficient profit that it now has a surplus of nearly two hundred and fifty million or two hundred and seventy million dollars. From that surplus there would be a reduction of probably $150,000,000, but even so, the Reconstruction Finance Corporation has over $100,000,000 of net profit.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McCARRAN. Is it not true that the so-called profits that now exist in the Reconstruction Finance Corporation are due to the fact that the Reconstruction Finance Corporation took advantage of the gold-clause legislation which we enacted here and derived the benefits of that devaluation?

Mr. BARKLEY. No; not to that extent. There may have been a small profit, but a part of the profit made by the Reconstruction Finance Corporation has been made by reason of the fact that it was able to borrow money at lower rates than those charged by it in making loans. A part of the profit has been made in that way. I am not able to answer the Senator as to whether or not any of the profit which is credited to the Reconstruction Finance Corporation was due to gold operations.

Mr. McCARRAN. I make the statement—and I hope the Senator will correct me if I am wrong—that the Reconstruction Finance Corporation took advantage of a "preview" of the devaluation of the dollar, and thus credited itself with a profit due to that process as it passed through the Congress of the United States.

Mr. BARKLEY. I have never heard of such a thing; and, so far as I know, it has not been revealed in hearings before any of the committees of Congress.

Mr. McCARRAN. I think if the Senator were to investigate that matter he would find that my statement is true.

Mr. BARKLEY. I shall look into the subject, but I never heard of it.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. NORRIS. Suppose it be true; what is wrong about it?

Mr. McCARRAN. There is nothing wrong about it, except that if someone else did it, it would be very wrong.

Mr. BARKLEY. Not any more so than if anyone else speculated in silver, gold, wheat, cotton, or anything else.

Mr. McCARRAN. If someone else had a "preview" as to silver, or were advised as to what would be tomorrow's price on silver based upon the position of the Government, or what would be the price of gold based upon the position of the Government, I think it would be wrong. Such a thing has been condemned.

Mr. TOWNSEND and Mr. BANKHEAD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield to the Senator from Delaware.

Mr. TOWNSEND. Mr. President, I think the able Senator was present when the Senator from Colorado [Mr. ADAMS] asked Mr. Jones a question——

Mr. BARKLEY. Evidently I was not present at that time. I have no recollection of it.

Mr. TOWNSEND. Mr. Jones' statement to the Senator from Colorado was that he would be ashamed to state what the losses would be.

Mr. BARKLEY. Oh, yes; I know. The Senator from Delaware and the newspapers played up that statement. Mr. Jones was talking about loans to small business.

Mr. TOWNSEND. All right. They are loans.

Mr. BARKLEY. Although he said he might be ashamed to undertake to predict the losses which would be incurred in connection with any further loans to small business, about which he was talking, the Senator will agree that, on the whole and throughout its entire operations, the Reconstruction Finance Corporation now has a profit to its credit of about $250,000,000 or $260,000,000.

Mr. TOWNSEND. I think the Reconstruction Finance Corporation is one of the best-managed institutions we have; but Mr. Jones said he would be ashamed to state what the losses would be from loans to small business. That statement was a part of the record.

Mr. BARKLEY. It was a more or less casual remark made in reply to a question.

Mr. TOWNSEND. It was in reply to a question by the Senator from Colorado [Mr. ADAMS].

Mr. BARKLEY. Mr. Jones was first asked whether or not he had had losses in connection with small-business loans, and he said he had. I think the Senator from Colorado asked him how much the losses were.

Mr. TOWNSEND. He asked him if they would run as high as 10 to 20 percent.

Mr. BARKLEY. Mr. Jones said he would be ashamed to say; and the newspaper articles played up the word "ashamed" and emphasized it, but said nothing about all the rest of the testimony which Mr. Jones gave.

Mr. BANKHEAD and Mr. BYRNES addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield first to the Senator from Alabama.

Mr. BANKHEAD. I think it would be extremely unfortunate to have an erroneous and inaccurate record made on this occasion on the subject of the Reconstruction Finance Corporation trading in gold. I have been a member of the Banking and Currency Committee of the Senate practically all the time since the Reconstruction Finance Corporation was organized. I was a member of the subcommittee as well as of the full committee during the discussion of the gold devaluation bill, and during the course of the hearings on that question the whole history of gold from the time of the passage of the gold bill was gone into at that hearing. I assert, Mr. President, that the Reconstruction Finance Corporation did not at any time engage in any trading, speculation, purchase, or sale of gold following the gold devaluation.

The Senator from Nevada is evidently misinformed. I now call on any Member of the Senate who is under the belief, or who understands that the Reconstruction Finance Corporation at any time engaged in gold speculation, to produce the evidence.

Mr. BARKLEY. I thank the Senator for the positiveness of his statement. I had never heard of such a thing. I think I have been present in the committee whenever Mr. Jones and others connected with the Reconstruction Finance Corporation have testified on any legislation affecting the Reconstruction Finance Corporation; and I never heard of any such transaction until now. Certainly I think that if there had been any such activity on the part of the Reconstruction Finance Corporation in speculating in gold we should have heard something about it.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. With reference to the statement of the Senator from Delaware, I recall the statement of Mr. Jones; and I know that thereafter it received considerable publicity in the press. I took the trouble to investigate the subject. In fairness to the Reconstruction Finance Corporation we should know that what Mr. Jones then stated was that he estimated certain losses in connection with so-called business loans. The total estimated losses to date of the Reconstruction Finance Corporation are $125,000,000. When we investigate that subject we find that in some instances in which the Reconstruction Finance Corporation has made loans to businesses it has taken title to the plants. What the losses finally will be no one can tell. However, such loans have been estimated as losses to date. They have been estimated against the Reconstruction Finance Corporation. However, at the same time the Reconstruction Finance Corporation has a surplus of $250,000,000. Therefore, if it should finally lose every dollar it has included in the estimated loss, it would be left with a surplus of $125,000,000.

The Reconstruction Finance Corporation has paid the Treasury 3 percent interest, whereas the average interest paid by the Treasury during the borrowing activities of the Reconstruction Finance Corporation has been only 1½ percent. The Reconstruction Finance Corporation has paid in interest to the Treasury more than $200,000,000. Therefore, when we analyze the statement we find, in fairness to the Reconstruction Finance Corporation, that it has a surplus of $250,000,000, which is $125,000,000 more than all the losses which Mr. Jones stated before our committee were included in his estimate.

Mr. BARKLEY. And the $125,000,000 which has been chalked up to possible losses included losses to which Mr. Jones referred—as I thought casually in the committee—as some of those with respect to which he would be ashamed of the amount.

Mr. BYRNES. Yes. For example, the loss in Chicago in the Dawes bank, about which we heard so much talk, had been carried as an estimated loss in a large amount, whereas today it is recognized that the total loss anyone could estimate in that loan is $5,000,000 instead of the $85,000,000 which was estimated at one time.

Mr. BARKLEY. In that connection I wish to say that in considering any institution, whether it be the Reconstruction Finance Corporation, a building and loan association, or a bank, we do not judge the efficiency of its operations by some individual loss it may sustain, or by the aggregate of its losses. All lending institutions have losses. They lend money to people from whom they cannot collect entirely. When we consider the success or failure of any lending institution we take its operations in the aggregate, and not individually. We cannot judge them otherwise. All such losses, whether by the Home Owners' Loan Corporation or the Federal Housing Administration—which do not make loans, but guarantees—or the Reconstruction Finance Corporation, or any of them, in connection with which the Government has made direct loans, are losses necessarily incident to such activities. When Congress passed the law authorizing the loans we knew in advance that we were assuming some risk of loss, and that we might not be able to collect everything back that the Government had loaned. However, in the emergency which existed at the time it was felt that the Government could afford to take the risk and assume the possibility of losses in years to come.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. So far as the Reconstruction Finance Corporation is concerned, if it were liquidated today it could return to the Treasury the $500,000,000 capital stock and have a surplus of $125,000,000.

Mr. BARKLEY. That is correct.

Mr. BYRNES. In addition it would have any amounts which might be recovered out of the $125,000,000 now estimated as loss.

Mr. BARKLEY. That is correct. I was just about to suggest that not only is there a certain surplus of $125,000,000,

but undoubtedly a substantial amount can be recovered out of the estimated loss of $125,000,000.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield. All this is leading me away from the trend of my talk; but I am glad to engage in debate.

Mr. McCARRAN. I wish to address a question, through the able leader, to the able Senator from Alabama. Is it contended that the Reconstruction Finance Corporation did not receive a benefit from the devaluation of the dollar?

Mr. BANKHEAD. I made no statement on that subject. The only statement I made was that the Reconstruction Finance Corporation did not buy or sell gold and thereby profit as a result of the devaluation of the dollar. I made no statement, and intended to make none, about the result upon the assets of the Reconstruction Finance Corporation by virtue of the change in the value of the dollar.

Mr. McCARRAN. If I may use a very homely expression, I am very glad to have the Senator straighten himself out on that question.

Mr. BANKHEAD. I did not straighten myself out. I straightened out the statement of the Senator from Nevada.

Mr. McCARRAN. No; I have been straight all the time. The Senator was misinformed, but he has now been informed.

Mr. BANKHEAD. Mr. President, the Senator left the impression on me, and I think he did on others here, that he asserted that the R. F. C. made a profit by buying gold and reselling it.

Mr. McCARRAN. Oh, no! I suppose the R. F. C. never bought anything. I hope it did not, because it would have violated the law if it did; but it took advantage of the devaluation of the dollar and gained that advantage through the Federal Reserve banks turning over to the R. F. C. a certain proportion of the devaluation profits.

Mr. WAGNER. Oh, no!

Mr. McCARRAN. Oh, yes!

Mr. BARKLEY. I got the same impression that the Senator from Alabama got from the Senator's question a while ago.

Mr. McCARRAN. My question was entirely correct. My question was based on facts, and I would not care whether the Senator from New York or anyone else contradicted it. The facts are the same, that the R. F. C. gained a paper profit by the devaluation of the dollar. I wonder if some Senator will deny that statement.

Mr. BARKLEY. Is the R. F. C. the only institution in this country that did?

Mr. McCARRAN. No; wait a minute. Do not hedge around the corner.

Mr. BARKLEY. I am not hedging around the corner.

Mr. McCARRAN. Answer the question, if ycu please. Did the R. F. C. gain a benefit by way of a paper profit from the devaluation of the dollar?

Mr. BARKLEY. The Senator has brought up that matter. I am not able to tell whether that is the case or not.

Mr. McCARRAN. I am sorry. I thought the able leader was able to tell.

Mr. BARKLEY. No; I do not know just what the Senator from Nevada has in mind. Was it in the automatic increase in the value of some securities they held?

Mr. McCARRAN. No; not any security at all.

Mr. BARKLEY. In what way is the Senator stating that the R. F. C., not by the purchase of anything and the sale of it at a higher price, but simply by the automatic act of the devaluation of the dollar, had a paper profit on any asset that it held?

Mr. McCARRAN. It gained that profit through the Federal Reserve bank turning over to the R. F. C. a division of its profits. Will the able Senator from New York deny that statement?

Mr. WAGNER. I deny it so far as my information goes, if the Senator will yield. I have been present, of course, at all of our meetings, having had to preside, and particularly at all of our investigations of the activities of the R. F. C., and I never heard of the R. F. C. making any profit as a result of a transaction with reference to gold.

What the Senator may have in mind is that part of the profits from devaluation, in addition to that which went into the stabilization fund were assigned to the Federal Reserve banks to permit them to make industrial loans; but out of the one-hundred-and-thirty-odd-million dollars so allocated, I understand the record shows that only about $20,000,000 has actually been loaned to industry. But, so far as I recall, unless the Senator from California [Mr. DOWNEY] has other information, there has never been any evidence before the Committee on Banking and Currency that any part of that fund was ever transferred over to the R. F. C. for their use for the purpose of making loans. So far as I know, their money has come entirely from the issuance of their securities, debentures, and notes.

Mr. McCARRAN. I have not the floor, but the able junior Senator from California has propounded a question, and I should be glad to have the leader answer it.

Mr. BARKLEY. I did not hear the Senator's question.

Mr. DOWNEY. Mr. President, is it not a fact that the total profits from the increased value of gold were about $2,800,000,000?

Mr. WAGNER. That is correct.

Mr. DOWNEY. And of that $2,800,000,000, $2,000,000,000 went into the stabilization fund; and, while I have not the exact figures in my mind, I am very sure that a portion of the $800,000,000 was used as capital for some of the lending agencies of the R. F. C.

Mr. WAGNER. I think the Senator upon investigation will find that he is in error, or I am. I never have heard of that. I know that there is now $500,000,000 of free gold, and of the $2,800,000,000, $139,000,000, I think, was transferred over to the Federal Reserve Banks to be utilized for the purpose of making loans to industry, and very little of it has been used for that purpose.

Mr. McCARRAN. That is, $139,000,000 of the $2,800,000,000?

Mr. WAGNER. Yes; and the Treasury now has some $500,000,000 of free gold.

Mr. McCARRAN. And the balance went to the R. F. C. Am I right?

Mr. WAGNER. No; all of the profits from devaluation not a part of the stabilization fund remained entirely in the control of the Treasury.

Mr. McCARRAN. I do not want my question to be obscured.

Mr. WAGNER. The R. F. C. has none of that fund. I am very positive of that.

Mr. McCARRAN. How much of that fund did the R. F. C. gain the benefit of?

Mr. WAGNER. I do not know of any that it gained any direct benefit of, because it was not transferred to the R. F. C. I suppose the assets of the R. F. C. gained whatever benefit all of us gained who owned any property as a result of the increased prices and values which came as a result of the devaluation of the dollar. We had a long discussion before as to the effect of devaluation upon commodity prices in this country; and the only benefit that I know the R. F. C. would have gained is that its assets increased just as the assets all over the country increased.

Mr. McCARRAN. Let me make this statement now, baldly, and then let the able leader refute it when he gets the facts. I say that the R. F. C. did gain by reason of the devaluation of the dollar.

Mr. WAGNER. How?

Mr. McCARRAN. I say that its gain was due to the fact that it knew the devaluation of the dollar was to take place.

Mr. BARKLEY. How did it take advantage of it?

Mr. McCARRAN. And it took advantage of it by deriving benefits by reason of the devaluation.

Mr. BARKLEY. The Senator states that the R. F. C. bought gold before the devaluation, and then sold it at a profit after the devaluation?

Mr. McCARRAN. Either directly or indirectly.

Mr. BARKLEY. How would it have done it indirectly?

Mr. McCARRAN. I cannot answer.

Mr. BARKLEY. How would it have done it at all under the law?

Mr. McCARRAN. I cannot answer that question, because I do not think it could have done it under the law.

Mr. BARKLEY. Of the profit growing out of the devaluation of the dollar, amounting to $2,800,000,000, $2,000,000,000 went into the stabilization fund, and part went to the Federal Reserve banks. In providing money for the Reconstruction Finance Corporation to make loans, or as a part of its capital stock, which originally was to be called when needed, as I recall now, it may be that some of this profit made by the Treasury was allocated to the Reconstruction Finance Corporation, but the only profit the Reconstruction Finance Corporation could have made out of that was to loan the money to business at a higher rate than it paid the Treasury for the money. There was no automatic profit, and I do not understand how there could have been any automatic profit to the Reconstruction Finance Corporation growing out of the devaluation of the dollar.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield to the Senator.

Mr. BYRNES. I only wish to say that while this discussion has been going on I have been looking at the financial statement of the R. F. C. from February 1932 until a few months ago. If the R. F. C. made any money out of buying gold and selling it, it certainly was not entered in their financial statement. I have taken the trouble to ask Mr. Schram over the telephone, and he said that he had never heard of any such transaction. I then told him that I wanted him to inquire, because he had not been with the Reconstruction Finance Corporation from 1932, and he has stated to me that he will do so and will advise me what he ascertains, and I will give the Senator the information when I receive it.

Mr. McCARRAN. If the Senator from Kentucky will yield just one moment more, I should not expect that the R. F. C. would violate the law and admit it; neither should I expect them to violate the law at all; but I do say that out of the devaluation of the dollar, due to the acts of Congress, they gained a paper profit which is reflected in their statements. I wonder if the able Senator from South Carolina will deny that statement.

Mr. BYRNES. No; I only state that I understood the Senator from Nevada to say that the R. F. C., being in possession of——

Mr. McCARRAN. I am not asking the Senator from South Carolina for any statement. Will he deny my statement made on the floor?

Mr. BYRNES. I evidently did not know what the Senator's statement was.

Mr. McCARRAN. I will repeat it.

Mr. BYRNES. The RECORD will show it.

Mr. McCARRAN. Would the Senator like to have me repeat it?

Mr. BYRNES. No; I heard the Senator.

Mr. McCARRAN. I did not think he would.

Mr. BYRNES. The RECORD will show the statement. If I am mistaken about it, I have wasted some time, and I will apologize to the Senator; but I understood the Senator to say that the R. F. C., knowing that gold was to be devalued, had some transactions out of which they made money. That was all I was interested in, because I did not see it in this statement; and if the R. F. C. issued a financial statement not showing a profit which had been made, I desired to know it. I was advised that there was no profit at that time, so far as the present chairman knows.

Mr. McCARRAN. Did the R. F. C. advise the able Senator from South Carolina that they made no profit out of the devaluation of the gold dollar?

Mr. BYRNES. That was what I asked, and the present chairman said he had no information to that effect, had never heard of it before, but that he is going to make an inquiry, since, if that is true, I want to advise the Senator from Nevada.

Mr. McCARRAN. Let me say to the Senator, if the Senator from Kentucky will yield, that if the R. F. C. did not make a profit, then it is entirely different from many other concerns which did make a profit out of the devaluation of the dollar.

Mr. BYRNES. I did not understand that was the contention, that like everyone else they made some money. It may be so.

Mr. TOWNSEND. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. TOWNSEND. I wish to say to the able Senator from Kentucky that there was no desire on my part to criticize the R. F. C. I was trying to quote exactly what was said. I read from the record. We were talking about small loans, and I asked:

> Did not the survey that the Commerce Department made and which was placed in the record of the Mead hearings show that you had made loans to all who were in any way eligible?
>
> Mr. JONES. We think we have. We are not infallible. We make plenty of mistakes and plenty of bad loans. We will have a very substantial percentage of loss on our business loans.
>
> Senator GLASS. A practical answer to Senator BARKLEY's question is already in the record in the report of these experts from the Department of Commerce who examined the rejected loan applications.
>
> Mr. JONES. That is a very good answer; yes.
>
> Senator ADAMS. The liberality of the policy is going to show up in the losses you take?
>
> Mr. JONES. Yes. We are going to have plenty of losses.

What he actually said—and I am going to ask the chairman who changed it—was, "I am ashamed to tell you what the losses will be." I ask the chairman of the committee who was authorized to change the record.

Mr. BARKLEY. Mr. President——

Mr. TOBEY. Mr. President, will the Senator yield to me?

Mr. BARKLEY. Just a moment.

Mr. TOWNSEND. I want to know exactly what was said.

Mr. BARKLEY. I was present at the time when Mr. Jones said he was ashamed to undertake to estimate how much the losses would be.

Mr. TOWNSEND. Who authorized——

Mr. BARKLEY. Just a moment. I still say that that was a casual remark made by Mr. Jones, on the spur of the moment, in response to a question. All witnesses before the committee have an opportunity to revise their remarks before they are printed, and no doubt Mr. Jones took advantage of that courtesy, and when the corrected hearings were printed, they showed that he said he was unable to estimate the number of losses, but that there would be plenty.

Mr. TOWNSEND. The Senator is mistaken. The hearings were printed with that statement in them, and they have been changed since.

Mr. BARKLEY. One copy of the hearings was printed, in which Mr. Jones evidently exercised his right to correct what he said, and I will read that to the Senator.

Mr. TOWNSEND. I have read it, "We are going to have plenty of losses," taking out the statement that he was ashamed to say what the losses would be.

Mr. BARKLEY. Originally the Senator emphasized the fact that he said he was ashamed to say how many there would be, but that there would be plenty.

Mr. TOWNSEND. That is exactly what I stated.

Mr. BARKLEY. The Senator was reading from the original testimony, I suppose, which was used by the press in publicizing what Mr. Jones stated. No one denies now, and no one is attempting to deny, that there will be considerable losses in the small-business loans. We are not denying that.

Mr. TOWNSEND. I am sure of it.

Mr. BARKLEY. I imagine that if the Senator, who is an experienced businessman, and a banker, I believe, were to go over the records of any active bank in the United States, he would find that there have been a good many losses on individual loans.

Mr. TOWNSEND. Exactly so; and there have been losses in the Reconstruction Finance Corporation, as Mr. Jones stated.

Mr. BARKLEY. We do not dispute the fact that there are losses.

Mr. TOWNSEND. All I was attempting to do was to state exactly what Mr. Jones said. I was not criticizing.

Mr. BARKLEY. What I contend is that we must judge this organization by its entire record and not by the individual losses which have occurred here and there.

Mr. TAFT. Mr. President——

Mr. BARKLEY. I was led astray by all these questions——

Mr. TAFT. I will bring the Senator back.

Mr. BARKLEY. I really wanted to complete the basis of my remarks in order to get down to the bill. But I yield to the Senator from Ohio.

Mr. TAFT. The Senator advanced the argument, as I understood it, that we need not fear the Government debt, because the total debt is not any larger, and he says that the debt now is only a little larger than in 1926. The private debt has apparently decreased by about $5,000,000,000, while the Government debt has more than doubled, from nineteen billion to forty billion. I do not understand the relevancy of the statement as to the private debt. It seems to me that what we are concerned about is raising taxes to pay the interest on the Government debt. Private debt largely pays for itself out of the earnings of the business which is covered by the debt. I do not understand the relevancy of these total debt figures in answer to criticism of the size of the Government debt.

Mr. BARKLEY. The Senator is an able Senator and an able lawyer, and he is a student of finance and public matters. What I stated was that the total assets of all the people of the United States stood behind the total debt, whether it is a private debt or a public debt. Of course, there is one difference between private and public debt, that the one who owes the private debt cannot levy taxes in order to reimburse himself for the money loaned, while the Government can do so.

Mr. TAFT. There is also the difference that the Government cannot earn any money on any of its debt, and the private borrowers can earn money.

Mr. BARKLEY. That is true, but while the Senator is talking about interest, I will say to him that the interest charges for carrying the public debt of the United States, which is double what it was in 1929 and 1930, are less than they were in 1932.

Mr. TAFT. But it is also true that if there were the slightest return to prosperity those interest charges would mount very rapidly. We cannot hope to have interest at 1 percent for any extended time.

Mr. BARKLEY. They might mount on future borrowings, but they would not mount on the existing obligations, unless they were refunded at their maturity.

Mr. TAFT. Is it not true that about two-thirds of this debt is short-term debt, payable practically within 5 years?

Mr. BARKLEY. No; there was a limitation of $30,000,000,000, which was increased recently to $40,000,000,000, I believe.

Mr. TAFT. Because we have reached the $30,000,000,000 limit on short-term debt, which supports the statement I made.

Mr. BARKLEY. The long-term obligations, when they are completed, will absorb probably 80 or 90 percent of the total debt.

Mr. TAFT. The difficulty with the Government debt is that it is necessary to go out and raise taxes to pay it, and we have reached the point where no one, not even the able Senator from Kentucky, can devise a system, which will anything like raise the taxes to pay the present expenses of the Government, including anything on the principal of the debt or on the interest.

Mr. BARKLEY. We have made no effort in the last few years to change the tax structure in order to raise the taxes to pay the debt, or even to pay the interest on it, because it has not been thought necessary to revise the tax structure in order to do that.

Mr. TAFT. How long does the Senator think we can increase our regular debt at the rate of $4,000,000,000 each year, and our indirect debt at a rate of one or two billion more, and not reach the danger zone?

Mr. BARKLEY. I think there is a limit beyond which it would be unwise to go.

Mr. TAFT. Will the Senator state what that limit is?

Mr. BARKLEY. I do not think the limit has as yet been reached. The limit will depend considerably on the annual income of the American people, and their ability to pay taxes and to retire by amortization the debt which is created by the Government of the United States.

Mr. TAFT. It will depend also on the courage of the Congress to levy the taxes which the people may be asked to pay.

Mr. BARKLEY. Of course, the courage of Congress is always an element in any legislation which in any way inflicts on the people what they might regard as a burden, even a light one, and we have to assume that Congress is not irresponsible, that whatever the exigencies of the situation may require, Congress will do the thing necessary. I am not willing to say that Congress will not have the courage, when the time comes, to levy sufficient taxes to retire the debt and to pay the interest on the debt.

Mr. BYRNES. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. Reverting to the question asked by the Senator from Nevada—and I regret that I do not now see him on the floor—the Chairman of the R. F. C. advises me that upon inquiry he learns that before his connection with the R. F. C. the R. F. C. did have a transaction with reference to gold, issuing non-interest-bearing notes, taking gold for the notes, and that the gold was turned over to the Treasury at the net cost to the R. F. C. and without any profit at all to the R. F. C.

Mr. BARKLEY. I thank the Senator from South Carolina for that information.

Mr. MEAD. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. MEAD. Merely from memory and without recourse to the records, it occurs to me that the profit from the devaluation was divided up as follows: Two billion of it is in the stabilization fund; $500,000,000 is free gold; a certain sum of it was used to retire Panama Canal bonds; another amount was used to call in national-bank notes, and that left $139,000,000, which was turned over to the Federal Reserve Board for industrial loans. Therefore, in the record as I see it, no allocation of profit from that device was turned over to the R. F. C.

Mr. BARKLEY. I thank both Senators. I had never heard of any profit made by the R. F. C. out of the devaluation of the gold dollar, and for that reason I did not believe there had been any such profit.

Mr. President, I started out to draw a general picture of conditions which I though were necessary for Congress to deal with and upon which the pending legislation is based. I had hoped that before we adjourned or recessed for the day I might undertake to show how the bill in some measure attempts to deal with and respond to that situation. But it is evident that I cannot do so at this hour, and I shall move that the Senate recess until tomorrow, and I hope that tomorrow I may very briefly outline the provisions of the bill.

ELLEN HALE WILSON

Mr. BYRNES. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, without amendment, Senate Resolution 152, and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 152) submitted by Mr. BAILEY on June 26, 1939, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Ellen Hale Wilson, widow of Peter M. Wilson, late a clerk in the

office of the Secretary of the Senate, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

RAILROAD DEBT ADJUSTMENT AND MODIFICATION—CONFERENCE REPORT

Mr. WHEELER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5407) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory and supplementary thereto, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 21 and 39.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 12, 13, 14, 15, 16, 17, 18, 19, 23, 28, 30, 32, 33, 34, 35, 36, and 37, and agree to the same.

Amendments numbered 6, 7, 8, 9, 10, and 11: That the House recede from its disagreement to the amendments of the Senate numbered 6, 7, 8, 9, 10, and 11 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendments, strike out all matter in lines 23 to 25, inclusive, on page 3 of the House bill, strike out all matter in lines 1 to 13, inclusive, on page 4 of the House bill, and insert in lieu thereof the following:

"(1) Prepared a plan of adjustment and secured assurances satisfactory to the Commission of the acceptance of such plan from creditors holding at least 25 per centum of the aggregate amount of all claims affected by said plan of adjustment (including all such affected claims against said corporation, its parents and subsidiaries), and

"(2) Thereafter obtained an order of the Commission (but not of a division thereof), under section 20a of the Interstate Commerce Act authorizing the issuance or modification of securities as proposed by such plan of adjustment (other than securities held by, or to be issued to Reconstruction Finance Corporation), such order of the Commission to include also specific findings:

"(a) That such corporation is not in need of financial reorganization of the character provided for under section 77 of this act;

"(b) That such corporation's inability to meet its debts matured or about to mature is reasonably expected to be temporary only; and

"(c) That such plan of adjustment, after due consideration of the probable prospective earnings of the property in the light of its earnings experience and of such changes as may reasonably be expected—

"(i) is in the public interest and in the best interests of each class of creditors and stockholders;

"(ii) is feasible, financially advisable, and not likely to be followed by the insolvency of said corporation, or by need of financial reorganization or adjustment;

"(iii) does not provide for fixed charges (of whatsoever nature including fixed charges on debt, amortization of discount on debt, and rent for leased roads) in an amount in excess of what will be adequately covered by the probable earnings available for the payment thereof;

"(iv) leaves adequate means for such future financing as may be requisite;

"(v) is consistent with adequate maintenance of the property; and

"(vi) is consistent with the proper performance by such railroad corporation of service to the public as a common carrier, will not impair its ability to perform such service:

Provided, That in making the foregoing specific findings the Commission shall scrutinize the facts independently of the extent of acceptances of such plan and of any lack of opposition thereto: *Provided further*, That an order of the Commission (or of a division thereof) under section 20a of the Interstate Commerce Act, made prior to April 1, 1939, authorizing the issuance or modification of securities as proposed by a plan of adjustment (other than securities held by, or to be issued to, Reconstruction Finance Corporation), shall be effective for the purpose of this subparagraph (2) of the first sentence of section 710, notwithstanding failure to include therein the foregoing specific findings, if such order did include the specific findings that such proposed issuance or modification of securities is compatible with the public interest, is consistent with the proper performance by the railroad corporation of service to the public as a common carrier, and will not impair its ability to perform such service, and".

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"If the court shall propose to modify the plan, then: (a) if such modification substantially alters the basis for the specific findings included in the order made by the Commission under section 20a of the Interstate Commerce Act, the plan as so proposed to be modified shall be resubmitted to the Commission and shall not be finally approved by the court until the Commission (but not a division thereof) has authorized the issuance or modification of securities as proposed by the plan as so modified (other than securities held by, or to be issued to, Reconstruction Finance Corporation) making the findings required by clause (c) of subparagraph (2) of the first sentence of section 710, even in a case where the original order of the Commission under said section 20a was made prior to April 1, 1939; and (b) if such modification substantially or adversely affects the interests of any class or classes of creditors, such plan shall be resubmitted, in such manner as the court may direct, to those creditors so affected by such modification and shall not be finally approved until after (1) a hearing on such modification, to be held within such reasonable time as the court may fix, at which hearing any person in interest may object to such modification, and (2) a reasonable opportunity (within a period to be fixed by the court), following such hearing, within which such affected creditors who have assented to the plan may withdraw or cancel their assents to the plan, and failure by any such creditor to withdraw or cancel an assent within such period shall constitute an acceptance by such assenting creditor of the plan as so modified. After such authorization and finding by the Commission, where required hereby, and after such hearing and opportunity to withdraw or cancel, where required hereby, the court may make the proposed modification, and as provided in section 725 finally approve and confirm the plan as so modified."

And the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by such amendment insert the following: "which does not provide for the payment thereof shall be approved by the court except upon the acceptance of a lesser amount or of a postponement by the Secretary of the Treasury certified to the courts: *Provided*, That if the Secretary of the Treasury shall fail to accept or reject such lesser amount or such postponement for more than sixty days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties are concerned shall be conclusively presumed"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by such amendment and insert in line 1 on page 9 of the House bill after the word "or" and before the word "as" the following: ", if modified, then"; and the Senate agree to the same.

Amendments numbered 25, 26, and 27: That the House recede from its disagreement to the amendments of the Senate numbered 25, 26, and 27 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by such amendments, strike out all matter in lines 6 through 12 inclusive on page 9 of the House bill, and insert in lieu thereof the following:

"(3) That the plan meets the requirements of clause (c), and the petitioner meets the requirements of clauses (a) and (b) of subparagraph (2) of the first sentence of section 710, and that the plan is fair and equitable as an adjustment, affords due recognition to the rights of each class of creditors and stockholders and fair consideration to each class thereof adversely affected, and will conform to the law of the land regarding the participation of the various classes of creditors and stockholders: *Provided*, That in making the findings required by this clause (3), the court shall scrutinize the facts independently of the extent of acceptances of such plan, and of any lack of opposition thereto, and of the fact that the Commission, under section 20a of the Interstate Commerce Act, has authorized the issuance or modification of securities as proposed by such plan, and of the fact that the Commission has made such or similar findings;"

And the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment, insert the following:

"(6) That, after hearings for the purpose, all amounts or considerations, directly or indirectly paid or to be paid by or for the petitioner for expenses, fees, reimbursement or compensation of any character whatsoever incurred in connection with the proceeding and plan, or preliminary thereto or in aid thereof, together with all the facts and circumstances relating to the incurring thereof, have been fully disclosed to the Court so far as such amounts or considerations can be ascertained at the time of such hearings, that all such amounts or consideration are fair and reasonable, and to the extent that any such amounts or considerations are not then ascertainable, the same are to be so disclosed to the Court when ascertained, and are to be subject to approval by the special court as fair and reasonable, and except with such approval no amounts or considerations covered by this clause (6) shall be paid."

And the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by such amendment insert the following:

"No plan shall be approved under this chapter unless the special court finds that with respect to the continuation of, or any change in, the voting rights in the petitioner, control of the petitioner,

and the identity of, and the power and manner of selection of the persons who are to be directors, officers, or voting trustees, if any, upon the consummation of the plan and their respective successors, the plan makes full disclosure, is adequate, equitable, in the best interests of creditors and stockholders of each class, and consistent with public policy."

And the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert the following:

"ARTICLE VII—INTERSTATE COMMERCE COMMISSION

"SEC. 740. If, in any application filed with the Commission pursuant to section 20a of the Interstate Commerce Act for authority to issue or modify securities, the applicant shall allege that the purpose in making such application is to enable it to file a petition under the provisions of this chapter, the Commission shall take final action on such application as promptly as possible, and in any event within one hundred and twenty days after the filing of such application, unless the Commission finds that a longer time, not exceeding sixty days is needed in the public interest."

And the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40 and agree to the same, with an amendment as follows: In line 11 on page 14 of the House bill, after the word "made", insert the following: "by any person affected by the plan who deems himself aggrieved"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by said amendment, strike out in line 22 on page 14 of the House bill the words "Saving Clause", and insert in lieu thereof the following: "IX—Filing record with Commission"; and the Senate agree to the same.

Amendments numbered 42 and 43: That the House recede from its disagreement to the amendments of the Senate numbered 42 and 43 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by such amendments, strike out all matter in lines 23 through 25 inclusive on page 14 of the House bill, strike out all matter in lines 1 and 2 on page 15 of the House bill, and insert in lieu thereof the following:

"SEC. 750. The clerk of the court in which any proceedings under this chapter are pending, shall forthwith transmit to the Interstate Commerce Commission copies of all pleadings, petitions, motions, applications, orders, judgments, decrees and other papers in such proceedings filed with the court or entered therein, including copies of any transcripts of testimony, hearings or other proceedings that may be transcribed and filed in such proceedings together with copies of all exhibits, except to the extent that the court finds that compliance with this section would be impracticable."

And the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by such amendment insert the following:

"ARTICLE X—TERMINATION OF JURISDICTION

"SEC. 755. The jurisdiction conferred upon any court by this chapter shall not be exercised by such court after July 31, 1940, except in respect of any proceeding initiated by filing a petition under section 710 hereof on or before July 31, 1940."

And the Senate agree to the same.

B. K. WHEELER,
WARREN R. AUSTIN,
H. T. BONE,
CHAS. W. TOBEY,
HARRY S. TRUMAN,
Managers on the part of the Senate.

WALTER CHANDLER,
EARL C. MICHENER,
CHARLES F. MCLAUGHLIN,
Managers on the part of the House.

Mr. WHEELER. The conferees have met and concluded their work in regard to this bill. I move that the Senate proceed to the consideration of the conference report.

The motion was agreed to.

The report was considered and agreed to.

PROMOTION OF NAUTICAL EDUCATION

The PRESIDING OFFICER (Mr. HILL in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 5375) to promote nautical education, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BAILEY. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SHEPPARD, Mr. CLARK of Missouri, Mr. BAILEY, Mr. WHITE, and Mr. BARBOUR conferees on the part of the Senate.

AMENDMENT OF MERCHANT MARINE AND SHIPPING ACTS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BAILEY. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SHEPPARD, Mr. CLARK of Missouri, Mr. BAILEY, Mr. WHITE, and Mr. BARBOUR conferees on the part of the Senate.

EXPRESSION OF APPRECIATION BY CONGRESS TO AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 10, which was read as follows:

Whereas this year marks the twenty-fifth anniversary of the organization of the American Association of State Highway Officials, which is composed of officials of the highway departments of all the States, Hawaii, Puerto Rico, the District of Columbia, and the United States Bureau of Public Roads; and

Whereas said association through its members represents the State and Federal governmental agencies which have constructed and maintained a vast system of highways throughout the Nation, which highways are becoming increasingly important in local and interstate transportation; and

Whereas said association has announced that it is planning to celebrate in a fitting manner this quarter century of road building at a national meeting to be held during the month of October 1939 in the cities of Washington, D. C., and Richmond, Va.: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the splendid results which have been accomplished in the vital development of our national highway transportation system merit an expression of public appreciation by the Congress.

SEC. 2. A special committee of the Congress is hereby established, to consist of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, to convey to the members of the American Association of State Highway Officials at the national meeting of said association to be held in the cities of Washington, D. C., and Richmond, Va., during the month of October 1939 an expression of appreciation by the Congress of the praiseworthy accomplishments realized under their leadership and direction in the field of highway development.

Mr. MINTON. I move that the Senate concur in the concurrent resolution of the House.

The motion was agreed to.

THE SO-CALLED CIVIL LIBERTIES COMMITTEE

Mr. SCHWELLENBACH. Mr. President, last week in discussing the resolution with respect to the so-called Civil Liberties Committee, which resolution is in the hands of the Committee to Audit and Control the Contingent Expenses of the Senate, the Senator from South Carolina indicated that the increased appropriation made to the Department of Justice might be used to provide in part for the needs of the committee. Attorney General Murphy in a press conference gave out a statement of his attitude toward that particular question, clearly indicating that he felt the necessity for the continuation of the work of the Civil Liberties Committee, and that he did not feel that the Department of Justice alone was in a position to handle the matter.

I ask unanimous consent to have printed as a part of my remarks a newspaper dispatch from the St. Louis Post-Dispatch outlining the position of the Attorney General in reference to the matter, and also an editorial in reference thereto, published in the same newspaper, under date of July 21, 1939.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the St. Louis Post-Dispatch]

MURPHY FAVORS NEW FUND FOR LA FOLLETTE—NOTES "EDUCATIONAL VALUE" OF EXPOSURES OF CIVIL LIBERTIES COMMITTEE

WASHINGTON, July 20.—Pointing out "the great educational value" of the exposures of the Senate Civil Liberties Committee during the past 3 years, Attorney General Murphy told reporters today that he would like to see the committee given additional funds so it could cooperate with the Department of Justice.

Murphy's statement was significant because Chairman BYRNES, of the Senate Audit and Control Committee, Monday opposed an additional grant to the La Follette committee, asserting that the Department of Justice had been given a $50,000 appropriation for the current fiscal year to investigate and prosecute infringements of the constitutional guarantees of civil liberty.

Pending before the Senate is the bill of Senators SCHWELLENBACH, of Washington, and DOWNEY, of California, both Democrats, to appropriate $100,000 for the continuation of the La Follette committee.

"COOPERATION GREAT HELP"

Murphy said that he would not be able to do as much with the $50,000 appropriation as he would like to do and that it would be a very great help to him to have the cooperation of the La Follette committee. He added that he had talked with several Senators about the work of the La Follette committee and that he would be glad to give the Audit and Control Committee his views if the proper procedure for this could be found.

"There is no conflict," he said, "between the work of the La Follette committee and the Department of Justice, and as I see it, the committee can be helpful to us and other public officials. I know that as Governor of Michigan I found the La Follette reports very significant, especially the disclosure that businessmen had spent more than $2,000,000 for private detectives and labor spies.

"During the automobile strike I took a copy of its record with me to a conference of the leaders of that industry and asked them if the disclosures were true. They said that the practice of hiring private detectives and labor spies was bad and that it had been abandoned. That was one of the results of the La Follette committee's investigation."

DIFFERENCE IN PROCEDURE

Murphy agreed that the Department and the committee proceeded along different lines. The Department, he explained, made its investigations to determine whether an existing Federal law had been violated, whereas the committee sought to determine whether additional laws were necessary in the public interest.

During the Senate debate yesterday SCHWELLENBACH and DOWNEY asserted that if the committee were given additional funds it could make a comprehensive investigation of the charges against the Associated Farmers of California for alleged violation of workers' civil rights. Murphy said today that his Department had made only a preliminary survey of the California situation, and that whether an investigation would be made would depend on whether the La Follette committee is given funds to carry out its proposed investigation in that State.

In reply to SCHWELLENBACH and DOWNEY, BYRNES asserted that when the La Follette committee was given $60,000 last year Chairman LA FOLLETTE told the Audit and Control Committee that it would be sufficient to complete the investigation. LA FOLLETTE answered that he had religiously lived up to his agreement by not asking for more funds, but added that a study of material already assembled by his committee would convince any person that the investigation should be continued.

[From the St. Louis Post-Dispatch]

MURPHY ENDORSES THE LA FOLLETTE COMMITTEE

The idea has grown in Congress and over the country that the La Follette committee may as well be discontinued, now that a special civil liberties union has been set up in the Department of Justice by Attorney General Murphy. With both at work, there would be duplication, it is asserted, and the Justice Department should be given full charge of the field.

These arguments are demolished by Attorney General Murphy, who went on record yesterday as favoring continuance of the committee. He praised its "great educational value," asserted there was no conflict between the two groups and declared the committee's cooperation would be very valuable to his department and other agencies.

The public hearings held by the committee have been highly useful in exposing bad conditions and correcting them. The Department of Justice, on the other hand, makes its reports to grand juries in secret session, and so is restricted from turning the spotlight on dark places, as the committee has done so frequently. The La Follette group is far from completing its work; indeed, it has not yet touched certain important subjects, such as the repressive labor practices said to exist among California farm workers. It should be assured of getting the necessary funds from Congress for continuing its labors, now that Mr. Murphy has given his significant endorsement.

WORKS PROGRESS ADMINISTRATION—RATES OF PAY, AND SO FORTH

Mr. McCARRAN. Mr. President, yesterday I offered an amendment to the spending and lending bill which is now before the Senate. I made reference to certain Executuve orders made pursuant to an investigation, and stated that the Works Progress Administration had promulgated regulations relating to hourly rates of pay, hours of work, payment for service and conduct of employment, all of which have to do with the question of the prevailing wage in the respective districts of this country. The amendment will come before the Senate as an adjunct to the bill that is now pending, and I propose to foster and advocate it as best I can, to the end that the workers of America who are now out of employment, and those who are threatened with being made a part of an agency to destroy the wage structure of the United States shall no longer be used for that purpose. In other words, if the labor organizations of the United States have during a half century built up a wage structure in America commensurate with the standard of living in the United States, then that structure should be maintained, and Congress should not be a party to a change that would tear it down.

I ask to have printed in the RECORD as part of my remarks, title 45, Public Welfare, Works Progress Administration—Administrative Order No. 67—made by the President, as published in the Federal Register of Wednesday, April 19, 1939.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

TITLE 45—PUBLIC WELFARE

WORKS PROGRESS ADMINISTRATION

[Administrative Order No. 67]

REGULATIONS RELATING TO HOURLY RATES OF PAY, HOURS OF WORK, PAYMENT FOR SERVICES AND CONDITIONS OF EMPLOYMENT

By virtue of and pursuant to the authority vested in the Works Progress Administration by the Emergency Relief Appropriation Act of 1938 approved June 21, 1938, I hereby prescribe the following rules and regulations:

PART I. DEFINITIONS

SECTION 1. The term "projects" as used herein shall mean projects or portions of projects financed in whole or in part from funds appropriated to the Works Progress Administration by the Emergency Relief Appropriation Act of 1938 or by Public Resolution No. 1, Seventy-sixth Congress, approved February 4, 1939, except projects financed in whole or in part from funds appropriated to the Works Progress Administration for the National Youth Administration.

SEC. 2. The term "project employees" as used herein shall mean all employees engaged upon a project and paid by means of a pay-roll payment from funds authorized for the operation of the project.

(a) The term "project employees paid on an hourly basis" as used herein shall mean persons, including supervisory employees engaged upon a project, who are paid on an hourly basis by means of pay-roll payments from funds authorized for the operation of such project.

(b) The term "project supervisory employees" as used herein shall mean persons in supervisory positions engaged upon a project who are paid on a monthly basis by means of pay-roll payments from funds authorized for the operation of such project.

PART II. RATES OF PAY

SEC. 3. The rates of pay for project employees paid on an hourly basis shall be not less than the prevailing rates of pay for work of a similar nature in the same locality. When, in the judgment of the State administrator, it is necessary to revise hourly rates heretofore established or to determine new hourly rates, such rates of pay shall be subject to the approval of the Federal Works Progress Administrator or his authorized representative prior to their being placed in effect.

SEC. 4. In accordance with the provisions of administrative authorities granted to him, it shall be the responsibility of the States Works Progress administrator to issue State administrator's orders, which prescribe the schedule of appropriate rates of pay, hours to be worked, and monthly earnings by occupational titles for each county in the State in which projects are being operated. Where necessary, supplemental schedules shall be issued as State administrator's orders covering special determinations for particular projects within the county or for subdivisions of the county.

PART III. HOURS OF WORK

SEC. 5. The normal hours of work for project employees paid on an hourly basis shall be that number of hours required to earn the authorized monthly wage at the established rate of pay. The maximum hours of work, however, shall not exceed 8 hours per day, 40 hours per week, and 140 hours per month, except when, in the judgment of the State Works Progress administrator or his authorized representative, the above limitations are not practical in the following cases:

(a) An emergency involving the public welfare or to protect work already done on the project.

(b) When efficient project operations permit rescheduling hours of work for the purpose of making up time lost due to the following circumstances: *Provided,* That in no case shall any project

employee be permitted to accumulate allowable lost time in excess of 50 percent of the employee's normal assigned hours per month.

(1) Temporary interruptions of projects beyond the control of the workers;

(2) Illness;

(3) Injuries sustained in the performance of duty;

(4) Military service;

(5) Exercise of voting privilege.

When making up time lost the maximum hours of work shall be 8 hours per day and 48 hours per week.

SEC. 6. The hours of work for project supervisory employees shall be established by the State administrator or his authorized representative in accordance with the requirements of the project to which the employee is assigned: *Provided*, That the minimum hours of work required shall be not less than 120 hours per pay-roll month. Deductions for voluntary time lost shall be made in accordance with section 10 of this order, without regard to the hours of work established pursuant to this section.

PART IV. MONTHLY EARNINGS AND PAYMENT FOR SERVICES

SEC. 7. The schedule of monthly earnings, as hereinafter established with adjustments heretofore effected as set forth in section 8 of this order, shall be applicable to at least 95 percent of the persons engaged upon a project and paid from project funds, except:

(a) Such projects, portions of projects, or activities as the Federal Works Progress Administrator or his authorized representative may hereafter exempt, including adjustments to the schedule of monthly earnings on the basis of contiguity of counties, redefinition of regions, and adjustments within the range of 10 percent.

(b) Such projects or portions of projects as the State Works Progress administrators may hereafter exempt, provided that the number of persons covered by such exemption, including project supervisory employees, shall not exceed 10 percent of the employees on a project and that at least 95 percent of the persons employed upon all projects within a State shall be persons who are paid in accordance with the schedule of monthly earnings as hereinafter provided.

(c) Such projects or portions of projects as the State Works Progress administrators may hereafter specifically exempt for a period of not to exceed one full pay-roll period, in order to permit the assignment of supervisory personnel for the purpose of planning and scheduling project operations, provided that such exemption authority shall not allow the assignment of project supervisory employees in excess of the normal needs of full-time project operation.

SCHEDULE OF MONTHLY EARNINGS

The schedule of monthly earnings applicable to any county shall be based upon the 1930 population of the largest municipality within the county in accordance with the following schedule:

UNSKILLED WORK

Region [1]	Over 100,000	50,000–100,000	25,000–50,000	5,000–25,000	Under 5,000
Region I	55	52	48	44	40
Region II	45	42	40	35	32
Region III	40	38	36	30	26

INTERMEDIATE WORK

Region I	65	60	55	50	45
Region II	58	54	50	44	38
Region III	57	53	47	40	33

SKILLED WORK

Region I	85	75	70	63	55
Region II	72	66	60	52	44
Region III	72	66	60	52	44

PROFESSIONAL AND TECHNICAL WORK

Region	Over 100,000	50,000–100,000	25,000–50,000	5,000–25,000	Under 5,000
Region I	94	83	77	69	61
Region II	79	73	66	57	48
Region III	79	73	66	57	48

[1] Regions include the following States:

Region I: Arizona, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, Wisconsin, Wyoming.

Region II: Delaware, District of Columbia, Kansas, Kentucky, Maryland, Missouri, Oklahoma, West Virginia.

Region III: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia.

SEC. 8. The several State Works Progress administrators are hereby authorized to continue adjustments to the schedule of monthly earnings heretofore authorized by the Federal Works Progress Administrator or by the several State Works Progress administrators on the basis of contiguity of counties, redefinition of regions, or adjustments within the range of 10 percent, provided such adjustments to the schedule of monthly earnings were in full force and effect prior to the effective date of this order and such adjustments have not been incorporated into the schedule of monthly earnings as herein provided.

SEC. 9. The several State Works Progress administrators are hereby authorized to make adjustments to the schedule of monthly earnings as herein established in order to allow the scheduling of monthly earnings which do not involve the computation of fractional payments of less than 1 cent or the assignment of hours of work which involve partial hours during any semimonthly pay period, provided this authority is limited to the fixing of monthly earnings which do not vary more than $1 above or below the established schedule of monthly earnings. Any adjustments to the schedule of monthly earnings for this purpose which exceed $1 above or below the established schedule shall be subject to prior authorization by the Federal Works Progress Administrator or his designated representative. Such adjustments to the schedule of monthly earnings shall be in addition to any adjustments heretofore authorized under the provisions of section 8 of this order.

SEC. 10. The several State Works Progress administrators are authorized and directed to establish monthly salaries for project supervisory employees in accordance with monthly wages customarily paid for work of a similar nature in the same locality. Deductions for voluntary absence from duty shall be made in the amount of one-thirtieth of the monthly salary for each day of voluntary absence. However, no deduction shall be made for any day or days upon which the employee is not required to work. Deductions for voluntary absence from duty for a portion of a day shall be made in an amount equal to one-fourth the deduction, or multiple thereof, made for absence during a full day.

SEC. 11. Project employees paid on an hourly basis shall be compensated only for time actually worked, except where a project employee is paid for the day upon which a compensable injury occurs. Project employees who are paid in accordance with the schedule of monthly earnings shall be allowed every reasonable opportunity consistent with efficient project operations to make up time lost as provided in section 5. Such time lost may be made up during the current or succeeding pay-roll months; however, every effort shall be made to reschedule project operations so as to allow project employees to make up time lost during the current pay-roll period. Payments in excess of the schedule of monthly earnings are permitted for this purpose.

SEC. 12. Project employees if injured in the performance of duty and unable to work as a result thereof shall be entitled to receive payment of compensation under the provisions of the act of February 15, 1934 (48 Stat. 351) as amended.

SEC. 13. Where project employees are quartered in camps, the several State Works Progress administrators are authorized to fix an appropriate charge for lodging, food, proper sanitation, water and bathing facilities, and medical and dental care, and to make such deductions at the end of each pay-roll period from the earnings of project employees quartered in such camps.

PART V. CONDITIONS OF EMPLOYMENT

SEC. 14. It shall be the responsibility of the State works progress administration to assure the maintenance of standards of eligibility for certification. Need and employability shall be the only requirements in determining eligibility provided persons are otherwise eligible as prescribed by law and by these regulations. For the purpose of certification need shall be said to exist when the resources of the family or of the unattached individual are insufficient to provide a reasonable subsistence compatible with decency and health. At least 95 percent of the employees on a project shall be persons who have been certified as in need by a public relief agency approved by the Works Progress Administration or in lieu thereof by the Works Progress Administration, except:

(a) Persons on such projects or portions of projects as the Federal Works Progress Administrator or his authorized representative may hereafter exempt;

(b) Such projects or portions of projects as the State Works Progress administrator may hereafter exempt, provided that the number of persons covered by such exemptions, including project supervisory employees shall not exceed 10 percent of the employees on a project and that at least 95 percent of the persons employed on all projects within the State shall be persons certified as in need; and

(c) Such projects or portions of projects as the State Works Progress administrators may hereafter specifically exempt for a period of not to exceed one full pay-roll period, in order to permit the assignment of supervisory personnel for the purpose of planning and scheduling project operations, provided that such exemption authority shall not allow the assignment of project supervisory employees in excess of the normal needs of full-time project operation.

SEC. 15. Persons in need whose names have not heretofore been placed upon relief rolls shall be eligible for employment and shall be certified as in need in the same manner as persons whose names have heretofore appeared on relief rolls.

SEC. 16. Persons 65 years of age or over and women with dependent children shall be eligible for employment, if certified as to need and otherwise eligible, provided:

(a) Such persons are not receiving public assistance benefits under the Social Security Act; or

(b) Such persons do not relinquish public assistance benefits under the Social Security Act with the intent to establish eligibility for employment.

SEC. 17. Farmers in rural areas who are in need and who need employment to supplement their farm income shall be eligible for certification and for employment, provided that:

(a) Such farmers are not active standard loan clients of the Farm Security Administration, and

(b) Such farmers are not currently receiving emergency grants from the Farm Security Administration.

SEC. 18. No person under the age of 18 years, and no person whose age or physical condition is such as to make his employment dangerous to his health or safety, or to the health or safety of others may be employed on a project. This section shall not be construed to operate against the employment of physically handicapped persons otherwise employable, where such persons may be safely assigned to work which they can perform.

SEC. 19. Only one member of a family group may be employed on projects as defined herein. This provision shall not be construed to interfere with the part-time employment of a youth member of the family by the National Youth Administration or the enrollment of a member of the family in the Civilian Conservation Corps.

SEC. 20. The fact that a person is entitled to or has received either adjusted-service bonds or a Treasury check in payment of an adjusted-compensation certificate shall not be considered in determining actual need of such employment.

SEC. 21. No alien shall knowingly be given employment or continued in employment on any project even though such alien may have filed a declaration of intention to become an American citizen. Effective March 6, 1939, and thereafter, no person shall be employed on projects until such person has executed an affidavit as to his citizenship status.

SEC. 22. Preference in employment on projects shall be given in the following order:

(a) Veterans of the World War and the Spanish War and veterans of any campaign or expedition in which the United States has engaged who are in need and are American citizens.

(b) Other American citizens, Indians, and other persons owing allegiance to the United States who are in need.

SEC. 23. No person certified as in need shall be eligible for employment on any project financed from funds appropriated to the Works Progress Administration who has refused to accept employment on any other Federal or non-Federal project at an hourly wage rate comparable to or higher than the hourly wage rate established for similar work on projects financed from funds appropriated to the Works Progress Administration. However, any certified person who has been engaged on any Federal or non-Federal project and whose service has been regularly terminated through no fault of his own shall not lose his eligibility for reemployment on any project financed from funds appropriated to the Works Progress Administration or on any other Federal or non-Federal project on account of such previous employment.

SEC. 24. Project employees and unassigned certified persons shall be expected to accept bona fide offers of private employment, whether of a permanent or temporary nature, provided that:

(a) The project employee is capable of performing such work;

(b) The wage for such employment is not less than the prevailing wage for such work in the community;

(c) Such employment is not in conflict with established union relationships;

(d) Such employment provides reasonable working conditions.

A certified person who takes such private employment shall at the expiration thereof be entitled to reemployment on a project if he is still in need and otherwise eligible and if he has lost the private employment through no fault of his own. However, project employees and certified persons awaiting assignment who refuse to accept such private employment shall be ineligible for employment on any project for the period such private employment would be available.

SEC. 25. As a condition to their continued employment on projects project employees paid on an hourly basis who are certified as in need shall be required to file quarterly a statement as to the amount of their earnings from outside employment while they were assigned on such projects. The quarterly statements of outside earnings shall be taken into consideration in continuing such certified persons in employment on projects.

SEC. 26. Persons certified as in need, including project supervisory employees, who are authorized to work on projects at monthly earnings which are in excess of $100 per month shall have their certification of need canceled and shall be considered as noncertified persons, provided that this requirement shall not be construed as prohibiting certified workers from receiving monthly earnings in excess of $100 per month when making up lost time or in an emergency as provided in section 5.

SEC. 27. Persons who are qualified for assignment to projects and who are eligible as specifically provided by law and by these regulations shall not be discriminated against because of membership or nonmembership in a labor organization.

SEC. 28. All persons paid from funds appropriated to the Works Progress Administration shall observe the following rules relating to political activities:

(a) No person, directly or indirectly, shall promise any employment, position, work, compensation, or other benefit provided under the program of the Works Progress Administration to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election.

(b) No person shall deprive, attempt to deprive, or threaten to deprive, by any means, any person of any employment, position, work, compensation, or other benefit provided under the program of the Works Progress Administration on account of race, creed, color, or any political activity, support of, or opposition to any candidate or any political party in any election.

(c) No person shall knowingly solicit or knowingly be in any manner concerned in soliciting any assessment, subscription, or contribution for the campaign expenses of any individual or political party from any person entitled to or receiving compensation or employment provided for by the program of the Works Progress Administration.

(d) No person employed in any administrative or supervisory capacity by any agency of the Federal Government whose compensation is paid from funds appropriated to the Works Progress Administration shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. While such persons shall retain the right to vote as they please and to express privately their opinions on any political subjects, they shall take no active part in political management or in political campaigns. Any persons in an administrative or supervisory capacity who violate the provisions of this section shall be subject to immediate discharge and thereafter such persons shall not be eligible for any employment which is compensated from funds appropriated to the Works Progress Administration.

SEC. 29. Every person who works for the Works Progress Administration, whatever his job, has a right to vote in any election, for any candidate he chooses. When the hours during which polling places are open or any other conditions prevent employees from freely exercising their voting privileges, scheduled hours of work may be adjusted to provide the necessary time for this purpose. Project employees shall not be paid for time allowed during which to vote, but they shall be permitted through a rescheduling of working hours to work their full quota of hours during the pay-roll month for which the time off is granted.

SEC. 30. All projects shall be conducted in accordance with safe working conditions and every effort shall be made for the prevention of accidents.

SEC. 31. Wages to be paid by the Federal Government may not be pledged or assigned, and any purported pledge or assignment shall be null and void.

SEC. 32. Project employees on an hourly basis shall be required to show evidence of registration and occupational classification by a designated office of the United States Employment Service before assignment to work on projects.

PART VI. ASSIGNMENT, CLASSIFICATION, AND EMPLOYMENT RECORDS

SEC. 33. The assignment and reassignment of project employees and the classification and reclassification by occupational title of project employees paid on an hourly basis shall be the responsibility of the State works progress administration. The several State Works Progress administrators are hereby authorized and directed to continue:

(a) To analyze occupational work experience and training of persons certified for project employment for the purpose of classifying them according to occupational characteristics;

(b) To make every reasonable effort, consistent with prompt employment to assign such persons to work on projects at their usual or related occupations; and

(c) To maintain individual occupational classification records showing work experience, qualifications, primary and secondary occupational classifications, and other related information.

PART VII. EFFECTIVE DATE

SEC. 34. These rules and regulations shall become effective at the beginning of pay-roll periods on and after April 20, 1939, and shall supersede administrative orders Nos. 62 and 65 of the Works Progress Administration, which are hereby rescinded.

[SEAL] F. G. HARRINGTON, *Administrator.*

[F. R. Doc. 39-1324; Filed April 18, 1939; 10:19 a. m.]

Mr. SCHWELLENBACH. Mr. President, will the Senator from Kentucky yield to me so that I may ask the Senator from Nevada a question?

Mr. BARKLEY. I yield.

Mr. SCHWELLENBACH. I will state to the Senator from Nevada that there is prevalent in the city of Washington a rumor that there are many persons connected with the Congress who believe that within the next few days so many Members of the Congress will be tired of this session that they will leave and that the Congress will not be able to get a quorum after the next 2 or 3 days.

In view of the statement submitted by the Senator from Nevada does he not believe that those who are so anxious to return home, and who may thus compel Congress to adjourn by reason of failure to obtain a quorum, will by such action cause the failure of adoption of the Senator's proposal? And will they not by their action in going home, or to some place else, cause a continuation of this very cruel policy which was put into the Works Progress legislation?

Mr. McCARRAN. If I may answer in the time of the Senator from Kentucky——

Mr. BARKLEY. I yield.

Mr. McCARRAN. I may say that, so far as I am personally concerned and I believe so far as a majority of the Senate is concerned, I and they are entirely content to remain here to the end that those who are interested and those who need proper consideration shall not be neglected and that the wage structure of the country shall never be torn down because of the absence of Members of Congress, or by any action of Congress. I hope I have answered the question of the Senator from Washington.

Mr. BARKLEY. Mr. President, the rumor to which the Senator from Washington made reference, that by the end of this week a sufficient number of Members of Congress, particularly of the Senate, would leave the city permanently, thus making it impossible to obtain a quorum during the rest of the session, has been brought to my attention.

It would be so incredible for Members of the Senate and the House of Representatives individually to leave the city in sufficient numbers to make it impossible to obtain a quorum to transact the further business of Congress, including not only the proposal of the Senator from Nevada, but other proposals, that I do not believe any such thing will happen. I realize how anxious we all are to go to our homes, but——

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BARKLEY. In a moment. I think I am within the bounds of reason when I say that by hard work we can conclude the session not later than a week from next Saturday. Certainly Senators and Representatives are willing to stay in Washington another week, or even longer if necessary, in order that vital business may be transacted. I do not believe that the rumor to which reference has been made has any foundation. I certainly hope not.

In that connection, Mr. President, I should like to say that I shall ask the Senate to continue in session tomorrow night, and to hold night sessions during the remainder of this week, in order that we may facilitate the consideration and disposition of business.

I now yield to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, in view of what the Senator has said about the apparently unanimous desire of Members of Congress to leave Washington, I want it understood that, speaking for myself, that is not my desire. My desire is to remain here until Congress shall have discharged whatever duties it may have to perform, and the Senator will find me ready to remain beside him until every single measure upon the calendar or in committee which should be considered is considered. From what I gather from talking with other Members of the Senate, I believe that is the attitude of a great many Members of this body.

I think attention should be called to the fact that suggestions for the adjournment of Congress frequently proceed from the mouths of persons who are not Members of Congress, and who desire to get Congress out of Washington. It is my belief that a majority of the Members of the Senate and of the House are willing to do their duty under the law.

Mr. BARKLEY. I entirely agree with the Senator from Wyoming; and for that reason I have not at all credited the rumors and statements which have been brought to my attention. We all know that as soon as Congress meets in January, persons inside and outside the Congress begin to speculate about when we are going to adjourn. We all make such a desperate effort to become and remain Members of Congress that I do not think we ought to make a desperate effort to get away before we have performed our duty. I think the Senator from Wyoming speaks the sentiments of the overwhelming majority of Members of this body when he says that we will stay here until we have performed our public duty.

It so happens that individual Senators, because of illness and perhaps for other legitimate reasons, are compelled temporarily to absent themselves. One Senator came to me today and advised me that he had to leave tonight, on the advice of his physician, because of personal illness. Of course, in such a case no one could insist that a Senator stay in Washington and jeopardize his health or his life in the performance of his duty. However, taking the Senate by and large, I think it is willing and ready to stay here and perform its duty.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. I expect to remain in Washington until the final adjournment of Congress, as I always do. However, if the Senator means that we are to stay here until we shall have disposed of all the bills on the calendar, and all the bills in committee, I should like to know it, so that I may make my plans accordingly.

Mr. BARKLEY. I have no such idea. I said that I thought we could wind up the necessary business next week. I still entertain that hope. However, that certainly does not include cleaning the calendar of all the bills on it, and disposing of all the bills now before committees. I have no such view as that. I hope the Senator did not think I meant any such thing.

Mr. BYRNES. No.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

THE JUDICIARY

The PRESIDING OFFICER (Mr. HILL in the chair). If there be no reports of committees, the clerk will state the nominations on the calendar.

The legislative clerk read the nomination of Walter Bragg Smith to be United States marshal for the middle district of Alabama.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

NATIONAL RESOURCES PLANNING BOARD

The legislative clerk read the nomination of George F. Yantis to be a member of the National Resources Planning Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. BARKLEY. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, July 26, 1939, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 25, 1939

UNITED STATES MARSHAL

Walter Bragg Smith to be United States marshal for the middle district of Alabama.

NATIONAL RESOURCES PLANNING BOARD

George F. Yantis to be a member of the National Resources Planning Board.

APPOINTMENTS IN THE REGULAR ARMY

Tillman Davis Johnson to be first lieutenant, Medical Corps.
Carl Winn Hall to be first lieutenant, Medical Corps.
Michael Deane Buscemi to be first lieutenant, Medical Corps.
Raymond Cunningham Stiles to be first lieutenant, Medical Corps.
Russell Edward Hanlon to be first lieutenant, Medical Corps.
James Samuel Fisackerly to be first lieutenant, Medical Corps.
Henry Curtis Harrell to be first lieutenant, Medical Corps.
James Francis Reilly to be first lieutenant, Medical Corps.
Hensley Starling Johnson to be first lieutenant, Medical Corps.
George N. Schuhmann to be first lieutenant, Medical Corps.
Fredrick Clinton Hopp to be first lieutenant, Medical Corps.
Harvey Clark Boyd to be first lieutenant, Medical Corps.
Carroll Steiner Svare to be first lieutenant, Medical Corps.
Edward John Doyle to be first lieutenant, Medical Corps.
Jesse Moyer Swink to be first lieutenant, Dental Corps.
Jack Benjamin Caldwell to be first lieutenant, Dental Corps.
Raymond Waldmann to be first lieutenant, Dental Corps.
Carroll Godfrey Hawkinson to be first lieutenant, Dental Corps.
George Herbert Moulton to be first lieutenant, Dental Corps.
George Broughton Foote to be first lieutenant, Dental Corps.

APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS, REGULAR ARMY

Carlyle Hilton Wash to be colonel.
Ross Franklin Cole to be lieutenant colonel.
Hugo Peoples Rush to be major.

PROMOTIONS IN THE REGULAR ARMY

George Winship Easterday to be colonel, Coast Artillery Corps.
Clinton Albert Pierce to be lieutenant colonel, Cavalry.
John Redmond Thornton to be major, Cavalry.
George Roland McElroy to be major, Cavalry.
Douglas Horace Rubinstein to be major, Infantry.
Sam Foster Seeley to be major, Medical Corps.
William Draper North to be major, Medical Corps.
Clifford Veryl Morgan to be major, Medical Corps.
William Henry Lawton to be major, Medical Corps.
James Elmo Yarbrough to be major, Medical Corps.
Abner Zehm to be major, Medical Corps.
Walter Frederick Heine to be major, Medical Corps.
Charles McCabe Downs to be major, Medical Corps.
John Winchester Rich to be major, Medical Corps.
Thomas Brown Murphy to be major, Medical Corps.
Huston J. Banton to be major, Medical Corps.
Hervey Burson Porter to be major, Medical Corps.
John Joseph Pelosi to be captain, Medical Corps.
Patrick Ignatius McShane to be captain, Medical Corps.
Louis Samuel Leland to be captain, Medical Corps.
Joseph Francis Linsman to be captain, Medical Corps.
Albert Fields to be lieutenant colonel, Dental Corps.
Roger Giles Miller to be major, Dental Corps.
John Knox Bodel to be chaplain, with the rank of lieutenant colonel, United States Army.
William Roy Bradley to be chaplain, with the rank of lieutenant colonel, United States Army.
James Lloyd McBride to be chaplain, with the rank of lieutenant colonel, United States Army.

PROMOTIONS AND APPOINTMENTS IN THE NAVY

MARINE CORPS

Ralph E. Forsyth to be major.
William J. Scheyer to be major.
Lawrence T. Burke to be major.
Thomas J. Walker, Jr., to be major.
Charles W. Kail to be major.
William K. Pottinger to be captain.
George N. Carroll to be captain.
Paul E. Wallace to be captain.
Marshall A. Tyler to be captain.
Wilbur J. McNenny to be captain.
Joslyn R. Bailey to be captain.
Donald W. Fuller to be captain.
David W. Stonecliffe to be first lieutenant.
Fred T. Bishopp to be second lieutenant.
Robert F. Jenkins, Jr., to be second lieutenant.
Benjamin B. Manchester, III, to be second lieutenant.
Albert W. Moffett to be second lieutenant.
Thomas V. Murto, Jr., to be second lieutenant.
Robert Philip to be second lieutenant.
John W. Stevens, 2d, to be second lieutenant.
Edwin J. St. Peter to be second lieutenant.
James Taul to be second lieutenant.
Waite W. Worden to be second lieutenant.

POSTMASTERS

ALABAMA

Julia J. Harkness, Eutaw.
Eunice D. King, Midway.
Addie M. Cannon, Mount Vernon.
Jesse A. Harris, New Brockton.
Roe P. Greer, Sylacauga.
William F. Gulledge, Tallassee.
Blanche Hendon, Townley.
Henry G. Sockwell, Tuscumbia.

CALIFORNIA

Guy N. Southwick, Atascadero.
Leonard F. De Goff, Brea.
Richard A. Higgs, Chula Vista.
Emma B. Baily, Corte Madera.
Carlton T. Hansen, Crescent City.
Thomas J. Caffery, El Monte.
Charlotte A. Cavalli, Half Moon Bay.
Robert A. Ascot, Highland.
Hazel G. Nearing, Hondo.
Arthur J. Haycox, Hueneme.
John E. Nolan, Jamestown.
Rodney McCormick, Napa.
Louis E. Clay, Pacific Grove.
Arvin P. Ralston, Patterson.
Florence E. Cornelius, Piru.
Eugene L. Scott, Porterville.
Mary M. Wilson, Rio Linda.
Kelley C. Osgood, Riverbank.
Manuel Dos Reis, Jr., San Anselmo.
William C. O'Donnell, San Luis Obispo.
Frederick T. Hale, Santa Cruz.
Leo H. Strickland, Venice.
Edward I. Leake, Woodland.

FLORIDA

Hugh McCormick, Eau Gallie.
Blanche B. Merry, Pass-A-Grille Beach.
Margaret H. Futch, Sebastian.
James Frank Cochran, Tallahassee.

IOWA

Frances O'Donnell, Colo.
Helen A. Mohr, Sabula.

KANSAS

Harold J. Schafer, McPherson.
William Ross Whitworth, Sedan.
John E. Barrett, Topeka.

KENTUCKY

Clifford O. Ducker, Butler.
Roy Willis, Caneyville.
Ressie H. Miller, Cloverport.
Dennis L. Sullivan, Corinth.
Mary Virginia Garvey, Sanders.

LOUISIANA

Jack Bostwick, Bastrop.
John E. Butler, Jr., Port Allen.

MICHIGAN

John L. Swartout, Addison.
Marie L. Mottes, Alpha.
Florence S. Abbott, Ann Arbor.
Henry Miltner, Cadillac.
John S. Courtney, Marquette.
Anna S. Warner, Mount Pleasant.
Ralph C. Wolcott, North Adams.
Orin K. Grettenberger, Okemos.
Gilbert H. Davis, Royal Oak.
Adeline E. Phillips, St. Louis.

MINNESOTA

Ingval Lynner, Clarkfield.
Edward R. Siem, Elgin.
Sophia V. Rader, Warroad.
Leon L. Bronk, Winona.

MISSISSIPPI

Ethel W. Still, Clarksdale.

MISSOURI

Joseph D. Stewart, Chillicothe.
Allen W. Sapp, Columbia.
Clarence C. Wilkins, Hornersville.
Edgar G. Hinde, Independence.
Robert L. Chappell, Louisiana.
Zera Lee Stokely, Poplar Bluff.

NEW HAMPSHIRE

Michael J. Carroll, Laconia.

NEW JERSEY

Edward Brodstein, Asbury Park.
John Russell, Barnegat.
James T. Brady, Bayonne.
Everett H. Antonides, Belmar.
Norman H. Deshler, Belvidere.
Michael H. Connelly, Bloomfield.
Irving Washburn, Dover.
Elizabeth MacBrair, Essex Fells.
Verona K. Christie, Fanwood.
George W. Karge, Franklinville.
Herbert Schulhafer, Linden.
Wilmer Lawrence, Milford.
William D. Hayes, Millburn.
Russell J. Noncarrow, Morristown.
Patricia B. Hanlon, Mountain Lakes.
Lillian M. Roe, Mountain View.
Augustus J. Hans, Netcong.
Abraham G. Nelson, New Market.
Harry J. Bowitz, Oakland.
William H. Fisher, Phillipsburg.
John Jenkins, Port Norris.
Franke Vera Carter, Tenafly.
Helen S. Elbert, Vincentown.

NEW YORK

Edward P. McCormack, Albany.
Robert J. Sheehe, Arcade.
Willard H. French, Atlantic Beach.
Thomas A. O'Neill, Au Sable Forks.
Andrew J. Melton, Bay Shore.
John Foye, Brockport.
William J. Gleason, Cortland.
Charles C. Curry, Dansville.
Arthur I. Ryan, Delmar.
Flora M. Matty, Evans Mills.
Willard S. Brown, Fair Haven.
John J. Finnegan, Fairport.
James P. Barton, Firthcliffe.
Edward A. Rice, Freeport.
Joseph H. Wilson, Highland Falls.
John W. Beggs, Jefferson.
Robert F. McCabe, Johnson City.
Daniel J. Ryan, Johnsonville.
Edward A. Laundree, Keeseville.
Edward Hart, Lake Placid Club.
Everard K. Homer, Livingston Manor.
Dudley C. Merritt, Locust Valley.
Edward V. Canavan, Niagara Falls.
Frederick J. Clum, Pawling.
William Henningsen, Port Jefferson Station.
Louis S. Martin, Redwood.
Harold T. Hubbard, Riverhead.
Teresa V. Ball, Rye.
Mary E. Gainor, Salem.
William H. Butler, Saranac Inn.
Mary F. Chambers, Shortsville.
Carrie B. Baldwin, South Otselic.
J. Frank Lackey, Tannersville.
Wilfred R. Carr, Warwick.
Charles Green Brainard, Waterville.
John E. Abplanalp, Youngsville.

NORTH CAROLINA

John O. Redding, Asheboro.
Frank H. Stinson, Banner Elk.
Henry L. Avent, Buies Creek.
George F. Bost, Hickory.
James F. Seagle, Lincolnton.
Russell G. Cashwell, Lumberton.
Michael B. Kibler, Morganton.
Marguerite W. Maddrey, Seaboard.
Bonnie B. Shingleton, Stantonsburg.
Duncan F. McGougan, Tabor City.

OHIO

Benjamin R. Mulholland, Alger.
Fred B. Weaver, Amelia.
Harry Hamilton, Beallsville.
John D. Moorehead, Bethel.
Charles Creeden, Celina.
Ralph W. Litzenberg, Centerburg.
Samuel B. Maury, Clarington.
Charles A. McCrate, Columbus Grove.
Virgil Davis, Corning.
Alexander J. Shenk, Delphos.
Edgar J. Orvis, Dover Center.
Burton R. Taylor, Dresden.
Dean W. Wright, Elida.
Paul E. Ruppert, Franklin.
Raymond E. Fissel, Galena.
Duward B. Snyder, Grand Rapids.
Edna L. Merkle, Hartville.
Gladys Mae Dorko, Marblehead.
Raymond R. Riehle, Milford.
Sister Alice Marie O'Meara, Mount Saint Joseph.
Herman J. Laut, New Bremer.
Henry J. Brubaker, New Carlisle.
Philip B. Mason, Pickerington.
William Howard Clark, Rossmoyne.
Albert J. Beckman, St. Henry.
William H. Uetrecht, St. Marys.
Iva A. Falls, Shawnee.
William B. Swonger, Sidney.
Mary A. Patterson, Solon.
Carroll Williamson, Sunbury.

Elsie S. Shafer, Trenton.
Raynor R. Newcomb, West Unity.

OKLAHOMA

Margaret Cummins, Chattanooga.
Grover H. Hope, Frederick.
Hannie B. Melton, Hastings.
Finis E. Gillespie, Hobart.
James Q. Tucker, Hollis.
Charles H. Hayes, McLoud.
Jesse G. Ford, Roosevelt.
Chester A. Holding, Tipton.
Garland C. Talley, Welch.

SOUTH CAROLINA

Bessie W. Martin, Belton.

WASHINGTON

Lloyd K. Sullivan, Chehalis.
Edith M. Lindgren, Cosmopolis.
Ernest H. McComb, Everson.
Clarence A. Scott, Harrington.
Walfred Johnson, Lowell.
Leonard McCleary, McCleary.
James H. Callison, Palouse.
Hazel M. Surber, Pe Ell.
Bertha H. Welsh, Prescott.
Peyton B. Hoover, Rochester.
M. Berta Start, Winslow.

WEST VIRGINIA

Maurice L. Richmond, Barboursville.
Herbert H. Crumrine, Middlebourne.
David J. Blackwood, Milton.
Roy L. Pugh, Winona.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 25, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father of mercies, in Thy holy Word what endless glory shines; we pray Thee to teach us to love it and find our Saviour there. Nothing can lessen the dignity and the value of humanity so long as loving devotion to it endures; let it be our light and strength. We beseech Thee to incline the hearts of employers and of those whom they employ to mutual forbearance, fairness, and good will. Blessed Lord God, we pray for the aged, for the young, and for those who are overtasked because of poverty and forgotten. May our love be as fresh as the dawn and as sure as the path of Thy law. Wherever the morning light falls on human faces may it cheer, make homes happy and true, men and women good, and little children joyous; in the Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2150) entitled "An act to amend section 8 of the act entitled 'An act to supplement laws against unlawful restraints and monopolies, and for other purposes,' particularly with reference to interlocking bank directorates, known as the Clayton Act."

ELECTION TO COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I offer a privileged resolution for immediate consideration.

The Clerk read as follows:

House Resolution 272

Resolved, That the following-named Members be, and they are hereby, elected members of the standing committees of the House of Representatives, to wit:

Military Affairs: William D. Byron, Maryland.
District of Columbia: Thomas D'Alesandro, Jr., Maryland.
War Claims: Matthew A. Dunn, Pennsylvania; A. Leonard Allen, Louisiana; David J. Ward, Maryland.
Coinage, Weights, and Measures: David J. Ward, Maryland.
Mines and Mining: David J. Ward, Maryland.

The resolution was agreed to.

NAUTICAL EDUCATION

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5375) to promote nautical education, and for other purposes, with Senate amendments, disagree to the Senate amendments, request a conference with the Senate, and appoint conferees.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BLAND, SIROVICH, RAMSPECK, WELCH, and CULKIN.

DEVELOPMENT OF AMERICAN MERCHANT MARINE

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes, with a Senate amendment, disagree to the Senate amendment, request a conference with the Senate, and appoint conferees.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BLAND, SIROVICH, RAMSPECK, WELCH, and CULKIN.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on career men in the Government service and to include therein a brief article from the Federal Employee.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief table of statistics.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

APPROPRIATIONS AND THE NATIONAL DEBT

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, at the last session of Congress the total appropriations, direct, reappropriations, and permanent appropriations, were $13,371,000,000. This year so far they are $13,836,000,000, an increase of $465,000,000.

Our expenditures last year exceeded receipts by $3,600,000,000. Our debt increased $3,264,000,000. The debt of Government corporations increased $4,415,000,000. The total increase in the debt of the Government direct and of Government corporations was $7,680,000,000. This is the worst record of all time and it behooves Congress to stop the so-called spending bill that is coming in designed to wreck completely the financial structure of America and to throw more people out of work.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. SCRUGHAM asked and was given permission to extend his own remarks in the RECORD.

Mr. TOLAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an analysis by the Veterans' Administration relating to the bill (H. R. 2296) with reference to correction of misconduct restrictions, and H. R. 5452, with reference to additional care for disabled veterans and their dependents.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a statement prepared by the War Department in explanation of the bill, H. R. 7328, with reference to the problem created by increasing superannuation of officers in the field grades of the Regular Army, and I ask unanimous consent that it be printed in the body of the RECORD in 8-point type for the benefit of the membership of the House who want to get the information in respect to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The statement referred to follows:

SUPERANNUATION OF ARMY OFFICERS

H. R. 7328 is the result of long-continuing study in the War Department to find a solution to the problem created by increasing superannuation of officers in the field grades of the Regular Army. The situation is a result of the very large number of officers who were taken into the Regular Army immediately following the World War and the exceedingly low annual attrition rate. This group now numbers some 4,288 officers, ranging in age from 38 to 63, with an average age of 46. They occupy the lower files of the grade of lieutenant colonel, the entire 2,750 files of the grade of major, and the top 1,400 files of the grade of captain. Failure of normal annual attrition to weed out this group has stagnated promotion, not only of these officers themselves but of those who have been commissioned since the World War. When it is realized that there are nearly 1,400 officers of World War service who are still in the grade of captain, it can be seen there is most obviously a problem which must be solved in the near future if a large portion of the commissioned personnel of the Regular Army is not to become completely superannuated.

Officers of this World War hump are gradually moving up into and through the field grades of major and lieutenant colonel, and the younger among them will eventually reach the grade of colonel. Prior to that time a considerable number will be retired on account of reaching statutory age 64. In this category are a number of captains and majors. The average age, which is now 46, will increase from year to year and eventually we will have the result that the entire grade of colonel, lieutenant colonel, and major will be filled with officers approaching an average age of 60 or more—entirely too old for either the demands of peace or war service. A more serious effect is that the presence of superannuated officers in the grade of colonel, lieutenant colonel, major, and captain is blocking the proper development of younger officers, not only in the World War group but in the groups which have been commissioned since the World War.

H. R. 7328 proposes to attain an annual attrition of 4.35 percent by supplementing annual attrition, to the extent necessary to reach that percentage, by the forced retirement of overage in grade officers. These age limitations are set at 62 for brigadier generals, 60 for colonels, 58 for lieutenant colonels, 55 for majors, and 50 for other officers. Officers forced to retire receive three-fourths of their active pay in the grade held at the time of retirement, and those with war service below the grade of colonel would be advanced one grade upon the retired list, without further increase in their retired pay by reason of such increase in grade. The minimum retirement pay which an officer would receive would be $253.12 per month; the maximum would be $375 per month.

The bill grants the option to any officer less than 58 years of age who is scheduled for retirement to elect to be carried as surplus in grade until he reaches the age of 58 years, when he will be retired as provided for officers of that age. Officers who elect to be carried as surplus in grade will be starred on the promotion list and will be entitled to pay and promotion in the same manner as other officers on that list, but in time of peace will not be assigned to the command of troops. This provision permits the utilization of the services of majors and captains, who would otherwise be retired as overage, with the Reserve Officers' Training Corps, the Organized Reserve, the National Guard, and on other duties not directly concerned with the command and training of Regular Army troops, since it is one of the purposes of this legislation to provide opportunities for training and advancement to the younger officers.

As I have stated, in the event that no steps are taken to remedy this situation, eventually all of the field officers and upper files of the grade of captain will be too old to properly command units appropriate to their grades in war. In about 15 years these officers will begin to retire in very large numbers by reason of reaching the statutory retirement age of 64. At that time the attrition rate will run far above 4.35 percent, with a consequent influx of new officers in those years so large as to re-create the problem of the hump for a succeeding generation to solve.

H. R. 7328 separates these overage officers from the active list gradually. They do not go out all at once. For example, during the first year of the operation of the act 225 officers would be retired, none of whom would be less than 60 years of age. In the next year 269 officers would be retired or placed on the surplus-in-grade list, and none would be less than 56 years of age. The following year 259 officers, which would include all brigadier generals at age 62; all colonels, age 60; all lieutenant colonels, age 58; all majors, age 55; and all captains, age 50. In the next 3 years 177, 191, and 198, respectively, would be retired or placed surplus in grade within those age limitations. This is a total of 1,319 officers of all grades who might be retired for age in grade in the first 6 years of the operation of this measure, of whom 579 would be eligible to elect being carried surplus in grade to age 58. Let me point out that if these officers are not retired for age in grade but are allowed to continue on the active list to statutory age 64, they will then be retired anyway, most of them at a higher retirement pay than they would receive if retired for age in grade. Eventually they are going to die or be on the retired list. The cost of that list is certainly not the factor which is to determine the efficiency of the national defense.

It has been represented to certain Members of the Congress, either in anonymous communications or by interested individuals, that this measure is aimed at the World War group and is in favor of West Pointers. Nothing can be further from the truth. This measure will separate overage officers from the active list regardless of their source of appointment. Since it is a continuing measure, eventually it will operate to eliminate overage officers in the post-war group as the older officers in that group reach field grades and become overage in those grades. Enactment of this measure will benefit all of the younger officers in the World War hump as well as all the younger officers in the Army. The enactment of this measure will guarantee a suitable career to officers who are now entering the service, in that they may be assured of reaching the various commissioned grades to include that of colonel at ages which will insure proper experience within each grade, which is essential in the development of an officer in meeting the responsibilities of higher rank both in the command and administrative field. If not done the present stagnation in promotion will continue, and officers entering the service must expect to spend at least 25 years in the company grades and reach the higher field grades only when they are superannuated for the commands appropriate to those grades.

Opponents of this measure have also stated that officers have an implied contract with the Government which, barring retirement for physical disability or death, permits them to continue in the service drawing active-duty pay until they reach statutory age 64. I believe it should be made plain that a commission in the Army is not to be regarded as a life job for an individual at the expense of the good of the service. We have recently made provision for augmentation of the Air Corps and for increases in the Panama Canal garrison as well as for improved weapons; yet the Army cannot be considered an effective war machine if it has in its commissioned personnel an excessively large number of officers who are over age in grade. Let me emphasize that captains of 50, majors of 55, lieutenant colonels of 58, and colonels of 60 are too old for active command in time of war. In fact, they are much too old, and those who are approaching those ages will have to be used upon mobilization on training and administrative duties, leaving to the younger officers in those grades the active command of troops in war. Today the average age of our field officers is 13 years greater than that of the field officers who commanded combat units in France. The assumption, made by anonymous opponents, that these officers would be promoted two grades in event of war is erroneous. The conditions existing during the World War in that regard no longer apply since there is a body of over 100,000 Reserve officers to fill vacancies in all grades upon mobilization.

It has further been asserted that to force officers to retire for over age in grade will cause the loss of the services of an experienced and capable officer who has cost the Government a large sum of money in pay and cost of training. The bill provides for the retention in active services of such officers below age 58 who so elect, until they reach that age; these officers will be utilized on duties not in command of troops. The retirement or carrying surplus in grade of an over-age officer is not a loss; it is an imperative vitalization proceeding for the good of the Army. Admitting his capability and experience he is none the less as much out of place to lead troops in a war army as an over-age baseball player on a baseball team. When an over-age officer is retired or placed surplus in grade a new second lieutenant comes into the service—true; not as experienced and capable as the one who goes out, but young and energetic, and in a few years' time an officer capable of leading our troops into battle, while if you keep the over-age officer on the active list for that period you have just an older officer, still far more out of line with the requirements of the war machine. His services may be used upon mobilization for training and administrative duties in rear of the combat zone.

It has been suggested that instead of retiring these officers, all might be placed on some type of a limited-service list and continued on such duty as might be appropriate for them. This would mean that these over-age officers would have to be assigned to duty with the Organized Reserves, to duty with the National Guard, and to duty with the R. O. T. C. All of these activities at the present time are reluctant to accept colonels, lieutenant colonels, and majors unless they are young and vigorous. They are definitely opposed to the assignment of old colonels or other old field officers to these duties. Aside from the difficulty of finding appropriate assignments for these officers, the cost of such a system would be excessive, reaching a figure of $3,000,000 over the cost of this present vitalization measure in the fifth year of its operation, and increasing at a rate of $350,000 to $400,000 annually until an annual cost of $6,000,000 would be reached, at which time it would probably stabilize at that figure. The compromise in this bill, limiting the officers to be carried surplus in grade to those under

58, is one which will permit the utilization of the lower limit overage officers in administrative capacities and with the civilian components, until they reach the age of 58.

The United States is the only one of the great powers which does not have a method of keeping its officer personnel young and vital. Great Britain has recently adopted a forced retirement measure which is far more drastic than that proposed in H. R. 7328. Great Britain retires her general officers at the age of 60, her colonels at age 55—5 years younger than the age of 60 provided in H. R. 7328; her lieutenant colonels at 50, 8 years younger than this measure; her majors and other officers at 47. France, Italy, Japan, and Soviet Russia have similar age in grade retirement systems. Germany has a drastic selection system.

During the World War Gen. John J. Pershing sent two cables to the War Department urging that only young and vigorous officers be sent to France. These cables appear in full on pages 23 and 24 of the printed hearings on this measure. I desire to quote part of the one dated June 28, 1918:

"Personal considerations, of course, cannot be taken into account. Individual desires and records of long and faithful service are not sufficient to warrant our overlooking the stern requirements of war. We must profit by the experience and advice of our Allies, who are quite as fully concerned as ourselves in the issue. We cannot listen to theory or take into consideration the few isolated exceptions where old men have commanded in past wars. The spirit of the Nation requires youth and vigor in commanders. The fine personnel in the ranks demand the best leadership we can find."

War Department studies show that unless a vitalization measure such as is proposed in H. R. 7328 is enacted into law, second lieutenants who entered the Army in 1920 will not reach the grade of colonel until after 38 years' service, or at an average age of 62, and even this prediction is based on a 40-percent ratio of field officers and the assumption that the commissioned strength will be augmented annually for 10 years to reach the increased strength recently authorized in connection with the Air Corps and Panama Canal Department augmentation program. Obviously the present situation of stagnation will not correct itself. Congressional action is essential to avoid a chronic condition of superannuation in the officer corps of our Army.

We hear of opposition to this measure on the grounds that officers of World War experience will be eliminated. This is not a valid argument, for it is only through the elimination of overage officers that the Army will be able to advance the young officer of World War experience, thus utilizing that experience in close connection with modern trends in tactics and organization made necessary by improved weapons and means of communication and transportation. These advances in aviation, weapons, motorization, and mechanization, and the consequent necessity of dealing with new weapons, faster vehicles, changed organizations, clearly indicate that the next war will not be fought as was the World War. It therefore follows that we do not need the superannuated officer even of World War experience, but we do need the man of World War experience young enough to be developed, and the men who have followed him into the service and who must be developed to eventually take his place.

The test of the value of our Regular officers is not whether or not they are performing satisfactorily routine duties of peace but is What will we have if war comes? The really valuable element must be younger officers of zeal and ability whose interest and efficiency has been maintained by reasonable advancements during their service in peace when preparing themselves and the Nation for the use of its armed forces in war. They become qualified for service in war by virtue of experience gained during service in peace.

The experience of all nations indicates that removals from the active list must accomplish two distinct things: First, remove all officers who fall below the standards, physical or otherwise, that are essential for service in war; and second, insure opportunity for advancement and training of younger officers. Removals from the active list for the second purpose are always necessary to some extent. In our present situation, with a large hump of some 4,300 officers of about the same age and length of service, such removals are absolutely vital to establish an efficient officer corps for war.

The vitalization measure, H. R. 7328, in addition to providing this opportunity for younger officers, both in the World War hump and in the post-war group, insures economical maintenance and is in full accord with the established principle that officers whose maximum possible return in future service is not commensurate with the cost of carrying them along in active service to eventual retirement with a high rate of retired pay should be eliminated from the active list.

No system which will vitalize the promotion list of the Regular Army will not create some dissatisfaction and opposition among officers affected. Your committee believes that this measure is the fairest one that can be devised and one which will cause the least disorganization and dissatisfaction in the service. A poll conducted by the Army and Navy Journal reveals an over 2-to-1 proposition in favor of this particular measure. I have received the assurance of the President that he is strongly in favor of this measure and that he urgently recommends its enactment by this session of the Seventy-sixth Congress.

EXTENSION OF REMARKS

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein an essay by the daughter of Captain Judd.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. ANDERSON]?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a brief article on Government spending.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY]?

There was no objection.

CAMPAIGN PROMISES

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. RICH. Mr. Speaker, after the statement made by the gentleman from New York [Mr. TABER] just a few minutes ago, may I read an excerpt from a speech made in Pittsburgh on October 19, 1932, by Mr. Roosevelt?

The credit of the family depends chiefly upon whether that family is living within its income. And that is equally true of the Nation. If the Nation is living within its income, its credit is good.

If, in some crises, it lives beyond its income for a year or two, it can usually borrow temporarily at reasonable rates. But if, like a spendthrift, it throws discretion to the winds and is willing to make no sacrifice at all in spending; if it extends its taxing to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy.

Mr. Roosevelt must have changed since October 1932, for he is doing now to our Government what he then condemned. Why the change? Why is he now wrecking our Government and taking us over the brink of solid financing to bankruptcy?

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. FORD]?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include Accumulative Statement of the Unemployed Citizens' League, Unit No. 239, Santa Monica, J. H. Harney, Auditor.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. FORD]?

There was no objection.

[Mr. LELAND M. FORD addressed the House. His remarks appear in the Appendix.]

HELL-RAISING

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I am about to make and to extend my remarks in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, General Motors operating 70 plants in 40 cities with jobs for 150,000 workers, at times employing as many as 220,000 men and women, has been attempting to turn the Nation back on the road to recovery. But as it was in 1937 more than 2 years and 6 months ago, so it is now, John L. Lewis and his affiliated organizations are retarding business recovery, depriving men of their jobs, adding to the relief rolls and to the burden of the taxpayers.

In '37 Lewis, his C. I. O. and associated Communists, defying all laws, brought on the sit-down strikes and cost the State of Michigan and its workers almost $100,000,000.

Today strikes are spreading in the plants of General Motors, which is caught in the fight between the affiliates of the A. F. of L. and the affiliates of the C. I. O., with Homer Martin representing one group of unions, Thomas another

group, and the independent worker, the man who does not want to join either union, unrepresented, General Motors is caught in a jam. Held helpless while women and men go jobless because the N. L. R. B. has never called an election so that the 150,000 employees of General Motors could decide whether they wished to bargain collectively and if they did, who should represent them in such collective bargaining.

Here we sit in Congress while Lewis, backed by the administration, by the Department of Labor, using the N. L. R. B. to aid his strikes and force employers and employees into a contract with his unions, seeks to levy tribute upon every citizen who would work. He is demanding a closed shop in the packing industry in Chicago. He intends to extend his rule to include not only every industrial worker but every agricultural worker. Lewis lives in luxury. He has a salary of $25,000 a year. He collects millions of dollars each year from out of the pocketbooks of the man who toils, while those who join his unions live on what he terms an insufficient wage.

No tyrant in the olden days levied tribute more successfully than does he. We in Congress do nothing to break his rule. [Applause.]

[Here the gavel fell.]

FEDERAL FARM BOARD

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, history has a rather irritating way of moving in parallels. Prior to 1932 we had a Federal Farm Board which once held $208,000,000 worth of cotton and 247,000,000 bushels of wheat. When we closed that agency out we lost $371,000,000.

I noticed on yesterday there was practically an all-time low in the prices of grain. Prices have declined 11 cents since the 1st of July. The Liverpool price of wheat is the lowest since the days of Queen Elizabeth, more than 300 years ago. I was advised through the newspapers of my district that the Secretary of Agriculture is contracting for from 25,000 to 50,000 steel bins in which to store the surplus in the ever-normal granary in the Middle West. I wonder if we are going to see a repetition of the days when Alexander Legge administered the Federal Farm Board, which Board was criticized by the President in 1932.

In the Democratic platform of 1932 there was embodied a plan which assailed the extravagances of the Federal Farm Board. In the address made by Mr. Roosevelt at Topeka, Kans., on September 14, 1932, he railed at the Farm Board and referred to the cruel joke of permitting our fertile acres to lie idle.

How paradoxical then that the very things which were so vociferously condemned then are embraced now as a part of the administration's program.

More acreage is being diverted today than at any time in the history of the Nation. Supplies are at a record level. Prices are on the toboggan. The market is making new lows. This morning's newspaper quotes July lard at 5½ cents per pound. A record pig crop was produced for the year 1939, almost equal to the all-time record of 1937. It is safe to say that pork and lard prices have not yet touched bottom. A huge corn crop is in prospect and growing conditions are ideal. To the administration, the prodigality of Nature must be almost regrettable.

Meanwhile, the Commodity Credit Corporation is carrying huge loans and storage facilities are being erected or provided at Government expense. But all this fails to solve the problem because the surpluses remain on hand and a part of the visible supply, whether stored in Federal facilities or in private elevators. It will continue to overhang the market and have a depressant effect on prices. When the time comes to liquidate and take the loss, the operations of the Federal Farm Board will appear as so much small change and we can nurse our economic aches, secure in the conviction that you cannot repeal the fertility of the soil, the prodigality of Nature, or the law of supply and demand.

FEDERAL CREDIT

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, this Nation today depends for its supply of its circulating medium on the creation of demand bank deposits by the banks for the making of loans. In other words, the volume of our debt is the measure of our having a circulating medium at all. This is wrong and is due to the failure of Congress to exercise its constitutional duty of creating the money of the Nation.

In the twenties private debt increased about $70,000,000,000. Until 1933 the local governments' debt was increasing by about a billion dollars a year, which means there was that much expansion taking place in check-book money in the country. Since 1933 the local governmental debt has been declining. Private debt has declined. Federal Government debt is only a substitution for the failure of those other forms of debt to increase. If you want to get rid of debt you have to establish a system for the creation of money by the Government, which is the only agency in the country that has a constitutional or moral right to create money. When you do that you can get rid of debt. Until that time, increasing Federal debt will have to be used to make up for the failure of private debt to increase rapidly enough to make up for the withdrawal of hoarded savings from the stream of current buying power of the people. Our choice is between constitutional creation of money by Congress on the one hand and increasing debt, either public or private, on the other.

[Here the gavel fell.]

INTERNAL REVENUE TAX PAID ON SPIRITS

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 1648) to provide for the refund or credit of the internal-revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937 where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government supervision as provided by law and regulations.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman from Indiana explain this bill?

Mr. BOEHNE. The explanation of this bill, Mr. Speaker, lies entirely in the provision which states that it seeks to make a refund or give a credit, as the Commissioner of Internal Revenue may elect to do, of the internal-revenue tax paid on spirits lost or rendered unmarketable as a result of the Ohio River floods of 1936 and 1937. The spirits were in the possession of the original taxpayer but were in complete control and custody of the United States Government; therefore the amount can be determined actually by Government records.

Mr. MARTIN of Massachusetts. The Seagram Co. is the only company that will benefit from this act?

Mr. BOEHNE. I believe that is true.

Mr. MARTIN of Massachusetts. How much money is involved?

Mr. BOEHNE. Approximately $400,000, or less than 4 days' taxes which that company pays to the Federal Government.

Mr. MARTIN of Massachusetts. For what reason is the Treasury opposed to the bill?

Mr. BOEHNE. The gentleman will have to read the report to find that out. I cannot answer that question.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Illinois.

Mr. DIRKSEN. The Seagram Co. was the only such company affected by the flood; is not that correct?

Mr. BOEHNE. Yes.

Mr. MARTIN of Massachusetts. I asked why the Treasury is opposed to the bill?

Mr. BOEHNE. I cannot answer the gentleman's question. He will have to refer to the report. I could not, and neither could the Committee on Ways and Means, fathom the reasons why the Treasury Department is opposed to the bill.

Mr. MARTIN of Massachusetts. Does the gentleman think they are a little dumb down there in the Treasury Department? Is that what the gentleman is trying to tell us?

Mr. BOEHNE. I do not think the gentleman from Massachusetts would expect me to answer that question.

Mr. JENKINS of Ohio. Reserving the right to object, Mr. Speaker, I should like to say to my distinguished floor leader—not that I am here defending the Treasury, because the Treasury does not need me to defend it—that it is true, as my good friend from Indiana has said, that this report from the Treasury is hardly up to the standard one might expect from the Secretary of the Treasury who is supposed to be the equal of Alexander Hamilton.

Mr. RICH. Reserving the right to object, Mr. Speaker, did I correctly understand that the Treasury Department has opposed this particular bill?

Mr. BOEHNE. They have.

Mr. RICH. Does not the gentleman believe they have a right to do so and that they should oppose any refunds that are not in accordance with what they believe to be the law? When you look at the Treasury statement issued by Mr. Morgenthau you will find that since July 1 for 20 days we have gone in the red $391,000,000. This means over $19,590,000 a day since July 1. How in the world is Mr. Morgenthau going to conduct the affairs of this Government if you come in here and ask for a refund of $400,000? Does he not need this money? Surely he does. Why are you now trying to bring in a bill prohibiting him from getting this amount of money he so urgently needs?

Mr. BOEHNE. Will the gentleman from Pennsylvania agree to double the taxation on the very same thing?

Mr. RICH. No; I do not want to double the taxation; but why are you asking for the passage of a bill that the Treasury Department does not approve?

Mr. BOEHNE. Because I believe and the Committee on Ways and Means believes that the Treasury Department was wrong in this instance.

Mr. RICH. Is this a unanimous report of the Committee on Ways and Means?

Mr. BOEHNE. There was a single objection in the committee.

Mr. RICH. Why does not that single objector come here now and object to this unanimous-consent request?

Mr. BOEHNE. The minority views are in the report.

Mr. RICH. Is seems to me this bill ought to be given more consideration than being brought up under unanimous consent.

Mr. KNUTSON. Reserving the right to object, Mr. Speaker, I believe at this point the RECORD should show that the bill was considered by a subcommitee of the Committee on Ways and Means and by the full committee, and that the full committee went very exhaustively into the objections made by the Treasury Department and found several statements in the letter of the Treasury Department that were in conflict with each other.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) the Commissioner of Internal Revenue is authorized and directed to make refund, or in lieu thereof, if he so elects, allow credit in the amount of the internal-revenue tax paid on spirits previously withdrawn and lost or rendered unmarketable or useless by reason of the floods of 1936 and 1937 while such spirits were in the possession of the person originally paying the said tax on such spirits, or while such spirits were in the possession of a rectifier for rectification or for bottling, or which have been used in the process of rectification, under Government supervision as provided by law and regulations. A claim for such tax shall be filed with the Commissioner of Internal Revenue within 30 days from the effective date of this act in which proof shall be furnished to his satisfaction that (1) the internal-revenue tax on such spirits was fully paid; (2) that the same were in the possession of the claimant as above set forth at the time of such loss; (3) that such spirits were lost or rendered unmarketable or useless by reason of damage sustained as the result of the aforesaid flood conditions; (4) that such spirits so rendered unmarketable or useless have been destroyed; and (5) that claimant was not indemnified against such loss by any valid claim of insurance or otherwise.

(b) Where credit is allowed for the internal-revenue tax previously paid aforesaid, the Commissioner of Internal Revenue is authorized and directed to provide for the issuance of stamps to cover the spirits subsequently withdrawn to the extent of the credit so allowed by the Commissioner of Internal Revenue and the Commissioner of Customs.

(c) The Commissioner of Internal Revenue and the Commissioner of Customs, with the approval of the Secretary, are authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

With the following committee amendments:

Page 2, line 18, after the word "paid", insert the word "as."

Line 22, after "Revenue", strike out "and the Commissioner of Customs."

Line 23, after "Revenue", strike out "and the Commissioner of Customs."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent that the title of the bill just passed may be changed so that the word "of" may read "or."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. WHELCHEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a Fourth of July address delivered to the Legion of my State by Hon. Edgar B. Dunlap, of Gainesville, Ga.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

AMENDMENT OF THE RETIREMENT ACT OF APRIL 23, 1904

Mr. MAY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 839) to amend the Retirement Act of April 23, 1904, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky. [After a pause.] The Chair hears none, and appoints the following conferees: Mr. MAY, Mr. THOMASON of Texas, and Mr. ANDREWS of New York.

EXTENSION OF REMARKS

Mr. BENDER and Mr. VAN ZANDT asked and were given permission to extend their own remarks in the RECORD.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a short article from the Washington Star.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter from Mr. Ed O'Neal, president of the Farm Bureau Federation.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

AMENDMENT OF THE INTERSTATE COMMERCE ACT

Mr. LEA. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of

the Union for the further consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2009, with Mr. JONES of Texas in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

EXPENSES OF STATE COMMISSIONERS; COOPERATION WITH STATE AUTHORITIES

SEC. 10. (a) Paragraph (2) of section 13 of the Interstate Commerce Act, as amended, is amended by adding at the end thereof the following sentence: "Representatives of State commissions sitting with the Commission, under the provisions of this section, in cases pending before the Commission, shall receive such allowances for travel and subsistence expense as the Commission shall provide."

(b) The last two sentences of paragraph (3) of section 13 are amended by striking out the words "this part" where they appear therein and inserting in lieu thereof "this part or part III."

AMENDMENTS TO SECTION 15

SEC. 11. Section 15 of the Interstate Commerce Act, as amended, is amended—

(1) by striking out in paragraph (1) thereof the following: "(or, in the case of a through route where one of the carriers is a water line, the maximum rates, fares, and charges applicable thereto)";

(2) by striking out in paragraph (3) thereof the following: "(or, in the case of a through route where one of the carriers is a water line, the maximum rates, fares, and charges applicable thereto)" and by striking out in such paragraph the following: "; nor shall the Commission have the right to establish any route, classification, or practice, or any rate, fare, or charge when the transportation is wholly by water, and any transportation by water affected by this part shall be subject to the laws and regulations applicable to transportation by water."

AMENDMENTS TO SECTION 16

SEC. 12. Section 16 of the Interstate Commerce Act, as amended, is amended—

(1) by striking out in paragraph (2) thereof the word "circuit" before "court" wherever it appears and substituting in lieu thereof the word "district"; by striking out the word "petition" in the first sentence and substituting in lieu thereof the word "complaint"; by striking out the word "petitioner" in the second and third sentences and substituting in lieu thereof the word "plaintiff";

(2) by striking out in paragraph (3) (a) the words "three years" and substituting in lieu thereof the words "two years";

(3) by striking out in paragraph (3) (c) thereof the words "three years" and substituting in lieu thereof the words "two years", and by striking out the word "three-year" and substituting in lieu thereof the word "two-year";

(4) by striking out in paragraph (3) (d) thereof the word "three-year" and substituting in lieu thereof the word "two-year";

(5) by striking out in paragraph (3) (f) thereof the word "petition" and substituting in lieu thereof the word "complaint"; and

(6) by striking out in paragraph (12) thereof the words "the Commerce Court" and substituting in lieu thereof the words "any district court of the United States of competent jurisdiction" and by striking out the words "that Court" and the words "the Court" in the second sentence and substituting in lieu thereof the words "such court."

COMMISSION PROCEDURE; DELEGATION OF DUTIES; REHEARINGS

SEC. 13. Section 16a of the Interstate Commerce Act, as amended, is hereby repealed, and section 17 of such act, as amended, is amended to read as follows:

"SEC. 17. (1) The Commission is hereby authorized by its order to divide the members thereof into as many divisions (each to consist of not less than three members) as it may deem necessary, which may be changed from time to time. Such divisions shall be designated, respectively, division one, division two, etc., or by a term descriptive of the principal subject, work, business, or function assigned or referred to such divisions. The Commission may designate one or more of its divisions as appellate divisions. Any Commissioner may be assigned to such division or divisions as the Commission may direct, and the senior in service of the Commissioners constituting a division shall act as chairman thereof unless otherwise directed by the Commission. When a vacancy occurs in any division or when a Commissioner because of absence, or other cause, is unable to serve thereon, the Chairman of the Commission or any Commissioner designated by him for that purpose may serve temporarily on such division until the Commission otherwise orders.

"(2) The Commission may by order direct that any of its work, business, or functions under any provision of law (except matters required to be referred to joint boards by sec. 205), or any matter which has been or may be referred to it by Congress or by either branch thereof, be assigned or referred to any division, to an individual Commissioner, or to an examiner or a board composed of examiners of the Commission, for action thereon, and may by order at any time amend, modify, supplement, or rescind any such assignment or reference. The assignment or reference, to divisions, of work, business, or functions relating to rates, fares, or charges shall be made according to the character of regulation to be exercised and not according to the kind or class of the carriers involved or to the form or mode of transportation in which such carriers may be engaged. When any individual Commissioner, or any examiner, is unable to act upon any matter so assigned or referred because of absence or other cause, the Chairman of the Commission may designate another Commissioner or examiner, as the case may be, to serve temporarily until the Commission otherwise orders.

"(3) The Commission shall conduct its proceedings under any provision of law in such manner as will best conduce to the proper dispatch of business and to the ends of justice. The Commission shall have an official seal, which shall be judicially noticed. Any member of the Commission or examiner may administer oaths and affirmations, and any member of the Commission (or any examiner in connection with the performance of any work, business, or functions referred under this section to him or to a board upon which he serves) may sign subpenas. A majority of the Commission, of a division, or of a board of examiners shall constitute a quorum for the transaction of business. The Commission may, from time to time, make or amend such general rules or orders as may be requisite for the order and regulation of proceedings before it, or before any division, individual Commissioner, examiner, or board of examiners, including forms of notices and the service thereof, which shall conform, as nearly as may be, to those in use in the courts of the United States. Any party may appear before the Commission or any division, individual Commissioner, examiner, or board of examiners and be heard in person or by attorney. Every vote and official act of the Commission, or of any division, individual Commissioner, examiner, or board of examiners, shall be entered of record, and such record shall be made public upon the request of any party interested. All hearings before the Commission, a division, individual Commissioner, examiner, or board of examiners shall be public upon the request of any party interested. No Commissioner or examiner shall participate in any hearing or proceeding in which he has any pecuniary interest.

"(4) A division, an individual Commissioner, an examiner, or a board of examiners shall have authority to hear and determine, order, certify, report, or otherwise act as to any work, business, or functions assigned or referred thereto under the provisions of this section, and with respect thereto shall have all the jurisdiction and powers conferred by law upon the Commission, and be subject to the same duties and obligations. Except as otherwise provided in this section, any order, decision, requirement, or other action of a division, an individual Commissioner, or an examiner or board of examiners, with respect to any matter so assigned or referred, shall have the same force and effect, and may be made, evidenced, and enforced in the same manner as if made or taken by the Commission. Any finding, report, or requirement of an individual Commissioner, examiner, or board of examiners, with respect to any matter so assigned or referred as to which a hearing is held, shall be accompanied by a statement in writing of the reasons therefor, together with a recommended order, which shall be filed with the Commission. Copies thereof shall be served upon interested parties (including, in proceedings under part II, persons specified in sec. 205 (e)), who may file exceptions thereto, but if no exceptions are filed within 20 days after service upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective unless within such period the order is stayed or postponed by the Commission. The Commission upon its own motion may, and where exceptions are filed it shall, reconsider the matter either upon the same record or after further hearing, and such recommended order shall thereupon be stayed or postponed pending final determination thereof.

"(5) After a decision, order, or requirement has been made by the Commission, a division, an individual Commissioner, an examiner, or a board of examiners, or after an order recommended by an individual Commissioner, an examiner, or a board of examiners has become the order of the Commission as provided in paragraph (4), any party thereto may at any time, subject to such limitations as may be established by the general rules or orders of the Commission, make application for rehearing of the same, or of any matter determined therein. Applications for rehearing shall be governed by such general rules as the Commission may establish. No such application shall excuse any person from complying with or obeying any such decision, order, or requirement or operate in any manner to stay or postpone the enforcement thereof, except as otherwise provided in this section, without the special order of the Commission. Any application for rehearing of a decision, order, or requirement of a division shall be considered and acted upon by the Commission or referred to an appropriate division for consideration and action; but the Commission may, from time to time, make or amend general rules or orders establishing limitations upon the right to rehearing of a decision, order, or requirement of the Commission or of a division so as to confine such right to proceedings, or classes of proceedings, involving issues of general transportation importance. Such rehearing may be granted if sufficient reason therefor be made to appear. Any application for rehearing or reconsideration of a matter assigned or referred to an individual Commissioner, examiner, or a board of examiners, under the provisions of paragraph (2), if such application is filed within 20 days after the recommended order in the proceeding has become the order of the Commission as provided in paragraph (4), and if such matter shall not have been reconsidered or reheard as

provided in such paragraph, shall be referred to an appropriate division of the Commission and such division shall reconsider the matter either upon the same record or after a further hearing. If the application is made after the expiration of such period, the Commission or division may reconsider the matter as aforesaid if good cause appears therefor. In either case the order shall be stayed or postponed pending denial of the application, or, if allowed, pending the final determination of the matter. If after reconsideration (or after further hearing and the consideration of all facts, including those arising since the former hearing) it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted, the Commission or division may reverse, change, or modify the same accordingly. Any decision, order, or requirement made after reconsideration or rehearing, reversing, changing, or modifying the original determination shall be subject to the same provisions as an original order.

"(6) Representatives of employees of a carrier, duly designated as such, may intervene and be heard in any proceeding arising under this part affecting such employees."

Mr. KITCHENS. Mr. Chairman, I offer an amendment to section 13.

The Clerk read as follows:

Amendment offered by Mr. KITCHENS: On page 222, line 19, after the word "and", strike out the word "not."

Mr. KITCHENS. Mr. Chairman, the Interstate Commerce Commission is divided up into divisions so as to take care of truck transportation and railroad transportation, but this bill specifically prevents the creation of a division in the Interstate Commerce Commission for the consideration of matters pertaining to water transportation.

Section 13, page 222, of the bill would require the same division of the Commission which regulates the rates and charges of railroads to regulate also the rates and charges of both common and contract water carriers. The conditions of transportation and the various factors necessary to determine proper charges for water carriers, and particularly contract water carriers, are so totally different from those pertaining to railroad transportation that the law should provide for the Commission to set up a special division to deal with the water carriers in order that they might better acquaint themselves with the problems of this type of transportation.

This is what the Commission did in 1935, when the Motor Carrier Act was enacted. It would have been physically impossible for them to have established regulatory service as well as they have if they had been required to mix all of the motor carrier matters up with those relating to rail carriers.

Furthermore, the declaration of policy in section 1 of the bill declares that regulation shall be so administered "as to recognize and preserve the inherent advantages of each" mode of transportation.

Section 320 provides that the officers and employees of the Maritime Commission engaged in administering the regulatory provisions of water transportation shall be transferred without reduction in classification or compensation to the Interstate Commerce Commission. This staff should certainly be under the direction of some division which is equipped to deal specially with problems of water transportation. At present there is no member of the Interstate Commerce Commission who has had experience in dealing with water transportation.

My amendment will authorize the Interstate Commerce Commission to select a committee or a division. Someone has said that some of those fostering this bill are railroad conscious or railroad minded. I cannot understand why they do not want a division of the Interstate Commerce Commission to consider water transportation. It may be the water transportation is so insignificant that it will not be deemed worthy of it, but it appears to me it is so important that if you are going to have a division of the Interstate Commerce Commission for the consideration of matters pertaining to motor carriers and also a division pertaining to railroad carriers, the Commission should be authorized at least to create a division for the consideration of matters pertaining to water carriers, but this act prevents it.

I have asked to amend the bill by striking out the word "not," which will enable a division to be established in the Interstate Commerce Commission for the consideration of matters pertaining to water carriers.

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment.

The committee deliberately placed this language in the bill as it is, and we have what we think is a good reason for doing it. The committee is aware of the fact that this provision proposes that the Interstate Commerce Commission shall have jurisdiction over the fixing of rates of motors, water, and rail. We thought it desirable not to have special groups acting upon any one of these subjects, but, on the contrary, provide that every division should have jurisdiction to take care of either water, rail, or motor-vehicle cases. We would not have the Commission a group of little separate commissions, one over water, one over motors, and one over rails, each one, perhaps, developing an antagonism or jealousy to the other.

So in order that in the administration of the Interstate Commerce Commission we may have a Commission giving equal rights and recognition to all these activities, we have placed this language in the bill.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield to the gentleman from Kentucky.

Mr. MAY. In other words, you provide a centralized agency for the control of all transportation facilities instead of having a lot of separate bureaus, which is something we have been trying to get away from in these reorganization bills.

Mr. LEA. Yes; we want them all treated alike. We do not want to specialize with one set of men working contrary to others. I believe it is a wholesome change in the set-up of the activities of the Interstate Commerce Commission.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Arkansas.

The question was taken and the amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

SHORT TITLE FOR PART I

SEC. 14. Section 27 of the Interstate Commerce Act, as amended, is amended to read as follows:

"SEC. 27. This part may be cited as part I of the Interstate Commerce Act."

SHORT TITLE FOR PART II

SEC. 15. Section 201 of the Interstate Commerce Act, as amended, is amended to read as follows:

"SHORT TITLE

"SEC. 201. This part may be cited as part II of the Interstate Commerce Act."

REFERENCES TO POLICY DECLARED IN PART II

SEC. 16. Part II of the Interstate Commerce Act, as amended, is amended by striking out the following wherever appearing therein: "the policy declared in section 202 (a) of this part", and "the policy of Congress enunciated in section 202", and by inserting in lieu thereof the following: "the national transportation policy declared in this act", and by striking out in subsection (b) of section 218 the words "said section" and inserting in lieu thereof the words "this act."

REPEAL OF DECLARATION OF POLICY IN PART II

SEC. 17. Section 202 of the Interstate Commerce Act, as amended, is amended—

(1) by striking out the heading thereof, "Declaration of policy and delegation of jurisdiction", and inserting in lieu thereof a new heading as follows: "Application of provisions"; and

(2) by repealing subsection (a) of such section, by striking out "(b)" and inserting in lieu thereof "(a)", and by striking out "(c)" and inserting in lieu thereof "(b)."

AMENDMENTS TO SECTION 203

SEC. 18. Paragraphs (14) and (15) of section 203 of the Interstate Commerce Act, as amended, are amended to read as follows:

"(14) The term 'common carrier by motor vehicle' means any person which holds itself out to the general public to engage in the transportation by motor vehicle in interstate or foreign commerce of passengers or property or any class or classes thereof for compensation, whether over regular or irregular routes, except—

"(a) transportation by motor vehicle by an express company to the extent that such transportation has heretofore been subject to part I, to which extent such transportation shall continue to

be considered to be and shall be regulated as transportation subject to part I, and

"(b) transportation by motor vehicle by a carrier by railroad subject to part I or by a common carrier by water subject to part III, incidental to transportation subject to such parts, in the performance within terminal areas of transfer, collection, or delivery services, which shall be considered to be transportation subject to part I when performed by such carrier by railroad, and transportation subject to part III when performed by such carrier by water.

"The performance within terminal areas of transfer, collection, or delivery services, by motor vehicle, by any person (whether as agent or under a contractual arrangement) for a common carrier by railroad subject to part I, an express company subject to part I, a common carrier by motor vehicle subject to this part, or a common carrier by water subject to part III, shall not be considered to be transportation by such person within the meaning of this paragraph; but such services shall, for the purposes of this act, be considered to be performed by such common carrier or express company as part of, and shall be regulated in the same manner as the transportation by railroads, express, motor vehicle, or water to which such services are incidental.

"(15) The term 'contract carrier by motor vehicle' means any person which, under individual contracts or agreements, engages in the transportation (other than transportation referred to in paragraph (14) and the exceptions therein) by motor vehicle of passengers or property in interstate or foreign commerce for compensation, except transportation by motor vehicle by a contract carrier by water subject to part III, incidental to transportation subject to such part, in the performance within terminal areas of transfer, collection, or delivery services, which shall be considered to be transportation subject to part III.

"The performance within terminal areas of transfer, collection, or delivery services, by motor vehicle, by any person (whether as agent or under a contractual arrangement) for a common carrier by railroad subject to part I, an express company subject to part I, a common carrier by motor vehicle subject to this part, or a common carrier by water subject to part III, shall not be considered to be transportation by such person within the meaning of this paragraph; but such services shall, for the purposes of this act, be considered to be performed by such common carrier or express company as part of, and shall be regulated in the same manner as, the transportation by railroad, express, motor vehicle, or water to which such services are incidental."

Mr. LEA. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. LEA:
Page 229, line 4, after the word "of" insert the following: "subsection (a) of".

Mr. LEA. Mr. Chairman, the object of this amendment is to correct a clerical error.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KNUTSON. Mr. Chairman, I move to strike out the last word.

Under date of July 17, 1939, a letter was sent by Mr. E. A. O'Neal, president of the American Farm Bureau Federation, to Members of Congress, endorsing the principles of the Transportation Act, S. 2009, as passed by the Senate. In the letter there is quoted as the basis of approval of the principles of that proposed legislation in full a resolution adopted by the American Farm Bureau Federation at its annual meeting in New Orleans in December 1938.

The endorsement in principle of the proposed transportation legislation is, therefore, not action by the executive committee of the bureau but by the full convention of that federation, where were assembled representatives of farm bureaus from all parts of the country. It constitutes an approval not alone by the president and not alone by the executive committee, but by the constituent membership of that great agricultural association. Any suggestion, therefore, by anyone, for the purpose of casting doubt upon the position taken by this great farm organization is, therefore, without foundation. The basis of the action is the resolution adopted in open convention at the annual meeting of the American Farm Bureau Federation last year.

Mr. O'Neal needs no defense either in this body, where his long and effective battle for the American farmer is so well known. His statement to Members of Congress follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., July 17, 1939.

To the House of Representatives:

There is transmitted herewith a statement of the executive committee of the American Farm Bureau Federation on the bill entitled "The Transportation Act of 1939." It is hoped the principles and recommendations embodied in the statement may be covered by the proposed legislation.

Respectfully yours,

EDWARD A. O'NEAL, *President.*

STATEMENT OF THE EXECUTIVE COMMITTEE OF THE AMERICAN FARM BUREAU FEDERATION ON THE TRANSPORTATION ACT OF 1939

The representative delegate body of the American Farm Bureau Federation, at its annual meeting in 1938, recognized the acute problems of the railroads and, after the most careful consideration, adopted the following resolution:

"American farmers are vitally interested in the maintenance of a highly efficient transportation system. We reaffirm the comprehensive resolution on transportation adopted at the annual meeting in 1936.

"We recognize that American railroads constitute an essential transportation agency and believe their continued operation under private ownership will best assure the highest degree of efficient and improved service to the public.

"Rules and regulations causing enforced costs entering railroad operations and transportation rates of the railroads should be adjusted to the extent necessary under efficient operations to permit improvement of services and a reasonable return on prudent investment.

"On the other hand, the railroads must continue under such reasonable regulation as will assure the public fair and reasonable rates and adequate service; but the underlying purposes of such regulation should be to foster and encourage, rather than to restrict, sound and orderly development and operation of an efficient and economical railroad system. Reasonable freedom and flexibility should be left to railroad management in fixing rates and in exploring all avenues to economy, including consolidation and elimination, all improvements in service, and every advancement in methods."

The American Farm Bureau Federation recognizes that if the Nation is to avoid Government ownership and operation of railroads, certain changes in present national policies providing for their regulation must be made. The provisions of the Transportation Act of 1939 as passed by a very substantial majority in the Senate, appears to be directed to this end and, in general, seems to be in accord with the policy pronouncement of our organization.

This act is in large part a codification of the Interstate Commerce Act, originally enacted into law more than 40 years ago and passed in a period when railroads virtually had a monopoly upon transportation. Such a monopolistic position does not now exist. Motor vehicles, improved waterways, pipe lines, and air transports are now aggressive competitors of rails and will, with limited and reasonable regulation, competitively keep in line, in the national interest, the railroads.

The act appears to preserve to the different types of transportation subjected to regulation the natural and inherent advantages of the respective types and this protection of their natural interests, should be maintained to the full extent that such natural advantage is reflected to the shipper. Some greater freedom and flexibility of action on the part of the railroads seems to be recognized in the proposed act. This is commendable but it is believed could be extended so as to afford greater initiative and determination by the railroads without adversely affecting public interest.

It is believed that possibilities along these lines for the relief of the railroads should be explored more fully and greater stress placed thereon. In the event of the passage of the act, substantially in its present form, it should specifically direct the Board of Research and Investigation, provided for in the act, to give its immediate attention to the possibilities of giving greater freedom of action to the railroads in solving their competitive problems and require such Board to report with recommendations to the next session of the Congress.

The Clerk read as follows:

EXEMPTION OF CERTAIN INTERSTATE AND FOREIGN COMMERCE OPERATIONS OF MOTOR CARRIERS

SEC. 19. Section 204 (a) of the Interstate Commerce Act, as amended, is amended by adding after subparagraph (4) thereof the following new subparagraph:

"(4a) To determine, upon its own motion, or upon application by a motor carrier, a State board, or any other party in interest, whether the transportation in interstate or foreign commerce performed by any motor carrier or group of motor carriers lawfully engaged in operation solely within a single State is in fact of such nature, character, or quantity as not substantially to affect or impair uniform regulation by the Commission of transportation by motor carriers engaged in interstate or foreign commerce in effectuating the national transportation policy declared in this act. Upon so finding, the Commission shall issue a certificate of exemption to such motor carrier or group thereof which, during the period such certificate shall remain effective and unrevoked, shall exempt such carrier or group thereof from compliance with such of the provisions of this part as shall be designated in such certificate, and shall attach to such certificate such reasonable terms, conditions, and limitations as the public interest may require. At any time after the issuance of any such certificate of exemption, the Commission may by order revoke all or any part thereof, if it shall

find that the transportation in interstate or foreign commerce performed by the carrier or group of carriers designated in such certificate shall be, or shall have become, or is reasonably likely to become, of such nature, character, or quantity as in fact substantially to affect or impair uniform regulation by the Commission of interstate or foreign transportation by motor carriers in effectuating the national policy declared in this act. Upon revocation of any such certificate, the Commission shall restore to the carrier or carriers affected thereby, without further proceedings, the authority, if any, to operate in interstate or foreign commerce held by such carrier or carriers at the time the certificate of exemption pertaining to such carrier or carriers became effective. No certificate of exemption shall be denied, and no order of revocation shall be issued, under this subparagraph, except after reasonable opportunity for hearing to interested parties. The filing of an application for the exemption of a motor carrier under this subparagraph, accompanied by a certificate of the State board of the State in which the operations of such carrier are carried on stating that in the opinion of such board such carrier is entitled to a certificate of exemption under this subparagraph, shall exempt such carrier from the provisions of this part until final disposition has been made of such application."

AMENDMENTS TO SECTIONS 204 AND 205

SEC. 20. (a) Section 204 of the Interstate Commerce Act, as amended, is further amended—

(1) by repealing subsection (e) thereof; and

(2) by striking out "(f)" and inserting in lieu thereof "(e)."

(b) Section 205 of the Interstate Commerce Act, as amended, is amended—

(1) by repealing subsection (a) thereof;

(2) by striking out in the remaining paragraphs thereof the letters "(b)", "(c)", "(d)", "(e)", "(f)", "(g)", "(h)", "(i)", "(j)", and "(k)", and inserting in lieu thereof "(a)", "(b)", "(c)", "(d)", "(e)", "(f)", "(g)", "(h)", "(i)", and "(j)".

(3) by striking out in the relettered paragraph (a) thereof the words "paragraph (a) of this section" in the first proviso and substituting in lieu thereof the following: "section 17";

(4) by striking out in the relettered paragraph (a) thereof the words "this section" in the third proviso and substituting in lieu thereof the following: "section 17";

(5) by striking out in the relettered paragraph (b) thereof the words "paragraph (a) of this section" in the second sentence and substituting in lieu thereof the following: "section 17";

AMENDMENTS RELATING TO POWER OF COMMISSION TO LIMIT SCOPE OF MOTOR CARRIER OPERATIONS

SEC. 21. (a) Subsection (a) of section 208 of the Interstate Commerce Act, as amended, is amended by inserting before the period at the end thereof a colon and the following: *"Provided further,* That the Commission shall not impose any terms, conditions, or limitations which shall have the effect of preventing a carrier entitled to a certificate under the first proviso of section 206 (a) authorizing it to engage in transportation of property either in whole or in part over irregular routes or within a territory, from transporting any commodity or class of commodities transported by it on or prior to June 1, 1935, or from engaging in the transportation thereof from or to any point to or from which it transported such commodity or class of commodities on or prior to said date."

(b) Subsection (b) of section 209 of such act, as amended, is amended by inserting before the period at the end thereof a colon and the following: *"Provided further,* That the Commission shall not impose any terms, conditions, or limitations which shall have the effect of preventing a carrier entitled to a permit under the first proviso of subsection (a) from transporting any commodity or class of commodities transported by it on or prior to July 1, 1935, or from engaging in the transportation thereof from or to any point to or from which it transported such commodity or class of commodities on or prior to said date."

REPEAL OF MOTOR CARRIER PROVISIONS RELATING TO CONSOLIDATIONS, MERGERS, AND ACQUISITIONS OF CONTROL

SEC. 22. Section 213 of the Interstate Commerce Act, as amended, is hereby repealed.

NEW SECTION ADDED TO PART II

SEC. 23. Part II of the Interstate Commerce Act, as amended, is amended by adding after section 212 the following new section:

"ALLOWANCES TO SHIPPERS FOR TRANSPORTATION SERVICES

"SEC. 213. If the owner of property transported under this part directly or indirectly renders any service connected with such transportation, or furnishes any instrumentality used therein, the charge and allowance therefor shall be no more than is just and reasonable, and the Commission may, after hearing on a complaint or on its own initiative, determine what is a reasonable charge as the maximum to be paid by the carrier or carriers for the services so rendered or for the use of the instrumentality so furnished, and fix the same by appropriate order."

PUBLICATION OF INFORMATION CONTAINED IN CONTRACTS

SEC. 24. Subsection (a) of section 218 of the Interstate Commerce Act, as amended, is amended—

(1) by striking out in the first sentence the words "or, in the discretion of the Commission, copies of contracts";

(2) by adding after the words "such carrier" in the first sentence the words "actually maintained and charged"; and

(3) by adding immediately following the first sentence the following: "The Commission, in its discretion, may require any such carrier to file with it, in lieu of such schedules, copies of contracts containing the minimum charges of such carrier for such service and any rule, regulation, or practices affecting such charges and the value of the service; such carrier shall not be required to publish and keep open for public inspection copies of contracts so filed but the minimum rates or charges contained therein for transportation of commodities, or classes thereof, or for specified services, may be made public by the Commission. The names of the person or persons for whom property is transported under such contracts and other terms thereof shall not be made public by the Commission, except that the Commission may make the contract, or any part thereof, available as a part of the record in a formal proceeding where it considers such action consistent with the public interest."

INVESTIGATION OF NEED FOR REGULATING SIZES AND WEIGHT OF MOTOR VEHICLES

SEC. 25. The Interstate Commerce Commission is authorized and directed to expedite the investigation of the need for Federal regulation of the sizes and weight of motor vehicles, authorized by section 225 of the Interstate Commerce Act, as amended, and to report to Congress thereon at the earliest practicable date.

REPEAL OF SECTION 3 (E) OF INLAND WATERWAYS CORPORATION ACT

SEC. 26. (a) Subsection (e) of section 3 of the Inland Waterways Corporation Act of June 7, 1924, as amended (U. S. C., title 49, sec. 153 (e)), is hereby repealed as of January 1, 1940.

(b) Notwithstanding the provisions of subsection (a) of this section—

(1) Any certificate of public convenience and necessity granted to any carrier pursuant to the provisions of such subsection (e) shall continue in effect as though issued under the provisions of section 309 of the Interstate Commerce Act, as amended.

(2) Through routes and joint rates and rules, regulations, and practices relating thereto, put into effect pursuant to the provisions of such subsection (e) shall, after the repeal of such subsection (e), be held and considered to have been put into effect pursuant to the provisions of the Interstate Commerce Act, as amended.

Mr. WARREN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WARREN. Mr. Chairman, we have now come to title II, part 3, of this bill, which extends from page 238 to 289. After a casual examination of the numbering of this part, I have come to the conclusion that instead of many sections, title II, part 3, is in fact only one section. Will the Chair inform us now on that phase of it.

The CHAIRMAN. The Chair understands that there are two sections. One section extends from page 238 over to line 21, page 288. There is a separate section beginning on line 22, on page 288, at the bottom of the page and extending down to and including line 7, page 289.

Mr. WARREN. Mr. Chairman, in view of that expression by the Chair, if it is agreeable to the gentleman from California [Mr. LEA], I ask unanimous consent that the reading of that title, which is section 322, page 288, be dispensed with and that it be printed in the RECORD.

Mr. LEA. I would be very glad to have that course taken, Mr. Chairman.

The CHAIRMAN. Why not include the entire part.

Mr. WARREN. Very well, I so amend my unanimous-consent request.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that the reading of part 3, beginning on page 238 and ending on line 17, page 289, be dispensed with, and that amendments be in order at any point in the section? Is there objection?

Mr. WADSWORTH. Mr. Chairman, I reserve the right to object, to ask the chairman of the committee whether he proposes to offer some committee amendments and whether he will offer them first?

Mr. LEA. We have no committee amendments to offer to this portion.

The CHAIRMAN. Is there objection?

There was no objection.

The title referred to is as follows:

TITLE II—REGULATION OF WATER CARRIERS IN INTERSTATE AND FOREIGN COMMERCE

PART III OF INTERSTATE COMMERCE ACT

SEC. 201. The Interstate Commerce Act, as amended, is further amended by adding after part II thereof the following part III:

"PART III

"SHORT TITLE

"SEC. 301. This part, divided into sections according to the following table of contents, may be cited as part III of the Interstate Commerce Act:

"TABLE OF CONTENTS

"SEC. 301. Short title.
"SEC. 302. Definitions.
"SEC. 303. Application of provisions, and exemptions.
"SEC. 304. General powers and duties of the Commission.
"SEC. 305. Rates, fares, charges, and practices; through routes.
"SEC. 306. Tariffs and schedules.
"SEC. 307. Commission's authority over rates, and so forth.
"SEC. 308. Reparation awards; limitation of actions.
"SEC. 309. Certificates of public convenience and necessity and permits.
"SEC. 310. Dual operation under certificates and permits.
"SEC. 311. Temporary operations.
"SEC. 312. Transfer of certificates and permits.
"SEC. 313. Accounts, records, and reports.
"SEC. 314. Allowances to shippers for transportation services.
"SEC. 315. Notices, orders, and service of process.
"SEC. 316. Enforcement and procedure.
"SEC. 317. Unlawful acts and penalties.
"SEC. 318. Collection of rates and charges.
"SEC. 319. Employees.
"SEC. 320. Repeals; transfer of employees, records, property, and and appropriations.
"SEC. 321. Existing orders, rules, tariffs, and so forth; pending matters.
"SEC. 322. Separability of provisions.

"DEFINITIONS

"SEC. 302. For the purposes of this part—

"(a) The term 'person' includes any individual, firm, copartnership, corporation, company, association, joint-stock association, and any trustee, receiver, assignee, or personal representative thereof.

"(b) The term 'Commission' means the Interstate Commerce Commission.

"(c) The term 'water carrier' means a common carrier by water or a contract carrier by water.

"(d) The term 'common carrier by water' means any person which holds itself out to the general public to engage in the transportation by water in interstate or foreign commerce of passengers or property or any class or classes thereof for compensation, except transportation by water by a carrier by railroad subject to part I or by a common carrier by motor vehicle subject to part II, incidental to transportation subject to such parts, in the performance within terminal areas of transfer, collection, or delivery services, or in the performance of floatage, lighterage, or towage, which shall be considered to be transportation subject to part I when performed by such carrier by railroad, and transportation subject to part II when performed by such common carrier by motor vehicle.

The performance within terminal areas of transfer, collection, or delivery services, by water, by any person (whether as agent or under a contractual arrangement) for a common carrier by railroad subject to part I, an express company subject to part I, a common carrier by motor vehicle subject to part II, or a common carrier by water subject to this part, shall not be considered to be transportation by such person within the meaning of this paragraph; but such services shall, for the purposes of this act, be considered to be performed by such common carrier or express company as part of, and shall be regulated in the same manner as, the transportation by railroad, express, motor vehicle, or water to which such services are incidental.

"(e) The term 'contract carrier by water' means any person which, under individual contracts or agreements, engages in the transportation (other than transportation referred to in paragraph (d) and the exceptions therein) by water of passengers or property in interstate or foreign commerce for compensation, except transportation by water by a contract carrier by motor vehicle subject to part II, incidental to transportation subject to such part, in the performance within terminal areas of transfer, collection, or delivery services, or in the performance of floatage, lighterage, or towage, which shall be considered to be transportation subject to part II.

For the purposes of this paragraph a person which, under a charter, lease, or other agreement, furnishes a vessel to another person, for compensation, for use in the transportation of property of such other person, shall itself be considered to be engaged in the transportation of such property as a contract carrier by water. The performance within terminal areas of transfer, collection, or delivery services, by water, by any person (whether as agent or under a contractual arrangement) for a common carrier by railroad subject to part I, an express company subject to part I, a common carrier by motor vehicle subject to part II, or a common carrier by water subject to this part, shall not be considered to be transportation by such person within the meaning of this paragraph; but such services shall, for the purposes of this act, be considered to be performed by such common carrier or express company as part of, and shall be regulated in the same manner as, the transportation by railroad, express, motor vehicle, or water to which such services are incidental.

"(f) The term 'vessel' means any water craft or other artificial contrivance of whatever description which is used, or is capable of being, or is intended to be, used as a means of transportation by water.

"(g) The term 'transportation facility' includes any vessel, warehouse, wharf, pier, dock, yard, grounds, or any other instrumentality or equipment of any kind, used in or in connection with transportation.

"(h) The term 'transportation' includes the use of any transportation facility (irrespective of ownership or of any contract, express or implied, for such use), and includes any and all services in or in connection with transportation, including the receipt, delivery, elevation, transfer in transit, refrigeration or icing, ventilation, storage, and handling of property transported or the interchange thereof with any other agency of transportation.

"(i) The term 'interstate or foreign transportation' or 'transportation in interstate or foreign commerce,' as used in this part, means transportation of persons or property—

"(1) wholly by water from a place in a State to a place in any other State, whether or not such transportation takes place wholly in the United States;

"(2) partly by water and partly by railroad or motor vehicle, from a place in a State to a place in any other State; except that with respect to such transportation taking place partly in the United States and partly outside thereof, such terms shall include transportation by railroad or motor vehicle only insofar as it takes place within the United States, and shall include transportation by water only insofar as it takes place from a place in the United States to another place in the United States;

"(3) wholly by water, or partly by water and partly by railroad or motor vehicle, from or to a place in the United States to or from a place outside the United States, but only (A) insofar as such transportation by rail or by motor vehicle takes place within the United States, and (B) in the case of a movement to a place outside the United States, only insofar as such transportation by water takes place from any place in the United States to any other place therein prior to transshipment at a place within the United States for movement to a place outside thereof, and, in the case of a movement from a place outside the United States, only insofar as such transportation by water takes place from any place in the United States to any other place therein after transshipment at a place within the United States in a movement from a place outside thereof.

"(j) The term 'United States' means the States of the United States and the District of Columbia.

"(k) The term 'State' means a State of the United States or the District of Columbia.

"(l) The term 'common carrier by railroad' means a common carrier by railroad subject to the provisions of part I.

"(m) The term 'common carrier by motor vehicle' means a common carrier by motor vehicle subject to the provisions of part II.

"APPLICATION OF PROVISIONS; EXEMPTIONS

"SEC. 303. (a) In the case of transportation which is subject both to this part and part I, the provisions of part I shall apply only to the extent that part I imposes, with respect to such transportation, requirements not imposed by the provisions of this part.

"(b) Nothing in this part shall apply to the transportation by a contract carrier by water of commodities in bulk in a vessel the cargo space of which is used for the carrying of not more than three such commodities at any given time. This subsection shall apply only in the case of commodities in bulk which are (in accordance with the existing custom of the trade in handling and transportation of such commodities as of June 1, 1939) loaded and carried without wrappers or containers and received and delivered by the carrier without mark or count. For the purposes of this subsection two or more vessels while navigated as a unit shall be considered to be a single vessel. This subsection shall not apply to transportation subject, at the time this part takes effect, to the provisions of the Intercoastal Shipping Act, 1933, as amended.

"(c) Nothing in this part shall apply to transportation by a contract carrier by water of commodities in bulk in a non-oceangoing vessel on a normal voyage during which (1) the cargo space of such vessel is used for the carrying of not more than three such commodities, and (2) such vessel passes within or through waters which are made international for navigation purposes by any treaty to which the United States is a party.

"(d) Nothing in this part shall apply to the transportation by water of liquid cargoes in bulk in tank vessels designed for use exclusively in such service and certified under regulations approved by the Secretary of Commerce pursuant to the provisions of section 4417a of the Revised Statutes (U. S. C., 1934 ed., Supp. IV, title 46, sec. 391a).

"(e) It is hereby declared to be the policy of Congress to exclude from the provisions of this part, in addition to the transportation otherwise excluded under this section, transportation by contract carriers by water which, by reason of the inherent nature of the commodities transported, their requirement of special equipment, or their shipment in bulk, is not actually and substantially competitive with transportation by any common carrier subject to this part or part I or part II. Upon application of a carrier, made in such manner and form as the Commission may by regulations prescribe, the Commission shall, subject to such reasonable conditions and limitations as the Commission may prescribe, by order exempt from the provisions of this part such of the transportation

engaged in by such carrier as it finds necessary to carry out the policy above declared. A carrier (other than a carrier subject, at the time this part takes effect, to the provisions of the Intercoastal Shipping Act, 1933, as amended) making such application prior to October 1, 1939, shall be exempt from the provisions of this part until a final determination has been made upon such application if such carrier or a predecessor in interest was in bona fide operation as a contract carrier by water on June 1, 1939, over the route or routes or in the trade or trades with respect to which application is made and has so operated since that time (or, if engaged in furnishing seasonal service only, was in bona fide operation during the seasonal period, prior to or including such date, for operations of the character in question) except, in either event, for interruptions of service over which such carrier or its predecessor in interest had no control.

"(f) Nothing in this part shall be construed to affect any law of navigation, the admiralty jurisdiction of the courts of the United States, liabilities of vessels and their owners for loss or damage, or laws respecting seamen, or any other statute or maritime law, regulation, or custom not in conflict with the provisions of this part.

"(g) Except to the extent that the Commission shall from time to time find, and by order declare, that such application is necessary to carry out the national transportation policy declared in this act, the provisions of this part shall not apply (1) to transportation in interstate commerce by water solely within the limits of a single harbor or between places in contiguous harbors, when such transportation is not a part of a continuous through movement under a common control, management, or arrangement to or from a place without the limits of any such harbor or harbors, or (2) to transportation by ferry, or by small craft of not more than 50 tons carrying capacity, or to vessels carrying passengers only and equipped to carry no more than 16 passengers.

"(h) The Commission shall have the power to determine, upon its own motion or upon application of any party in interest, whether any water carrier is engaged solely in transporting the property of a person which owns all or substantially all of the voting stock of such carrier. Upon so finding the Commission shall issue a certificate of exemption to such carrier, and such carrier shall not be subject to the provisions of this part during the period such certificate shall remain in effect. At any time after the issuance of such certificate the Commission may by order revoke such certificate if it finds that such carrier is no longer entitled to the exemption under the foregoing provisions of this subsection. Upon revocation of any such certificate the Commission shall restore to such carrier, without further proceedings, the authority, if any, to engage in transportation subject to the provisions of this part held by such carrier at the time the certificate of exemption pertaining to such carrier became effective. No certificate of exemption shall be denied and no order of revocation shall be issued, under this subsection, except after reasonable opportunity for hearing.

"(i) In the application of the provisions of this part to any carrier owned or controlled by the United States, no different policy, rule of rate making, system of accounting, or method of determining costs of service, value of property, or rate of return shall be applied than is applied in the case of carriers not so owned or controlled.

"(j) Nothing in this part shall be construed to interfere with the exclusive exercise by each State of the power to regulate intrastate commerce by water carriers within the jurisdiction of such State.

"(k) Nothing in this part shall authorize the Commission to prescribe or regulate any rate, fare, or charge for intrastate transportation, or for any service connected therewith, for the purpose of removing discrimination against interstate commerce or for any other purpose.

"GENERAL POWERS AND DUTIES OF THE COMMISSION

"SEC. 304. (a) It shall be the duty of the Commission to administer the provisions of this part, and to that end the Commission shall have authority to make and amend such general or special rules and regulations and to issue such orders as may be necessary to carry out such provisions.

"(b) The Commission shall have authority, for purposes of the administration of the provisions of this part, to inquire into and report on the organization of water carriers and the management of their business, and to keep itself informed as to the manner and method in which the same is conducted, and to transmit to Congress, from time to time, such recommendations as the Commission may deem necessary.

"(c) The Commission may establish from time to time such just and reasonable classifications of groups of carriers included in the terms 'common carrier by water', or 'contract carrier by water', as the special nature of the services performed by such carriers shall require; and such just and reasonable rules, regulations, and requirements consistent with the provisions of this part to be observed by the carriers so classified or grouped, as the Commission, after hearing, finds necessary or desirable in the public interest.

"(d) Whenever it shall appear from complaint made to the Commission or otherwise that the rates, fares, regulations, or practices of persons engaged in transportation by water to or from a port or ports of any foreign country in competition with common carriers by water or contract carriers by water, cause undue disadvantage to such carriers by reason of such competition, the Commission may relieve such carriers from the provisions of this part to such extent, and for such time, and in such manner as in its judgment may be necessary to avoid or lessen such undue disadvantage, consistently with the public interest and the national transportation policy declared in this act.

"(e) Upon complaint in writing to the Commission by any person, or upon its own initiative without complaint, the Commission may investigate whether any water carrier has failed to comply with any provision of this part or with any requirement established pursuant thereto, and if, after notice of and hearing upon any such investigation, the Commission finds that any such carrier has failed to comply with any such provision or requirement, it shall issue an appropriate order to compel such carrier to comply therewith. Whenever the Commission is of opinion that any complaint does not state reasonable grounds for action on its part, it may dismiss such complaint.

"RATES, FARES, CHARGES, AND PRACTICES; THROUGH ROUTES

"SEC. 305. (a) It shall be the duty of every common carrier by water, with respect to transportation subject to this part which it undertakes or holds itself out to perform, or which it is required by or under authority of this part to perform, to provide and furnish such transportation upon reasonable request therefor, to provide safe and adequate service and transportation facilities, and to establish, observe, and enforce just and reasonable rates, fares, charges, and classifications, and just and reasonable regulations and practices, relating thereto and to the issuance, form, and substance of tickets, receipts, bills of lading, and manifests, the manner and method of presenting, marking, packing, and delivering property for transportation, the carrying of personal, sample, and excess baggage, the facilities for transportation, and all other matters relating to or connected with such transportation in interstate or foreign commerce.

"(b) It shall be the duty of common carriers by water to establish, with respect to transportation subject to this act, through routes with other such carriers and with common carriers by railroad, and to provide reasonable facilities for operating such through routes, and to make reasonable rules and regulations with respect to their operation and providing for reasonable compensation to those entitled thereto. Common carriers by water may establish reasonable through routes and rates, charges, and classifications applicable thereto with common carriers by motor vehicle. In the case of joint rates, fares, or charges it shall be the duty of the carriers parties thereto to establish just, reasonable, and equitable divisions thereof, which shall not unduly prefer or prejudice any of such carriers.

"(c) It shall be unlawful for any common carrier by water to make, give, or cause any undue or unreasonable preference or advantage to any person, port, port district, gateway, transit point, locality, or description of traffic in any respect whatsoever, or to subject any person, port, port district, gateway, transit point, locality, or description of traffic to any unjust discrimination or any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided*, That this subsection shall not be construed to apply to discriminations, prejudice, or disadvantage to the traffic of any other carrier of whatever description.

"(d) All common carriers by water shall, according to their respective powers, afford all reasonable, proper, and equal facilities for the interchange of traffic between their respective lines and connecting lines, and for the receiving, forwarding, and delivering of passengers or property to and from connecting lines; and shall not discriminate in their rates, fares, and charges between connecting lines, or unduly prejudice any connecting line in the distribution of traffic that is not specifically routed by the shipper. As used in this paragraph the term 'connecting line' means the connecting line of any common carrier by water or any common carrier subject to part I.

"TARIFFS AND SCHEDULES

"SEC. 306. (a) Every common carrier by water shall file with the Commission, and print, and keep open to public inspection tariffs showing all rates, fares, charges, classifications, rules, regulations, and practices for the transportation in interstate or foreign commerce of passengers and property between places on its own route, and between such places and places on the route of any other such carrier or on the route of any common carrier by railroad or by motor vehicle, when a through route and joint rate shall have been established. Such tariffs shall plainly state the places between which property or passengers will be carried, the classification of property or passengers and, separately, all terminal charges, or other charges which the Commission shall require to be so stated, all privileges or facilities granted or allowed, and any rules or regulations which in anywise change, affect, or determine any part or the aggregate of such rates, fares, or charges, or the value of the service rendered to the passenger, shipper, or consignee.

"(b) All charges of common carriers by water shall be stated in lawful money of the United States. The Commission shall by regulations prescribe the form and manner in which the tariffs required by this section shall be published, filed, and posted; and the Commission is authorized to reject any tariff filed with it which is not in accordance with this section and with such regulations. Any tariff so rejected by the Commission shall be void and its use shall be unlawful.

"(c) No common carrier by water shall charge or demand or collect or receive a greater or less or different compensation for transportation subject to this part or for any service in connection therewith than the rates, fares, or charges specified for such transportation or such service in the tariffs lawfully in effect; and no such carrier shall refund or remit in any manner or by any device any portion of the rates, fares, or charges so specified, or extend to

any person any privileges or facilities for transportation affecting the value thereof except such as are specified in its tariff: *Provided*, That the provisions of sections 1 (7) and 22 (1) of part I (relating to transportation free and at reduced rates), together with such other provisions of such part (including penalties) as may be necessary for the enforcement of such provisions, shall apply to common carriers by water.

"(d) No change shall be made in any rate, fare, charge, classification, regulation, or practice specified in any effective tariff of a common carrier by water except after 30 days' notice of the proposed change filed and posted in accordance with this section. Such notice shall plainly state the change proposed to be made and the time when such change will take effect. The Commission may, in its discretion and for good cause shown, allow changes upon notice less than that herein specified, or modify the requirements of this section with respect to posting and filing of tariffs, either in particular instances or by general order applicable to special circumstances or conditions.

"(e) It shall be the duty of every contract carrier by water to file with the Commission, post, and keep open for public inspection, in accordance with such rules and regulations as the Commission shall prescribe, schedules of minimum rates or charges actually maintained and charged for interstate and foreign transportation to which it is a party, and any rule, regulation, or practice affecting such charges and the value of the service thereunder. The Commission, in its discretion, may require any such carrier to file with it, in lieu of such schedules, copies (or, if oral, true and complete memoranda) of every contract, charter, agreement, or undertaking containing the charges of such carrier for such transportation and any rule, regulation, or practices affecting such charges and the value of the service. Such carrier shall not be required to publish and keep open for public inspection copies of contracts, charters, agreements, or undertakings so filed, but the rates or charges contained therein with respect to commodities, or classes thereof, or for specified services, may be made public by the Commission. The names of the person or persons for whom property is transported under such contracts, charters, agreements, or undertakings and other terms thereof shall not be made public by the Commission, except that the Commission may make the contract, charter, agreement, or undertaking, or any part thereof, available as a part of the record in a formal proceeding where it considers such action consistent with the public interest. It shall be unlawful for any such carrier to transport passengers or property or to furnish facilities or services in connection therewith for a less compensation, either directly or by means of a change in the terms and conditions of any contract, charter, agreement, or undertaking, than the rates or charges so filed with the Commission: *Provided*, That the Commission, in its discretion and for good cause shown, either upon application of any such carrier or carriers, or any class or group thereof, or upon its own intiative may, after hearing, grant relief from the provisions of this subsection to such extent, and for such time, and in such manner as, in its judgment, is consistent with the public interest and the national transportation policy declared in this act.

"COMMISSION'S AUTHORITY OVER RATES, ETC.

"SEC. 307. (a) Any person may make complaint in writing to the Commission that any individual or joint rate, fare, charge, classification, regulation, or practice of any common carrier by water or any contract carrier by water is or will be in violation of this part. Every complaint shall state fully the facts complained of and the reasons for such complaint and shall be made under oath.

"(b) Whenever, after hearing, upon complaint or in an investigation on its own initiative, the Commission shall be of opinion that any individual or joint rate, fare, or charge demanded, charged, or collected by any common carrier or carriers by water for transportation subject to this part, or any regulation or practice of such carrier or carriers relating to such transportation, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential or prejudicial, or otherwise in violation of any provision of this part, it may determine and prescribe the lawful rate, fare, or charge or the maximum or minimum, or maximum and minimum rate, fare, or charge thereafter to be observed, or the lawful regulation or practice thereafter to be made effective.

"(c) In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any common carrier by water there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this part any such carrier shall be deemed to have agreed to the provisions of this paragraph on its own behalf and on behalf of all transferees of such certificate.

"(d) The Commission may, and it shall whenever deemed by it to be necessary or desirable in the public interest, after full hearing upon complaint or upon its own initiative without a complaint, establish through routes, joint classifications, and joint rates, fares, or charges, applicable to the transportation of passengers or property by common carriers by water, or by such carriers and carriers by railroad, or the maxima or minima, or maxima and minima, to be charged, and the divisions of such rates, fares, or charges as hereinafter provided, and the terms and conditions under which such through routes shall be operated. In the case of a through route, where one of the carriers is a common carrier by water, the Commission may prescribe such reasonable differentials, if any, as it may find to be justified between all-rail rates and the joint rates in connection with such common carrier by water. The Commission shall not, however, establish any through route, classification, or practice, or any rate, fare, or charge, between street electric passenger railways not engaged in the general business of transporting freight in addition to their passenger and express business, and common carriers by water.

"(e) Whenever, after hearing upon complaint or upon its own initiative, the Commission is of opinion that the divisions of joint rates, fares, or charges, applicable to the transportation of passengers or property by common carriers by water, or by such carriers and common carriers by railroad or by motor vehicle, are or will be unjust, unreasonable, inequitable, or unduly preferential or prejudicial as between the carriers parties thereto, the Commission shall by order prescribe the just, reasonable, and equitable divisions thereof to be received by the several carriers. The order of the Commission may require the adjustment of divisions between such carriers in accordance with the order, from the date of filing the complaint or entry of order of investigation or such other dates subsequent thereto as the Commission finds justified.

"(f) In the exercise of its power to prescribe just and reasonable rates, fares, charges, classifications, regulations, and practices, the Commission shall give due consideration, among other factors, to the effect of rates upon the movement of traffic; to the need, in the public interest, of adequate and efficient water transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable water carriers, under honest, economical, and efficient management, to provide such service.

"(g) Whenever there shall be filed with the Commission any schedule (except a schedule referred to in section 321) stating a new rate, fare, charge, classification, regulation, or practice for the interstate or foreign transportation of passengers or property by a common carrier or carriers by water, the Commission may upon protest of interested parties or upon its own initiative at once, and, if it so orders, without answer or other formal pleading by such carrier or carriers, but upon reasonable notice, enter upon an investigation concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice, and pending such hearing and the decision thereon, the Commission, by filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than 7 months beyond the time when it would otherwise go into effect; and after hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto, as would be proper in a proceeding instituted after such rate, fare, charge, classification, regulation, or practice had become effective. If the proceeding shall not have been concluded and an order made within the period of suspension, the proposed rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period: *Provided, however*, That this paragraph shall not apply to a schedule referred to in section 321, or to any initial schedule or schedules filed prior to January 1, 1941, by any such carrier (other than a carrier subject, at the time this part takes effect, to the provisions of the Intercoastal Shipping Act, 1933, as amended, or the Shipping Act, 1916, as amended).

"(h) Whenever, after hearing, upon complaint or its own initiative, the Commission finds that any rate, charge, rule, regulation, or practice of any contract carrier by water, or the form or provisions of any charter, contract, agreement, or undertaking used by any such carrier, contravenes the national transportation policy declared in this act, the Commission may prescribe such minimum rate or charge, or such rule, regulation, or practice, or such form or provisions of any such charter, contract, agreement, or undertaking as in its judgment may be necessary or desirable in the public interest and to promote such policy. Such minimum rate or charge or such rule, regulation, or practice, or the form, terms, or conditions of any such contract, charter, agreement, or undertaking affecting such minimum charge or the value of the service rendered, so prescribed by the Commission, shall give no advantage or preference to any such contract carrier in competition with any common carrier subject to this part, which the Commission shall find to be undue or inconsistent with the public interest and the national transportation policy declared in this act, and the Commission shall give due consideration to the cost of the services rendered by such contract carriers and to the effect of such minimum charge or such rule, regulation, or practice on the movement of traffic by such carriers.

"(i) Whenever there shall be filed with the Commission by any such contract carrier any schedule, contract, charter, agreement, or undertaking, stating a charge for a new service or a reduced charge, directly or by means of any rule, regulation, or practice, for transportation in interstate or foreign commerce, the Commission may upon complaint of interested parties or upon its own initiative at once and, if it so orders, without answer or other formal pleading by the interested party, but upon reasonable notice, enter upon a hearing concerning the lawfulness of such charge, or such rule, regulation, or practice, and pending such hearing and the decision thereon the Commission, by filing with such schedule, contract, charter, agreement, or undertaking, and delivering to the carrier affected thereby a statement in writing of its reasons for such suspension, may suspend the operation of such schedule, contract, charter, agreement, or undertaking, and

defer the use of such charge, or such rule, regulation, or practice, for a period of 90 days, and if the proceeding has not been concluded and a final order made within such period the Commission may, from time to time, extend the period of suspension, but not for a longer period in the aggregate than 180 days beyond the time when it would otherwise go into effect; and after hearing, whether completed before or after the charge, or rule, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding instituted after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change in any charge or rule, regulation, or practice shall go into effect at the end of such period: *Provided*, That this paragraph shall not apply to a schedule referred to in section 321, or to any initial schedule, contract, charter, agreement, or undertaking, filed prior to January 1, 1941, by any such carrier (other than a carrier subject, at the time this part takes effect, to the provisions of the Intercoastal Shipping Act, 1933, as amended, or the Shipping Act, 1916, as amended).

"REPARATION AWARDS; LIMITATION OF ACTIONS

"SEC. 308. (a) For the purposes of this section the term 'carrier' means a water carrier engaged in transportation subject to this part (1) by way of the Panama Canal, or (2) as a common carrier by water on the high seas or the Great Lakes on regular routes from port to port.

"(b) In case any carrier shall do, cause to be done, or permit to be done any act, matter, or thing in this part prohibited or declared to be unlawful, or shall omit to do any act, matter, or thing in this part required to be done, such carrier shall be liable to the person or persons injured thereby for the full amount of damages sustained in consequence of any such violation, together with a reasonable counsel or attorney's fee, to be fixed by the court in every case of recovery, which attorney's fee shall be taxed and collected as part of the costs in the case.

"(c) Any person or persons claiming to be damaged by any carrier may either make complaint to the Commission or may bring suit in his or their own behalf for the recovery of the damages for which such carrier may be liable under the provisions of paragraph (b), in any district court of the United States of competent jurisdiction; but such person or persons shall not have the right to pursue both of said remedies.

"(d) If, after hearing on a complaint, the Commission shall determine that any party complainant is entitled to an award of damages under the provisions of this part for a violation thereof by any carrier, the Commission shall make an order directing the carrier to pay to the complainant the sum to which he is entitled on or before a day named.

"(e) If such carrier does not comply with an order for the payment of money within the time limit in such order, the complainant, or any person for whose benefit such order was made, may file with the district court of the United States for the district in which he or it resides or in which is located the principal operating office of such carrier or in which is located any port of call on a route operated by such carrier, or in any State court of general jurisdiction having jurisdiction of the parties, a complaint setting forth briefly the causes for which he claims damages, and the order of the Commission in the premises. Such suit in the district court of the United States shall proceed in all respects like other civil suits for damages, except that on the trial of such suit the findings and order of the Commission shall be prima facie evidence of the facts therein stated, and except that the plaintiff shall not be liable for costs in the district court nor for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If the plaintiff shall finally prevail, he shall be allowed a reasonable attorney's fee, to be taxed and collected as a part of the costs of the suit.

"(f) (1) All complaints against carriers for the recovery of damages or overcharges shall be filed with the Commission within 2 years from the time the cause of action accrues, and not after.

"(2) The cause of action in respect of a shipment of property shall, for the purpcses of this section, be deemed to accrue upon delivery or tender of delivery thereof by the carrier and not after.

"(3) A complaint for the enforcement of an order of the Commission for the payment of money shall be filed in the district court or the State court within 1 year from the date of the order, and not after.

"(4) The term 'overcharges' as used in this section means charges for transportation services in excess of those applicable thereto under the tariffs lawfully on file with the Commission.

"(5) The provisions of this paragraph (f) shall take effect 6 months after this section becomes effective and extend to and embrace cases in which the cause of action has heretofore accrued.

"(g) In such suits all parties in whose favor the Commission may have made an award of damages by a single order may be joined as plaintiffs, and all of the carriers parties to such order awarding such damages may be joined as defendants, and such suit may be maintained by such joint plaintiffs and against such joint defendants in any district where any one of such joint plaintiffs could maintain such suit against any one of such joint defendants; and service of process against any one of such defendants as may not be found in the district where the suit is brought may be made in any district where such defendant has his or its principal operating office. In case of such joint suit the recovery, if any, may be by judgment in favor of any one of such plaintiffs, against the defendant found to be liable to such plaintiff.

"CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND PERMITS

"SEC. 309. (a) Except as otherwise provided in this section and section 311, no common carrier by water shall engage in transportation subject to this part unless it holds a certificate of public convenience and necessity issued by the Commission: *Provided, however*, That if any such carrier or a predecessor in interest was in bona fide operation as a common carrier by water on June 1, 1939, over the route or routes or in the trade or trades for which application is made and has so operated since that time (or, if engaged in furnishing seasonal service only, was in bona fide operation during the seasonal period, prior to or including such date, for operations of the character in question) except, in either event, as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate is made to the Commission as provided in paragraph (b) of this section and prior to the expiration of 120 days after this section takes effect. Otherwise the application for such certificate shall be decided in accordance with the procedure provided for in paragraph (c) of this section and such certificate shall be issued or denied accordingly. Pending the determination of any such application the continuance of such operation shall be lawful. Whenever any common carrier conditionally exempted pursuant to the provisions of section 303 shall, by order of the Commission, become subject to regulation as provided in this part, the Commission shall, upon application and without further proceedings, issue a certificate to such carrier in operation at the time of its order.

"(b) Application for a certificate shall be made in writing to the Commission, be verified under oath, and shall be in such form and contain such information and be accompanied by proof of service upon such interested parties as the Commission shall, by regulations, require.

"(c) Subject to section 310, upon application as provided in this section the Commission shall issue a certificate to any qualified applicant therefor, authorizing the whole or any part of the operations covered by the application, if the Commission finds that the applicant is fit, willing, and able properly to perform the service proposed and to conform to the provisions of this part and the requirements, rules, and regulations of the Commission thereunder, and that the proposed service, to the extent authorized by the certificate, is or will be required by the present or future public convenience and necessity; otherwise such application shall be denied.

"(d) Such certificate shall specify the route or routes over which, and the ports to and from which, or the trade or trades in which, such carrier is authorized to operate, and, at the time of issuance and from time to time thereafter, there shall be attached to the exercise of the privileges granted by such certificate such reasonable terms, conditions, and limitations as the public convenience and necessity may from time to time require, including terms, conditions, and limitations as to the extension of the route or routes of the carrier, and such other terms, and conditions, and limitations as are necessary to carry out, with respect to the operations of the carrier, the requirements of this part or those established by the Commission pursuant thereto: *Provided, however*, That no terms, conditions, or limitations shall restrict the right of the carrier to add to his or its equipment, facilities, or service within the scope of such certificate, as the development of the business and the demands of the public shall require.

"(e) No certificate issued under this part shall confer any proprietary or exclusive right or rights in the use of public waterways.

"(f) Except as otherwise provided in this section and section 311, no person shall engage in the business of a contract carrier by water unless he or it holds an effective permit, issued by the Commission authorizing such operation: *Provided*, That if any such carrier or a predecessor in interest was in bona fide operation as a contract carrier by water on June 1, 1939, in the trade or service for which application is made, and has so operated since that time (or, if engaged in furnishing seasonal service only, was in bona fide operation during the seasonal period, prior to or including such date, for operations of the character in question) except, in either event, as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit, without further proceedings, if application for such permit is made to the Commission as provided in paragraph (g) of this section and prior to the expiration of 120 days after this section takes effect. Otherwise the application for such permit shall be decided in accordance with the procedure provided for in paragraph (g) of this section and such permit shall be issued or denied accordingly. Pending determination of any such application the continuance of such operation shall be lawful. Whenever any contract carrier by water conditionally exempted by the provisions of section 303 shall, by order of the Commission, be made subject to regulation as provided in this part, the Commission shall, upon application and without further proceedings, issue a permit to such carrier in operation at the time of its order.

"(g) Application for such permit shall be made to the Commission in writing, be verified under oath, and shall be in such form and contain such information and be accompanied by proof of service upon such interested parties as the Commission shall, by regulations, require. Subject to section 310, upon application the Commission shall issue such permit if it finds that the applicant

is fit, willing, and able properly to perform the service proposed and to conform to the provisions of this part and the requirements, rules, and regulations of the Commission thereunder, and that such operation will be consistent with the public interest and the national transportation policy declared in this act. The business of the carrier and the scope thereof shall be specified in such permit and there shall be attached thereto at time of issuance and from time to time thereafter such reasonable terms, conditions, and limitations, consistent with the character of the holder as a contract carrier by water, as are necessary to carry out the requirements of this part or those lawfully established by the Commission pursuant thereto: *Provided, however,* That no terms, conditions, or limitations shall restrict the right of the carrier to substitute or add contracts within the scope of the permit, or to add to his equipment, facilities, or service, within the scope of the permit, as the development of the business and the demands of the carrier's patrons shall require.

"DUAL OPERATION UNDER CERTIFICATES AND PERMITS

"SEC. 310. The Commission, upon application, may issue to a water carrier more than one of the forms of operating authority specified in section 309 if the Commission is of opinion that the granting of such application will be consistent with the public interest and with the national transportation policy declared in this act.

"TEMPORARY OPERATIONS

"SEC. 311. (a) To enable the provision of service for which there is an immediate and urgent need to a point or points or within a territory having no carrier service capable of meeting such need, the Commission may, in its discretion and without hearings or other proceedings, grant temporary authority for such service by a common carrier by water or a contract carrier by water, as the case may be. Such temporary authority shall be valid for such time as the Commission shall specify but not for more than an aggregate of 180 days, and shall create no presumption that corresponding permanent authority will be granted thereafter.

"(b) Pending the determination of an application filed with the Commission under this act for approval of a consolidation or merger of the properties of two or more water carriers, or of a purchase, lease, or contract to operate the properties of one or more water carriers, the Commission may, in its discretion, for good cause shown, and without hearings or other proceedings, grant temporary approval, for a period not exceeding 180 days, of operation of the properties of such carriers by water by the person proposing to acquire them, as aforesaid.

"TRANSFER OF CERTIFICATES AND PERMITS

"SEC. 312. Except as provided in this part, any such certificate or permit may be transferred in accordance with such regulations as the Commission shall prescribe for the protection of the public interest.

"ACCOUNTS, RECORDS, AND REPORTS

"SEC. 313. (a) The Commission is hereby authorized to require annual, periodical or special reports from water carriers, and to prescribe the manner and form in which such reports shall be made, and to require from such carriers specific answers to all questions upon which the Commission may deem information to be necessary. Such reports shall be under oath whenever the Commission so requires. The Commission may also require any such carrier to file with it a true copy of any contract, charter, or agreement between such carrier and any other carrier or person in relation to transportation facilities, service, or traffic affected by the provisions of this part.

"(b) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by water carriers, and the length of time such accounts, records, and memoranda shall be preserved, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of money. The Commission or its duly authorized agents shall at all times have access to all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, and kept, or required to be kept by such carriers. The special agents or examiners of the Commission shall have authority under its order to inspect and examine any and all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, and kept or required to be kept by such carriers. This section shall apply to receivers of such carriers and to operating trustees thereof and, to the extent deemed necessary by the Commission for purposes of the administration of the provisions of this part, to persons having direct or indirect control of, or affiliated with, any such carrier.

"ALLOWANCES TO SHIPPERS FOR TRANSPORTATION SERVICES

"SEC. 314. If the owner of property transported under this part directly or indirectly renders any service connected with such transportation, or furnishes any instrumentality used therein, the charge and allowance therefor shall be no more than is just and reasonable, and the Commission may, after hearing on a complaint or on its own initiative, determine what is a reasonable charge as the maximum to be paid by the carrier or carriers for the services so rendered or for the use of the instrumentality so furnished, and fix the same by appropriate order.

"NOTICES, ORDERS, AND SERVICE OF PROCESS

"SEC. 315. (a) It shall be the duty of every water carrier to file with the Commission a designation in writing of the name and post-office address of an agent upon whom or which service of notices or orders may be made under this part. Such designation may from time to time be changed by like writing similarly filed. Service of notices or orders in proceedings under this part may be made upon such carrier by personal service upon it or upon an agent so designated by it, or by registered mail addressed to it or to such agent at the address filed. In default of such designation, service of any notice or order may be made by posting in the office of the secretary of the Commission. Whenever notice or order is served by mail, as provided herein, the date of mailing shall be considered as the time of service.

"(b) No order relating to a violation of this part by any water carrier shall be made by the Commission except after hearing upon complaint or after an investigation upon its own initiative.

"(c) The Commission may suspend, modify, or set aside its orders upon such notice and in such manner as it shall deem proper.

"(d) Except as otherwise provided in this part, all orders of the Commission, other than orders for the payment of money, shall take effect within such reasonable time, not less than 30 days, as the Commission may prescribe and shall continue in force until its further order, or for a specified period of time, according as shall be prescribed in the order.

"(e) It shall be the duty of every water carrier, its agents and employees, to observe and comply with such orders so long as the same shall remain in effect.

"ENFORCEMENT AND PROCEDURE

"SEC. 316. (a) The provisions of section 12 and section 17 of part I, and the Compulsory Testimony Act (27 Stat. 443), and the Immunity of Witnesses Act (34 Stat. 798; 32 Stat. 904, ch. 755, sec. 1), shall apply with full force and effect in the administration and enforcement of this part.

"(b) If any water carrier fails to comply with or operate in violation of any provision of this part, or any rule, regulation, requirement, or order thereunder (except an order for the payment of money), or of any term or condition of any certificate or permit, the Commission or the Attorney General of the United States (or, in case of such an order, any party injured by the failure to comply therewith or by the violation thereof) may apply to any district court of the United States having jurisdiction of the parties for the enforcement of such provision of this part or of such rule, regulation, requirement, order, term, or condition; and such court shall have jurisdiction to enforce obedience thereto by a writ or writs of injunction or other process, mandatory or otherwise, restraining such carrier and any officer, agent, employee, or representative thereof from further violation of such provision of this part or of such rule, regulation, requirement, order, term, or condition and enjoining obedience thereto.

"(c) The Commission shall enter of record a written report of hearings conducted upon complaint, or upon its own initiative without complaint, stating its conclusions, decision, and order and, if reparation is awarded, the findings of fact upon which the award is made; and shall furnish a copy of such report to all parties of record. The Commission shall publish such reports in the form best adapted for public information and use, and such authorized publications shall, without further proof or authentication, be received as competent evidence of such reports in any court of competent jurisdiction.

"(d) The copies of schedules, and classifications and tariffs of rates, fares, and charges, and of all contracts, agreements, and arrangements of water carriers filed with the Commission as herein provided, and the statistics, tables, and figures contained in the annual or other reports of carriers made to the Commission as required, under the provisions of this part shall be preserved as public records in the custody of the secretary of the Commission, and shall be received as prima facie evidence of what they purport to be for the purpose of investigations by the Commission and in all judicial proceedings; and copies of and extracts from any of said schedules, classifications, tariffs, contracts, agreements, arrangements, or reports, made public records as aforesaid, certified by the secretary, under the Commission's seal, shall be received in evidence with like effect as the originals.

"UNLAWFUL ACTS AND PENALTIES

"SEC. 317. (a) Any person who knowingly and willfully violates any provision of this part, or any rule, regulation, requirement, or order thereunder, or any term or condition of any certificate or permit, for which no penalty is otherwise provided, shall be deemed guilty of a misdemeanor and upon conviction thereof in any court of the United States of competent jurisdiction in the district in which such offense was in whole or in part committed shall be subject for each offense to a fine not exceeding $500. Each day of such violation shall constitute a separate offense.

"(b) Any water carrier or any officer, agent, employee, or representative thereof, who shall knowingly and willfully offer, grant, or give, or cause to be offered, granted, or given any rebate, deferred rebate, or other concession, in violation of the provisions of this part, or who, by any device or means, shall knowingly and willfuly assist, or shall willingly suffer or permit, any person to obtain transportation subject to this part at less than the rates, fares, or charges lawfully in effect, shall be deemed guilty of a misdemeanor and upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was wholly or in part committed shall be subject for each offense to a fine of not more than $5,000.

"(c) Any person who shall knowingly and willfully solicit, accept, or receive any rebate, deferred rebate, or other concession in violation of the provisions of this part, or who shall by any device or means, whether with or without the consent or connivance of any water carrier or his or its officer, agent, employee, or representative, knowingly and willfully obtain transportation subject to this part at less than the rates, fares, or charges lawfully in effect, or shall knowingly and willfully, directly or indirectly, by false claim, false billing, false representation, or other device or means, obtain or attempt to obtain any allowance, refund, or repayment in connection with or growing out of such transportation, whether with or without the consent or connivance of such carrier or his or its officer, agent, employee, or representative, whereby the compensation of such carrier for such transportation or service, either before or after payment, shall be less than the rates, fares, or charges lawfully in effect, shall be deemed guilty of a misdemeanor and upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was in whole or in part committed, be subject for each offense to a fine of not more than $5,000.

"(d) Any water carrier or any officer, agent, employee, or representative thereof, who shall willfully fail or refuse to make a report to the Commission as required by this part, or to keep accounts, records, and memoranda in the form and manner prescribed or approved by the Commission, or shall knowingly and willfully falsify, destroy, mutilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor, and upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was in whole or in part committed, be subject for each offense to a fine of not more than $5,000.

"(e) Any special agent or examiner of the Commission who knowingly and willfully divulges any fact or information which may come to his knowledge during the course of the examination of the accounts, records, and memoranda of any water carrier, made under authority of this part, except as he may be directed by the Commission or by a court of competent jurisdiction or judge thereof, shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not more than $5,000 or imprisonment for a term not exceeding 2 years, or both.

"(f) It shall be unlawful for any common carrier by water, or any officer, receiver, trustee, lessee, agent, or employee of such carrier, or for any other person authorized by such carrier or person to receive information, knowingly and willfully to disclose to or permit to be acquired by any person other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered or delivered to such carrier for transportation subject to this part, which information may be used to the detriment or prejudice of such shipper or consignee, or which may improperly disclose his business transactions to a competitor; and it shall also be unlawful for any person to solicit or knowingly and willfully receive any such information which may be so used. Any person violating any provisions of this subsection shall be guilty of a misdemeanor and upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was in whole or in part committed shall be subject to a fine of not more than $2,000. Nothing in this part shall be construed to prevent the giving of such information in response to any legal process issued under the authority of any court, or to any officer or agent of the Government of the United States or of any State, Territory, or District thereof, in the exercise of his powers, or to any officer or other duly authorized person seeking such information for the prosecution of persons charged with or suspected of crimes, or to another carrier, or its duly authorized agent, for the purpose of adjusting mutual traffic accounts in the ordinary course of business of such carriers.

"COLLECTION OF RATES AND CHARGES

"SEC. 318. No common carrier by water shall deliver or relinquish possession at destination of any freight transported by it until all tariff rates and charges thereon have been paid, except under such rules and regulations as the Commission may from time to time prescribe to govern the settlement of all such rates and charges and to prevent unjust discrimination or undue preference or prejudice: *Provided*, That the provisions of this paragraph shall not be construed to prohibit any such carrier from extending credit in connection with rates and charges on freight transported for the United States, for any department, bureau, or agency thereof, or for any State or Territory or political subdivision thereof, or for the District of Columbia. Where such carrier is instructed by a shipper or consignor to deliver property transported by such carrier to a consignee other than the shipper or consignor, such consignee shall not be legally liable for transportation charges in respect of the transportation of such property (beyond those billed against him at the time of delivery for which he is otherwise liable) which may be found to be due after the property has been delivered to him, if the consignee (1) is an agent only and had no beneficial title in the property, and (2) prior to delivery of the property has notified the delivering carrier in writing of the fact of such agency and absence of beneficial title, and, in the case of a shipment reconsigned or diverted to a point other than that specified in the original bill of lading, has notified the delivering carrier in writing of the name and address of the beneficial owner of the property. In such cases the shipper or consignor or in the case of a shipment so reconsigned or diverted, the beneficial owner shall be liable for such additional charges irrespective of any provisions to the contrary in the bill of lading or in the contract under which the shipment was made or handled. If the consignee has given to the carrier erroneous information as to who is the beneficial owner, such consignee shall himself be liable for such additional charges, notwithstanding the foregoing provisions of this paragraph. On shipments reconsigned or diverted by an agent who has furnished the carrier with a notice of agency and the proper name and address of the beneficial owner, and where such shipments are refused or abandoned at ultimate destination, the said beneficial owner shall be liable for all legally applicable charges in connection therewith.

"EMPLOYEES

"SEC. 319. The Commission is authorized to employ such experts, assistants, special agents, examiners, attorneys, and other employees as in its judgment may be necessary or advisable for the convenience of the public and for the efficient administration of this part.

"REPEALS; TRANSFER OF EMPLOYEES, RECORDS, PROPERTY, AND APPROPRIATIONS

"SEC. 320. (a) The following acts are hereby repealed insofar as they provide for the regulation of transportation in interstate or foreign commerce (as defined in this part) and for the regulation of persons to the extent that they are engaged in such transportation: The Intercoastal Shipping Act, 1933; the Shipping Act, 1916; the Merchant Marine Act, 1920; and the Merchant Marine Act, 1936 (except sec. 205 thereof).

"(b) Such officers and employees of the United States Maritime Commission as the President shall determine to have been employed in the administration of the provisions of law repealed by subsection (a), and whose retention by the United States Maritime Commission is not necessary, in the opinion of the President, for the performance of other duties, are transferred to the Interstate Commerce Commission upon such date or dates as the President shall specify by Executive order. Such transfers of such personnel shall be without reduction in classification or compensation, except that this requirement shall not operate after the end of the fiscal year during which such transfer is made to prevent the adjustment of classification or compensation to conform to the duties to which such transferred personnel may be assigned.

"(c) All files, reports, records, tariff schedules, and all property (including office furniture and equipment), contracts, agreements, documents, or papers kept or used by, made to, or filed with the United States Maritime Commission under or in the administration of any provision of law repealed by this part, are hereby transferred to the jurisdiction and control of the Commission, and may be used for such purposes as the Commission may deem necessary in the administration of this part.

"(d) All appropriations and unexpended balances of appropriations available for expenditure by the United States Maritime Commission in the administration of any provision of law repealed by this part shall be available for expenditure by the Commission for any objects of expenditure authorized by this part, in the discretion of the Commission, without regard to the requirement of apportionment under the Anti-Deficiency Act of February 27, 1906.

"EXISTING ORDERS, RULES, TARIFFS, ETC.; PENDING MATTERS

"SEC. 321. (a) All orders, determinations, rules, regulations, permits, tariffs (including rates, fares, charges, classifications, rules, and regulations relating thereto), contracts, or agreements, to the extent that they were issued, authorized, approved, entered into, or filed under any provision of law repealed by this part, and are still in effect, shall continue in effect as though issued, authorized, or approved by the Commission under this part, or entered into or filed under this part, until suspended, modified, set aside, or rescinded either by the Commission or otherwise in accordance with the provisions of this part.

"(b) Any proceeding, hearing, or investigation commenced or pending before the United States Maritime Commission at the time this section takes effect, to the extent that it relates to the administration of any provision of law repealed by this part, shall be continued or otherwise acted upon by the Commission as though such proceeding, hearing, or investigation had been instituted under the provisions of this part.

"(c) Any judicial proceeding arising under any provision of law repealed by the provisions of this part shall be continued, heard, and determined in the same manner and with the same effect as if this part had not been enacted; except that in the case of any such proceeding to which the United States Maritime Commission is a party, the court, upon motion or supplemental petition, may direct that the Commission be substituted for the United States Maritime Commission as a party to the proceeding or made an additional party thereto.

"SEPARABILITY OF PROVISIONS

"SEC. 322. If any provision of this part or the application thereof to any person, or commerce, or circumstance is held invalid, the remainder of the part and the application of such provision to other persons, or commerce, or circumstances shall not be affected thereby."

TIME EFFECTIVE

SEC. 202. Part III of the Interstate Commerce Act shall take effect on the date of the enactment of this act, except that sections 304 (c), 305 to 308, inclusive, 309 (a) and (f), 313 to 318, inclusive, 320, and 321 shall take effect on the 1st day of January 1940: *Provided, however*, That the Interstate Commerce Commission shall, if found by it necessary or desirable in the public interest, by general or special order postpone the taking effect of any of the provisions above enumerated to such time, but not beyond the 1st day of July 1941, as the Commission shall prescribe.

Mr. WADSWORTH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Page 260, line 14, after the period, insert: "In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers, after taking into consideration the overhead and all other elements entering into the cost to the carrier or carriers for the service rendered."

Mr. WADSWORTH. Mr. Chairman, the purpose of this amendment must be perfectly plain to all those who have heard it read by the Clerk. We have all been concerned as to the ultimate effect of this legislation if it is passed, on the rates to be paid by the public in one form of transportation or another, especially in the rates paid by the public for water transportation. It has been hinted, and that is a mild expression, from many sources, that the enactment of title II, part 3, which places all water-borne commerce under the jurisdiction of the Interstate Commerce Commission will result in raising the water-borne rates. It has been hinted, and that also is a very mild expression, that there are certain elements in transportation who hope that result will be achieved. I am not competent to read the future with sufficient accuracy to form on this occasion a definite and final conclusion on that point, but that suspicion or dread exists cannot be denied. My amendment seeks to place all three methods of transportation on the same basis with respect to minimum rates. I shall read it again:

In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers, after taking into consideration the overhead and all other elements entering into the cost to the carrier or carriers for the service rendered.

It is proposed to add that sentence at the end of paragraph (f) of line 14, page 260, and it is to be noted that paragraph (f) is the mandatory provision of this law which charges the Commission in making its rates, fares, charges, classifications, regulations, and practices to give due consideration, among other factors, to the effect of rates upon the movement of traffic, and so forth. This amendment, which I presume to offer to be added to paragraph (f), adds this direction to the Interstate Commerce Commission with respect to the enforcement of its regulations.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. McCORMACK. Would the effect of the gentleman's amendment be that a railroad could establish its own rates, so long as it makes a profit?

Mr. WADSWORTH. So long as the rate is compensatory, after taking into consideration overhead and all the other elements entering into cost to the railroad.

Mr. McCORMACK. Under the present law does not the Commission establish a rate which has regard for the ability of other railroads, or the financial capacity of other railroads? I am just inquiring. My main inquiry is whether or not the effect of the gentleman's amendment would be to permit a railroad itself or a water-transportation line to establish its own rates?

Mr. WADSWORTH. It applies to all three.

Mr. McCORMACK. But they could establish their own rates?

Mr. WADSWORTH. Provided they were compensatory.

Mr. McCORMACK. What does the gentleman mean by "compensatory," if I might ask?

Mr. WADSWORTH. That the carrier does not perform that service at a loss.

Mr. McCORMACK. In other words, each individual carrier, so long as it does not carry the service at a loss, could establish its own rates?

Mr. WADSWORTH. This amendment in effect will assure to the shipping public whatever advantage accrues from cheap transportation. If it can be found that a certain carrier or a class of carriers can perform the service more cheaply than heretofore, and can show that it can do it without loss, and that the rate proposed is compensatory, then the Commission shall allow them to do it.

The CHAIRMAN. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the time of the gentleman from New York be extended 5 minutes. I think the gentleman is discussing a very important amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WADSWORTH. At the same time, by requiring that the rate be compensatory, we eliminate what we have all tried to eliminate in the past—outright cutthroat competition; deliberate cutthroat competition.

Mr. SIROVICH. Where all sides lose?

Mr. WADSWORTH. Where all sides lose.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman.

Mr. HALLECK. Did I understand the gentleman to say that his idea would be to fix rates at such a point as that the carrier would not carry the traffic at a loss?

Mr. WADSWORTH. He shall be adequately compensated for doing so.

Mr. HALLECK. May that not go so far as to include or mean that operation which we refer to as out-of-pocket costs?

Mr. WADSWORTH. Include it?

Mr. HALLECK. In other words, that freight in certain instances might be moved at a price just sufficiently high to pay the out-of-pocket cost involved?

Mr. WADSWORTH. Under this amendment a carrier may not reduce a rate to such an extent that it is no longer compensatory; but if he does reduce it, and can show that it is compensatory, the public is entitled to the benefit of that reduction.

Mr. HALLECK. My question is prompted by my understanding that the term "compensatory" is frequently interpreted to mean the out-of-pocket costs, and of course if the rate reflected the out-of-pocket cost, then the operation would not be at a loss, but the railroads have been continuously attacked by their competitors because they have sought, on occasion, to carry freight at the out-of-pocket cost, and it is pointed out in Mr. Secretary Wallace's letter that that is unfair competitive practice, and is destructive of the competitors of the railroads; that they should not be permitted to carry freight at that low rate.

Mr. WADSWORTH. May I say in reply to the gentleman from Indiana, that under this amendment the compensatory return is estimated after taking into consideration overhead and all other elements. It is not merely out-of-pocket cost. It is the general cost.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. MURDOCK of Utah. Would not your amendment have the effect of completely repealing the long-and-short-haul clause provision of section 4?

Mr. WADSWORTH. No; I think it would not, because that is a specific statutory prohibition existing in the law, which the Commission cannot ignore.

Mr. MURDOCK of Utah. But if your amendment is agreed to at this time and is in conflict with the long-and-short-haul provision, then certainly it takes precedence over that, and would have the effect of outright repeal.

Mr. WADSWORTH. I cannot reach any such conclusion.

Mr. MURDOCK of Utah. That is the conclusion that I reach.

Mr. WADSWORTH. The long-and-short-haul clause stands in the law today. It is specific and applies to a certain type of commerce, and unless you amend that basic law, I do not think it can be touched by the Commission.

Mr. MURDOCK of Utah. But if we say to the railroads that "as long as your rates are compensatory you can reduce

them to suit yourselves," they certainly could disregard the long-and-short-haul clause.

Mr. WADSWORTH. I cannot agree with the gentleman on that—not with that law still in existence.

Mr. THOMASON. What effect will the gentleman's amendment have upon the indefensible differentials that now exist? Would it have any bearing on the differential in rates that are now set up?

Mr. WADSWORTH. The rest of paragraph (f) treats with that.

Mr. THOMASON. It would do away with the differential rate situation?

Mr. WADSWORTH. It is up to the Commission to decide whether there is a differential.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. COFFEE of Nebraska. Is the gentleman's amendment not the same as the one that was adopted in the Senate?

Mr. WADSWORTH. Yes.

Mr. COFFEE of Nebraska. And would not the adoption of this amendment obviate any chance of the elimination of that provision in conference?

Mr. WADSWORTH. Yes. Mr. Chairman, I should say to the Members of the Committee that this amendment was introduced and adopted on the floor of the Senate under the name of Senator MILLER and is contained in the Senate bill. If it is restored in the House bill, then, at least, if this bill should pass, this particular matter would not be in conference.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. PATRICK. Referring to the question asked by the gentleman from Utah [Mr. MURDOCK], I am unable to see, if the measure is altered by the adoption of this amendment, how the question is merely one of whether the rate is compensatory or not, how it can be reconciled with the long-and-short-haul clause that is already in the law. How would you operate under it and still have due regard for the long-and-short-haul clause? How would that work? How could it possibly operate?

Mr. WADSWORTH. I am not a member of the legal profession. I would have a good deal of difficulty in expressing a lawyer's opinion upon that; but I very sincerely believe that the long-and-short-haul clause is established in the law; it is specific; and I do not believe a rule of rate making, taken of and by itself, could have the effect of repealing it.

Mr. PATRICK. Suppose it comes down to a matter of bookkeeping—and that is what will be the case in the last analysis—how would you operate in case of conflict between the provisions of the long-and-short-haul clause and the gentleman's amendment?

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Mississippi.

Mr. RANKIN. This is going to cure the very evil of the long-and-short-haul provision, is it not?

Mr. MURDOCK of Utah. By wiping it out.

Mr. RANKIN. By wiping out the discriminations and permitting a carrier to base his rates on cost of transportation. So, instead of injuring it, the amendment would help it.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 5 additional minutes. I would like to ask the gentleman a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. Mr. Chairman, as a member of the Committee on Interstate and Foreign Commerce the gentleman has, I am sure, heard the members of the Interstate Commerce Commission say how difficult it is to determine whether any given rate is compensatory or not. It is difficult if not impossible for the Commission to determine whether a specific rate for the shipment of a carload of wheat, for example, from one point to another is compensatory or not.

Mr. WADSWORTH. I remember the difficulty expressed by the representatives of the Commission.

Mr. MAPES. Does not the gentleman think that the adoption of his amendment would hamstring the Commission and make it almost impossible for it to function efficiently? This amendment applies not only to rates on water but to rates of motor carriers and railroads as well. Does not the gentleman think it would unduly hamper the work of the Commission if this amendment were adopted?

Mr. WADSWORTH. I do not; and I may say to the gentleman from Michigan that the Commission has already embarked upon this effort and uses its estimates in the regulation of minimum rates.

Mr. MAPES. Will the gentleman yield further?

Mr. WADSWORTH. I yield.

Mr. MAPES. Does not the Commission frankly say that it cannot find the compensatory rate for any given shipment?

Mr. WADSWORTH. I have heard witnesses from the Commission state that it was exceedingly difficult to find the exact cost of transportation on a certain article, especially when that article may be mingled with other articles in the same car. I have heard that enlarged upon and emphasized; but is it not a fact that the Commission is required, either directly or indirectly, to endeavor to ascertain the compensatory rate? The Commission is authorized to fix minimum rates already in the motor-vehicle field.

Mr. DARDEN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. DARDEN. Is it not true that minimum rate in the case of carriers is limited by the carrier's ability to show that it covers its cost?

Mr. WADSWORTH. That is true.

Mr. DARDEN. The Interstate Commerce Commission does not take the initiative.

Mr. WADSWORTH. No; it does not.

Mr. DARDEN. It is initiated by the carrier; the carrier starts it.

Mr. WADSWORTH. The carrier must demonstrate that his rate is compensatory, including overhead.

Mr. DARDEN. And having done that, he is entitled to set the minimum rate.

Mr. WADSWORTH. And the public is entitled to have the advantage. [Applause.]

Mr. DARDEN. Exactly.

Mr. MICHENER. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Michigan.

Mr. MICHENER. If the formula provided for in the gentleman's amendment can be put into effect and is put into effect, in 99 out of 100 cases it will put the railroads out of business so far as competition with waterways and trucks is concerned, will it not?

Mr. WADSWORTH. I have no such fear.

Mr. MICHENER. If the railroads are not reorganized, they will have to be compensated for their overhead, including equipment, fixed charges, and all of those things, and your water carriers and trucks have subsidies in the form of Government aid in harbors and highways facilities.

Mr. WADSWORTH. The gentleman is embarking on another argument.

Mr. MICHENER. It is all germane to this whole thing, so far as the controversy is concerned. Take away from the water carriers its subsidies, take away from the truck lines their subsidized highways, and then you would be on a fair basis. But if the railroad is compelled to be fully compensated for all costs and the truck has no such overhead because of the subsidies, how can the railroads compete? The compensation provided for in the amendment will eliminate the railroads as competitors.

Mr. WADSWORTH. Well, the gentleman from Michigan must remember that this amendment which I propose

exerts no compulsion on the railroad nor any compulsion on any carrier.

Mr. MICHENER. It is the formula.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, during the consideration of this bill the subcommittee seriously considered whether or not we should not adopt an amendment equivalent to this. We desired that some fixed standard be established at which the low-cost carrier would not be encroached upon by the higher-cost carrier in fixing a rate. We tried our hand at drawing an amendment, particularly the gentleman from New Jersey [Mr. WOLVERTON] and I. After spending a couple of days with the problem we concluded it was better to leave the provisions in the bill as they are than to experiment. This committee did not expect to inject into this question repeal of the fourth section. The adoption of this amendment throws doubt upon the question whether or not it would not in effect amount to repeal of the fourth section.

This amendment provides that the carrier can initiate its rate if it will maintain a compensatory return. There is one elementary feature of rate making that must not be lost sight of, and that is that a transportation company fixes its rates or charges very much the same as a merchant does for his merchandise. For instance, a groceryman may sell a $5 sack of sugar at a profit of 25 cents. His overhead charge may be 30 percent, yet he handles sugar without a loss. If he is a general merchant, he may sell a hat at a profit of 50 percent of the cost. That is a rule of rate making the world over. Rates are not uniform according to value, weight, or space occupied.

Bear in mind that the carrier hauls much at a very small profit and more at a good profit. There is much difficulty in fixing an arbitrary rule that will work out satisfactorily to the different types of haulage. If you consider this as an out-of-pocket cost, then it is a destructive rate. It is the means by which railroads have driven boats off the rivers in times gone by. It is not legitimate competition if you permit one carrier to carry it without profit in order to prevent the other fellow from making something out of carrying it.

If this question relates purely to the cost of carrying a specific item, then it does not bear an average return which is necessary to the carrier. If you figure the carrier's full expense, including overhead, it is an entirely different matter from simply providing the cost to the carrier for carrying a specific item.

The gentleman who just spoke said that the burden would be on the Commission in determining the question to find out what it cost the carrier for a specific item. That is the old destructive method of figuring costs that has been used to put a competitor out of business.

The only way out for the carrier on this basis is to have unduly high rates in noncompetitive territory. If we permit a carrier to use this destructive rate with large volume cheap commerce, then it means in noncompetitive territory you have an unduly high rate. That is one of the great troubles in this country at the present time.

On the other hand, suppose this means the average cost of all expenses to the carrier. The language says, "so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the service rendered." For what service? For the service of that specific article, and that tends to put it on the destructive out-of-pocket cost basis. If it applies to the whole expense of operating the water or rail carrier, then that involves going up to the average of all rates, so that each rate shall carry its proportion of the whole cost to the carrier. In that event the objection to it, a very serious one, is the administrative difficulty. If that is the meaning of this language, the Commission is to take into consideraton the full cost of carriage. Every little rate case involving a 10-cent reduction in rate would cast upon the Commission the burden of determining the full cost of carriage on an average basis, including the high-cost freight and the low-cost traffic.

That is the reason why this amendment is objectionable from an administrative standpoint and from the standpoint of the carrier or shipper, because when the shipper goes to prove his case he will have this burden of providing the cost of carriage of that specific article or of the average cost of the carrier's whole business.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I rise in support of the amendment.

The effect of this amendment would be to permit water carriers to charge rates which would preserve for the benefit of the public and the shipper the inherent advantage of water transportation. It would prohibit the Intertstate Commerce Commission, in the determination of water rates, from using the cost of transportation by rail as a yardstick. As a friend of water transportation and development of inland waterways I have not shared with many other friends of water transportation the view that water transportation should not be subject to any regulation. I have taken the position that inasmuch as other forms of transportation are regulated, there is no valid or logical reason why water transportation should not be regulated, provided the regulation of water transportation is fair regulation. The fear of the friends of water transportation is that if the Interstate Commerce Commission is given the power to regulate water-transportation rates, that Commission will regulate water rates on the basis of the cost of rail transportation and thus in effect destroy water transportation.

The advocates and proponents of the bill now under consideration have repeatedly stated that it is not their intention that this legislation shall produce such a result. On the contrary they have expressed their assurance that they desire this bill to bring about only fair regulation of water carriers, and that the regulation which this bill will authorize will result in the establishment of water rates which will be based on the cost of water transportation. They state that this assurance is borne out in section 1 of the act which expresses the policy of the act under the caption "National transportation policy." This section provides, on page 198 of the bill, as follows:

> It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each.

And further—

> To encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices * * * all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, etc., to meet the needs of the commerce of the United States, of the Postal Service, and of national defense.

The amendment now proposed merely carries out the declaration of policy contained in the bill at its very outset. No advocate of this bill can logically object to this amendment for the simple reason that this amendment merely constitutes a specific, realistic, and practical legislative application of the policy which is declared at the outset of the bill to be the binding principle of the legislation.

This amendment merely carries out and makes effective the declared policy of the bill. As one who believes in fair regulation of water carriers, I shall support this legislation if this amendment is made a part of this bill because this amendment will insure fair regulation of water carriers. I shall not support the legislation if this amendment or a similar amendment is not made a part of the bill, because in that event, in my opinion, there will not be definite and certain assurance in the bill that the regulation of water carriers by the Interstate Commerce Commission will be such as to preserve to the public and to the shipper inherent advantages of water transportation in accordance with the declared policy of the act. The amendment should be adopted.

Transportation is a matter of the highest public concern, and its effect is so far-reaching that it touches economically the welfare of every section of the country and of every citizen of the country. The railroads have been a tremendous factor in the upbuilding of our Nation. The truck and the bus have added greatly to the transportation facilities both as to passenger and freight traffic. The airplane in a relatively short time has attained an important position. River development has resulted in a system of inland waterways upon which a large volume of traffic has been moved.

While transportation is important to all parts of the Nation it can be fairly said that it is of utmost importance to the great middle western section of the United States because that section, as a producer of raw materials, is dependent upon transportation to carry its products to the consumer. As a processor of these raw materials the Middle West must likewise rely upon transportation to convey the finished product to the great centers of population where it is consumed or used.

The railroads have been one of the chief factors in the settlement and expansion of the Middle West. The State of Nebraska, of which I am a native and one of whose districts I have the honor to represent in the Congress, has relied upon railroads for its settlement and for its development as have all other sections in the Missouri Valley. That territory must continue to rely upon the railroads in order that it may carry on its agricultural and commercial activities. It cannot be fairly said that the Nation and the people stand on one side and the railroads stand on the other. The railroads are definitely a part of the Nation. Railroad employees and their families constitute a very substantial proportion of the citizenship of the United States, and are as deeply interested in its welfare and prosperity as any other group of citizens within its borders. The enormous amount of money expended by the railroads in salaries and wages, and in the purchases of materials and supplies, is an important addition to our national buying power.

The bill before the House today will have the effect, among other things, of placing the regulation of rates for transportation by water carriers in the hands of the Interstate Commerce Commission. Water transportation is of utmost interest to the Nation and of particular importance to the Middle West. The opening of the Panama Canal had the effect of diverting transcontinental rail traffic to the cheaper coast and Canal-water route. Population decreased in the Middle West as it increased along the developed waterways. Industries moved away. Representation of the Midwest in the Congress of the United States was reduced. The lack of the advantage of water transportation placed the Midwest at the mercy of these sections which enjoyed that advantage. Realizing this situation the Congress of the United States some years ago made provision by appropriation for the development of the inland waterways system, including development of the Missouri River. This development has taken place under the competent supervision of the Army engineers. The city of Omaha, Nebr., which is my home, and which is located in the district which I have the honor to represent, is intensely interested in the development of waterways. That city, like the other middle western cities, has felt the adverse effects of the lack of water transportation facilities, and has suffered as a result of the advantage which other communities enjoyed because of their location at places where they might enjoy and have the advantage of water transportation and water rates. Throughout my service in the Congress I have devoted my energies each year to assisting in the securing of adequate appropriations for the carrying on of the development of the Missouri River in order that Omaha and Nebraska and the Middle West might have the advantage of water transportation at the earliest possible moment. This year I appeared before the Appropriations Committee and, together with other witnesses, urged adequate appropriations to complete the development of the Missouri River for transportation purposes from Kansas City to Sioux City. The following figures indicate the total cost of completion of the Missouri River work from Kansas City to Sioux City, the estimated expenditures to date, the percentage of completion and the additional allotment required for the present fiscal year, in order that navigation may be certified.

Missouri River	Estimated total cost of completion	Estimated expenditures (costs) to date	Appropriation percent complete	Additional allotment required (fiscal year 1940) that navigation may be certified
Kansas City district, Kansas City to mouth	$80,000,000	$69,125,000	87	$3,000,000
Kansas City to Sioux City:				
Kansas City district, Kansas City to Rulo	27,316,000	23,000,000	82	1,000,000
Omaha district, Rulo to Omaha	33,184,000	26,240,000	79	1,200,000
Omaha to Sioux City	31,500,000	15,704,000	50	5,000,000
Subtotal, Rulo to Sioux City	64,684,000	41,944,000	65	6,200,000
Total, Kansas City to Sioux City	92,000,000	64,944,000	70	7,200,000
Grand total, Sioux City to mouth	172,000,000	133,529,000	77	10,200,000

Appropriations have been allotted to this work which will enable the development to be carried on satisfactorily.

The Missouri River has been developed and is already open for barge transportation as far north as Omaha. Facilities have been set up in Omaha for terminal purposes. These facilities will be expanded as river development goes on to completion and as the river traffic increases in extent.

My position, as often stated, with respect to water transportation has been that I am heartily in favor of the development of the inland waterways of this country and that I consider it in the public interest that these waterways be made available in a practical way for transportation purposes. My attitude in this direction is well indicated by the activities above cited in connection with appropriations for Missouri River development.

It is contended in some quarters that the development of the rivers is antagonistic to the interests of the rail carriers. In this I cannot agree. In my opinion, anything which goes to develop a territory economically has the effect of adding a benefit to every economic interest in that territory. The lack of water transportation has reduced population in the Middle West and has caused the loss of industries in that section. This has not benefited the railroads. On the contrary, it has definitely injured them. A reversal of that situation by the development of water transportation which would result in an increase in population and a return of industries could not do otherwise than benefit the rail carriers who would enjoy a larger volume of business as a result thereof. So, to my mind, there is nothing inconsistent in the sponsorship of water transportation and in an effort to work justice to the railroads. Experience in other sections where water transportation exists demonstrates that there is no real reason why water-transportation and rail-transportation facilities cannot be coordinated to the mutual benefit of both forms of transportation.

The railroads of the United States have been under the regulation of the Interstate Commerce Commission since the establishment of that body. The bill under consideration would place water carriers under the regulation of the Interstate Commerce Commission. Much has been said to the effect that the imposition of this regulation upon water carriers will completely destroy the inland-waterways system in this country. Certainly no friend of water transportation would favor such a thing. However, I do not share that view. I have stated repeatedly that I see no sound objection to fair regulation of water carriers by the Interstate Commerce Commission. It is a matter of common knowledge that prior to the days when the railroads were regulated by the Interstate Commerce Commission evil practices obtained in the way of rebates and secret agreements by which

the small shipper was imposed upon and often driven out of business. The public recognizes that regulation of railroad rates in the interest of the public is sound regulation. I have never been able to agree that fair regulation of water rates is unsound. However, I have taken the position and continue to do so that I will favor no form of regulation of water transportation which would have the effect of permitting the Interstate Commerce Commission, the regulatory body, to fix water rates upon the basis of the cost of rail transportation. In other words, I have always stated that I would oppose any form of regulation by the Interstate Commerce Commission of water carriers which would not allow the shipper to have the full benefit of the savings and economies inherent in water transportation.

My attitude on the present bill, S. 2009, is that so far as concerns the provisions which would allow regulation of water rates by the Interstate Commerce Commission, I am not opposed to such provisions provided the bill carries in it a specific provision safeguarding shippers on water routes against the hazard of the imposition of rail rates for water transportation, or against the authorization of rates in which the natural and inherent savings of water transportation are not preserved for the benefit of the individual shipper.

Objection has been made through the course of development of the Missouri River that the Government money should not have been expended for this purpose. However, today we are concerned with a situation in which these expenditures have already been made and in which millions of dollars have been spent for the development of the Missouri River as a transportation facility. Certainly it would be unwise to provide by legislation that rates might be imposed on water transportation upon a basis which would make these rates so high as to destroy any possibility of transportation on the river and thus in practice waste the investment which has been made in the development of the river to the present point.

As passed by the Senate, S. 2009 contained a sentence which was inserted as an amendment to section 30 of the Senate bill. That amendment, known as the Miller amendment, had the effect of protecting the public against the possibility of the use by the Interstate Commerce Commission of rail transportation costs as a basis for the fixing of rates for water carriers in the event that the Congress enacts this legislation placing the regulation of water carriers under the Interstate Commerce Commission. That sentence does not appear in S. 2009 as reported favorably by the House Interstate Commerce Committee and as now before us. The amendment reads as follows:

> In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier of materials to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the services rendered.

I have announced my intention of supporting S. 2009 provided the bill in its final form safeguards the interest of the shippers and makes possible the preservation of the right of the shippers to enjoy the savings and economies which are inherent in water transportation. I have taken the position that while I favor regulation of water carriers I do not favor any system of regulation which will have the effect in practice of making possible the use of rail-transportation costs as a basis for water-transportation charges. I am opposed to legislation which will authorize the fixing of water-transportation charges which are so high as to have the effect of destroying water transportation.

I shall support S. 2009 in its final form if it contains the sentence above quoted or any other similar provision which will have the same effect as the provision in the bill passed by the Senate. I shall vote against S. 2009 if it does not contain such a sentence.

Members of the committee reporting legislation have preference over the other Members in securing recognition for the purpose of proposing amendments. It was my intention to propose the foregoing amendment. However, the gentleman from New York [Mr. WADSWORTH], a member of the Interstate Commerce Committee, has now proposed the amendment and I heartily favor the adoption of the Wadsworth amendment.

If this amendment is agreed to it will bring the bill in line with the bill as it passed the Senate so that water carriers may be allowed to base their rates upon the cost of water transportation and not be required to base their rates upon the cost of rail transportation or any other form of transportation whose costs are higher than the cost of water transportation. If this amendment or a similar amendment is agreed to, I shall support the measure, otherwise I shall not. It is to be hoped that this bill will not be passed in such form as to make possible the destruction of water transportation, but on the contrary that it will be so passed as to provide for fair regulation of water transportation.

This amendment will have the effect of insuring equitable regulation and I trust that it will be incorporated in the bill.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I hesitate to oppose the esteemed gentleman from New York in his amendment to this section of the bill, but I should like to call your attention to a few things that I believe some of you do not recognize.

The making of rates by any commission on transportation is one of the most difficult and one of the most complex tasks that can possibly be conceived of. We in our committee have tried to devise some better kind of formula for rate making, but have utterly failed. We have had the best possible advice in the world and we find that it can hardly be done.

I wish to call your attention to the fact that the compensatory cost of transportation by rail or by any other means, as proposed to be introduced by the gentleman from New York as a rule for rate making, is bound up also in the loading, the unloading, the switching, and many other costs in connection with transportation. I am inclined to agree with the gentleman from Utah [Mr. MURDOCK], who believes that this amendment would repeal in effect the provisions of the fourth section. I believe so because I know, as he knows, that switching charges and loading and unloading charges are a very large part of the cost of transportation, and that it actually costs less per mile if you have a long-line haul of freight than if you have short distances over which to transport the merchandise.

I believe also that the gentlemen here engaged in protecting water transportation would find this to be a very difficult rule. I do not share the gentlemen's fear that the Interstate Commerce Commission will be prejudiced against water or that it will be prejudiced in favor of the rails. That argument was advanced several years ago in connection with putting the motortruck rates under the Interstate Commerce Act, and that fear has been since found to be entirely unfounded. The Interstate Commerce Commission is acting in the interest of the people of the United States, and of the people of the United States as a whole, and not in the interest of any particular group or section. I believe you will find that while its decisions are necessarily very difficult to make, it has done its utmost to do a good job for all the people.

In further connection with these so-called compensatory rates, would you want to have that clause apply to the transportation of silk from Seattle to Passaic, N. J., or to some railroad station in the South? If you base the rates solely on the cost of that transportation, you will find that the rates on silk will be very materially reduced. Rates are made not only in accordance with the cost of the service but may take into consideration the value and perhaps seasonal character of the product moved in addition to the cost of the service.

A compensatory rate as proposed depends upon whether or not there can be a loaded back-haul of the vehicle. It depends upon the volume of traffic over the route, the number of barges per towboat, or the number of cars per train that

are to be moved in the operation being examined. It depends upon the section of the United States through which the traffic moves. It costs more to send trucks or trains over mountains than it does on the open plains. It depends upon how. It depends upon the season of the year. The compensatory cost is so absolutely undeterminable that the Commission could not possibly determine what the term means in figures in any given case.

I believe further that if this rule is applied it will give just cause on the part of all transportation agencies that are now showing a deficit to ask for an increase in rates. I, therefore, believe that this amendment is very unwise and ask that it be voted down. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 30 minutes.

The CHAIRMAN. The gentleman from California asks unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes. Is there objection?

Mr. CULKIN. Reserving the right to object, Mr. Chairman, I believe each Member who speaks on this amendment should be given 5 minutes. I have no objection otherwise.

Mr. LEA. Mr. Chairman, I modify my request to 40 minutes.

Mr. DIRKSEN. Reserving the right to object, Mr. Chairman, this matter is of such importance that if we are going to be given only 2 or 3 minutes apiece it will hardly be worth while.

Mr. ALEXANDER. I have counted 20 Members on their feet.

Mr. LEA. Mr. Chairman, I again modify my request and ask unanimous consent that all debate on this amendment and all amendments thereto close in 1 hour, the gentleman from Texas [Mr. RAYBURN] to have 5 minutes.

The CHAIRMAN. The gentleman modifies his request and asks unanimous consent that all debate on this amendment and all amendments thereto close in 1 hour. Is there objection?

Mr. CULKIN. Reserving the right to object, Mr. Chairman, may I inquire how many Members desire to speak? Does the Chair have a record of that?

The CHAIRMAN. The Chair has listed the following Members, although I do not know whether anyone is on this list who does not want to speak: Mr. SOUTH, Mr. DIRKSEN, Mr. RAYBURN, Mr. CULKIN, Mr. MAPES, Mr. STARNES of Alabama, Mr. WARREN, Mr. EBERHARTER, Mr. KLEBERG, Mr. ALEXANDER, Mr. THORKELSON, Mr. RANKIN, Mr. BULWINKLE, and Mr. MURDOCK of Utah.

Mr. CULKIN. How many Members is that, if I may inquire, Mr. Chairman?

The CHAIRMAN. Thirteen.

Mr. BULWINKLE. And Mr. PATRICK.

The CHAIRMAN. That makes 14.

Mr. WHITTINGTON. Mr. Chairman, does this request apply to the amendment and amendments to this amendment?

The CHAIRMAN. The request applies to the pending amendment and amendments to the amendment.

The gentleman from Alabama [Mr. STARNES] does not want time, the Chair is advised.

Mr. CULKIN. Reserving the right to object, Mr. Chairman, if I may have the attention of the chairman of the committee, I suggest that the gentleman modify his request and ask for an hour and 10 minutes of debate.

Mr. LEA. Mr. Chairman, I again modify my request and ask that debate be limited to an hour and 10 minutes.

The CHAIRMAN. The gentleman from California modifies his request and ask unanimous consent that all debate on this amendment and all amendments thereto close in 1 hour and 10 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Chairman, from the day that debate started upon this measure, it has been charged, and successfully so, that this is a railroad bill, favored by the railroad executives, aided and abetted by a powerful lobby to force through the Congress of the United States a measure of favoritism to a small minority group.

It has been charged, and successfully so, that not in one line or sentence or paragraph of this bill has there been anything for the protection of the American people. In every section of it they have been completely ignored. With the exception of certain amendments forced into this bill yesterday by a determined group of Members on both sides of this House, the amendment offered by the gentleman from New York [Mr. WADSWORTH] is the first thing that has been proposed in behalf of the American people. They are seeking here to build up a transportation monopoly in this country to raise the carrying charges throughout the country at the expense of the people.

This amendment offered by the gentleman from New York was passed unanimously by the Senate of the United States. It was accepted by the author of the Senate bill, the Senator from Montana [Mr. WHEELER]. I think all you have to do is to ask any Member of the Senate, regardless of how he stood on this measure, and he will tell you that unless this amendment that is now proposed had been accepted this bill would not have stood a Chinaman's chance in that body.

The Senate author of the bill is the foremost opponent in the United States of the repeal of the long-and-short-haul clause. They have tried to inject here, and the gentleman from California [Mr. HINSHAW] on the minority side has tried to inject, the proposition that the language might have the effect of repealing that clause.

Mr. LEAVY and Mr. MURDOCK of Utah rose.

Mr. WARREN. I yield first to the gentleman from Washington [Mr. LEAVY].

Mr. LEAVY. The gentleman has in part answered the question I had in mind. The amendment itself seems to me to be sound and to lay down a formula or a rule, but in the gentleman's judgment could it possibly change the substantive law that now is written into our act?

Mr. WARREN. I will say to the gentleman from Washington [Mr. LEAVY] that the long-and-short-haul provisions are a part of the substantive law of the land, and this is merely a further injunction upon the rate-making structure.

Mr. LEAVY. That is the conclusion I reached.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. WARREN. I yield.

Mr. MURDOCK of Utah. If this bill passes, it will have just as much dignity, be just as solemn and just as much a part of the law as the present law. I want to go along with this bill and I want to go along with this amendment, and if the amendment and the bill that is now before us has nothing to do with the long-and-short-haul clause, then why should the gentleman from North Carolina or anyone else object to a simple amendment that would contain the provision that nothing in this paragraph, including the Wadsworth amendment, shall be construed in any way to affect the long-and-short-haul clause? If that simple, clarifying amendment goes into the bill, then I believe none of the Members from my section of the country who are opposed to the repeal of the fourth section would have any objection to this amendment.

Mr. WARREN. The gentleman has misunderstood me. I have not objected to that. This is the first time I have heard it presented. I am not in charge, however, of the amendment and that must be determined by those in charge.

Mr. MURDOCK of Utah. Would the gentleman have any objection to it?

Mr. WARREN. As has been stated, if the declaration of policy is to mean anything, what possible objection can there be to writing this amendment into the law? [Applause.]

[Here the gavel fell.]

The CHAIRMAN (Mr. DOXEY). The gentleman from Alabama [Mr. PATRICK], a member of the committee, is recognized for 5 minutes.

Mr. PATRICK. Mr. Chairman, I rise in opposition to the Wadsworth amendment.

Let us get back to the amendment just a second and consider the very thing that was uppermost in the gentleman's mind as he discussed the amendment. Remember that he is the author of the amendment and he laid special emphasis on this part of it, "taking into consideration overhead and all other elements entering into the cost to the carrier or carriers of the services rendered."

No law, no matter how idealistically it may be drafted, and no law, no matter what purpose we may have in mind in getting it passed, is any better than its application. No law is any better than what it can or will do when applied. Many a law has been passed, the purpose of which was splendid, but it could not do what was intended or what it purported to do and it failed because of its natural weakness.

This, in a very great measure, applies in this case. Let us see what will happen in the instance of this bill if some violator is hailed before the Commission and put to the test as to what he is charged with doing.

The gentleman from New York [Mr. WADSWORTH], who offered the amendment, took that position, when questioned; and I think he is right about it, and it would not apply to a mere specific case standing alone. The gentleman from California [Mr. HALLECK] questioned him on that; and he said, No; it would not apply merely to a transaction or some point or area of trade alone when presented to a commission or a court, but that the whole matter would be taken into consideration. Let us see how that would work out. This is a plain and practical thing; this is not a miasmic or a hazy proposition. It is not hard to get at. Whenever you haul somebody in for a violation and get him on the carpet, what will he do? He will open up his whole book. He will do just exactly what the gentleman from New York says; he will manage so as to take into consideration the overhead and all other elements entering into the cost to the carrier or carriers for the service rendered, in the exact words of the amendment, and then the specific point of violation alone will not be in, but you will have to look at the whole matter, take the whole works, and carry the whole institutional activity of his company, and he will beat down the thing that you are trying to do; and all in the world he will have to do is to cite the words of this amendment, and you cannot get away from it. If we come up here and pass laws on the basis of what we wish, we will be demagogic, and the man who serves the district is not the man who does that, no matter how many letters he may receive from this or that group. The people want him to educate himself, they want him to know, and if he does not know and he follows along on the first wind that blows east or west on some popular action, they will be the first ones to pop his head off when the true situation is realized and when election day comes. So we have to get down to the sound bedrock and vote for things as they are, and not vote them as we wish they were. Therefore, when these things are all in and the facts are fully known, no matter how idealistic we may be nor how much like statesmen we think we stand, we have to get down to the facts. I am gaining more respect for the politician and less for the statesman the longer I am here. I think the politician is the man who delivers what the statesman promises. He does not live away above the clouds in an impractical land of imagination, and this sincere, slugging politican is the one who comes in and looks the facts in the face, and does the job as it is possible to do it, thus, as it ought to be done. I am against this amendment.

Mr. SOUTH. Mr. Chairman, a great deal has been said about the plight in which the railroads now find themselves, and I concede that in many instances the railroads are in distress. The steel companies, the automobile companies, the building concerns, and industry generally, including agriculture, are in a condition not greatly different from that in which the railroads find themselves. In an effort to verify this fact or to convince myself that I was wrong, yesterday afternoon I picked up the Wall Street Journal of that date and the day before and read at random. I quote:

NORFOLK & WESTERN'S NET IN HALF TO COVER $5 DIVIDEND REQUIREMENT

PHILADELPHIA.—With the substantial increase in gross revenues in June to about $7,000,000 from $5,541,232 in the like month of last year, as indicated by car loadings, it is estimated that Norfolk & Western Railway for the first 6 months of 1939 will show a net income of approximately $5.50 a share on common stock against $2.88 in the like 1938 period.

So that railroad is not bankrupt as yet. Then I find this:

Northern Pacific's June gross likely about $5,376,000. Substantially higher levels of gross revenues reported by Northern Pacific Railway for May was maintained in June. Present estimates indicate tht gross last month approximated $5,376,000, a decrease of only $8,000 from the preceding month when a considerable bulge occurred, and an increase of $794,000, or 17 percent, from June 1938.

Turning now to the various roads, I find that many of them are on the increase, and listen to this from the Wall Street Journal——

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. I have so little time that I ask the gentleman to permit me to continue.

Logically related to it is the present physical rehabilitation of the railroads. In the first 5 months of this year the gross earnings of the railroads increased by 9½ percent, whereas transportation expenses—the sheer cost of movement, like the water that goes through the mill to move the wheels—increased no more than 1 percent. Their expenditures of the period for maintenance of way and of equipment, on the other hand, increased in direct proportion to the gain in gross revenues. Adversity has again, as so often before, taught a new skill in the economy of movement effort and cost. In kind, though not in degree or width of opportunity, the railroads have entered upon the same phase of the recurring cycle as that which began in the days when the Union Pacific was described as a streak of rust.

In other words, the railroads have begun to make money just as we have contended they would if and when conditions got back to normal.

From the Wall Street Journal of March 2, 1939, I quote:

The rail net for 1939 may reach the highest level since 1930. The projection of January results indicate a surplus, after charges of at least $130,000,000.

Now, gentlemen, in all candor and all fairness, if you can forget what the railroad lobbyists and railroad sponsors have said, I ask you if the railroads are not faring about the same as other industries in this country? [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Illinois [Mr. DIRKSEN] is recognized for 5 minutes.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DITTER. Mr. Chairman, the presence of the Pennsylvania delegation on this side of the aisle has caused some interest and excited some curiosity. May we digress from the seriousness of the situation of our legislative duties for a moment to direct the attention of the membership of the House to the fact that the dean of the Pennsylvania Republican delegation, Mr. WOLFENDEN, today celebrates his fiftieth birthday? [Applause.]

Mr. DIRKSEN. Mr. Chairman, if we are to find a durable solution for this very irritating railroad problem, there are three things we must recognize. The first is that the days of railroad expansion are over. That is manifest from the fact that there are 17,000 less locomotives in operation today than there were 15 years ago. They are operating less track today than they were in 1918. Physical expansion is over.

Secondly, they are up against competition. Electric lines have gone out. The railroads have surrendered a great deal of their passenger service to busses and a great deal of their freight service to trucks. We must recognize that they are living in a competitive era.

To particularize, in the last 11 years railroads have lost 11 percent of their freight business and 23 percent of their passenger business. Meanwhile, pipe lines have gained 4.3 percent in business, bus traffic has increased by 32 percent, and transportation of freight by truck has increased about 4 percent.

All this but emphasizes the fact that we are living in a leveling-off period, when the transportation pattern has been definitely established, when physical expansion is over, when most communities are now served with some type of transportation, when competition is definitely a part of the problem, and when restrictions must be relaxed if the railroads

are ever to obtain sufficient revenues to remain on the black side of the ledger.

Third, we must recognize also that railroads must go out and get business for themselves if they are ever to be rehabilitated and kept on a paying basis. That means that restrictions must be relaxed; burdens must be removed insofar as government can do it in order that they may have a full and fair chance to compete for the business which may exist.

The Government cannot make people ride. It cannot make them manufacture goods and ship them. Yet they will get out of this difficulty only in proportion as business is generated. There is a way to generate business, in my judgment. The first is that the rate-making rule ought to be revised. I think it is nonsensical and stupid to tie them up to the rate-making rule which embraces movement of traffic and which has been so narrowly administered. The second is that this highly stupid business of preventing them from abandoning lines ought to be stopped. There is no justification whatsoever, in my judgment, that a railroad company should be compelled to go through the rigamarole of long and expensive hearings in order to abandon an unprofitable piece of line. It is going to be reflected, of course, in increased earnings if abandonment of unprofitable lines were permitted, when it can be demonstrated that they are unprofitable.

Finally, there ought to be some modification of the fourth section. If the amendment that is pending on the desk will do what I think it does, then I am for it, because it will modify it in the interest of everybody and everything. For many years I have actively supported every effort to secure a modification of this inequitable provision of the Transportation Act.

Now, who are the parties in interest to a modification whereby rates can be reduced, so long as they are compensatory? The public will get the advantage of reduced rates if they can be reduced. If you consider it from the standpoint of the stockholders and security holders of railroad debentures, bonds, and notes, the language of the amendment is that it has to be compensatory. So that you are not selling them down the river.

Finally, it provides that all types of transportation shall have available to them the right to reduce rates if they can. So the competitors cannot complain; the stockholders cannot complain; the public cannot complain; because all of them are taken care of in this amendment. In my judgment it is one way in which business can be obtained and fair competition preserved.

Now, we can shout to the housetops and talk as long as we please, but the bill that is before us today is going to be a mere gesture unless business is restored to the railroads. That means that some element of competition, some flexibility, some freedom ought to be accorded so that they can go out and get a little business and put themselves on the black side of the ledger.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes; I yield to the gentleman.

Mr. MURDOCK of Arizona. Does the gentleman think that the amendment before us will have the effect of repealing the long-and-short-haul clause?

Mr. DIRKSEN. I do not believe it will entirely repeal it, but in my judgment it will modify it somewhat. It will safely modify it, because the provision is that the rate must be compensatory, and that puts the burden of proof upon the carrier to show that it is compensatory, and thereby take care of the intrinsic welfare of the railroads, of the stockholders, and of the management.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SIROVICH. I spoke to the distinguished gentleman from New York [Mr. WADSWORTH], who said he was willing to accept the amendment proposed by the gentleman from Utah [Mr. MURDOCK] that it shall not affect the long-and-short-haul clause.

Mr. DIRKSEN. Personally, I favor the repeal of the long-and-short-haul clause, but more than that I want to give the carriers a chance to get a little business. In the Middle West we are living in a land-locked empire. So much of our business goes to the coastwise trade. You can ship candy from Boston to San Francisco cheaper than you can from Chicago. The last time I checked the rate it was 90 cents per 100 pounds from Boston to San Francisco and it is $1.63 per 100 pounds from Chicago to San Francisco. You have us bottled up out there, and you have got to give our railroads a chance to get some of this business, or otherwise we are just making a gesture at the moon in this whole bill. [Applause.]

The time has come to recognize the essential fact that the railroads have grown up. They have reached maturity. Mileage is being abandoned instead of extended. There are no new communities clamoring for service. The highway pattern is not only here to stay but is being expanded by Federal and State governments. Trucks are here to stay, and nobody makes any pretense that they should be abolished or restricted. Water transportation is here to stay, and nobody would contend that it be abolished. The airways are well past the pioneering stage, and air travel has been reduced to a routine and commercial enterprise; it is here to stay.

Our job, therefore, if we are to solve the transportation problem, is to operate within this framework and permit all types of transportation to get the business if they can so long as the rates are compensatory and in the public interest. By that standard, I have no fear but what railroads will get their share of the business and develop new initiative. Such a rule would make it possible to develop new economies of operation and provide the incentives needed to get the railroads of the country out of their present slump.

The CHAIRMAN. The gentleman from New York [Mr. CULKIN] is recognized for 5 minutes.

Mr. CULKIN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York [Mr. WADSWORTH].

We give a great deal of weight to the experience and background of the Members on these questions, whether or not they have had committee experience and have studied the particular subject matter of the legislation pending. Senator WADSWORTH is, to my mind—and I say it with due respect to the other distinguished gentlemen on this committee—the outstanding member of the Committee on Interstate and Foreign Commerce in point of background, experience, and high intelligence.

Offered by him, this amendment should have added consideration.

This amendment cures the confused condition existing in the Interstate Commerce Commission. Edmund Burke once said that refined policy was the parent of confusion, and that is the situation in which our rate-making structure has come in America. It was stated here on the floor yesterday that Danville, Va., a small city, had a rate case which cost $50,000,000 to try. This amendment brings to an end for all time that type of mysterious procedure so completely encircled in red tape. It brings the daylight into this labyrinthian situation. I do not believe, as suggested here, that it will affect the fourth section. Rates must be compensatory. Instead of letting the Interstate Commerce Commission wander futilely and ineptly in the dark during the succeeding years, by their procedure hurting the transportation agencies, this bill gives them a definite and positive mandate, a mandate not for the railroads, not for the trucks, not for the waterways, but a mandate to consider the well-being, the transportation needs of the American people in these various fields, the single limitation being that it must be operated at a compensatory cost.

I very much trust that this situation of confusion which prevails in the transportation field to the detriment of all the people, of the railroads and other agencies of transportation will be ended by the adoption of this statesmanlike and

epoch-making amendment offered by the gentleman from New York. [Applause.]

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. HALLECK. As I understand it, the gentleman favors the application of the compensatory-return theory to all rates made by carriers.

Mr. CULKIN. Yes.

Mr. HALLECK. Would the gentleman favor that, then, for a long haul that otherwise might be prohibited under the fourth section?

Mr. CULKIN. The gentleman is trying to drag a red herring across the trail. I said in my brief discussion that this amendment will not affect, in my judgment, the fourth section, because complaints as to the elimination of the fourth section were that the railroads cut the rates down below compensatory rates and then destroyed other agencies. So I do not believe that the question the gentleman has asked is illuminating, and I say it with all due politeness, for I admire the gentleman. I do not believe it is particularly pertinent.

Mr. HALLECK. If compensatory rate is good for one place, it ought to be good all other places.

Mr. CULKIN. The gentleman's statement is not sound, in my judgment. I am compelled to differ with the gentleman. [Applause.]

The CHAIRMAN. The gentleman from Utah is recognized.

Mr. MURDOCK of Utah. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURDOCK of Utah to the amendment offered by Mr. WADSWORTH: At the end of the amendment strike out the period, insert a colon, and add the following: *"Provided*, That nothing in this bill shall be construed so as to affect the long-and-short-haul provision of section 4."

The CHAIRMAN. The gentleman from Utah is recognized for 5 minutes.

Mr. MURDOCK of Utah. Mr. Chairman, after reading the committee report on this bill and giving it as much study as I have been able to, I had concluded that, so far as I was concerned, I was willing to accept the recommendations of the great committee which reported this bill to the House; but just the minute that the question of repeal or modification or amendment of the fourth section is dragged into the debate, even by implication, then certain specters and ghosts of the past immediately arise to harass and horrify the men from that great intermountain section which has suffered so seriously from discriminatory rates which were formerly imposed on the intermountain States before the adoption of the fourth section. After listening to the reading of the amendment offered by the gentleman from New York [Mr. WADSWORTH], it immediately occurred to me that, at least by implication, it might be construed as an amendment, or modification, or in its administration the fourth section could be disregarded; and in talking to the gentleman from New York about that he readily agreed that in his opinion his amendment would not do that. If it will not do that, and it is not intended to do that, what objection can there be to the adoption of a simple amendment that says that nothing in this paragraph shall be construed so as to affect the long-and-short-haul clause of section 4? After talking to the gentleman from New York and submitting a tentative amendment to him, he agreed, with a couple of minor changes, that he had no objection to it.

When we find statesmen like the gentleman from Illinois [Mr. DIRKSEN] getting up here and telling us that, in his opinion, the adoption of the Wadsworth amendment will modify or amend, or even repeal, the fourth section, and then another statesman from the Republican side, the gentleman from New York [Mr. CULKIN], saying, "No; it is not intended to do that; it will not affect it at all," can you condemn the Democrats on this side, Mr. Chairman, after such expositions by statesmen on the Republican side, of being a little apprehensive as to just what the Wadsworth amendment does? In order, Mr. Chairman, to obviate and to eliminate any question of any effect on the fourth section, this qualifying amendment can hurt no one, but certainly will satisfy those Members whose sections have suffered so much from discriminatory rates.

Mr. DIRKSEN and Mr. MARTIN of Colorado rose.

Mr. MURDOCK of Utah. Inasmuch as I mentioned the distinguished gentleman from Illinois, I yield to him first.

Mr. DIRKSEN. In order to keep the RECORD straight, I think I observed that I did not know whether it would repeal the fourth section or not; but I may say to the gentleman that so far as I personally am concerned, if it did repeal it I certainly would not care much about it.

Mr. MURDOCK of Utah. I know that is the gentleman's attitude, and for that very reason and to get away from any chance that the Wadsworth amendment may repeal or affect the fourth section, I am offering this amendment, as I am informed the railroads are not asking for any amendment of the long-and-short haul provision as it now exists.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Utah. I yield.

Mr. MURDOCK of Arizona. The gentleman from Utah has expressed my apprehensions in the matter, and also my desire by his amendment to the amendment before us. I am for it. I, too, come from that intermountain country and am intensely interested in the continued operation of the long-and-short haul clause. While I am inclined to favor the Wadsworth amendment, I fear to vote for it without the Murdock addition. I just want to make the observation that I cannot agree with the statement that the amendment before us is comparable with the long-and-short haul clause. What we are trying to do by the pending amendment is to give a fair deal to both water and rail transportation, as well as the shipping public. Let us empower the I. C. C. to eliminate cut-throat competition.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Utah. I yield.

Mr. MARTIN of Colorado. The statements made by those gentleman referring to compensatory rates raise a question in my mind as to whether they know what they are talking about.

It has been said that it is difficult to determine what a compensatory rate is. However, it is well understood that it is higher than the out-of-pocket cost. In my judgment, if this amendment—the Wadsworth amendment—is agreed to, instead of freeing the hands of the railroads, they will be further hog-tied by being bound to a rule of rate making above the out-of-pocket cost.

Mr. MURDOCK of Utah. Mr. Chairman, in conclusion may I say that the author of the amendment has agreed to accept my amendment, and I think that should be sufficient evidence of its necessity.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, unless this is purely a railroad bill, to be passed in the interest of railroad monopolies; unless it is a bill to raise freight rates and further pile upon the backs of the masses of American people additional burdens they are not able to bear; if this measure is to do justice to the American people who pay the freight or even proposes to do justice to them, then by all means the Wadsworth amendment should be adopted.

Mr. Chairman, I represent those people who pay the freight. I know we are being violently discriminated against in favor of water points. I know that we are being violently discriminated against by the North and South traffic rates. I know that we are paying more freight than we are able to bear now. As I said, if this bill is in the interest of the American people and it is proposed to do any measure of justice to the people who are already paying more freight than they can bear, then the Wadsworth amendment should be adopted.

Mr. RICH. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Would the gentleman have the railroads placed in the same category that he would the public utilities, by having the Government operate all of them?

Mr. RANKIN. If you pass this bill without protecting the people, who pay the freight you will be driving toward Government ownership of railroads.

Mr. Chairman, let me say to those men who are so sensitive about the railroads, who are so much in favor of protecting the American railroads at all costs, that demand profits on something like ten to fifteen billion dollars of water which exists in their capital structure, you are doing more with legislation of this kind, if you vote down the Wadsworth amendment, to hasten the day of Government ownership of railroads than anything else that could be done. The American people are not going to stand these enormous burdens; they cannot bear them. It is said that the other transportation systems are subsidized. But it was stated here on yesterday that the railroads had been subsidized to the extent of 132,000,000 acres of land, one-tenth the area of the United States, or as much as the entire area of Pennsylvania, New York, Mississippi, and Alabama combined.

Mr. MANSFIELD. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Texas.

Mr. MANSFIELD. The gentleman mentioned 132,000,000 acres.

Mr. RANKIN. Yes.

Mr. MANSFIELD. It was 132,000,000 acres by the Federal Government. In addition to that the States gave millions and millions of acres.

Mr. RANKIN. The gentleman from Texas is correct. I am talking about what the Federal Government did. I am not talking about the millions of acres given the railroads by the States.

They tell you all these other transportation systems are subsidized, and throw it up to us that the trucks are now running over highways constructed with public funds. That comes with poor grace. I have to dodge Pennsylvania Railroad busses every time I get out on the highway. The railroads are using the highways now and they are getting ready to put their own trucks on the highways in order to monopolize that traffic. Will they offer to pay for the building of those highways? No. They are seeking today to pile upon the American people, the ones who pay the freight, the highest rates the traffic will bear. They are seeking to go just as far as they possibly can.

This is going to be the dividing line. Those Members who are only interested in boosting railroad rates will vote against the Wadsworth amendment. The Members who are interested in the people who pay the freight, those Members who want to do justice to all concerned, will vote for the Wadsworth amendment.

Mr. DIRKSEN. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Illinois for a question.

Mr. DIRKSEN. I observe that yesterday the gentleman from Texas [Mr. MANSFIELD]——

Mr. RANKIN. I did not yield for a long statement.

Mr. DIRKSEN. How about putting in the other side of the picture and showing the loss of revenue?

Mr. MURDOCK of Utah. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. The gentleman can have no objection to my clarifying amendment?

Mr. RANKIN. I have no objection to the amendment offered by the gentleman from Utah. I may say to the gentleman from Illinois that the gentleman from Texas [Mr. MANSFIELD] is amply able to take care of himself on that proposition.

Mr. DIRKSEN. The gentleman is not presenting the other side of the story.

Mr. RANKIN. I hope this amendment is adopted.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Michigan [Mr. MAPES] is recognized for 5 minutes.

Mr. MAPES. Mr. Chairman, politics certainly makes strange bedfellows. I should think that when some of the supporters of this amendment hear the speeches of others that are supporting it they would come to the conclusion they are wrong in their position. Let me confess at the outset how little I know about the rule of rate making which this amendment proposes to amend. I say frankly I do not know what effect this amendment would have. I know we have discussed the rule of rate making over the years in the Committee on Interstate and Foreign Commerce a great many times. It is a very complicated, complex subject. I do know that this amendment does not apply to the fixing of rates of water carriers only; it does not apply alone to the fixing of rates of motor carriers; it does not apply alone to the fixing of rates for the railroads; it applies to all three. It is proposed to write into this bill on the floor of the House a rule of rate making that I dare say no one outside of the gentleman who has introduced the amendment [Mr. WADSWORTH], and the gentlemen who signed their names to this letter which contains the proposal, knows what it will really do, and I have some doubt whether they do or not. We have no recommendation of the Interstate Commerce Commission in regard to it.

This rule of rate making as written in the bill for the water carriers is the same, with the exception of changing the language from "railroads" to "water carriers," as the rule of rate making in the Interstate Commerce Act for the railroads.

Let me say that I would favor writing into the bill a simple declaration to the effect that the Interstate Commerce Commission in fixing the rates for water carriers should not consider the cost of transportation over the railroads, although I am convinced from a discussion of the matter in the Committee on Interstate and Foreign Commerce that such a declaration is not necessary.

Let me call the attention of the Members to the language of the bill:

> In the exercise of its power to prescribe just and reasonable rates * * * the Commission shall give due consideration, among other factors, * * * to the need, in the public interest, of adequate and efficient water transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable water carriers, under honest, economical, and efficient management, to provide such service.

I cannot conceive that the House without any further consideration than has been given this amendment will write into the law a provision which will change the rule of rate making for railroads, water carriers, and motor carriers, to what extent no one knows. No one knows what the effect of this amendment would be in the fixing of rates. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. EBERHARTER] for 5 minutes.

Mr. EBERHARTER. Mr. Chairman, I am against this bill as a whole, because I believe it was designed solely for the purpose of benefiting the strong railroad interests against the weak competitors in the form of water carriers. It is legislation designed for the benefit of the strong against the weak.

When this measure was brought on the floor last week I searched every page of it, and every sentence and every clause, and failed to find one single thing in the measure which would be to the interest of the consuming public as a whole or the people of the United States. Yesterday when the bill began to be read for amendment, of course, three or four amendments were adopted which will, in some measure, help the people of the country in general.

It seems to me the committee is in a rather awkward position in opposing this particular amendment because this amendment does nothing more than carry into effect the declaration of policy contained on the first page of the bill as rewritten by the Committee on Interstate and Foreign Commerce, particularly when they state that the act shall be so administered as to recognize and preserve the inherent advantages of each, meaning each method of transportation.

We all know that the water carriers are in a particularly advantageous position to furnish cheap transportation and thereby lower costs to the consumer in the final analysis. The committee in opposing this amendment seems to be fearful that the water carriers will be given the benefit of the natural advantages which they should enjoy. It has been the experience in the past that when the Interstate Commerce Commission has any control over water rates, which they do whenever such rates are connected with rail rates, they always put the water rates up nearly to the rail rates, so we know in advance what will be the ultimate result to the consumer under this act.

It seems to me that the committee should accept this amendment when the Senate, of whose wisdom we all have no doubt, accepted this amendment unanimously. The author of the bill, the Senator from Montana, accepted this amendment without any objection. The committee chairman himself [Mr. LEA of California] said that the committee discussed the amendment and I get the impression there was much doubt in their minds for quite a long period of time as to whether or not this amendment should be kept in the bill. So I see no objection whatever to the inclusion of this amendment. It is one of the few things that will make the bill palatable. In other words, if this amendment is not in the bill I do not believe the bill will have a possible chance of ever getting enough votes to pass this House. So if the committee wants really to pass a railroad bill of some kind I suggest to them that they be gracious enough to accept the amendment offered by the gentleman from New York [Mr. WADSWORTH].

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. The gentleman has made the statement that because this amendment was in the Senate bill it should be accepted. Will the gentleman accept the Senate bill as it is now written?

Mr. EBERHARTER. I did not make the statement that because this was in the Senate bill it should be accepted. I made the statement that the Senate accepted it unanimously, and that is one good reason it should be accepted here.

Mr. BULWINKLE. The gentleman said that because the Senate had adopted it we should adopt it.

Mr. EBERHARTER. I did not say that. I said that the Senate accepted it unanimously, and that the committee should have no objection whatever to it. In my opinion, the only chance this bill has of passage is to have this amendment written into it.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. Does not the gentleman believe that the bill as it passed the Senate is far preferable to the bill as it stands without the pending amendment?

Mr. EBERHARTER. I believe the bill as it passed the Senate is more acceptable than the committee bill.

Mr. BULWINKLE. Would the gentleman from Oklahoma vote for the Senate bill?

Mr. JOHNSON of Oklahoma. No; nor will I vote for the present bill.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. ALEXANDER] for 5 minutes.

Mr. ALEXANDER. Mr. Chairman, we are getting down to fundamentals when we consider this amendment of the gentleman from New York. We are really going to do something for the people of this country when we adopt this amendment, something the people have been hoping for and waiting and praying for since about 1887, when the Interstate Commerce Commission was first set up and organized, something which was intended to be done for the people of this country when the Interstate Commerce Act was enacted, and something which will also probably do away with some of the activities and duties of that commission, which is a thing a majority of the people of this country are talking about today because of the lack of action on the part of the commission in the interest of the common people, of the farmer, the shipper, and the consumer.

I think if a poll were taken of the people of this land, you would find that a majority of them would vote to do away with the Interstate Commerce Commission because of its failure to perform the function for which it was set up originally under the Interstate Commerce Act, that is, to protect the little fellow and the independent businessman, the farmers, and shippers from unfair and discriminatory rates such as were being granted by the railroads to their special friends and favorites at that time.

The gentleman from Michigan [Mr. MICHENER], when the gentleman from New York [Mr. WADSWORTH] introduced his amendment, brought up the point of laying rates on the subsidies which he insinuated the waterways and the busses have received or are enjoying. It seems to me that is the very thing the people of this country have objected to with reference to the railroad rates. They do not want rates based on the subsidies or on the free land, free rights-of-way which have been given the railroads, nor on their watered stock and inflated values; and they do not now want, if I am any judge of public sentiment, a water rate based on the subsidies which the gentleman from Michigan seems to think have been given. I am not sure any subsidy has been given to them, but I am sure that a great deal of subsidization has been done for our railroads, as I will now point out.

I have here a document which I have obtained from the Public Lands Division of the Department of the Interior, which gives the exact figures on the number of acres which have been donated or given to the railroads in the form of subsidy by the Federal Government, and this is for the benefit of the gentleman from Texas, too, who brought up this point a moment ago. I find that the total list running from back in 1853, when Stephen Douglas developed the idea, is 152,961,568.85 acres which were granted by the Federal Government to the railroads to assist them. In addition to that, of course, we know many States also granted large tracts of their territory.

Mr. MANSFIELD. Some of that was canceled for frauds.

Mr. ALEXANDER. Of these 153,000,000 acres, the total on which the railroads have taken out patents amounts to 130,389,960.08 acres.

I happen to come from a part of the country where the railroads enjoyed a great deal of benefit from this tremendous grant and subsidization, and I know of acres which were sold—and being in the real-estate business myself had something to do with it—in the years gone by from these grants on a basis when cut up into lots for as high as $300 an acre. When you consider this fact, plus the additional fact that it is reported, according to history, that upward of $1,000,000,000, was donated by the Federal Government in the form of cash to assist the railroads, subsidies which were donated through the action of Congress, you may get some small idea of the tremendous gifts, grants, and subsidies, which we the people of this country, have given the railroads.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. SOUTH. Is it not a fact also that the railroads now retain between twelve and thirteen million acres of land and there is nothing in this bill that says anything about ceding that back to the Government in case they cease to give the Government the benefit of rates?

Mr. ALEXANDER. The railroads now retain nearly 23,000,000 acres of that land, according to the figures I have here.

Mr. SOUTH. I will say to the gentleman that the title to part of that land is in question, but as to twelve or thirteen million acres of the land there is no question about that whatever.

Mr. ALEXANDER. The gentleman is correct, and I think it would be interesting if we had the time to go into a little of this history of the subsidization of our railroads, so we would understand that there is not a penny of money invested as far as the original organizers and promoters of the railroads are concerned. Also that thereafter the Wall Street manipulators and promoters sold stock based on the values created by our gifts and collected and pocketed more billions out of the earnings and savings of working people, of widows and orphans. Those things are matters of history.

We should also remember that thereafter during succeeding waves of depression and panic that even the value of this watered stock was wrung out and the stockholders in most cases lost it or sold it for a mere pittance to the Vanderbilts, the Harrimans, Goulds, and the Morgan monopolists in Wall Street, who, as a result, now own or control, or both, most of our important railroads today.

So now, in order to refresh our memories on these events, let us look at the record of history for a moment and by that means we may more easily and correctly determine what our present-day railroad owners merit and what our answer should be on this amendment and on this entire bill.

By 1853, the wily political orator Stephen Douglas had convinced everyone that the Pacific railroad should be built by private enterprise and that to encourage such construction large pieces of the public domain, all the western territories belonging to the Republic, could be detached and turned over to the railroad builders. These resources, John Quincy Adams had wished to retain for the nourishment and profit of the citizens at large. But the view that the untaxed lands of the Government should be turned over to private enterprise gained adherents in every quarter.

Inasmuch as these railroad lands, received without cost, could be disposed of at from $1.25 to $300 an acre by the promoters of "chains of cities", there was clearly room for private initiative and enterprise. But where the risks to capital were considered too great, the local, State, or National Government often underwrote the venture further by issuing bonds, which were an obligation upon the community or Nation thereafter, and turning these over to the railroad captains. William Z. Ripley, an authority in this field, estimates conservatively that three-fifths of the cost of the railroads was originaly borne by the Government, some $707,000,000 in known cash and $335,000,000 in land.

First, says Ripley, the railroad was organized by the "projectors" upon a blueprint, and a charter obtained, involving free land grants, sometimes in alternate sections running from 6 to 10 miles on either side of the line. Then a land company, owned by the directors of the railroad, was incorporated to develop and sell its lands. With the proceeds of the land sales, in addition to that from Government subsidies, and finally from the sale of mortgage bonds, building was begun. This in turn was done by a construction company, also owned by the directors, and with a characteristic abandon, a fearlessness of high cost of error, that the early railroad builders were famous for. Loss through extravagance by the construction company was borne with composure, since it affected nothing but the future of the railroad, whose capital stock usually represented nothing and cost the directors of the enterprise nothing.

Collis P. Huntington, the former watch peddler, who represented himself as the head of the Central Pacific Railroad of California, capitalized at $8,500,000, but with nothing paid in, whispered in corners to the friendly and interested Congressmen, chorusing their demands for lands, rights-of-way, and Government bonds, reporting the clamor of the settlers for railroad lines, estimating the fabulous profits through land and construction work which might be won, and promising much of these profits to those who entered the affair, whether they were plain citizens or Senators.

It was among these first comers that the railroad captains were recruited for the great cause. And the Congressmen who had the courage to help them at the start, afterward known as Railway Congressmen, were also ready to take their part, though not too publicly, and expected their rewards.

In short order the Pacific Railroad bill was passed, and the two companies which undertook the colossal affair were given Federal charters. The Union Pacific, building westward from the Missouri River, was granted 12,000,000 acres of unknown land, in alternate sections 10 miles deep, and also $27,000,000 in 6-percent 30-year Government bonds as a first mortgage. The Central Pacific, building from the sea eastward to meet the Union Pacific, was similarly granted 9,000,000 acres of land and $24,000,000 in Government bonds.

Soon afterward the enthusiastic lawgivers donated 18,000,000 acres of land to the group headed by Thomas Scott, who proposed to build the Texas & Pacific Railroad along the Mexican border; and 47,000,000 acres to another patriotic gentleman, Josiah Perham of Boston, who declared himself ready to build the Northern Pacific Railroad along the Canadian border. This and much more was freely given until 153,000,000 Federal acres were disposed of or more than most nations of the world in area, and all the coal, copper, oil, gold, and silver under them, all the timber and stone above them.

This recital of the facts of history gives a slight idea of the subsidies granted the railroads. Of course, we realize they would not have been possible without them, but when these railroad boys of today come in here and cry "Subsidy, subsidy, you are subsidizing the waterways and bus lines!" it comes with ill grace from the lineal descendants of the early-day promoters and monopolists who received such a golden hoard of subsidies. Shall we now turn control of our waterways and buses over to this gang to promote, and manipulate and dissipate as they have the railroads? [Applause.]

The CHAIRMAN. The gentleman from Texas [Mr. KLEBERG] is recognized for 5 minutes.

Mr. KLEBERG. Mr. Chairman, I have listened with considerable interest this afternoon to the discussion of the effect this amendment would have if adopted and the reasons offered as to why it should not be adopted. As a matter of fact, I am for this amendment. I would like to see this amendment in the bill, which might have a chance of passing and becoming law. My firm view is that, after all of the debate we have had here today, this bill, when passed upon finally by both Houses and sent to conference, will have only the beneficial effect of causing the conferees to think somewhat about the character of bill which they inevitably must draft and present back here for our consideration in the form of a conference report. I repeat that my objection to this whole proposition is based upon the fact that we are now dealing with a bill which proposes to control and regulate the entire major transportation facilities of this country, with the exception of the air. We are attempting to do that knowing, I repeat, what we are going to be called upon to vote on, and I took this time on this amendment to state that I am for it and will support it because of the beneficial effect it should have, at least, in future discussions of this rate-making proposition.

I find myself deeply concerned, Mr. Chairman, over the situation and I take this time to repeat my deep conviction that the only reasonable or constructive answer to the problem which confronts us, if we truly desire transportation legislation, is to recommit this bill, take it up in the light of the study it has received and go from there on early in the next Congress, looking toward consideration of a bill which treats the transportation agencies fairly.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. Yes.

Mr. PATRICK. The gentleman from Texas I regard as one of the fairest legislators in the House. Surely he is not committed now to a recommission of the bill before our deliberations are concluded and we have got to the end of what may or may not be in the measure.

Mr. KLEBERG. Mr. Chairman, the gentleman's earnest interest in the passage of this particular bill through this body will, in my candid opinion, have little or nothing to do with the bill to be finally presented to this House in the form

of a conference report. Every amendment placed on this bill, for instance, and voted on and accepted by a majority of this House may be discarded by the conferees in the new bill which under the peculiar parliamentary situation which confronts us will be the inevitable result of the conference.

Mr. PIERCE of Oregon. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. Yes.

Mr. PIERCE of Oregon. That will not happen if we pass the Wadsworth amendment.

Mr. KLEBERG. We might have the Wadsworth amendment and nothing else, and I am going to vote for it because of the salutary effect that it will have on this piece of legislation.

Mr. McLAUGHLIN. And in connection with the gentleman's statement that this matter is to be entirely disposed of by the conferees, I call the gentleman's attention to the fact that Senator WHEELER in the debate on the floor of the Senate, when the Miller amendment was proposed, said he favored this and would do what he could to get it approved by the conferees, so that if we pass it it will be mandatory on the conferees to bring it back.

Mr. KLEBERG. I appreciate the gentleman's contribution.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. THORKELSON. Mr. Chairman, I should be very glad to go along with any plan that has for its purpose rehabilitation of the railroads without any cost to the taxpayers of the United States. I have always questioned the right of the Congress or of the Federal Government to involve themselves in the private capital structure of business. I do not believe there is any constitutional power delegated to the Federal Government which gives it the right to enter into the private business affairs of the Nation's industries. However, if it is possible to regulate or rehabilitate the railroads without cost to the people, then I am for it. I want the Committee to bear in mind one particular point, and it is the power that we give to the Reconstruction Finance Corporation to underwrite all of the debts of these railroads and to act as a receiver for the railroads. It will involve considerable money to underwrite the railroad structure. If you take into consideration that the national debt in 1940 will be about $44,000,000,000, and that it is now estimated that the deficit for the fiscal year 1940 will be over $5,000,000,000 more, one can readily understand that we will accumulate a potential indebtedness by June 30, 1940, of forty-eight to fifty billion dollars. If you will look at the daily balance sheet of the Treasury, you will find that on the last of June 1939 the contingent indebtedness for the various private Federal corporations amounted to $13,145,886,194. That will make at least $62,000,000,000 indebtedness at the end of 1940. I do not believe that the taxpayers in this great country can repay such an indebtedness. It is quite true that we have paper assets against the $13,000,000,000, but the chances are that this will not be collected. If we underwrite the railroad indebtedness, it is difficult to say what the indebtedness might be at the end of the fiscal year 1941. Any business that runs along for 7 years and involves itself to the extent of $13,000,000,000 is not a sound business, particularly when it has only paper assets to balance such indebtedness. For that reason I say I would be very glad to go along with any plan which will rehabilitate or reconstruct the railroads or any other business in the United States, providing it does not cost the taxpayers any money. It is certainly very foolish for us to borrow money from the bankers, pay them interest on the money we borrow, and then take that capital and buy the bonds now held by the same bankers. In other words, we do nothing else but relieve them of their responsibility. We assume the indebtedness of the bankers and bondholders. We borrow the money from them; then we pay interest on the money borrowed and charge the losses and interest to the taxpayers of the United States. If anybody will prove to me that such business is sound, I shall go along with them. Otherwise, I shall oppose any plan that will place a greater load upon the taxpayers and business already overburdened with excessive taxes.

Mr. Chairman and members of the Committee, it is my desire to compliment the Members on their attempts to solve our railroad-transportation riddle. I am sure that the bankers who are now holding worthless railroad stocks and bonds are waiting anxiously for Congress to come to their relief and take these worthless securities off their hands. Congress came to the bankers' rescue after the World War and through its kindness of heart, allowed the taxpayers to assume uncollectible loans made by the same bankers during that war. Congress is now about to engage in another charitable act, not to our people, but to the bankers, the same crowd that is now controlling not only the Nation's gold but credit as well.

The queer thing about this transaction is that we will borrow the money from the Federal Reserve banks, pay them interest on such money, and charge all the losses to the taxpayers of the United States.

As I look back, I wonder what has gone wrong with Congress. We have obligated ourselves to protect the people, and we are ourselves of the people, and must return to their ranks. Yet we sit here, spend money, and charge all the losses to ourselves and our own people. In 1934 Congress repudiated investments made by the people who sent them to Congress, deprived them of gold and sound security, and left them with inflated currency and a hopeless future. After listening to Members talking on this floor, I can readily understand how easy it is to solve the railroad-transportation problem which, under private management and under the Interstate Commerce Commission, has gone in debt more and more each year. Do the Members of Congress expect to handle this railroad problem? Certainly not. It will be turned over to expert Government professors, and theoretical planners, who have for 10 years demonstrated their superior ability in decreasing the national debt and starting the wheels of industry and business operating, to increase employment. They have succeeded so well that the national debt is now nearly $50,000,000,000, the Nation's industry and business are bankrupt, and we have 20,000,000 people on part-time employment or unemployed.

Look at our merchant marine, which is carrying cargo to every bay of the coast, in direct competition with the railroads. Our merchant marine is the apple of the taxpayer's eye, for is it not subsidized, and are not all losses charged to the taxpayers of the United States? Are not the maritime boards and commissioners, that have so successfully regulated the merchant marine, also paid by the taxpayers? Of course they are. And look at the profitable deal when the *Leviathan* was sold to England. The taxpayers do not know even now what became of the money or what losses they sustained. This Board is smart. They have fooled everybody all these years, and still Congress appropriates more money to keep them happy and prosperous.

Just take a squint at the Labor Department, and its regulation of docks and loading facilities for the merchant marine, in allowing massive strikes for the purpose of dispatching handling of cargo. The Secretary of Labor knows all about it, for I have been informed that she is well versed in the movement of water commerce in Switzerland, Ethiopia, and other large countries. Let us not forget the discipline maintained by the Labor Department in cargo movement and in allowing the officers to maintain ship's discipline. Why, the officers are just about in complete control of their ships, if the crew agrees to take orders.

The Labor Department should be medalized for its keen knowledge of ship regulation and ship discipline. For look at our merchant marine. Where is it? You tell me.

I can readily understand that it is not sound business to reduce taxes on railroads, for that might reduce operating costs and allow them to compete with coast-wise shipping. As a matter of fact, it might even rehabilitate the railroads, and thus restore their earning power. I apologize for making this statement, yet it might be well to bear in mind that

reduction in overhead and operative cost is often employed to restore earning in business. Such procedure, of course, might give our new experts a headache, for it would upset their mental machinery.

Mr. Chairman, may I also compliment my colleagues who so clearly expound the legislation that may restore solvency to railroads and to the merchant marine as well. I am sure many of them, if they could be spared from Congress, would, if employed by the railroads, solve their problems promptly. Why not? Have not we had experience? Is it not easy to adjust profit and loss by legislation enacted by Congress? We have done this for years, and look at the results around us today. Is not that evidence it can be done? Here is the Interstate Commerce Commission. Just observe its success during the many years it has been in charge of transportation. Why, there is hardly a sound railroad today, and if you do not believe it, ask them.

The Members well know all we need is a little more legislation, regulation, and consolidation. And the trick is done. Railroad stock will be par overnight, and everybody will be happy.

May I call your attention to the success of Government operation of the air mail, when contracts were canceled a few years past? I am sure the Members well remember that, because it happened during President Roosevelt's administration. Why, in a few months, under efficient Federal management, the Army lost about 12 or 15 pilots, and many planes. Just imagine what might have happened if the administration had insisted on operating the air mail for 1 or 2 years. The chances are there would have been no pilots left—even for Hollywood movies.

I could sit here and enumerate one illusionary success after another, profit on paper, and abundance in conservation. What we should do now is to build an asylum for all these experts. Or maybe it would be better to consult Einstein and preserve all of them in his fourth dimension chamber.

I have always found it well to imagine myself in the other fellow's position. Today we are enacting legislation to care for bankrupt railroads, consolidation of them, regulation of rates between railroads and the merchant marine, and regulation of cargo. Could any one Member of Congress, if the opportunity presented itself, take charge of and operate a railroad or an ocean-going ship? Are there any Members in Congress who understand how railroads can be operated successfully? There is no evidence of it, for the Interstate Commerce Commission has been unable to produce legislation or regulation that permits profitable operation of the railroads. In view of all this failure, is it possible that any Member in this House believes that we are going to help the railroads by the bill, S. 2009, now under consideration? Personally, I am positive that it will be of as little help as similar legislation in the past.

Our national illness today is too much legislation, too much meddling by the Federal Government and its experts in problems they do not understand. If any of those who believe that our Nation's business, industry, and commerce can be placed on a profitable operating basis by legislation, he should be examined, because it takes common sense to operate business, little of which is found in present-day legislation.

The present administration has made no effort whatsoever to encourage business, or to allow the Nation's industries to operate on their own responsibility. As a matter of fact, it has done the opposite, for it is now actively engaged in active competition with private industry, and in such manner is destroying all those things that have made us strong and prosperous.

Mr. Chairman, what is the power of Congress? Let us not deceive ourselves, for we have no more power than that delegated in the Constitution of the United States. The real cause of the chaotic state in which we find ourselves today is due to the fact that Congress has not adhered to the Constitution, that the President has not seen that the laws are faithfully obeyed, and that the Supreme Court has failed in interpreting the Constitution correctly. If any branch believes that I am incorrect in this statement, I shall be glad to prove the contrary.

The Constitution provides that Congress shall have the power to "regulate commerce with foreign nations, among the several States, and with the Indian tribes." What does this mean? It means exactly the same regulation of commerce as is employed internationally, with the exception that Congress may negotiate with a foreign nation, but only among the several States. In other words, Congress has no constitutional right to meddle in the capital structure of business, no matter whether it be that of transportation or any other private business. Congress should confine itself to the regulation of this traffic, for the safety of the passengers and for the safety of the freight.

It is the duty of Congress to adjust differences between the States, when such differences arise, and Congress may prescribe safe roadbeds, routing, and other traveling safety devices. The greatest factors of destruction are politics, fraud and intrigue among the bankers, chiseling business and irresponsible Members in Congress and other branches of the Government. Instead of adhering to and honoring their obligations, they have helped in partition of the Nation's wealth. It was such disgraceful condition that led to the adoption of the seventeenth amendment, which was a mistake. The Senators found guilty should have been called back home, relieved of office, and replaced by decent citizens.

The greatest problem the railroads are facing today is rot within their own structure, watered stock, and stock trading on the Exchange. I believe the railroads ought to be consolidated, not with the taxpayers' money but with the money of those who have run them into the gutter. There is no reason why the poor taxpayers in the United States should come to the rescue of the bankers, when they have made colossal mistakes in business. We have, I believe, four roads paralleling across the country. Let one or two of them, with the best road-beds, be set aside for modern, fast travel. There is no earthly reason why we should not have trains traveling at the rate of 100 miles an hour. If we had such transportation, many of those now traveling in automobiles and in airplanes would be passengers on such trains. The other roads could be used for slower passenger traffic and freight transportation. The trouble with the railroads is that they have gone backward, while all other transportation has gone rapidly forward. I am opposed to helping the money sharks or money changers in Wall Street, for they have never been fair with our people, our industries, or with our Nation. The taxpayers have assumed their obligations and have taken their losses many times, as we did in the World War. Why should the people now step to the front, and assume another obligation, a banker's obligation, that should be charged up to those who own and control the railroads. I recall the many worthless bonds held by many banks in the '20's, when the bank corporation chain system was organized. What was the purpose of this organization? It was for no other purpose than to cover up horrid mistakes they had made, in extension of unsound loans to foreign countries, and for which the bonds had been sold to gullible outlying banks. These banks were taken over in trades of stock, and for what purpose? To seal their lips by placing the Wall Street crowd in charge of them.

The ability of these bankers is clearly evident when we recall what happened to this stock, when it fell off the perch, had to be reorganized, and finally ended as a great loss to its investors. That was banking stock, if you please, held by the intelligent and smart bankers who have always lived and preyed upon the earnings of honest and sincere citizens. We now have chain banks that are of little help to the communities in which they are located, and they are little better than chain stores, and federally owned private corporations, which are now destroying our Nation's industry and business. I may say at this point that these banks are owned and controlled by those who are intimately related with or are a part of the invisible Government.

It strikes me that it is about time that Congress give just a little consideration to the people who are sitting back home and hoping that we will help them—to the people who have made this country great and prosperous by hard, honest, and sincere labor—to the people who are waiting for Congress to arouse itself and get rid of the money changers, the Communists, and all other "ists" and "isms" that are now destroying the Government of the United States. They are waiting for Congress to give orders to the intelligence departments to bring the Communists into camps, for this unhealthful gentry stands convicted by its own works.

What is the President waiting for? It is his duty to see that the laws are faithfully obeyed, and the Communist is the worst enemy that the United States has ever had to face. So why not eliminate this monster before we are annihilated by the Frankenstein that has been nourished by this administration ever since it came into power? [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, this is another amendment introduced probably with good intention; but I am satisfied that many, many of you do not understand it and do not understand what will happen. One speaker just now said, "You do something to the people of the country." I admit that you will, because if this amendment is passed you will destroy competitive rates and put all rates upon a mileage basis. You will break down the entire competitive system of rates. You gentlemen may laugh about it, but when you go home you will find this is a serious proposition with your constituents. I say to you now that, of all the amendments introduced up to this time, this is the most serious of any that has come before the Congress. It will operate to prevent a carrier from reducing its rates below the amount which gives the carrier a compensatory rate, including full cost of performing this service. All costs must be considered under this amendment, whether related to transportation or not. As the cost accountants would say, "the fully allocated costs" must be considered in it. The cost of performance or operation is only one of the several elements in fixing the rates. The volume of movement, the value of the product to the shippers, market competition, are all considered. Let me remind you gentlemen from West Virginia that in your coal fields you have what is known as a market competitive rate. If your area for the mining of coal is 100 miles across, the point 100 miles west receives the same rate that a point 100 miles east receives to Norfolk.

I appeal to the lumbermen of Louisiana and to you men who ship cotton from the South, to the cypress growers of California and of Texas. Do you know what it will cost with this amendment? The Interstate Commerce Commission now has around 500 cases where railroads have asked for reduced rates. It will increase to probably 1,000 cases. They will have to employ 50 or 100 accountants annually on them, in order that these reduced rates may be carried into effect.

I tell you, and I tell you upon my responsibility as a Member of this Congress, that you will absolutely destroy the competitive system and put these rates on a mileage basis in the United States for the shipment of freight. Do you want it? Most assuredly you do not. Your shippers do not want it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. RAYBURN] for 5 minutes.

Mr. RAYBURN. Mr. Chairman and members of the committee, for a long time I had the privilege of serving on the committee that now brings in this bill. The longer I remained a member of that committee and the more study I tried to give to the great question of transportation, the more and more I felt like a child, and realized how little I did know or could know with the time that I had to devote to it. I have helped bring many bills to this House, always highly technical. Especially when you touch the rate structure of the country you get into water that is so deep that only a man after long study and one who has acquired ability to study it from a technical standpoint can understand it.

In 1920 we thought we were wise enough to write a rate-making section in the Transportation Act of 1920 that would for all time settle the question of the rate-making power of the Interstate Commerce Commission. We attempted to do in section 15 (a) of the Transportation Act of 1920 practically what is sought to do in the Wadsworth or so-called Miller amendment today. We tried to instruct the Interstate Commerce Commission to fix rates based upon value, and within a few years the Interstate Commerce Commission found that that brought in so many elements that were impossible for them to determine, that they recommended the abandonment of section 15 (a), and the Congress in its wisdom repealed it and went back to the rule of rate making practically as it is carried in this bill.

Now, you can talk about your friendship for the shipper. You can talk about making it easy for one group or difficult for another group. If this amendment is adopted, it does not go to conference where they may have an opportunity to iron it out after argument by both Senate and House conferees. When it is adopted here it is the law, unless the President of the United States were to veto it. It would delay time out of mind every rate dispute that is brought before the Interstate Commerce Commission and it would add untold expense to the groups of people who appear before the Interstate Commerce Commission seeking to have rates in their immediate section of the country readjusted.

After the experience I have had with technical railroad legislation, I feel that I know it is a dangerous thing for the House in Committee of the Whole to accept amendments that have not been seriously considered by somebody like the committee.

I plead with this Committee this afternoon that before overturning a committee which is practically in unanimous opposition to this amendment, taking that position after 5 months of consideration of this bill, you had better think twice before you do it, because I know in dealing with as sensitive a thing as the railroad-rate structure of this country you are likely to do a violent thing—a thing you do not intend—by adopting far-reaching amendments in the Committee of the Whole. I do trust that in the interests of good legislation this amendment will be voted down and this whole subject be allowed to go to conference, where in an atmosphere of quiet they can deliberate in a sane way on this tremendous proposition of rate regulation, of rate structure, and of rules of rate making. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired.

Mr. PIERCE of Oregon. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. PIERCE of Oregon moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. PIERCE of Oregon. Mr. Chairman, while our beloved leader on the majority side has been in this House legislating for the last 20 years along the lines of transportation, I have been on the paying end, I have been paying freight, I have been studying the rates, I have been a victim of the rates; and my object in taking these few minutes is simply to say that if the rate structure we have now is the result of all that legislative effort, it is a mighty poor showing for the work this House has done. There is no justice, there is no equity, there is no reason in these rates.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. PIERCE of Oregon. I yield.

Mr. WARREN. We have heard a great deal about the declaration of policy in this bill. If this declaration is to mean a single thing, what possible objection can there be to writing into the law this function of the rate-making structure?

Mr. PIERCE of Oregon. Absolutely none. I am delighted to know that the author of this amendment, for which I am going to vote with all my heart, has accepted the amendment offered by the gentleman from Utah [Mr. MURDOCK]. The Murdock amendment corrects one point that particularly

worried me—fear that the long-and-short-haul clause might be modified.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. PIERCE of Oregon. I yield.

Mr. MURDOCK of Utah. I am also advised by the gentleman from North Carolina that he, too, has no objection to my amendment to the Wadsworth amendment.

Mr. PIERCE of Oregon. The only question running through my mind as I listened to the reading of the Wadsworth amendment was, Does it affect the long-and-short-haul clause? For years I have felt the injustice of that clause; I have felt it personally. I remember one year when I was in the power business I bought a car of copper in New Jersey from the Roeblings, shipped it to the coast, 3,000 miles, and the freight was $720 to tidewater at Portland. The back haul from Portland to where I lived, 300 miles, was one-tenth of the distance. I paid $480 for that back haul. The copper did not take the joy ride to Portland. When it came to North Powder, where I used it, they took it off the car by permission of the railroad; yet I paid that extra $480 because of the right of the railroad to charge more for a short haul than for a long haul. It went into the capitalization of my company, affecting the rate structure. I sold the business and carried that freight charge along with it, and I presume my poor friends there are still paying on it in electric rates to compensate for the long-and-short-haul clause.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield for a question?

Mr. PIERCE of Oregon. I yield.

Mr. MURDOCK of Utah. I take it that if the gentleman had any apprehension at all about the Wadsworth amendment modifying or repealing the fourth section, he would be against it, but with my amendment to the Wadsworth amendment he is for it.

Mr. PIERCE of Oregon. Yes; that brushes aside the last possible objection. The authors of this bill should not object if they mean to carry out the declaration of policy in the bill. If they mean to give a chance to shippers from the Mexican line to the Canadian boundary, a territory 1,000 miles wide where we have no water, where we cannot use trucks very much on these long hauls, where we are at the mercy of the railroads—if they mean to help us they will include the amendment. And how they do pile on the freight charges! They pile them on until they take almost more than the product is worth. I have seen wheat in my home city sell for 23 cents a bushel and seen the freight rate 20 cents a bushel for a haul of 300 miles.

I am for the Wadsworth amendment, and I am delighted that we have a chance to vote for it with the Murdock amendment which has been accepted by the author. I hope both these amendments will be adopted if it is the intention of the authors of the bill and the committee to carry out the purpose of the bill as expressed in its preamble.

[Here the gavel fell.]

Mr. PIERCE of Oregon. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the Murdock amendment may be again read by the Clerk.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk again read the Murdock amendment.

Mr. CULKIN. Mr. Chairman, I ask unanimous consent that the Wadsworth amendment may be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk again read the Wadsworth amendment.

The CHAIRMAN. The question is on the Murdock amendment to the Wadsworth amendment.

The question was taken; and the Chair being in doubt, the Committee divided; and there were—ayes 122, noes 107.

Mr. DIRKSEN. Mr. Chairman, I demand tellers.

Tellers were refused.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. WADSWORTH] as amended by the amendment offered by the gentleman from Utah [Mr. MURDOCK].

The question was taken; and on a division (demanded by Mr. BULWINKLE), there were—ayes 131, noes 129.

Mr. LEA. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed Mr. LEA and Mr. WADSWORTH to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 147, noes 119.

So the amendment was agreed to.

Mr. HAVENNER. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HAVENNER: Page 253, after line 15, insert:

"(e) Without limiting the power and authority vested in the Commission, it shall be unlawful for any common carrier by water by means of coercion (whether directly or indirectly, or through the medium of an agreement, conference, association, understanding, or otherwise) to prevent or attempt to prevent any other such carrier from serving any port accessible to ocean-going vessels, situated on any improvement project authorized by the Congress, or through it by any other agency of the Federal Government, lying within the limits of the United States, at rates not unreasonably or unjustly discriminating against ports so situated."

Mr. HAVENNER. Mr. Chairman, this amendment seeks to restore a provision which originally appeared in the committee bill as subsection (e) of section 305 of the bill. As I understand it, the provision originally had the recommendation of a representative of the Interstate Commerce Commission and was included in the bill by the committee until the final print came out. It was then dropped from the committee bill and since that has happened my colleague and myself as representatives of the seaport of San Francisco have received telegrams from the State Board of Harbor Commissioners of California, the Chamber of Commerce of San Francisco and other bodies urging that this provision be restored to the bill.

They pointed out that the elimination of this provision would leave in effect the following provision of the Intercoastal Shipping Act of 1933:

And it shall be unlawful for any such carrier, either directly or indirectly, through the medium of any agreement, conferences, association, understanding, or otherwise, to prevent or attempt to prevent any such carrier from extending service to any publicly owned terminal located on any improvement project authorized by the Congress at the same rates which it charges at its nearest regular port of call.

It was pointed out by the State Board of Harbor Commissioners of California, and by the local bodies interested in the commerce of our port that the existing provisions of the law which I have just read to you have operated to the detriment of large seaports on the Pacific coast, of which San Francisco is the most important, and have been a source of considerable friction with up-river points, including a number of the interior small ports of California. It was pointed out that the phrase I have just read to you "at the same rates which it charges at its nearest regular port of call" is indefinite, and since the old Shipping Board once ruled that the level of the rates cannot be measured by the depth of the water, there is no limit to the application of this phrase. It might conceivably be used by an ocean carrier to make through rates in connection with a river carrier far up some navigable river which had been improved by authorization of Congress.

Under such interpretation, for instance, when the Central Valley project is carried out, and after completion of the Shasta Dam, it might be feasible again to navigate the Sacramento River as far up as Red Bluff, and it is conceivable that Red Bluff might demand the same rates as are

applicable to San Francisco by water lines in the intercoastal and foreign trades.

This is rate making by legislation. The propriety of extending so-called terminal rates to inland or some small outports should be left to the discretion of the regulatory body charged with administering the act.

I would like to point out again, I am merely asking to restore to the bill a provision which the committee originally approved, and a provision which is designed primarily to make it unlawful for any common carrier by water, by means of coercion—I would like to stress that this amendment is designed to prevent the employment of coercive methods by any water carrier, directly or indirectly—to prevent or attempt to prevent any other carrier from serving such a port as I have described.

[Here the gavel fell.]

Mr. BUCK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, while the gentleman from California [Mr. HAVENNER] speaks of this amendment as an effort to "restore" certain language, I want to assure the Members it is an effort to destroy what is the present law.

The present law was read to you correctly by the gentleman from California. It is section 205 of the Merchant Marine Act. It was originally included in the Intercoastal Shipping Act of 1933 and it provides:

> Without limiting the power and authority otherwise vested in the Commission, it shall be unlawful for any common carrier by water, either directly or indirectly, through the medium of an agreement, conference, association, understanding, or otherwise, to prevent or attempt to prevent any other such carrier from serving any port designed for the accommodation of ocean-going vessels located on any improvement project authorized by the Congress or through it by any other agency of the Federal Government, lying within the continental limits of the United States, at the same rates which it charges at the nearest port already regularly served by it.

This has been the law since 1933. It has been interpreted and shippers and carriers know what it means. The language of the amendment offered by the gentleman from California means nothing except that the old subject of water-carrier transportation from and to the smaller ports must be opened up again and litigated to some conclusion. No one, not even the gentleman from California [Mr. HAVENNER] can say what the words, "not unreasonable or unjustly discriminating against ports so situated" would mean as interpreted by the Interstate Commerce Commission. The amendment must be defeated to protect small ports against what is virtually a conspiracy to raise the rates that they now enjoy and destroy the work that has been done over the past 6 years.

Mr. Chairman, this is not solely a California proposition. There are some 30 ports along the Atlantic coast, as well as the Pacific, that are affected. Among these, and I want to call the attention of my Republican colleagues who represent these ports in Congress, are the following: Providence, R. I., New London, Conn., and Bridgeport, Conn.

Albany, N. Y., is also involved in this proposed amendment; Olympia, Bellingham, and Grays Harbor, Wash.; Astoria, Oreg.; San Diego, Sacramento, and Stockton in California. These small ports, by virtue of the Allin amendment, as it is commonly termed, which was adopted first in the Intercoastal Shipping Act of 1933, have been enabled to obtain equitable treatment in comparison with the great ports of San Francisco and others of that size.

When the Federal Government has spent, as it has, for example, at the port of Stockton, over $3,000,000 or $4,000,000 in developing a port, it wants to see traffic pass over those docks, and traffic will not pass if the steamship lines, through the conferences which they have and which are exempted from antitrust monopoly prosecution can get together and say, "No; we will not serve you except at a higher rate."

Steamship lines are now allowed to act more or less in restraint of trade for self-regulation of the industry through these conferences. The Allin amendment, which is the present law, is the only safety valve through which automatically small ports may receive protection in the matter of blanket rates as against the rule of steamship conferences. The law as it stands makes it unlawful for any water carrier to prevent or attempt to prevent another water carrier from serving one of these small ports at the same rates that it already serves the nearest port of call. That is right and fair, and any other rule would result in discriminatory treatment of these small ports.

Let me tell you also, Mr. Chairman, that this whole proposition has been litigated through the United States Maritime Commission, and this attempt to put this language in the bill is only an attempt to evade the decision of the Maritime Commission rendered on September 13, 1938, in the cases of the Sun Maid Raisin Growers' Association against the Blue Star Line and the Stockton Port District against the same line, in which it was held that the exaction of rates on cargo voluntarily lifted at Stockton higher than those contemporaneously maintained by them on like traffic from their terminal loading ports is unduly and unreasonably preferential and prejudicial and unjustly discriminatory. The amendment is an attempt to undo that decision and to undo the sound and carefully expressed thought of Congress enacted 6 years ago on this particular matter. As I said at the outset, it is an attempt to destroy.

As to the history of this question, the gentleman from California states he wants to restore a provision. Let me state to you that the exact language of section 205, which this amendment would emasculate, is now contained in the Senate version of this bill and was contained in H. R. 4862, the version that the gentleman from California [Mr. LEA] introduced here.

The subject matter of those provisions was taken up with Mr. Eastman of the Interstate Commerce Commission. It received his approval. The wording as found in S. 2009, Senate version, and H. R. 4862 was carefully gone over by his technical adviser, Dr. Morgan, who also approved it. Somewhere later along the line some influence induced another representative of the Interstate Commerce Commission to suggest that this language the gentleman from California [Mr. HAVENNER] offers might be better and it was inserted in committee print No. 2 of this bill. It might be better for someone, but not for the 30 ports that are involved, and it is for their cause that I plead here today.

I am happy to say that when I called the attention of the Committee on Interstate and Foreign Commerce to the language they used in their committee print No. 2 they were quite willing to remove it and leave the language of the law as it exists at the present time, section 205 of the Merchant Marine Act, for the protection of these small ports.

I ask you to vote down this suggested amendment because it will wreck the commerce which has now been developed and which is being developed at these smaller ports, and will overturn through back-door methods a decision which has been rendered, after due notice to all parties and after participation by all parties, by the United States Maritime Commission. [Applause.]

[Here the gavel fell.]

Mr. CARTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by my colleague, the gentleman from California [Mr. HAVENNER], because I believe it is a just and fair amendment. As was stated by him, it was in the original draft of this bill.

I wish to call the attention of the Members of this committee to the fact that you do not find the members of the committee here opposing this amendment. The only opposition offered so far has been from another good friend and colleague of mine from California, who has an undue advantage at the present time by reason of the state of the law. This amendment simply rectifies that situation. I presume if I had the advantage he has I would desire to maintain it as he does, but I am going to appeal to the

fairness of this committee this afternoon and ask you to vote to adopt the amendment offered by the gentleman from California [Mr. HAVENNER]. [Applause.]

Mr. IZAC. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise at this time to oppose the amendment offered by the gentleman from San Francisco, because this amendment is in the interest of San Francisco and that is why he is offering this amendment. Regardless of the wording of the gentleman's amendment and the wording of section 205, this is what it means. Before 1933, whenever a ton of freight was shipped to the west coast of the United States, and vice versa, to the east coast, the shippers were permitted to charge an extra $2 per ton unless they delivered the cargo at one of the big ports, the big ports being, of course, San Francisco and the like. So my little port of San Diego had to pay an extra $2 differential. The result was that shipping just about disappeared from the port of San Diego. We finally corrected that situation, and the bill as it stands at the present time does not permit this discrimination of placing an extra $2 charge, or whatever it may be, on the traffic going into the smaller ports. Whether they are inland ports or outports of small size does not make any difference. So that when you vote down this amendment of the gentleman from San Francisco you are simply doing this—you are making it impossible for the Interstate Commerce Commission to permit discriminatory tariffs in favor of the big ports and against the small ports.

Mr. WELCH. Mr. Chairman, will the gentleman yield?

Mr. IZAC. I yield to the gentleman from California.

Mr. WELCH. Will the gentleman explain to the committee why he is not opposing an amendment which prevents coercion and makes it unlawful for any carrier to serve a small port?

Mr. IZAC. I may say to the gentleman that the practice was in the past that the steamship companies were perfectly willing to go in wholly to the big ports because then they did not have to pay anything for the small amount of freight that they had to deliver to the smaller ports, and naturally they were amenable to that type of legislation; but we are talking in the interest of the consumers and the shippers, and they are not in favor of continuing to pay a differential of $2 simply because their port happens to be a small one.

Mr. DARDEN. Mr. Chairman, will the gentleman yield?

Mr. IZAC. I yield to the gentleman from Virginia.

Mr. DARDEN. The gentleman stated at the outset that the shippers charged an additional amount. It is the carriers.

Mr. IZAC. It costs the shippers an extra $2 because that is the tariff charged, the $2 extra tariff per ton of freight.

Mr. DARDEN. By the carriers.

Mr. IZAC. By the carriers; yes.

Mr. HAVENNER. Mr. Chairman, will the gentleman yield?

Mr. IZAC. I yield to the gentleman from California.

Mr. HAVENNER. I would like to ask the gentleman if he has read the language of the amendment which provides that it shall be unlawful for any carrier or group of carriers to employ coercion to prevent any other carrier from serving a port of the kind the gentleman is referring to.

Mr. IZAC. Oh, I do not think they use coercion. I think they just have a conference and all the big ones get together and say, "If we can soak these little fellows another $2 a ton let us do it."

Mr. HAVENNER. But this amendment prevents that.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. IZAC. I yield.

Mr. BUCK. As a matter of fact, the law as it stands at the present time makes it unlawful to prevent or attempt to prevent such a requirement.

Mr. IZAC. That is right. The law as it stands at the present time is all right.

Mr. BUCK. And the addition of the words "by coercion" means nothing.

Mr. IZAC. Absolutely nothing, as I can see.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I would like to explain the situation of the committee with reference to this amendment. During the preparation of this bill the committee printed two or three prints such as you might call trial prints. We wanted as much criticism from those familiar with the facts as we could get. In one of those prints we had the amendment offered here from the floor. After its language was disclosed, opposition arose and we found it developed a live controversy. The committee had not had time to consider properly the merits of that conflict. The amendment was not essential to the purposes of the bill, so we concluded to eliminate the amendment and leave the law stand as at present.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HAVENNER].

The question was taken, and the amendment was rejected.

Mr. KITCHENS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KITCHENS: On page 241, line 18, after the word "itself", insert the word "not."

Mr. KITCHENS. Mr. Chairman, this afternoon I tried to strike out the word "not" at one place in this bill in order to equalize all modes of transportation and procedure before the Interstate Commerce Commission and was defeated. I now ask you to insert the word "not" in line 18, page 240, so as to equalize in a small way charter, leasing, and exchange rights of the different modes of transportation under the law, and give water carriers the same privileges and exemptions as other carriers are given in the bill.

You will notice, on page 240, subsection (d), of section 302, there is a provision which protects railroads, express companies, and motor carriers when they do transfer, collection, and delivery services on water in terminal areas. They are specifically excluded from regulation, and from line 15 on page 240, to line 2, on page 241, you will find an attempt to make assurance doubly sure by a further provision excluding the railroads and motor carriers from regulation when they use water facilities in their terminal areas.

My amendment is to place the word "not" after the word "itself" on page 241, line 18. The paragraph begins "for the purposes of this paragraph a person which, under a charter, lease, or other agreement, furnishes a vessel to another person, for compensation for use in the transportation of property of such other person shall itself be considered to be engaged in the transportation of such property as a contract carrier by water." This is clearly a discrimination and an intended discrimination against contract water carriers in favor of other carriers.

It reads a little further on that "the performance of services within terminal areas, and so forth, so far as contract water carriers are concerned, are banned unless authorized and regulated by Interstate Commerce Commission."

Mr. Chairman, most barge line operations are more or less seasonal. It is a common practice of every barge line, when its particular business is dull, to lease a number of its barges to some other operator or shipper during the dull season. The same is done with towboats. Surplus equipment is freely leased for long and short periods of time under an open market which has been developed in certain navigation centers.

This bill would absolutely destroy this practice by contract carriers in that it specifically provides as to contract carriers that wherever any person leases or charters any equipment such as barges, towboats, or other vessels to another person for use in the transportation of the property of such other person it becomes a carrier engaged in the transportation of the property and subject to all of the regulations set forth in the act. That this is utterly unfair is best illustrated by the fact that no such provision exists in the law today with respect to facilities of railroad carriers and motor carriers. Railroads have always been free to lease surplus equipment without such leases or such operations becoming subject to the jurisdiction of the Interstate Commerce Commission. It is a common occurrence for industrial

plants to lease locomotives and other equipment of railroads and for railroads to lease such equipment to one another. However, when it comes to providing regulation for water carriers this bill imposes such onerous restrictions upon it as to make this practically impossible in their case.

For example, a barge line may want to lease a towboat to some private company for a period of six months. Under this law it would automatically become a carrier subject to regulation as to the property which may be carried for such company. It would be responsible for the operations and its charges for leasing the equipment would be subject to regulation by the Commission. If it should lease the towboat to another carrier it would apparently be responsible for the acts of such carrier. The bill is capable of interpretation to the effect that the charges of the lessee for performing these services and responsibility for its operations would also be the responsibility of the lessor. This is done by the language in sections 302 (d) and (e).

Under the present law railroads can and do frequently make contracts with lighterage and floatage owners in various port terminals by which the other contracting party agrees to make delivery of goods for the railroads. They also employ local trucking or cartage companies for the same purpose. They also make contracts for handling of properties over wharves and docks by private stevedores and handling companies. These are all matters of private contracts which the Commission does not regulate. If the services are being performed directly or indirectly by a shipper patronizing such railroad, then the law provides that allowance for the service shall be no more than is just and reasonable, and the Commission, upon complaint, may determine what is a reasonable allowance. The same thing may be done by motor carriers under the Motor Carrier Act. However, under the proposed bill the services performed by the agent for a water carrier becomes subject to regulation, and the agents in such cases would have to file tariffs and make these subject to the regulatory act.

To illustrate, a local lighter operator might have a contract with the Pennsylvania Railroad to perform lighterage service. They can make this contract under such terms as they please, and the Commission would have no jurisdiction to regulate it. However, if they made a contract to make local hauls for a water carrier, they would have to file tariffs and become subject to regulation. The obvious unfairness of this is typical of a number of things that may be found in this bill.

Numerous commodities are transported by contract carriers by water on the Great Lakes moving to seaboard for export and most of these are fully exempt from regulation under the bill. However, the inland-waterways operation on the Mississippi River and its tributaries and also other inland waterways are also engaged in handling commodities of the same character in competition in the markets of the world with the commodities handled by the Great Lakes carriers. All these would be made subject to the regulatory provisions of the bill with some few exceptions which may be able to come within a very narrow definition of bulk carriers in section 303 (b) of the bill. This not only would affect the competitive producing areas but also producers of commodities in areas remote from the Great Lakes. As an example, the products of Kansas and Oklahoma which are today available for barge transportation through Kansas City and by rail barge through St. Louis and Memphis; nearly all of these would be regulated. Their ability to compete in the world markets with such commodities will certainly be affected by the regulation to the extent that it imposes burdens which are not imposed upon the Great Lakes carriers.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. KITCHENS. I yield.

Mr. WARREN. In other words, this is just another example of the discrimination and partiality that runs all through this bill. A man with a little barge who rents it to someone else is treated as a common carrier, while the railroads have a right to lease and rent their cars at will.

Mr. KITCHENS. Absolutely, and it justifies and is in line with the statements and efforts of the gentlemen who are in favor of this bill who admit that the main object of it is not necessarily to help the railroads but to remove the special, private difficulties of the water carriers, protecting them from their own destruction, the competition among themselves. They say that the water carriers are cutting their throats by their own competition, and they must be saved by coordination, a sort of liquidating appeasement. That is what Japan says about China and that is the declared reason Japan has gone into China—to clean up, protect, regulate, coordinate, and unify China for China's good, and keep Chinamen from cutting their own throats. Such humanitarianism savors of Mussolini in Ethiopia, and smacks of the Czechoslovakian Munich. This bill on every occasion strikes at, attempts to stifle and shackle water carriers and discriminate against them.

Mr. LEA. Mr. Chairman, will the gentleman yield?

Mr. KITCHENS. I will be glad to yield.

Mr. LEA. I will state to the gentleman that I have no objection to his amendment. I concede that this provision, as it stands, goes too far, and the gentleman's amendment will help to adjust it.

Mr. KITCHENS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken, and the amendment was agreed to.

Mr. PITTENGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PITTENGER: Page 245, line 3, after the word "time", strike out the period and insert a semicolon and the following: *"Provided, however,* That nothing in this part shall apply to contract carriers by water of commodities in bulk when such contract carriers transport, on open deck or otherwise, as incidental to their main cargo or cargoes, automobiles for common carriers by water."

Mr. PITTENGER. Mr. Chairman, under the present conditions—and I am talking now about the Great Lakes—contract carriers who carry bulk commodities, or who carry commodities in bulk, have developed the practice of carrying automobiles on their open decks for common carriers. The purpose of subsection (b) on page 244 is to exempt contract carriers by water of commodities in bulk from the provisions of this proposed law. The purpose of the amendment is to make certain that those contract carriers can continue to carry automobiles on the open decks without subjecting themselves to the provisions of this law that might bring them under the jurisdiction of the Interstate Commerce Commission. If they do not carry these automobiles as the present practice obtains, then the people who ship the automobiles, and the pepole who handle the automobiles, the people who unload them at the terminals, and the people who buy them must all pay an increased price, because they have lost this economy. The amendment simply provides that the present practice of these carriers of commodities in bulk may continue so that they may carry automobiles without making them subject to the jurisdiction of the Interstate Commerce Commission if this bill becomes a law. I offer this amendment on my own responsibility, because not more than a couple of days ago a dozen automobile dealers wired me calling attention to the fact that unless this provision is put in they may not be able to continue the arrangement they now have, of having the automobiles shipped on the Great Lakes where freight rates are economical, to the advantage of the people who buy these automobiles, to the advantage of those who handle them, and last but not least, to the advantage of the men who are employed at the terminals in unloading and taking care of them. I hope, in the interest of these people, that this amendment will be agreed to.

Mr. HALLECK. Mr. Chairman, I am convinced after careful consideration of this matter that this amendment should

not go into the bill. As the gentleman from Minnesota [Mr. PITTENGER] has pointed out, it frequently happens that on the Great Lakes a bulk carrier of coal would be going up the Lakes, say, to Duluth. If at that particular time some automobiles have been gathered up that cannot be handled in the regular boats provided for that purpose, a deal will be made by the person undertaking to transport the automobiles with a bulk carrier on the Lakes to put the automobiles on the top of the deck of the bulk carrier and haul them to the port of destination.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. In a moment. The exemptions for bulk carriers which have been written into this bill are all predicated upon the proposition that their operations are not in substantial competition with other carriers. Lake carriers of bulk commodities, as, for instance, coal, grain, stone, and ore, charge rates very much less than could be charged by other carriers, and there is no substantial competition. There is no reason to regulate them. But the carriage of automobiles is highly competitive. It is in direct competition with other carriers that transport automobiles by rail and by highway. To my mind the extension of this exemption to permit the carrying on of that operation would be directly contrary to the whole policy of the exemption of bulk carriers laid down in the bill.

I know that it may be said that the purchaser of these automobiles will be injured if this amendment is not put into the act. My information is that the man buying an automobile is generally charged a freight charge that is based on the rate by rail, so I seriously doubt whether or not any saving would be reflected to the purchaser of the automobile. But whether that be true or not, this amendment, as I said before, gets clear outside of any justifiable exemption based on a lack of competition, and for that reason should not be included in the bill.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Yes.

Mr. RYAN. Does the gentleman realize that his amendment provides for an exemption only in case the bulk carriers carry for common carriers, and that the common carriers who employ the bulk carriers to do this carrying are all under the regulation and subjected to the same regulation as other common carriers carrying automobiles in the same way on the Great Lakes and, therefore, the gentleman's argument falls to the ground, that they are not subjected to regulation now?

Mr. HALLECK. Of course, I do not agree with that. The carrying of these automobiles on any sort of vessel is the action of a common carrier. The purpose of the amendment is to exempt the carriage of these automobiles, and the effect of that would be to take that carriage operation out of the regulations of the act.

Mr. RYAN. But they are regulated now as common carriers because these bulk carriers would be employed by the common carriers.

Mr. HALLECK. That is not the purpose of the amendment. There could be no other purpose for offering the amendment than that the transportation of these automobiles would not be subject to the control of this act. It is sought to exempt them and to have the automobiles carried even as coal would be carried, without requirement for minimum-rate regulation provided in the act.

[Here the gavel fell.]

Mr. ALEXANDER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of this amendment of the gentleman from Duluth because throughout the history of the Interstate Commerce Commission its major policy has been to increase rates—not lower them. We know if we give them control over shipping on the Great Lakes it will increase our rates in the Northwest, not only to the farmer but to the businessman in general, to the shipper, and thus to the consumer.

Visualize with me the incongruity of this Commission increasing rates 10 cents per ton on low-volatile West Virginia coal—this is something which you men from the East are interested in—when one of the carriers in the East experienced great difficulty, with the best of bookkeeping, to keep its earnings below 20 percent on its stock.

Before these increased rates were made effective, the Chairman of the National Bituminous Coal Commission, Mr. Hosford, gave due warning of their effect to this feeble body, the Interstate Commerce Commission, in these words:

> The power to propose variations in rates, to place fuel orders, and to dictate the prices for fuel coal, in too many cases in the past have been exerted to extract from a bankrupt industry the very last penny which could be exacted to fill the coffers of the railroads.

But what Mr. Hosford has said about coal has been repeated time and again in respect to the farmers of Minnesota and the businessmen of Minnesota and the Northwest. Minnesota farmers pay a 110-percent higher rate than the Canadian wheat grower, situated just a few miles north, across an invisible boundary line. This is the same Commission which lends its approval to these notorious excesses and abuses and now wants to take control of water transportation and busses.

Listen to these variations in what the farmer in Canada pays for freight on wheat and what the farmer in the Northwest pays: From East Grand Forks to Minneapolis, a distance via the Great Northern Railroad of 328 miles, the cost is $4.52 per ton, or a ton-mile cost of $0.0137.

From Winnipeg, Canada, to Port Arthur via the Canadian Pacific, 424 miles, or nearly 100 miles farther, the cost is $2.80 per ton, or a ton-mile rate of $0.0066, or 110-percent higher rate for our farmers than for the Canadian farmers, and we want to turn, or rather they and the railroads are asking us to turn control of water rates over to them, too.

It should occasion no surprise, with such distorted freight rates throughout the Nation, set up by the Interstate Commerce Commission, that our business has dried up. In my own district in Minneapolis the flour-milling business has gone down 5,000,000 barrels per year because of these high and unfair rates, and business is moving out, with increasing relief rolls, economic unrest, and bankruptcy, both private and public, staring us in the face. This is hard to understand in a land as favored as ours with its fertile soil, its forests and minerals, and wealth of natural resources.

Between the year 1924 and the year 1933, or a period of 10 years, United States wheat exports shrunk 1,333,000,000 bushels as compared with those of the Dominion of Canada. Think of it! Little Canada outshipping us 1,333,000,000 bushels.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield.

Mr. CULKIN. Is it not a fact that the Canadian farmer carries his grain from Saskatchewan, in the western country, to the seaboard at about one-half the cost that the American farmer pays on our railroads?

Mr. ALEXANDER. Yes; at less than half the cost. As a result of these pyramided freight rates the farmers of the United States, principally those resident in the State of Minnesota and the Northwest, including Nebraska and Kansas, were driven out of the European grain markets after the 1932 scourge overtook them. The value of these lost wheat exports was in excess of one and one-quarter billion dollars per year. Still we argue for such a bill as this, which would continue that situation and, what is more, would make it worse if allowed to pass without these vital and needed amendments.

Minnesota and the Northwest could easily pull out of the slump we are in if we were not hamstrung by the Interstate Commerce Commission; if we were allowed to utilize our matchless wealth of raw materials and natural resources; if we were not hung on the altar of greed and avarice, first by this Commission, then by the Pittsburgh-plus plan, and now by what is known as the multiple-basing-point system of price fixing on iron-ore products, of which we have a virtual monopoly, but have not been smart enough to make use of advantageously. A pertinent question for the people of the Northwest, and especially of Minnesota,

to ask would seem to be, "Where were our Congressmen and Senators when these plans and programs were being formulated? Why were we allowed to be so hamstrung, and how much longer are we to suffer in silence while our great natural advantages and resources are drained and dissipated?"

As an illustration of our situation, allow me to quote just one item and to show how the rates and regulations set up by the I. C. C. serve to bankrupt our citizenry and to deprive the eastern coal operators and miners of much business, because of the excessive prices we are forced to pay for their products, thus making the use of substitutes necessary.

You know the price of the Pocahontas varieties of stove-sized coal ranges from $3 to $3.20 per ton at the mine, whereas the residents of Minneapolis are forced to pay $14 per ton at our residences, or an increase of about $11 per ton between the mine and the consumer. What becomes of the difference?

The railroad freight tariff quotes a rate of $2.06 per ton from both the New River and Pocahontas mining regions to the lake transshipping ports of Toledo and Sandusky; plus 8 cents per ton for delivery to the lake steamer. The average distance from the above mining regions to the lake ports aforenamed is 400 miles. In railroad parlance this figures out a little more than 5 mills per ton-mile. Now I have a letter received from one of the steamship operators on the Great Lakes, quoting a rate of 45 cents per ton in full vessel load quantities. Now the expense of transfer at Duluth, reloading in railroad cars and including the railroad freight to Minneapolis and St. Paul, aggregates $1.81 per ton, or a total charge from the mines to the Twin Cities of $4.40 per ton.

What becomes of the difference? Well, theoretically, the difference of nearly $7 per ton goes to the railroads, because the I. C. C. has said the coal dealer must charge a price for his coal which is based on the all-rail freight rate from the eastern coal fields to Minneapolis, no matter what the actual cost of getting it up there is, so if the coal company happens to own the shipping and distributing facilities, as many of them do, they simply pocket the difference and neither the railroad stockholders nor the railroad employees get any benefit from the spurious artificial rate which is set up by the I. C. C. in the name of justice. If this is justice, then it is time we were praying to the Lord for a few new ideals or ideas in this great and good land of ours. [Applause.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 2 minutes, and I would like to have those 2 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. LEA. Mr. Chairman, the gentleman from Indiana [Mr. HALLECK] stated very clearly the reasons for the exemption provided in this bill, and why automobiles should not be made an exception.

At the present time there is regulation of the common-carrier service on the Great Lakes. There is no reason why a bulk carrier who is entirely exempt from regulation, should be permitted to destroy the service of the common carrier. The bulk carrier does not conform to any schedules. He goes when it is convenient for him. He takes automobiles through contract with the common carrier, and the buyer of the automobile usually pays the common-carrier rate. So there is a profit that does not go to the consumer.

But the main thing involved is that we have established here a consistent, logical line of distinction between exempt carriers and common carriers. In this case in which water transportation is unquestionably cheaper than rail transportation, we have provided for an exemption. In other cases where there is substantial competition, we have provided for regulation. There is provision that the Interstate Commerce Commission, on the application of a carrier who shows his transportation is without substantial competition, may bring himself within the exemption. I hope the amendment will be defeated.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. PITTENGER].

The amendment was rejected.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 245, line 8, strike out the period, insert a colon, and add: *"Provided, however,* That this subsection shall also apply to both cotton, tobacco, and other agricultural commodities."

Mr. WHITTINGTON. Mr. Chairman, this is an important amendment and of vital interest to many members of the committee. The section under consideration provides for the exemption of contract carriers of bulk commodities from the provisions of title III of this bill. Contract carriers who carry oil and coal would be exempt from the provisions of this bill. I come from the cotton section of the country. Under the terms of the bill, baled cotton is not exempt, yet it can be carried on barges just as well as coal. Rice, sugar, and tobacco are not exempt, yet they may be carried on barges by contract carriers. I quote from the section:

This subsection shall apply only in the case of commodities in bulk which are (in accordance with the existing custom of the trade in the handling and transportation of such commodities as of June 1, 1939) loaded and carried without wrappers or containers and received and delivered by the carrier without mark or count.

In other words, contract carriers of coal, for instance, are exempt from the provisions of this act; but cotton baled in packages of 500 pounds on the average, which carry just as easily on barges, because it is wrapped, would not be exempt; neither would sugar nor rice nor tobacco, and there may be other agricultural commodities of like character.

As a result of the ruthless policy pursued by the railroads, the steamboats disappeared from the Mississippi River in the 1880's. During the World War we found we needed the river traffic and there was instituted the barge line. The barge line has gone along and has carried more and more freight—and I speak particularly with respect to the Mississippi River and the Ohio River. Now many municipalities and many communities have erected their barge-line facilities and terminals. If cotton is not exempt from the provisions of this bill, the small dealer would be discriminated against in favor of the large cotton buyer. Alexander Clayton and other large cotton buyers own their own private barges. The Standard Oil Co. owns its own private carriers, and the oil they carry is exempt.

Thus we are placed in the anomalous situation of appropriating millions of dollars for the improvement of our inland waterways, mostly for the benefit of the private carriers and bulk-contract carriers. The great steel companies, and rightly so, the great coal companies, the great oil companies use these facilities and are exempt from the provisions of this bill. Contract carriers of bulk commodities use them and are exempt from the provisions of the bill. Together they carry about 90 percent of the water traffic. The average citizen, the small-business man, as the gentleman from New York said the other day in speaking against the water provisions of this bill, will be discriminated against. I do not know whether they can carry cotton in every case by contract or not; I do not know whether they can carry sugar, rice, and other agricultural commodities, but my point is that if the coal operators, if the steel operators are permitted to carry cargoes in bulk by their own private boats, there should be no discrimination against the small-business man who is unable to have his own carriers.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes in order to answer questions.

The CHAIRMAN. Without objection, it is so ordered.

Mr. WHITTINGTON. I see no harm that can be done by giving the right to the contract carrier, if he wants to make such a contract, to carry cotton and other agricultural commodities. If he does not want to make a contract, he cannot be forced to make it.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. WARREN. I merely want to observe again that the gentleman from Mississippi has pointed out another example of favoritism and discrimination in shipping against agriculture that runs through every line and paragraph of this bill.

Mr. WHITTINGTON. I agree with the gentleman's statement.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. SOUTH. I call the gentleman's attention to the fact that millions of pounds of wool produced in southwestern Texas shipped by water to Boston, Mass., cannot pay the rail rates; but even wool, packed in those huge sacks weighing two or three hundred pounds, will not come under the provisions of this bill. They ought to be included along with the commodities the gentleman mentioned.

Mr. WHITTINGTON. Wool should be included in the amendment. I may say further that freight rates are reflected to the consumers. If we can get a cheaper rate by water to the factories of North Carolina, South Carolina, and the ports of New England the consumers of the country would be benefited and protected. The same would apply to the consumers of sugar, rice, and other agricultural commodities.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BULWINKLE. Will the gentleman tell me how he is going to get a cheaper rate by water to the factories of North Carolina?

Mr. WHITTINGTON. I answer the gentleman by saying that since the barge line was instituted, unquestionably we have gotten better rates on cotton, better rates on sugar, and better rates on rice, and I want to preserve the benefit of these facilities.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. KITCHENS. I may state that the Alexander Clayton Co., one of the largest cotton concerns of the world, has its private barge line. They transport cotton for $1.25 a bale from Camden, Ark., to New Orleans. The railroads, for the same haul, charge $3 a bale. The farmers should get the same benefit.

Mr. WHITTINGTON. As I stated, the private operator, the large carrier, is exempt from the provisions of this bill. We place ourselves in the indefensible attitude of allowing these privileges to these private concerns, but denying them to the farmers and the public generally.

Mr. Chairman, I ask that the amendment be adopted. [Applause.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. Chairman, the reason why cotton should not be excepted is the same as the reason given in reference to automobiles. We have a logical distinction between bulk carriage which usually involves particular equipment, so that traffic is not in substantial competition with the products carried by common carriers or contract carriers.

The bulk carriers on the Mississippi and elsewhere are largely privately owned and are not subject to regulation. That is true of the Standard Oil Co., for instance. May I call attention also to the fact that the Inland Waterways Corporation on the Mississippi River came into being on account of legislation which was enacted by this body. We believe it has done as well as circumstances permitted. It is a common carrier engaged in the carriage of cotton and other products of the South. It deserves the protection that this bill gives. If there are sufficient facts to support a decision for the exemption of cotton, that may be granted under section (e), page 246, of the bill.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. LEA. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Does the section to which the gentleman refers repeal the previous sections where it is stated that the products cannot be marked, baled, or wrapped?

Mr. LEA. No. Section (e) is not subject to that limitation. It provides an additional method of exemption. If the contract carrier can show that there is a requirement for special equipment and that the shipment in bulk is not actually and substantially competitive, it is entitled to the exemption. There is no hardship in not granting this exemption to any commodity. The Inland Waterways Corporation and others are giving good service there now.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON].

The question was taken; and on a division (demanded by Mr. WHITTINGTON and Mr. WARREN) there were—ayes 48, noes 67.

So the amendment was rejected.

Mr. HARRINGTON. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HARRINGTON: Amend Senate bill 2009 by striking all of section 309, beginning on page 268, and entitled "Certificates of Public Convenience and Necessity and Permits."

Mr. HARRINGTON. Mr. Chairman, the purpose of this amendment is to protect the interest of the little fellow who wishes to engage in water transportation. The present language of the bill requires that he obtain a "certificate of public convenience and necessity" from the Interstate Commerce Commission before he would be licensed to operate. On the face of it this may sound simple and reasonable enough, but you know and I know it is a most difficult and expensive proceeding. It takes time, lawyers, and money—something the little fellow is never long on.

Let us see just what the little man is up against. First, he consults his local lawyer and writes in for an application blank. The burden is on the applicant to show cause why he should be licensed. Therefore, he must submit a brief setting forth his ability to serve the shipper and also the need of the shipper to be served. His application goes into Washington and then the fun, or the agony, begins.

Under the practice of the Interstate Commerce Commission, the railroads are advised that a new man wants to get into the transportation field and have they any objections. It so happens that the railroads maintain a high-powered battery of attorneys right here in Washington, hired by the year, for the purpose of objecting to any and all newcomers in the transportation field, and let me assure you they are expert objectors. They go into action, file protests, and demand hearings. It becomes a game of fire and fall back, of protesting and stalling, and the railroad attorneys are past masters of this technique.

The fight for his certificate develops into a long and expensive undertaking for the little man. The chances are that eventually, after practically exhausting his resources, he will be denied permission to operate, and if he should happen to win he probably has not enough money left to go into business anyway.

My friends, I ask you to support this amendment for two reasons: First, to relieve the little man of all this expense and agony before he is allowed to operate in competition with the billion-dollar railroad monopoly; second, to maintain the freedom of our inland waterways. These waterways are God-given, if you please. They belong to the people. Why in the name of justice should we pile up a mountain of red tape and difficulty and expense before the people are permitted to use their own precious heritage? [Applause.]

Mr. WARREN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Iowa [Mr. HARRINGTON].

Mr. Chairman, from the first speech made in opposition to this bill on last Friday it has been characterized and successfully so as a railroad bill. Every word in it is in their behalf, and the bill has been presented, I am sure, just like they would like to have it.

Apropos of the amendment offered by the gentleman from Iowa [Mr. HARRINGTON] I wish to read to the committee a concrete case that has come to me in an unsought letter, dated July 22, from a prominent attorney in my district, Mr. Dink James, of Greenville, N. C. He says:

> I have just read in today's News and Observer the report of your speech in opposition to the placing of water transportation under the Interstate Commerce Commission. I certainly hope that you will succeed in your efforts to prevent this. If the people in the South and other sections know anything of the technical workings of the Interstate Commerce Commission, they would realize that in supporting a bill of this kind they are cutting their own throats.
>
> I am registered to practice before the Interstate Commerce Commission and know something of its procedure. I recently applied for a franchise for a small bus-line operator. While I am sure that this man's operations would not in the least affect any railroad or any other bus operator in this section, when I appeared at the hearing I was amazed to find nine of the highest-paid lawyers in the State appearing for various bus and railroad companies which protested the granting of the franchise. I learned from my contacts with these men that it was now the policy of the railroad and bus companies to protest every application. I am sure that they will fight every application for grants of authority to operate on waterways. The small-business man cannot stand this sort of opposition. The result of this attitude on the part of transportation agencies, and I believe the purpose now, is to create an ironclad monopoly. The public and particularly the "small man" would be the sufferer.

Mr. Chairman, talk about securing a certificate of public convenience and necessity to operate, as the gentleman from Iowa said, on the God-given natural resources of this country! The gentleman from New York [Mr. CULKIN] read to the House a few days ago where in the very Articles of Confederation it was solemnly proclaimed that the waterways of this Nation would be free to all. I beg you to pause here this afternoon and visualize what we are doing when we set up here for the benefit of the railroads a monopoly on every single form of transportation that will finally strangle and engulf the producers and consumers of this country. [Applause.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. The gentleman from California [Mr. LEA] asks unanimous consent that all debate on this amendment close in 10 minutes. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa [Mr. HARRINGTON].

Mr. Chairman, if it could have been said when consideration began that this was a bill for the benefit of the railroads, at the rate it is being loaded down with amendments and emasculated, it looks to me like when the House gets through with it, it will be a bill for the benefit of the water carriers, plus a whole lot of exemptions for agriculture.

Nature has not been very even-handed in the distribution of her favors. I live in a State that is a thousand miles from any deep-water port. We are shut out of those ports. We cannot get our products into San Francisco, Los Angeles, Houston, and Galveston, and we are almost shut out of Chicago. We have to depend wholly on rail carriers and the rail carriers are hog-tied to such an extent they are unable to put into effect rates that will get our products to the market.

The instance I am about to give you is a common one. We have in my home city the largest steel company between Chicago and the Pacific coast, owned by the Colorado Fuel & Iron Co.

A few years ago in anticipation of the railroad company running from my own city to Houston, the Colorado Southern, getting fourth-section relief, the railroad company having filed such an application, the steel company built a large warehouse in Houston to house the steel products which it expected to be able to ship to Houston when the railroad company got fourth-section relief to meet the water rates into the port of Houston from the Atlantic seaboard. After the application had been pending for 2 years it was denied. The steel company had to close its warehouse at Houston and withdraw clear up to Fort Worth and Amarillo in northern Texas before it could get away from the cheap backhaul of the water rates.

That is the story of the whole intermountain West. I want to say to my western friends here whose religion is opposition to repeal of the long-and-short-haul clause that we are absolutely shut in from the world. You have these cheap rates at the water ports, and are concentrating the population of the United States at the deep-water ports; 55 percent of the population living within 50 miles of them. You are drying up the interior of the country simply because our railroads are not permitted to meet the water rates. Our industries are going to the coasts.

There has been a lot of talk here about the long-and-short-haul clause today. Let me say that while I have no license to speak for the railroads, I undertake to say that if you offered the railroads of this country a choice between putting water transportation under joint regulation with them under the Interstate Commerce Commission, or repealing just one sentence of the Interstate Commerce Act, the long-and-short-haul clause, there is no doubt on earth which choice they would take. They would say, "Repeal the long-and-short-haul clause." On the other hand, if you made the same proposition to the water lines of this country there is no doubt about what they would do. If you put them up against the choice of joint regulation with the railroads or just having the long-and-short-haul clause repealed they would be running here to Congress with their tongues out to be put under joint regulation.

You talk about cheap water transportation. It is the greatest myth in this country. Inland water transportation in this country is the dearest form of transportation. It would be impossible if it were not for the fact that the bulk of cost of inland water transportation is paid for out of the Federal Treasury. [Applause.]

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Chairman, it is true that we have heard from the opponents of the bill about this being a railroad bill. Those gentlemen first started out citing Secretary Wallace, but when we cited the President of the United States they dropped Mr. Secretary Wallace.

In the two speeches we have heard in favor of this amendment we have heard about the small man being driven out of business, yet under the provisions of this bill, which apparently my friends have not read, the small companies come in under what is known as the grandfather clause if they were in business on July 1. That is a fair illustration of the opposition to it. I say to you that whether a man is a small man or a large man, if he goes into the public business of hauling passengers and hauling freight, he must have financial responsibility.

With our friends on the opposition is my good friend from Virginia, Judge BLAND, who comes up here with a bill similar to this, putting the water carriers under regulation.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield to the gentleman from Virginia.

Mr. BLAND. I would not say "similar to this" by any means. It relates only to inland carriers and puts them under the Maritime Commission.

Mr. BULWINKLE. What other provisions are there affecting the inland carriers?

Mr. BLAND. It has no provision with respect to certificates of convenience and necessity.

Mr. BULWINKLE. Would the gentleman just let anybody haul? Would he just let anybody go loose at any time?

Then there is the gentleman from New York, who always opposes regulation.

Now another situation has arisen. All of a sudden yesterday the gentlemen who will vote against this bill in any form discovered that they ought to do something for labor and, therefore, they wanted to do something for labor. Now we have gotten down to doing something for the small man.

There possibly will be consideration of the wage and hour bill introduced by my colleague from North Carolina if the Rules Committee reports it out. Let us see what happens to that. That does something to labor. Let us see how they stand on it when it comes up here in the House, and I would like to check up on them.

Mr. Chairman, you can talk all you please about the railroads doing this but I say to you that the President of the United States and other men who have studied this question are the ones that did this. You can put all the demagoguery you please into it but that does not make one particle of difference in the end, for sooner or later the citizens of this country will realize that where you regulate a carrier it is but fair and just that all doing a competing business be regulated or else that regulation be taken off entirely. So, I say to you who voted for that amendment a little while ago, when your shippers at home find out what the additional freight will be they will be lobbying, too, not in the interest of the railroads but in their own interest. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. HARRINGTON].

Mr. TERRY. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read as follows:

Strike out all of section 309, beginning on page 268, and entitled "Certificates of public convenience and necessity and permits."

Mr. TERRY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TERRY. This amendment refers only to water carriers as far as eliminating the certificates of convenience and necessity is concerned?

The CHAIRMAN. The Chair understands that the amendment refers only to section 309, which has to do with water transportation.

The question is on the amendment.

The question was taken; and on a division (demanded by Mr. HARRINGTON) there were—ayes 46, noes 79.

So the amendment was rejected.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Page 240, commencing at line 15, strike out the paragraph ending on page 241, line 2, and insert, "persons acting in the capacity as agents for common carriers by water, subject to this act, in providing towage, floatage, lighterage, car, ferry, or transfer or terminal operations, shall not be deemed common carriers by water, but each such operation shall be deemed to be that of the carrier for which it is performed."

Mr. WADSWORTH. Mr. Chairman, may I state to the chairman of the Interstate Commerce Committee and the members of the Committee of the Whole that I propose to offer three amendments here, all of them directed toward the practical application of regulation of water carriers on the inland waters. They are intended—and I hope the members of the Interstate Commerce Committee will believe it—to relieve these carriers of utterly useless, needless restrictions now contained in this bill, restrictions placed upon them such as are not placed upon any other form of transportation.

Now let us consider this first one. On page 240, commencing at line 15, you will find language which relates to the performance of delivery service by water within terminal areas. It permits transfer, collection, and delivery services by water in terminal areas, but by a very, very clear implication it does not permit them outside a terminal area.

Now, I want to call the attention of the chairman of the committee to this situation and see if I am wrong about it. I doubt if the committee ever gave it any consideration. I will have to cite an example of the practices of inland water carriers. For example, A and B are both common or contract carriers, as the case may be, subject to this act. A has a tow of barges bound downstream on the Mississippi River, and that tow is delayed by weather conditions. It may be a couple of days late. This same A also has in New Orleans Harbor a tow of, we will say, six barges already laden, waiting to be forwarded north-bound by the powerboat which is bringing the downstream barges with it, and which is 2 days late. A does not want to delay the upstream voyage of the barges he already has loaded in New Orleans.

He has no other towboat of his own except the towboat which is bringing downstream barges, which is 2 days late. What does he do? He communicates with another carrier named B, who has an idle towboat at New Orleans, and he contracts with carrier B for the use of that towboat to start those barges, already laden in New Orleans, upstream to get them going on time. Then when the upstream load of barges meets the downstream load of barges the two towboats interchange and B's contracted towboat takes the downstream-bound barges back to New Orleans and the other towboat goes on upstream with the barges which left New Orleans on their way upstream.

This bill prevents that, and why it does I cannot understand, for this bill provides that B's towboat, which is contracted for by A, is itself a common carrier. As a matter of fact, it is merely hired for a special purpose for a short time, and things like that are happening on the inland waterways hundreds and hundreds of times.

My amendment proposes to strike out this language, substitute new language which will limit the regulation at least within reasonable bounds, and it reads:

Persons acting in the capacity as agents for common carriers by water, subject to this act, in providing towage, floatage, lighterage, car, ferry, or transfer or terminal operations, shall not be deemed common carriers by water, but each such operation shall be deemed to be that of the carrier for which it is performed.

I cannot understand why anybody should object to this.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LEA. Mr. Chairman, I think we must realize the practical necessity of the section of the bill which the gentleman proposes to strike out. This simply provides for the regulation of those who take part in terminal-area delivery. We have express companies, for instance, who have their own vehicles for delivery, the railroad companies, who may have pick-up-and-delivery service in the terminals, the water carriers, who may also have delivery, and the motor vehicles. It is important to place regulation of those various carriers so that there will not be duplication of the regulation of each type. For instance, if a man operates for the express company, he comes under part 1; and, if for the water company, under part 3. That preserves the same regulation for the carrier and its terminal delivery. It is just a convenience, and it is in accordance with the present practice of the railroads and the express companies, and will be true of these forwarding companies. It is a convenient method of handling a practical situation.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. WADSWORTH. Will the gentleman deny that this particular provision as applied to water carriers inflicts on them a grave inconvenience and prevents them from carrying out a perfectly sound commercial practice?

Mr. LEA. It is purely optional. They are not required to do this service.

Mr. WADSWORTH. Oh, well; in effect, you forbid them.

Mr. LEA. Oh, no; it is optional. They can do as they please.

Mr. WADSWORTH. In the case I cited, what is the contractor to do. He cannot hire the towboat from B because that towboat under your provision becomes a common carrier.

Mr. LEA. That towboat service is exempt in the bill.

Mr. WADSWORTH. The towboat belongs to another carrier who has it surplus for the moment. It is a practice that obtains all the time. One of the virtues of water transportation is its flexibility, and this bill is written to destroy its flexibility.

Mr. LEA. I am advised by the drafting service that this bill does exactly what the gentleman wants to have done. This provision is a practical, desirable arrangement to facilitate business as actually conducted today. There is no innovation about it.

Mr. WADSWORTH. But the gentleman is confining his remarks to terminal areas.

Mr. LEA. Then, if you go beyond the terminal area——

Mr. WADSWORTH. This towboat which I mentioned has to go 200 miles up the Mississippi River.

Mr. LEA. And, therefore, it is subject to regulation.

Mr. WADSWORTH. But it is hired by another man and the other man is the carrier. He is the bill-of-lading man, not the B towboat he took over. Why should you have two common carriers doing the same operation?

Mr. LEA. I hope we do not.

Mr. WADSWORTH. You do under this bill.

Mr. LEA. I think not.

Mr. WADSWORTH. The B towboat becomes a common carrier when it leaves the terminal area.

Mr. LEA. I have had no opportunity to read the gentleman's amendment. On account of interruptions I have heard little of what he said. That is one of the difficulties we have. Amendments, technical in nature, are passed up to us before we have any opportunity to examine them. Ordinarily, as in this instance, the amendments are not presented for inspection before offered. The committee desires to consider carefully every question brought before it, but we are at a disadvantage here when amendments are thrust on us and we are asked to pass on them in a moment. If the Committee of the Whole will stand by the Committee on Interstate and Foreign Commerce, we will do everything we can to bring just and practical legislation out of this bill. I hope the amendment will be defeated.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. PATRICK. I have asked this time from the chairman of the committee so that I may ask the gentleman from New York [Mr. WADSWORTH], who is an industrious member of the committee, if in these months the committee has been considering the bill he has ever pointed that out and brought it to the attention of the committee until this moment?

Mr. WADSWORTH. I had no chance to. I was not a member of the subcommittee. I had no chance to study this thing at all until the bill was prepared. I was comparatively ignorant of inland water transportation, but information has come to me pointing out one thing after another which discriminates against the flexibility of inland water transportation, and this is one of them, and I have tried to correct it. That is all.

Mr. PATRICK. Did not the gentleman from New York have every opportunity that every other member of the committee had?

Mr. WADSWORTH. The subcommittee held no hearings that were printed, and I dare say never studied the subject.

Mr. LEA. Indeed we did study it. I have asked a representative of the drafting service, and he advises me that what the gentleman's amendment proposes is already taken care of in the bill. I ask that the amendment be defeated.

The CHAIRMAN. The time of the gentleman from California [Mr. LEA] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. WADSWORTH].

The question was taken; and on a division (demanded by Mr. LEA) there were—ayes 56, noes 66.

So the amendment was rejected.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York [Mr. WADSWORTH].

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: On page 241——

Mr. WADSWORTH. Mr. Chairman, the amendment I intended to offer on page 241 was the exact complement of the amendment which has just been rejected. The amendment which was just rejected applied to common carriers. Had it carried I would have offered an amendment on page 241 which would have produced the same result with respect to contract carriers. So I ask permission to withdraw that amendment, and I offer another amendment which I ask the Clerk to read.

The CHAIRMAN. Without objection the amendment referred to will be withdrawn.

There was no objection.

The CHAIRMAN. The gentleman from New York [Mr. WADSWORTH] offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Page 247, line 24, after the word "harbors", strike out the remainder of the paragraph ending at line 2 on page 248, and insert "or (2) to transportation by small craft of not more than 100 tons carrying capacity or not more than 100 indicated horsepower, or to vessels carrying passengers only and equipped to carry no more than 16 passengers, or to ferries, or to the movement by water carriers of contractors' equipment employed or to be employed in construction or repair for such water carrier, or to the operation of salvors."

Mr. WADSWORTH. Mr. Chairman, this paragraph, found on page 247, is one which authorizes the Commission to exempt from the provisions of this regulatory act certain types of vessels.

My especial interest begins in the language at line 24, at the bottom of the page. An examination of that language discloses the fact that a 50-ton vessel is to be exempted, or a vessel carrying passengers only, and equipped to carry no more than 16 passengers.

May I again call the attention of the gentleman from California to the situation that exists in life on the coasts and on the rivers, which I think, with all due deference, the committee does not understand. I contend that the language is faulty and brings under regulation carriers which it is inconceivable the Congress should desire to regulate.

I call attention particularly to the provision, "or by small craft of not more than 50 tons carrying capacity, or to vessels carrying passengers only and equipped to carry no more than 16 passengers."

This will leave under strict regulation a mosquito fleet of literally thousands of small luggers on every lake, bay, sound, river, bayou, and canal in continental United States. Many of those boats are what are known as family boats. They may exceed 50 tons capacity. They are the sole property and means of livelihood of hundreds of families. Father and son navigate them together and propel the craft. It would also include little power boats of 50 horsepower or less, which do not carry any freight at all, but which do tow the barges of others in what are termed "short trades." Those would include luggers towing oysters from beds in Virginia to Maryland ports, small towboats towing oil or sugarcane to refineries, boats towing pulpwood to paper mills, and a thousand other small trades generally accessories to local industries. Many of those boats operate wholly within a State, but are in competition with others that move across State lines and occasionally they themselves make an interstate voyage. They offer little competition to common carriers by railroad or motor vehicles or other water carriers. Their inclusion would burden the administration of the law without commensurate public gain. In fact, there would be no public gain.

I propose that there should be exempted small craft——

Mr. LEA. Will the gentleman yield? There was so much confusion that I did not understand what the gentleman was

saying. I wanted to find out the purpose of the amendment. Is one purpose to change the exemption to 100 tons?

Mr. WADSWORTH. To 100 tons; yes.

Mr. LEA. And what is the other?

Mr. WADSWORTH. Transportation by small craft of not more than 100 tons carrying capacity or not more than 100 indicated horsepower, or vessels carrying passengers only, and equipped to carry no more than 16 passengers, or to ferries, or to the movement by water carriers of contractors' equipment. That latter does not go in commerce. That is a private operation—not commerce.

Mr. LEA. Of course I have no authority from the committee to concede that amendment——

Mr. WADSWORTH. Are the heavens about to fall?

Mr. LEA. The chairman is willing to agree to that amendment. I think that a larger exemption is justified.

Mr. WADSWORTH. I faint! I swoon! [Laughter.]

The CHAIRMAN. Without objection, the amendment offered by the gentleman from New York is agreed to.

There was no objection and the amendment was agreed to.

Mr. SOUTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOUTH: On page 238, beginning in line 20, strike out all of title II, part III.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Does the gentleman desire to reach an agreement as to time on this amendment?

Mr. WHITTINGTON. Mr. Chairman, I make the point of order that an agreement as to time cannot be made at this stage because there has been no general debate.

The CHAIRMAN. An agreement can be reached by unanimouse consent.

Mr. LEA. I would be pleased if we could limit debate to 1 hour on this amendment, to be divided equally between those for and against the amendment.

Mr. BLAND. Mr. Chairman, reserving the right to object, I think we ought to have some understanding as to the number of speeches to be made within the time. To be limited to 2 minutes is hardly worth the effort of rising.

Mr. SOUTH. Let me say, Mr. Chairman, that I am going to ask unanimous consent to proceed for 10 minutes. I do not know whether it will be granted, but I am going to submit the request.

Mr. LEA. Mr. Chairman, I modify my request and ask unanimous consent that debate on this amendment and all amendments thereto be limited to 1 hour and 15 minutes.

Mr. HINSHAW. Reserving the right to object, Mr. Chairman, that is to be divided equally between the proponents and the opponents?

The CHAIRMAN. The Chair will use its best endeavors to see that the time is divided equally.

The Chair will state for the information of the gentleman from California that 20 Members have already requested time.

Mr. BLAND. Mr. Chairman, I suggest to the gentleman from California that time be limited to 2 hours.

Mr. LEA. Mr. Chairman, after canvassing the situation I wonder if the gentleman from Virginia would not agree to 1 hour and 40 minutes.

Mr. BLAND. That would be agreeable to me.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 1 hour and 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SOUTH. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

Mr. BULWINKLE. Mr. Chairman, reserving the right to object, and I shall not if the same privilege is granted to the chairman of the committee, the gentleman from California [Mr. LEA].

The CHAIRMAN. I do not believe we can couple the two requests.

Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The gentleman from Texas is recognized for 10 minutes.

Mr. SOUTH. Mr. Chairman, I think everyone understands in the first place that the amendment I am offering is not a committee amendment, although I am a member of the committee. I think everyone understands also that the purpose of this amendment is to strike from the bill title II, part III, which is the part having to do with water transportation, or placing water transportation under the regulation of the Interstate Commerce Commission. This is the sole purpose of the amendment.

It is true that the Wadsworth amendment was adopted after it had been amended by the Murdock amendment, and I voted for it. I and others who view this problem as I do voted for it because we did not, of course, know what the final outcome of this amendment to strike out the title would be, and we felt that it would improve the bill if water transportation finally were left in.

As I said a while ago in my brief remarks, railroads have not fared quite so badly as they would have you believe, although their plight is an unhappy one, just as is the plight of steel, the building industry, agriculture, and other industries in this country. They will get well, so to speak, if and when other industries get well. They will all come out together or they will all sink together. Do not forget that. If you undertake to make agriculture foot the bill, as the Secretary of Agriculture, and many others from farm sections, including myself, believe will be the case, if you take from agriculture, already sick and depressed, in order to make railroads completely well, you are going to leave agriculture in a deplorable condition. Following the line of thought just a little further as to how railroads have fared, I find in Barron's, the National Weekly, of July 24, 1939:

Railroad gross revenues for June were 12 percent ahead of gross for June of 1938, according to preliminary reports from 91 class I railroads. Freight revenues were up 13.9 percent and passenger revenues up 9.4 percent.

As to the condition of agriculture, in yesterday's Washington Evening Star, looking through it at random, I found the following headlines all on one page:

Lower prices reduce farm-buying power.
Farmers' cash income declines 3 percent from year ago.
One percent drop from May level reverses usual trend.
Downward trend shown by trade in cotton futures.

Mr. Chairman, what is the situation? The railroads that are asking the farmers to bail them out are improving rapidly. Their receipts are 14 percent over last year, as shown in this statement. Agriculture, that you are asking to bear a large portion of the burden, is constantly going downward and, as stated a while ago, we have seen lower prices recently on some farm commodities than have been seen for many years.

They tell us that if the railroads are to be regulated, all forms of transportation must be regulated. That will not hold water, for this reason: The railroads were regulated beginning in the 1870's for one reason, and that was because they had been guilty of abuses such as rebates, discriminations, and overcharges, until it became necessary in the interest of the public to regulate them. No one will deny that. The water carriers have gone along attending to their own business and charging fair rates. I sat on the committee throughout weeks and weeks of hearings and not a shipper came in and said, "We must have relief from abuses or high charges by the water carriers." Who asked for this? The railroads of the country demanded this regulation and in my opinion for one purpose, in order that they might get at least a substantial part of the traffic that is now going to the water carriers. How can they do that? There is only

one way by which they can get it, Mr. Chairman, and that is to raise the cost of water transportation. It does not take a smart man to come to that conclusion.

I remember when I was a boy my daddy had three Jersey milk cows. One of them had to be regulated? She was breaking into his fields and the neighbors' fields and pasture, so we had to make her carry a heavy yoke. The other two cows were not regulated; yet they were competitors for every blade of grass and every bundle of cane we threw out. It is true that the cow carrying the heavy yoke was sometimes last to get there, but that was a condition which she brought about herself. Nobody ever suggested that we put a yoke on the other two cows to place them all on a fair competitive basis. [Applause.]

And so it is in this case. If the railroads had not been guilty of flagrant abuses, they would not have to be regulated and certainly it would be unfair, unwise, and unjustifiable to place a ball and chain, as it were, upon the water carriers of the country, with the result that the farmers, ranchmen, and shippers generally will have to pay a higher transportation cost.

Here is another fallacious argument. They tell you with great eloquence that competing forms of transportation have free highways and free waterways, no part of which the railways enjoy, but that is not so. I read again from the Wall Street Journal of July 24:

> The Interstate Commerce Commission has approved an arrangement whereby the Seaboard Air Line Railway will utilize motor trucks for the transportation of less-than-carload traffic on a large part of its system.
>
> Receivers of the Seaboard were given Interstate Commerce Commission permission to operate in interstate and foreign commerce as a common carrier by motor vehicle on various routes in Virginia, North Carolina, South Carolina, and Florida.

Who built these highways? The railroads did not, any more than the trucks and busses. The truth about the matter is the railroads now own a great many of the busses and trucks and they are running over the same roads they howl about their competitors using.

I was amazed at the information furnished by my good friend and colleague, the gentleman from Texas [Mr. MANSFIELD], who probably knows more about the water question, including water carriers, than any other man in Congress and who, incidentally, is vigorously supporting this amendment, when he showed me figures as to the amount of train-ferry traffic handled in the ports of this country.

When he called my attention to it, I recalled the arrangement at the New York harbor. They do the same thing at many other ports throughout the United States. Thus the railroads are using ports that are improved and maintained at Government expense, just as the water carriers are doing.

Mr. MANSFIELD. Will the gentleman yield?

Mr. SOUTH. I yield to the gentleman from Texas.

Mr. MANSFIELD. I call attention to the fact that 4 years ago the train ferry traffic in the port of New York was valued at $14,560,590,000.

Mr. SOUTH. Fourteen and one-half billion dollars in New York alone.

Mr. MANSFIELD. While the traffic handled by all ocean bottoms combined, of this Nation and all nations of the world, was $13,224,034,000.

Mr. SOUTH. I thank the gentleman. This shows you that the railroad crowd who are now crying for help—the men who are responsible for the appointment of the Committee of Six, composed of three members of railroad management and three members of railroad labor, have not given us a fair picture of the existing situation. I heard a great deal about the Committee of Six from the time the hearings opened until they closed. Some of the sponsors of this bill had the audacity to ask the committee to adjourn until the railroad bill was finished and placed before the committee. Not a member of the Committee on Interstate and Foreign Commerce will deny that statement. So I say to you that this is a railroad bill. The newspapers freely referred to it until quite recently as "a bill for the relief of the railroads."

Mr. SIROVICH. Will the gentleman yield?

Mr. SOUTH. I yield to the gentleman from New York.

Mr. SIROVICH. Was there any gentleman amongst the six who was a member of the merchant marine organizations of the Nation?

Mr. SOUTH. Not a man, I may say to the gentleman from New York, who was not connected with the railroads. There were three from railroad management and three from railroad labor.

Mr. Chairman, they tell you something else that will not hold water. I do not blame my colleagues for wanting to hurry this bill through as quietly as possible. We ought to have a day to discuss this amendment alone. They tell you that water traffic wants to be regulated.

Senator WHEELER, who sponsored this legislation in the Senate, said in debate on May 22:

> The water carriers do not want any regulation at all. They want everything thrown wide open. * * * Generally speaking, the industry has almost universally said, whenever we talk regulation with them, "We do not want regulation. It will be more detrimental and costly to the consuming public if we have regulation."

It is true that General Ashburn, president of the Federal Barge Line, did not oppose regulation when he appeared before our committee, but the general had this to say about the railroad lobby:

> Now, who wants this Federal Barge Line sold? The railroads and the railroad employees.
>
> Well, they have passed their propaganda around to such an extent that it is pitiful. I want to say this to this committee, that if the railroads got the Inland Waterways Corporation; if they got all of the profits it made, it would not pay them the cost of the propaganda that they put out to kill it. They have been spending millions of dollars, just throwing them away, and poisoning the mind of all whom they can reach by any method whatsoever. * * * They do not know that we made $1,105,000 last year, a nice profit for us, but immaterial to the railroads.
>
> The railroads have spent double that amount of money trying to put us out of business, and if they had the $1,105,000 it would not be a drop in the bucket. * * * All of these resolutions are prepared, in my opinion, by the Association of American Railroads.

As pointed out in Secretary Wallace's letter to Speaker BANKHEAD:

> The Transportation Act of 1920, the Motor Carriers Act of 1935, and the bills now before Congress together reflects a new departure in public policy from that which prevailed before 1920. The basic purpose of regulation, as embodied in the granger legislation of the 1870's and in the act to regulate commerce of 1887, was to protect the public against extortionate rail rates, unjust discriminations, and undue preferences. This policy of preventing abuses was continued for many years without significant modification. With the passage of the Transportation Act of 1920, however, the public began to assume responsibility for the financial condition of the railroads.

I seriously question the wisdom of this departure, which has been an invitation to the railroads to come to the Government for protection and assistance, rather than to improve their service and meet legitimate competition, as other industries have been forced to do. I submit also that we need less regulation, now that additional forms of transportation have developed, particularly motor carriers, and a greater mileage of inland waterways, than was the case in the 1870's when the regulations of the railroads was first undertaken.

To my mind, one of the most important phases of this subject, and one which I fear is often overlooked, is the lessening of the amount of goods shipped when rates are increased. This is especially true as to many perishable agricultural products, which cannot be moved at all where rates are prohibitive. In other words, by an attempt to insure the railroads a large profit on each shipment, we force the price of the article so high as to prevent its moving in commerce. Thus all forms of transportation must suffer by a lessening of traffic, and producers and consumers suffer also.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, all during the last session of Congress the proposition grew that there must be some relief for the railway structure of this country if it is to be saved from bankruptcy. The proposition was well

founded on the fact that more than one-third of the railway systems in this country were then and still are in bankruptcies and receiverships and that many of them are not making their naked operating costs. The chief work of this session of Congress, as announced by the administration and by the newspapers of this country, was to be a transportation reorganization bill which would rescue the railways of this country from the plight in which they found themselves and stabilize them, if possible, and put them on a self-sustaining basis.

I may say here that if we fail, some day Uncle Sam is going to have thrown into his lap a $25,000,000,000 railroad structure. If this ever happens, it is going to cost the Federal Treasury not less than $1,000,000,000 a year to sustain that railroad structure and keep it going.

The first consideration with which we are confronted is that the railways of the country, which still carry 90 percent of all the freight traffic in the country and can carry the other 10 percent without buying another engine or freight car, are not only the chief and only indispensible agency of transportation in this country and not only in normal times but even more so in an emergency, as was amply proved during the World War, but they represent an investment five times larger than that of all the water lines, all the bus lines, and all the truck lines combined. The American people have $25,000,000,000 of their savings invested in this railway structure, which was not built and maintained, like the waterways and highways, at a cost of billions of dollars to the taxpayers.

After a blare of trumpets all last year about the vital necessity, above all other things, of there being passed by this Congress a law to reorganize and stabilize the railways and include all forms of transportation under one joint regulation, here we are in the last days of this session considering a bill which is being emasculated and hamstrung against the railways, with Members vying with each other on the floor in abusing and condemning them. If we keep it up, by the time we get done with it, it seems to me, the best way to help the railways under this bill would be to strike out the enacting clause.

Listening to a lot of the speeches made the last 2 days, one would conclude they want to destroy the railroads, not save them.

The railways will agree to your striking the enacting clause out of this bill, as I told you a little while ago, if you will repeal three lines in section 4 of the Interstate Commerce Act which have them hog-tied and hobbled so they cannot run their own business. You cannot compare the railway systems of this country with any other industry—automobiles, steel, oil, or anything else—as is being done by Members, because it is the only industry of the country that has nothing whatever to say about running its own business, while all the others go scot free and soak the customers for all the traffic will bear. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I expect to support this bill. I want to congratulate the Committee on Interstate and Foreign Commerce, one of the great committees in the House, for what it has accomplished in bringing out this legislation for our consideration. I think it is a good bill and that it should receive the support of all who are sincerely interested in solving the transportation problems of this country, insofar as they can be solved by legislation.

I have been surprised during the course of the general debate at the emphasis which has been placed upon one particular section of the bill, namely, that relating to the regulation of some types of water carriers. This is only one of many important provisions of the bill, and it seems to me that the discussion has magnified its importance very greatly. I certainly have nothing but the friendliest of feelings for water transportation and for our inland waterway system. The greatest threat which has been offered to that system, as far as legislation is concerned, was the Pettengill bill, which has been passed twice by this House during recent years. I think that if the Pettengill bill had been passed it would have greatly crippled, if it did not entirely destroy, our inland waterway system.

I am one of a comparatively few Members of the House who spoke and voted against that bill on both occasions when it was before us. I felt, when the Pettengill bill was before us, that we ought not to permit the railroads to use unfair methods of competition against the waterways, and today it seems to me equally important that we do not permit the waterways, through a lack of regulation, to offer unfair competition to the railroads. Yet I find that many of those who opposed the Pettengill bill in order to protect the waterways are unwilling to give the railroads an opportunity for equal protection against unfair water competition. It seems to me that this bill is perfectly fair to both rail and water carriers; and I am supporting the provisions relating to the regulation of water carriers on that basis.

Another feature of this discussion which has surprised me somewhat has been the attempt to bring farmers into this picture. I represent a purely agricultural district; and my farmers, like all other farmers, are intensely interested in transportation. As far as water transportation is concerned, however, I think it can safely be said that farmers are less interested in it than any other group of our population. And yet many who have opposed the regulatory provisions of this bill, as far as waterways are concerned, have tried to make us believe that this is a matter of great concern to farmers. No evidence has been offered in support of this proposition, and none can be.

Aside from a comparatively small number of farmers who have access to waterway transportation for nonperishable farm products, there is no farmer who derives any direct benefit from water transportation, or any indirect benefit except such as may accrue to the country as a whole.

In the first place, there are only a comparatively few of the many farm products of this country which can be shipped by water; and by that I mean particularly by our inland-waterway system. The producers of fruits and vegetables, of dairy products, of livestock and livestock products are not interested in waterway transportation, because it is too slow and out of date.

I do not know to what extent cotton may be carried by water from local shipping points to terminal markets, and am, therefore, not going to make any observations on that particular subject.

Aside from cotton, however, the only class of farm products which can be transported and which is being transported on our inland-waterway system is grain. The transportation of grain by water carriers, however, is done in bulk, and, therefore, there is nothing contained in this bill which would in any way deprive a grain farmer of any advantage which he may have today through his ability to transport grain by water.

Furthermore, as already indicated, unless a farmer happens to have a local grain market which has access to water transportation to a terminal market, there is no way by which he can directly profit from water transportation. I mean by that that there is no way by which he can receive any better price for his product. The price of grain is determined at terminal markets, such as Kansas City, Omaha, Minneapolis, Duluth, Chicago, and St. Louis. The price which the farmer receives at the country elevators is the price at the terminal market less the freight.

There is no possible way by which even 1 percent of the grain in this country can be carried from local marketing points to the terminal markets by water. Whatever may happen to the transportation of grain after it gets to the terminal market is not ordinarily of any concern, as far as the price to the farmer is concerned. However, even if it should be assumed that some markets have a definite advantage and can pay a little higher price than would otherwise be the case because of the facilities for water transportation for export or to milling centers, that advantage would still be unaffected by this bill, because such transportation is in bulk, and, therefore, not subject to regulation.

In view of the foregoing, I am unable to understand how any farmer, excepting possibly the cotton farmer, and

for whom I am not attempting to speak, can be adversely affected by the provisions for the regulation of water transportation contained in this bill.

On the other hand, any measure which tends to help the general transportation problem of this country is of benefit to the farmer. In the main, the farmer is dependent upon rail transportation for the marketing of his products. To some extent he is dependent upon highway transportation. This bill will not injuriously affect highway transportation and will help rail transportation. To the extent that it will permit railroads to continue giving good service on their existing mileage, it will be beneficial to farmers.

Many Members representing agricultural districts have had some experience in recent years when railroads attempted to abandon branch lines. I know that in every such case which came to my attention farmers generally were very much distressed and disturbed about this loss of transportation facilities, and in many cases opposed in every way possible the abandonment of such branch lines. I know that in other cases the abandonment of these lines has very adversely affected the marketing facilities of farmers.

One more thing I would like to mention, and that is that in every rural community traversed by a railroad the railroad is the largest taxpayer. It contributes its share to the upkeep of schools and highways and other governmental functions, and to that extent takes something away from the crushing burden of taxation on farm land. This is an additional reason why the farmers generally are interested in the welfare and prosperity of the railroads.

I sincerely hope that no one from the agricultural sections of this country will be misled by arguments which have been advanced to the effect that the provisions of this bill regulating water transportation are adverse to the interest of the farmer. On the contrary, if the passage of this bill strengthens our transportation system, it will be of great direct benefit to the farmer. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, I listened with great interest to my distinguished colleague from Kansas [Mr. HOPE] when he called attention to the fact that the farmers are not interested in water rates. It would be highly interesting, if the fears of a great number of us here were to be realized and this bill would be passed, to see how my good friend would explain to the farmers the increase in rail rates which inevitably would occur when the one legitimate club the farmer has over increasing rail rates would be taken away from him.

Mr. Chairman, I have listened with a great deal of interest and attention to a colloquy which occurred between two members of the committee, my distinguished and beloved friend from California, Mr. LEA, and my equally distinguished and beloved friend from New York, JIM WADSWORTH, concerning a very simple little matter which was referred to by one of the gentlemen as being technical, and by this auditor considered as being highly practical.

As a matter of fact, an analysis of what will happen if this amendment is not adopted is best to be found in what might result if I were to ask some distinguished Philadelphia lawyer or New York banker who had been reared in the environs of a great city to come down and attempt to operate the ranching enterprise with which I have been so long connected.

Mr. Chairman, the amendment offered here to strike this from the bill, if this were a bill that we were going to be called upon to finally vote upon, would be eminently satisfactory to me and would be satisfactory to all those who want to see every single kind of major transportation means given a fair trial and an opportunity to live, and I am for this amendment in the faint hope that these fellows will keep rushing this thing and in the conference will come to their senses and bring out a railroad bill and let water alone.

Mr. Chairman, if there is any agency qualified to undertake rate making in connection with water carriers, it is the Maritime Commission now in existence, and why this great committee has not considered, in view of the fact it wants to regulate waterways, the high propriety of putting water transportation under a commission which understands it, as contradistinguished to a commission which certainly does not understand it, I cannot understand.

When we get down to brass tacks with reference to this situation, I have come to the conclusion that we have spent an awful lot of time without going into the practical matters which will inevitably ensue if this amendment is not adopted. This bill is shot full of pernicious and noxious provisions which will hamper and annoy and, finally, destroy water transportation of various kinds. Five minutes will not permit me to go into all of that.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Chairman, to say I was surprised at the statement of my good friend from Kansas that the farmers of the country are not interested in freight rates, puts it mildly.

Mr. HOPE. Mr. Chairman, will the gentleman yield right there?

Mr. WHITTINGTON. Yes.

Mr. HOPE. The gentleman certainly misunderstood me if he understood me to say that the farmers are not interested in freight rates. I said they were not interested in water transportation.

Mr. WHITTINGTON. If the gentleman does not understand that the matter of water transportation involves freight rates, I am sure he does not appreciate the importance of the legislation under consideration. If there is anybody in the country who is interested in reasonable freight rates, I think it is the farmer, and I believe that the growers of wheat, corn, cotton, rice, sugar, and tobacco, the so-called major commodities, are interested.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I would like to make a statement——

Mr. HOPE. Just for a short question.

Mr. WHITTINGTON. I want to reply to your statement in which you said that no farm commodities are transported by waterways, by calling your attention to the fact that as a result of modern refrigeration, the people of New York, Philadelphia, Baltimore, and Washington are enabled to utilize the magnificent fruits grown on the Pacific coast that are transported on our intercoastal waterways through the Panama Canal.

Now, Mr. Chairman, the bill under consideration contains three parts, one with respect to the regulation of railroads, the second with respect to motor carriers, and the third with respect to the regulation of water carriers.

I think the members of the committee must have assumed that there would be opposition to the regulation of waterways. The proposal was made in 1920 and it failed. So this bill has been formulated on the theory that the so-called regulation of waterways may be eliminated from this measure without in anywise emasculating all the provisions for the regulation of railways and motor carriers.

Now, who is asking for the regulation of waterways? Certainly not the farmer. Are the inland-waterway carriers asking for the regulation? The only reasonable argument for their regulation that has been presented by the members of the Committee is that in some cases, in intercoastal traffic, there are some unfair practices. That traffic is under the regulation of the Maritime Commission. This Commission knows about water problems. The remedy is not to take it away from that Commission and put it under the supervision of the Interstate Commerce Commission, whose docket is already crowded—it sometimes takes them years and years to make an investigation—but to amend existing law and provide for the regulation of such traffic by the Maritime Commission.

No one who speaks for the inland waterways has asked for the regulation of water traffic and, concretely, there have been exempted from the provisions of this bill 15 percent of the

inland-waterway traffic. The contract carriers of bulk commodities and the private carriers have been exempt. Now we propose to regulate the remaining, substantially 3 percent, of the traffic, and, in my judgment, this would not be in the interest of either the producers or the consumers of the country. We have had too much regulation. We tried to regulate the coal industry and we must admit that we failed. There is no demand for the regulation of our inland waterways and I respectfully submit that the provision should be stricken from the bill. [Applause.] In extending my remarks, as I have stated, title III, which is part III of the bill, should be stricken. It undertakes to solve the problem of the railroads by regulating waterways. As I have just stated, regulation is not always the remedy, and when it is invoked the remedy is frequently worse than the disease.

If the regulation of waterways is included, railroads would not be benefited. This is not my view, but it is the view of outstanding transportation authorities, including Mr. Eastman, of the Interstate Commerce Commission.

Again I repeat that the farmers of the country, and especially in the Mississippi Valley and Great Plains, are more interested in rates than almost any other class of our citizens. For years they have pleaded for the improvement for navigation of the lower Mississippi River, the upper Mississippi River, and the Missouri River. They know that the construction of the Panama Canal has adversely affected transportation rates in the great bread basket of the Nation. I dissent most emphatically with the view that farmers are not interested in water transportation. They are interested in cheap rates, reasonable rates; they are interested in low rates; they are interested in fair and just rates.

The lumber markets of the Pacific Northwest, the fruit markets of Oregon and California have been promoted by cheap coastal water rates. Refrigerated vessels provide for the transportation of fruits from the west coast to the east coast. Vegetables are also transported by boats. A shipload of watermelons arrived in Washington just a day or two ago. Not only the farmers, not only those engaged in agriculture, but the consumers of the country get the benefit of low rates. Water rates mean low rates. The control of waterways mean high rates; it means the elimination of waterways.

THE ADMINISTRATION

It is said that the administration favors the bill. I shall not repeat. I have heretofore, in the general debate, pointed out that the Secretary of War, the Secretary of Agriculture, and the Chairman of the Maritime Commission oppose the regulation of waterways. They were appointed by the President; they constitute an important part of the administration.

INLAND WATERWAYS

Congress has appropriated something like $250,000,000 in the improvement for navigation of the Ohio River and its tributaries. Millions of dollars are being spent now in improving the upper Mississippi River for navigation. Large sums are being expended primarily at the request of the Western States in the improvement of the Missouri River for navigation. All know that the demand for these improvements was cheaper transportation.

I emphasize that some 18 percent of the traffic of the country is water-borne; 15 percent is exempt from the provisions of the bill; private carriers are exempt; contract carriers of bulk products are exempt. Only 3 percent of the water-borne traffic remains and it is said that only this 3 percent will be regulated. Congress appropriates for all water carriers. If only 3 percent, the individual farmer, the individual businessman, are subject to the regulation of the pending bill, Congress would be in the attitude of continuing appropriations for improvements for navigation for the benefit of those who are able to own their own carriers and the contract carriers of a few favored commodities. I believe in equal treatment for all commodities whether manufactured, agricultural, or raw materials.

REGULATION

There is probably some competition in the radio industry, but there is no demand for the regulation of that industry. Regulation should be in response to a public demand. There is no material demand for the regulation of the inland waterways. The Government has heretofore subsidized inland waterways in an effort to restore river traffic along the Mississippi River and its tributaries. Regulation would thwart the intent of Congress and the will of the people.

As I said a few moments ago there are those who believe that regulation is the solution of all economic problems. The coal industry was in difficulties. Regulation was advocated. We passed not one coal bill, but two bills for the regulation of the coal industry. It is generally admitted that a monumental mistake was made. It should always be remembered that the aim of those who advocate the regulation of waterways is the raising of rates and the raising of water rates means the elimination of water traffic.

Contract carriers of bulk commodities and private carriers are eliminated in the pending bill, but the real bill will be written in conference. I remind the Representatives of the Great Lakes to "beware of the Greeks bearing gifts."

Mr. BLAND. Mr. Chairman, every amendment that has been offered, every speech that has been made, demonstrates the fact that this waterway section ought to be stricken out of this bill or the whole bill sent back to the committee for further study. There is one objectionable phase of this bill that has not yet appeared in debate or in any of the amendments that have been brought to the attention of the Committee. There has been a repeated statement on the part of the proponents of this bill that it has nothing to do with foreign commerce. I said in my first extension of remarks that a gentleman connected with a prominent shipping company had advised me that upon reading this bill and trying to determine what it did and how extensive its scope was he was compelled to admit that he could not determine. He said that his company could not prepare to go further into building vessels for foreign commerce until there had been determined what regulations are to be imposed, with full information as to the extent to which American vessels engaged in foreign commerce will be affected. I call attention to the fact that the uncertainties faced by water carriers are recognized by the bill draftsmen themselves. They are confessedly unable to tell what part of existing law is abrogated by the bill, what part modified, or what part remains in effect. They repeal specifically only a few provisions of existing statutes. The carriers must guess as to what laws apply to them and which commission has authority in the premises. Uncertainties and confusion arise with respect to vessels engaged in foreign commerce. Some of these uncertainties will be due to the fact that some vessels at the same time will be carrying both foreign and interstate cargo, and in some respects the cargo will be subject to laws administered by the Interstate Commerce Commission and in some respects to laws administered by the Maritime Commission. Furthermore, a carrier who may engage in foreign commerce will, as to the transoceanic part of his commerce, be subject to the Maritime Commission, and as to the intercoastal part he will be subject to the administration of the Interstate Commerce Commission. He will be faced with the duty of complying with two different forms of regulation, which will either mean increased expenses to him or will mean that he will decide to engage only in strictly transoceanic service. These matters cannot help but have profound effect on the export and import business of the United States, touching the business of producers and the pocketbooks of the consumers in every part of the United States.

Let this bill be studied to find out what is in it before we carry it into law.

It is claimed that the bill is not intended to affect carriers in foreign trade. In fact, these carriers will face many uncertainties in connection with this legislation. These uncertainties will continue for long periods. The effective date of title II of the bill is postponed, and may be further postponed by the Interstate Commerce Commission until July 1, 1941. In the meantime, and for a long period thereafter, the shipping industry will be uncertain as to its duties and its rights, its responsibilities and its burdens, under the new legislative set-up.

No one can foresee the exact effect on foreign-trade carriers of placing domestic water carriers under one regulatory body and the foreign carriers under another.

Section 302 (i), page 243 of the bill, limits the jurisdiction of the Interstate Commerce Commission over coastwise and intercoastal carriers to traffic between ports of the United States. Under decisions of the Interstate Commerce Commission, interpreting similar language in the Interstate Commerce Act, such carriers will be prohibited from establishing transshipment rates with carriers in foreign commerce. Shipments now moving under such transshipment rates will move under combination rates which, in all instances, will be higher than the rates of direct lines. The result will be that such shipments will be transported by the direct lines, which are largely foreign-flag lines. The business will be lost by our coastwise and intercoastal carriers. The result will be that while the coastwise carrier is in a protected trade, he loses his business to a foreign-flag carrier just the same as if the foreign-flag carrier were admitted to the coastwise or intercoastal trade.

Section 302 (i) (3) (B) provides that the jurisdiction of the Interstate Commerce Commission in case of a movement to a place outside the United States shall apply only insofar as the transportation by water takes place from any place in the United States to any other place therein prior to transshipment at a place within the United States for movement to a place outside thereof, and, in case of a movement from a place outside the United States, shall apply only insofar as such transportation by water takes place between places in the United States after transshipment at a place within the United States in a movement from a place outside thereof.

The American carrier in foreign trade cannot know whether transshipment will be interpreted as meaning delivery to or from the custody of the carrier, its agents, or terminal in foreign commerce, or as meaning the placing of goods on board vessel or the discharging of goods from the vessel in foreign commerce. Section 17 of the Shipping Act, 1916, places jurisdiction of terminal operations in the Maritime Commission. The carrier, at least until after long experience under the new legislation, will not know to which Commission he is subject in connection with terminal operations involved in transshipment.

Furthermore, such carriers in foreign commerce handle considerable cargo under through bills of lading between foreign ports with transshipment at ports in the United States. Will it be contended that since such shipments move under through bills of lading issued by the foreign-trade carrier but involving domestic transportation, the Interstate Commerce Commission will have jurisdiction of the carrier engaged in foreign commerce. In such cases there is obviously involved the question of jurisdiction over trucking and lighterage from the pier of the initial carrier to the pier of the on-going line.

The trans-Atlantic carriers and the intercoastal carriers, which by arrangement for through rates are able to compete with the lines operating directly between the ports on the Pacific coast and Europe, will be uncertain as to their ability to continue such competition. As stated above, unless transshipment rates can be continued, traffic will be lost to direct foreign-flag lines. The intercoastal and trans-Atlantic carriers will not know whether they can effect a proper division of the through rates, transfer charges, or customary brokerages. They will not know whether they can have any proper basis for settlement of damages for joint account in connection with such through operations. Furthermore, they cannot know whether they will be able to meet direct competition which takes on certain classes of freight collect.

Intercoastal and foreign-trade carriers, under existing law, must file rate agreements for approval under section 15 of the Shipping Act, 1916. They are in danger of great confusion as to what will happen to these agreements in connection with the pending bill. Their business activities will be disrupted and they will lose business to direct carriers pending the working-out of the legislative plan. For example, it may be that only pooling agreements will be subject to the Interstate Commerce Commission under the bill while other agreements of carriers—including interstate carriers—may, at least to some extent, remain subject to the jurisdiction of the Maritime Commission. These are not necessarily questions which can be solved by more detailed drafting of the pending legislation. They cannot be fully solved except through long experience, and meanwhile the shipping trade suffers by the continuing uncertainty.

As stated above the uncertainties and confusion also arise because the same vessel will at the same time be carrying both foreign and interstate cargo. In some respect the cargo will be subject to laws administered by the Interstate Commerce Commission and in some respect to the laws administered by the Maritime Commission. Furthermore, a common carrier by water subject to the bill, who may be engaged in carrying foreign commerce will, as to the transoceanic part of the carrying, be subject to the Maritime Commission, but as to the intercoastal or coastwise part of the carrying be subject to the Intersate Commerce Commission He will be faced with the duty of complying with two quite different forms of regulation, which will either mean increased expenses to him or will mean that he will decide to engage only in strictly transocean services. These matters cannot help but have profound effects on the export and import business of the United States, touching the business of producers and the pocketbooks of the consumers in every part of the United States.

A carrier transporting goods in foreign commerce is subject to the reparation provisions of section 22 of the Shipping Act, 1916. Insofar as the intercoastal or coastwise portion of that foreign trade is concerned, such carriers will be subject to the provisions of section 307 of the bill, which covers not only the interstate commerce by water but foreign commerce by water when it takes place within the United States.

I have stated that the uncertainties faced by water carriers are recognized by the bill draftsmen themselves. They are confessedly unable to tell what parts of existing law are abrogated by the bill, what parts are modified, and what parts remain unaffected. They repeal specifically only a few provisions of existing statutes and by general language in section 320 (a) repeal other provisions of existing law not specifically designated. No one can tell what law will be applicable to any particular carrier or to any particular transportation until after a long period of experience. This in itself indicates the dangerous plan of the legislation. The carrier must guess as to what laws apply to him and which Commission has authority in the premises. At best, the carrier will be subject to two regulatory agencies with respect to much of the transportation conducted by it. To make the uncertainty more complete, the bill contemplates that the Interstate Commerce Commission conduct its activities without respect to the different types of transportation concerned. The water carrier will have no definite agency, not connected with railroads or motors, on which to depend for authoritative interpretation or information.

S. 2009 in section 302 (i) (3), page 243, limits the scope of the rate regulation of water carriers so far as foreign commerce is concerned only to that portion taking place within the United States before and after transshipment from the vessel that actually operates in the foreign trade.

Thus, if merchandise moves in continuous transit from San Francisco to Liverpool, if it were to be transshipped at New York, the rate from San Francisco to New York would be subject to regulation but not the rate from New York to Liverpool. If the cargo moved without transshipment, no part of the rate would be subject to the proposed regulation.

In the example cited, the undoubted effect of such regulation would be to deprive the domestic water carriers of their participation in favor of the unregulated transportation without transshipment.

In the example cited, also, there is no American line operating from San Francisco to Liverpool, the only direct lines being under foreign flags.

There are a number of American lines that operate principally in the foreign trade but carry some cargo between intermediate American ports. If they are subsidized, they have to refund the subsidy on the domestic revenues. Take, for example, the American President Lines' round-the-world service. They transport considerable cargo between New York and San Francisco. If their rates are regulated upward so that this business is diverted to other forms of transportation, the continuance of their round-the-world service is made even more difficult.

Attention is directed to section 313, page 274, which would give the Interstate Commerce Commission power to prescribe uniform accounting methods, require reports, financial statements, and so forth. This requirement is more extensive than rate regulation, because it is administered so as not to be limited to the regulated part of the carriers' business, but if any part of a company's business is regulated, all of its activities, whether or not relating to shipping, become subject to the uniform accounting requirements. See *I. C. C.* v. *Goodrich Transit Co.* (224 U. S. 194), wherein such records were required even of amusement parks owned by a carrier.

Section 304 (d), page 250, recognizes that American producers that have to supply American markets on a regulated rate will be at a decided disadvantage in competing with foreign producers shipping upon an unregulated rate. Take, for example, wood pulp, the production of which in the Southern States is now being encouraged but which must compete with pulp from Sweden. The foreign producer already has the advantage of lower production costs, and it is questionable whether the American industry could survive against further disadvantages in the transportation rate. Similarly affected would be newsprint paper, china clay, and so forth. Furthermore, the foreigner would know exactly what it cost the American producer to market his product and could undersell him every time. It is true a permissible exemption is provided, but before this could be invoked, the market might be lost, and it is questionable whether the American consumer would go to the trouble to try to obtain and retain the exemption when the foreign product is available without such trouble.

There is nothing proposed in the bill that would prevent any large consumer from owning its own ships to transport its own raw materials and finished products, but only the larger companies have the volume to make this practical. Thus the large companies would operate under what would amount to an unregulated rate, and their smaller competitors would have to patronize the regulated common carrier. The larger companies would know exactly what it cost the smaller companies to market their product, but the smaller companies would not have the same advantage. Already several large companies are considering buying ships to avoid the increased costs anticipated from the proposed regulation. Such a trend would injure all forms of transportation.

The least that could be done would be to grant a permissive exemption by amending section 303 (e), on page 246 of S. 2009, by inserting after "water", in line 7, "when such transportation is competitive with a private carrier or carriers or."

It has been asked, if all these things are true, why do some water carriers favor S. 2009?

The answer is simple. All water carriers were unanimous that the repeal of the fourth section of the Interstate Commerce Act would put them out of business. They are now told that if they do not let S. 2009 pass, the old Pettengill bill will be revived and passed.

The railroads regard S. 2009 as equivalent in effect to the repeal of the fourth section. Some water lines believe they could live longer under S. 2009 than if the fourth section were repealed; the remainder do not believe Congress can be persuaded to do either.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

The Chair recognizes the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, I regret I must differ with the Committee on Interstate and Foreign Commerce and its distinguished chairman, the gentleman from California [Mr. LEA], with reference to some of the provisions of this bill.

With the exception of part 3, it is a meritorious measure, particularly the provision granting assistance to the railroads from the Reconstruction Finance Corporation. We all realize that the railroads are in bad financial straits, and, regardless of who is responsible for their present condition, the security and economic stability of the country make it imperative that the railroads continue to operate. But, Mr. Chairman, while conceding the necessity of assisting the railroads, we should not adopt the policy of robbing Peter to pay Paul. The stabilization of the railroads of the country should not be made at the expense of our domestic water-borne commerce and indirectly to the foreign commerce of the country. I do not believe this matter has been studied with a view to the actual harm and irreparable damage this bill will do to our intercoastal, coastwise, and inland water carriers under the provisions of part 3.

With all due respect to the committee, it is not just to the Members of Congress or to the people of the country to bring a bill of this magnitude covering many complicated questions and dump it on the lap of Congress to study it in a brief 24 hours before its actual consideration. In all fairness to the Members of Congress, they should be given more time to study it, and the people should be given an opportunity to know more about it.

The CHAIRMAN. The gentleman from California [Mr. HINSHAW], a member of the committee, is recognized.

Mr. HINSHAW. Mr. Chairman, in connection with the statement that no inland water carrier was interested in this legislation or wanted the legislation, I read from the statement of Mr. Clemens, who was the vice president of the Mississippi Valley Barge Line Co., and next in importance on the Mississippi River to the Federal Barge Lines. He states as follows:

> At the present time the Commission is without power to establish minimum rates where one of the carriers in a joint through rate is a water carrier, and this bill proposes to add that power to the existing power of the Commission. In this respect we believe that it is only fair. That is to say, if the all-rail rate between Columbus, Ohio, and Memphis, Tenn., for example, is subject to a minimum rate power on the part of the Commission, we have no objection to the grant of similar power of the Commission in respect of joint rail and water service between those points contemplating the use of our line in conjunction with the rail line. In fact, we think that sort of regulation would be helpful to our operation.

Further on he said:

> We believe that such a grant would be very helpful in stabilizing rail and water rates and in the prevention of destructive competition or anything like discrimination among various shippers or localities.

Previously to that it was stated that two-thirds of this common-carrier business was joint rail and water, and that the other one-third was not regulated, and he would not be averse to that being regulated.

As stated the other day when I was before the committee, on this Mississippi River System, 63,000,000 tons are handled annually, and of that, 5,000,000 is handled by common and contract carriers. Half of that, or 2,700,000 tons, is handled by the Federal Barge Lines and the balance distributed among a number of smaller carriers. Two-thirds of it is evidently already regulated. This bill proposes to bring in the other one-third of the common-carrier traffic and the contract traffic that is not bulk in character, and that is what the fight is about.

It does not amount to much, so far as the total tonnage is concerned, but it is believed just and equitable that it be included. I do not see that there is any particular reason for anybody to get excited about this portion of the bill. I cannot see why it is being fought so bitterly unless there is some peculiar advantage the gentlemen fear to lose. As far as tonnage is concerned, it is not very great. I read a letter the other day to the committee from the Baker Tow Boat Co. of Alabama in which they were complaining about certain competitive practices of the Federal Barge Lines. By bringing them all under the regulation of the Interstate Commerce Commission, so far as minimum rates in interstate commerce are concerned, this phase can be eliminated, and these small companies can have a better chance to survive. It is my present belief that this bill will do more good for the small water carriers as well as the larger water carriers than any other similar piece of legislation that can be produced by this Congress, and I think the motion to strike out should be defeated.

The CHAIRMAN. The gentleman from Montana [Mr. O'CONNOR] is recognized.

Mr. O'CONNOR. Mr. Chairman and members of the Committee, the railroads of the country are indispensable. We must have them. We must have them not only in peacetime, but we must have them in wartime. They are in financial stress. We are either going to give them a square deal with other means of transportation, or they will go into the hands of the Government and we will have Government ownership. We can take either one horn or the other.

As the very best evidence of what the Government thinks of their financial condition I want to read to you a statement made by Jesse Jones, which appears in Barron's, the national financial weekly:

> A new plan to reduce railroad fixed charges, with the aid of Federal loans, has been proposed by Jesse Jones, Administrator of the new Federal Loan Agency. Under the Jones plan, an offer would be made to holders to turn in their bonds in return for a cash payment, plus an amount of preferred stock, which along with the cash would equal the par value of their bonds. For example, the cash offer might be $600 for each $1,000 bond, in which case $400 of preferred would complete the offer. The cash payment would be loaned to the railroads by the R. F. C. on the security of new 4-percent bonds. While permitting a reduction in fixed charges, the plan would not result in any reduction of total railroad capitalization.

Now, when the Government recognizes the fact that the railroad companies are in that condition where stock is absolutely worthless and bonds are worth only 60 percent of their face value in cash, it is time for Congress to commence to take notice.

I am not defending the railroads. The present operators of railroads are now compelled to answer for the sins of their fathers committed 60 or 75 years ago when they exploited this country, but nevertheless we are confronted with a condition which demands action to protect not only employees but innocent investors as well.

In addition to that, I want to call attention to the fact that these railroads throughout the United States employ over a million men and women who do the work. They wear your cotton, I will say to the distinguished gentlemen from the South. They eat flour from the North. They eat beef, pork, and mutton from the West, and they eat corn products from the Middle West. We must maintain these railroads so that they can be continued in employment, and besides we need the railroads.

I will say this to the gentleman from Texas—he referred to the Northern Pacific Railroad, that its earnings had increased 12 percent over last year. The gentleman is correct, but its earnings before and now are still in the red, and its common stock is selling from $9 to $10 a share, when the par value of the capital stock is over $100 per share. Now, all people are not suckers. If this stock was worth any more than $9 or $10 a share, they would be buying it.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SOUTH. Will this regulation result in higher rates? If not, why do the railroads want it, and if it will, who will pay it?

Mr. O'CONNOR. Here is the point. It is up to the Government to put all transportation systems into one and regulate them all. Raise a little here and lower a little there.

Mr. WARREN. Why did they not put air in here?

Mr. O'CONNOR. I did not write this bill. Here is the point. Give the railroads a chance for existence. This transportation can always be depended on; airplanes crash, trucks get stuck, but trains carry on.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Oregon [Mr. PIERCE] is recognized.

Mr. PIERCE of Oregon. Mr. Chairman, I want to say in reply to my colleague from Montana [Mr. O'CONNOR] that the railroads not only run their own business but they come mighty near running the State and the Nation. It has been said that they run the State from which the gentleman comes, too.

Mr. O'CONNOR. They do not.

Mr. PIERCE of Oregon. The essence of this whole thing is to freeze this water into the capitalization of the railroads and make it possible for them to earn dividends on it. When the gentleman talks about the stock of the Northern Pacific Railroad being worth 100 cents on the dollar at one time, I am amazed. It is said to be all water, not representing any investment.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. PIERCE of Oregon. I yield.

Mr. WARREN. It is the only aggregation in this country that has not been shaken down during the so-called depression.

Mr. PIERCE of Oregon. Sure. The original act creating the Interstate Commerce Commission was passed for the benefit of the railroads. The farmers did ask for it, but they did not get much out of it. The only thing that the shippers got out of the Transportation Act of 1920 was the long-and-short-haul clause, the fourth section. The rest of it was for the benefit of the railroads, to freeze into the capitalization ten or twelve billion dollars. That has been repeated a hundred times everywhere, and it is true, and they would have got away with it if the trucks had not come. Now the trucks have come, and the railroads have reached out and put them under the Interstate Commerce Commission. If they can wipe out the water transportation also, what will be their plan? Why, to increase the rates on water transportation, as they have on trucks, clear up almost to the railroad rates. They have put on their own truck lines and their own passenger-bus lines. They control the transportation of this country and put rates on sufficiently high so that they can earn dividends not only on the actual investment but on all the water frozen in, with the consent of the I. C. C.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. PIERCE of Oregon. I yield.

Mr. SOUTH. Does the gentleman know that out in the western country where railroad rates are high, for reasons sufficient to the railroad companies, but unsatisfactory to the people, the trucks are tied to that railroad rate and they are today paying 58 percent more than they are paying in this congested country in the East where it is hilly and there are many curves, and the traffic density is great on account of the density of population, as opposed to that traffic in the Great Plains area of the West?

Mr. PIERCE of Oregon. Precisely.

Mr. SOUTH. And that is because the railroad rate is the yardstick.

Mr. PIERCE of Oregon. Precisely. If they can make a yardstick out of the railroad rates and put it in force on the trucks and the water lines——

Mr. SOUTH. That is what they are doing.

Mr. PIERCE of Oregon. If they freeze all that water into their capitalization they have got to earn their dividends on it. That is the heart of the problem. The essence of this bill was actually before us when the amendment was offered by the gentleman from Arkansas that provided that the capitalization under these consolidations should not exceed the actual value. We voted down that amendment. It

should have been accepted in fairness to the shipping world. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. THORKELSON].

Mr. THORKELSON. Mr. Chairman, I shall support the amendment.

Mr. Chairman, we have theoretically four classes of water traffic: Inland water traffic, coastwise water traffic, foreign water traffic, and bicoastal water traffic. The foreign traffic is of aid to the railroads and is a type of water traffic we should help and encourage by acquiring foreign markets, because in so doing we provide more commerce for the railroads. All forms of water traffic except the bicoastal traffic is old, and has existed ever since we have had water traffic. The inland water carriers aid the railroads and have never given them trouble. The coastal traffic is in about the same position; it is an aid to the railroad carriers, it carries merchandise from one point to another on the coast, for consumption in the port to which such cargo is carried, or for reshipment or transportation into the interior.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. THORKELSON. I yield.

Mr. SOUTH. The gentleman is making a very fine statement, and I dislike to interrupt him. Does the gentleman not agree with the Secretary of War who says that under the provisions of the pending bill water carriers can easily be regulated and taxed out of existence without the recapture of enough tonnage to affect railroad earnings appreciably?

Mr. THORKELSON. I may say to the gentleman that I do agree with that statement of the Secretary of War. They have always been regulated more or less by a special commission for inland water carriers, and a maritime board for foreign commerce.

The only water traffic that has really given any trouble to the railroads is the bicoastal traffic, and we have only had that since the building of the Panama Canal. Previous to that time, transportation by water from the Atlantic coast to the Pacific coast was routed through the Strait of Magellan or around Cape Horn. This, of course, was too costly, so the railroads carried most of the transcontinental freight.

The point involved in this is the long haul of the railroads. That is really the issue for consideration. In my opinion the railroads ought to have the right and the privilege to regulate the rates from one coast to another in such manner that they might compete with the water traffic from the Atlantic to the Pacific coast. I believe this is what the railroads would like to do, and it is my opinion that they should be permitted to operate under a transcontinental rate so that they may compete with water traffic. It is only fair that the railroads should be allowed to compete with bicoastal water commerce and if they are allowed to do so, that in itself will permit rehabilitation because of increase of earnings from long hauls. The merchant marine should in reality carry freight from all ports to foreign countries instead of engaging in competition with railroads by carrying freight in bicoastal trade. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I preface the few remarks I shall make at this time by reading a paragraph from a letter I recently received from one of the great organizations of the city of Pittsburgh. This letterhead bears a list of the names of many of the great men of Pittsburgh and vicinity, which lends a great deal of weight to this statement I am about to read. This is the paragraph:

> Low-cost water transportation has made and kept Pittsburgh the steel center of the world, and regulation such as you are attempting would take away its inherent advantages. Industry intentionally located on our rivers—the Monongahela, Allegheny, and Ohio—to take advantage of water transportation.

I submit this for the information of the gentlemen from Pennsylvania and neighboring States, who imagine they have a bonanza in the making in promoting this bill.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I am sorry; I cannot yield in the 3½ minutes' time allotted me now.

It may be interesting in connection with the amendment under consideration for a few minutes to consider what and to whom we propose to turn our water transportation facilities over. I have, therefore, gone to Who's Who in America to find out just what sort of men the membership of the Interstate Commerce Commission is composed of. It is interesting to note the background of the members of the Commission. I know you are all familiar with this news article I have here, which appeared in the Washington Post a couple of days ago regarding the new member who was appointed, and whose picture is also attached, Mr. W. J. Patterson. The article starts out by saying that he was a director of the Interstate Commerce Commission Bureau of Safety, and a former railroad brakeman, switchman, and conductor, just appointed to the Commission to replace one of the members who has resigned.

Now, going on down the line, Clyde B. Aitchison, and I am not casting any aspersions or reflections on the reputations or the honesty or integrity of any of these gentlemen; I am only pointing out to you that you are attempting to turn over a competing transportation facility to men who are inherently interested in and whose background comes as a result of and through their interest in railroads, railroading, and allied lines. Clyde B. Aitchison was a former railroad commissioner of Oregon from 1907 to 1916, and then solicitor of the National Association of Railway Commissioners.

Joseph Eastman was counsel for the employees of various street-railway companies, Federal Coordinator of Transportation.

Frank McManamy was United States Chief Inspector of Locomotives at Washington, D. C., Assistant Director of Transportation of the United States Railroad Administration, and chairman of the Committee on Design of Standard Locomotives and Cars for United States Railroads in charge of all construction and maintenance of all railroad equipment during Federal control of railroads.

And so on down the line with almost the entire list. Is it not too much to expect that a group of men such as this list, comprising as it does mostly former railroad men and those whose vocation has been allied with that particular transportation activity, would be the find of the century when it comes to the protection of our competitive transportation facilities?

I am in favor of this amendment because I am fearful of the results and consequences if we turn complete control over to the railroad commission.

We are just beginning to realize some savings in the Northwest from the river waterways. I want to quote from a letter I have recently received, showing the possibilities as to one item alone—coal and coke—if we can further develop this facility. The letter is as follows:

> The Twin Cities are beginning to receive some direct results of the river "low freight" schedule, and this season there will be a large saving, not only of the actual saving in freight, but larger still the threat which it holds over its larger competitors.
>
> For instance, Koppers coke is selling for the lowest figure that it has ever been delivered here in the Twin Cities, $11.60 per ton for stove and nut size. Last year this same coke sold for $12.90 per ton and 2 years ago the price was $13.90, or $2.30 more, and this was due in part to the coke we brought from Pittsburgh a year ago by the rivers (Ohio, Mississippi).

It is said that similar savings are soon to be realized on coal, of which we use about 2,000,000 tons per year in Minneapolis alone. It would be quite a nice saving to the consumer up there if we could go on and fully develop and utilize our river highways, would it not?

Another item on which we are realizing definite and actual savings is binder twine, which is an important element of farm costs to the great grain farmers of the Northwest. At the twine factory at Stillwater, Minn., which is in my own district, they have had to save on their overhead costs here and there as the price of twine has been forced down with

foreign competition from a high of 22 cents a pound to a present price only slightly over one-third that amount. Over $141,000 has been saved in their freight costs by shipping their raw material up the river by barge from New Orleans. Here is the chart showing actual yearly savings:

Actual saving in transportation charges on fiber tonnage consigned to the Minnesota State prison, received via the Federal Barge Lines—all-water route—through the Stillwater River terminal, from New Orleans, La., to Stillwater, Minn., against the rates applicable via the all-rail routes

Season	Weight	Rail rate	Water rate	Saving
	Pounds	*Cents*	*Cents*	
1929	4,270,039	0.58	0.445	$5,764.55
1930	2,365,347	.58	.445	3,193.22
1931	12,276,424	.58	.445	16,573.17
1932	13,974,644	.59	.455	18,865.76
1933	7,141,381	.59	.455	9,640.86
	8,351,205	.59	.445	12,109.25
1934	1,844,239	.58	.435	2,674.15
1935	3,435,334	.58	.435	4,981.23
	2,594,216	.6206	.4756	3,761.61
	7,819,513	.6206	.474	11,453.41
1936	11,410,827	.6206	.474	16,728.27
1937	10,165,121	.58	.435	14,739.43
1938	1,651,236	.58	.44	2,311.73
	11,654,961	.64	.48	18,647.94
Total	98,954,489			141,454.55

Other similar savings are being realized on gasoline and oils and on grain shipments and other bulk goods. It will be one of the crimes of the century if these benefits to the shipper, the farmer, and the consumer are denied by this ill-advised piece of legislation. I hope the amendment will be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. ANGELL].

COLUMBIA RIVER PORTS, NATION'S LARGEST GRAIN EXPORTERS. COMMODITY CREDIT CORPORATION GIVES RAIL SHIPPERS 8-CENT DIFFERENTIAL ON WHEAT LOANS OVER WATER SHIPPERS

Mr. ANGELL. Mr. Chairman, on July 14, this year, the Associated Press carried the following news item:

SHIPMENTS OF WHEAT LARGE

PORTLAND, July 14.—Portland and the Columbia River exported 26,422,764 bushels of grain during the cereal year ending June 30, the merchants exchange reported Thursday, the greatest annual water-borne export since 1929.

While figures for other wheat-shipping ports were lacking, the exchange hazarded the statement that the big shipment made Portland and neighboring river ports the Nation's largest grain exporters.

The figure exceeded by almost 11,000,000 bushels the 1937-38 total of 15,650,304 bushels.

Europe, principally the United Kingdom, took the bulk of the foreign-shipped grain—18,628,766 bushels.

From this it will be noted that the port of Portland, through the Columbia River and its tributaries, is perhaps the largest shipper of grain of any port in America. Transportation is of strategic importance in the merchandising of grain. Water-borne traffic on the Columbia River has been a material factor in the development of the port of Portland trade territory. The Federal Government has expended large sums throughout the years in improving the channel of this second largest river in the United States, and the State of Oregon and local port authorities have added to this investment in the development of the port and facilities for handling water-borne traffic. However, the Commodity Credit Corporation, a governmental agency, has penalized water shippers of this immense product. It has placed a 73-cents-per-bushel loan on wheat delivered at Portland if shipped by rail, and if shipped by river boat or truck there is a penalty of 8 cents per bushel or a net loan price in Portland of 65 cents. I recently took up with the Commodity Credit Corporation this unjust discriminatory regulation affecting water and truck shipments, but no relief has been forthcoming. In answer to my letter I received from the Commodity Credit Corporation the following reply, together with the attached enclosure:

COMMODITY CREDIT CORPORATION,
Washington, July 6, 1939.

Hon. HOMER D. ANGELL,
House of Representatives, Washington, D. C.

DEAR MR. ANGELL: Receipt is acknowledged of your letter of the 5th with reference to the differential of 8 cents per bushel on wheat stored at Portland under the 1939 wheat-loan program between wheat shipped by rail and wheat shipped by boat or truck.

The same differential applies to all designated terminal markets. The 8-cent differential is neither a penalty on nonrail shipments nor a premium on rail shipments. The 8 cents is allowed only in those cases where the original shipment was by rail and the paid-in freight bill has been registered for transit and made available to the Corporation in the manner stated in section 1 of 1939 C. C. C. Wheat Form 1 (Supplement 1), a copy of which is enclosed. The 8 cents is intended to reflect the average transit balance with respect to registered in-bound freight bills made available to the Corporation in connection with loans made upon wheat moved to terminal markets by rail.

Very truly yours,

JOHN D. GOODLOE, *Vice President.*

[CCC Wheat Form 1—Supplement 1—Instructions (1939)]

COMMODITY CREDIT CORPORATION

INSTRUCTIONS CONCERNING AMOUNT OF WHEAT LOANS

1. Amount of loans at terminal markets: Basic loan values on wheat of the designated grades and subclasses stored in approved public grain warehouses at the following terminal markets shall be as follows:

Market	Grade and subclass	Loan value per bushel
Kansas City, Mo.	No. 2 Hard Winter	$0.77
Kansas City, Kans.	No. 2 Red Winter	.75
St. Joseph, Mo.	No. 1 Dark Northern Spring	.79
	No. 1 Northern Spring	.77
	No. 2 Soft White	.75
	No. 2 Hard White	.76
Omaha, Nebr.	No. 2 Hard Winter	.76¼
Council Bluffs, Iowa	No. 1 Dark Northern Spring	.80
	No. 1 Northern Spring	.78
	No. 2 Red Winter	.74¼
	No. 2 Hard White	.75¼
	No. 2 Soft White	.74¼
Chicago, Ill.	No. 2 Hard Winter	.80
Milwaukee, Wis.	No. 2 Red Winter	.80
	No. 1 Northern Spring	.82
St. Louis, Mo.	No. 2 Hard Winter	.80
East St. Louis, Ill.	No. 2 Red Winter	.80
	No. 1 Soft White	.77
San Francisco, Los Angeles, Stockton, Oakland, Calif.	No. 1 White Club	.77
	No. 1 Western White	.77
	No. 1 Hard Winter	.77
	No. 1 Western Red	.77
Minneapolis, St. Paul, Duluth, Minn.	No. 1 Dark Northern Spring	0.87
	No. 1 Northern Spring	.85
	No. 2 Hard Winter	.81
	No. 2 Red Winter	.79
	No. 2 Amber Durum	.81
	No. 2 Red Durum	.68
Superior, Wis.	No. 2 Hard White	.81
	No. 2 Soft White	.80
	No. 2 Hard Amber Durum	.83
	No. 2 Amber Mixed Durum	.78
	No. 2 Mixed Durum	.71
Portland, Oreg. Seattle, Wash.	No. 1 Hard Federation, White Federation, Heart, and Bluestem Grading Hard White	.74
	No. 1 Soft White	.73
	No. 1 Western White	.73
	No. 1 Hard Winter	.73
	No. 1 White Club	.73
	No. 1 Red Winter	.73
	No. 1 Western Red	.73
	No. 1 Northern Spring	.73
Galveston, Tex.	No. 2 Hard Winter	.85
New Orleans, La.	No. 2 Red Winter	.83

The foregoing schedule of loan values applies to wheat delivered to any designated terminal market in carload lots which has been shipped by rail from a country shipping point to one of the designated terminal markets, as evidenced by paid freight bills duly registered for transit privileges and other documents as required under the instructions (1939 C. C. C. Wheat Form 1): *Provided*, That Commodity Credit Corporation will accept in lieu of such bills warehouse receipts on which a legend, signed by the warehouseman, has been stamped or typewritten in the following form or certificate of such warehouseman containing such an undertaking:

"The wheat represented hereby was received by rail freight from _____ point of origin, as evidenced by original paid freight bill which has been officially registered for transit and will be held and kept alive, within statutory limitations, for the benefit of the holder hereof.

(Town) (County) (State)

_____"

(Warehouseman)

Otherwise a deduction of 8 cents per bushel shall be made.

2. Amount of loan at country points:

(a) Except for the States and counties hereinafter set forth, Commodity Credit Corporation will determine the loan value on wheat in storage on the farm or in country warehouses by deducting from the designated terminal market value an amount equal to 3 cents more than the all-rail interstate freight rate (in effect on May 1, 1939) from the country warehouse points, or the shipping point designated by the producer, to such terminal market; except that in the appropriate counties of Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Oklahoma, South Dakota, Texas, and Wisconsin such rates shall be computed on the basis of the average freight rate from all shipping points other than subterminal markets in each county to the appropriate terminal market.

Each approved warehouse will be advised as to the loan value applicable to wheat stored in such warehouse. Producers may obtain from the county committee the loan values applicable to wheat stored on each farm and in the public warehouses. Loan values will be published in C. C. C. Wheat Form 1, supplement 2, for each State.

The loan value of eligible wheat stored in approved subterminal warehouses (approved warehouses other than those situated in the designated terminal markets that have executed the terminal warehouse agreement, 1939 C. C. C. Wheat Form H), which was shipped by rail may be determined by deducting from the appropriate designated terminal market loan value an amount equal to the transit balance of the through freight rate from point of origin for such wheat to such terminal market; provided in the case of wheat stored at any railroad transit point, taking a penalty by reason of out-of-line movement, or for any other reason, to the appropriate designated market, there shall be added to such transit balance an amount equal to any out-of-line or other costs incurred in storing loan wheat in such position as determined by Commodity Credit Corporation. Arrangements have been made for the railroads to indicate transit balance of the through rate on the inbound paid freight bills on a basis of 100 pounds. To obtain the loan value as determined above, the warehouse receipts, in addition to other required documents, must be accompanied by the original paid freight bills duly registered for transit privileges: *Provided*, That Commodity Credit Corporation will accept in lieu of such bills, warehouse receipts on which a legend, signed by the warehouseman, has been stamped or typewritten substantially in the following form or certificate of such warehouseman containing such an undertaking:

"The wheat represented hereby was received by rail freight as evidenced by original paid freight bill which has been officially registered for transit and will be held and kept alive, within statutory and tariff limitations, for the benefit of the holder hereof. The aforementioned original paid freight bill carries notation thereon by the railroad agent showing transit balance, if any, of through rate from _____
(Town) (County) (State)
point of origin, to _____
(Basic loan terminal market)
of _____ cents per 100 pounds.
_____ _____."
(Address) (Warehouseman)

(b) Separate schedules of loan values will be issued for the States and counties hereinafter set forth:

Idaho: All counties south of Idaho County.

Utah: All counties.

Colorado: Alamosa, Archuleta, Chaffee, Conejos, Costilla, Custer, Delta, Dolores, Eagle, Fremont, Garfield, La Plata, Mesa, Moffat, Montezuma, Montrose, Ouray, Pitkin, Rio Blanco, Rio Grande, Routt, Saguache, San Miguel.

Wyoming: Lincoln, Sublette, Sweetwater, Teton, Uinta.

All counties of Indiana except Lake, Newton, Benton, Porter, Jasper, White, La Porte, St. Joseph, Marshall, Fulton, Elkhart, Kosciusko, and Starke.

Michigan.	Virginia.
Ohio.	Maryland.
Kentucky.	Delaware.
Tennessee.	Pennsylvania.
West Virginia.	New York.

The loan value of eligible wheat stored in approved subterminal warehouses in the foregoing area (approved warehouses that have executed the Terminal Warehouse Agreement, 1939 C. C. C. Wheat Form H) which was shipped by rail in the movement of natural market direction as approved by Commodity Credit Corporation, shall be determined by adding 3 cents per bushel to the county loan value for the county from which the wheat is shipped and an amount equal to the transit value of the freight paid from point of origin to markets designated by Commodity Credit Corporation. Lending agencies and county committees are advised that in each instance such transit value must be verified by the agency manager of the loan agency of Reconstruction Finance Corporation serving the area. In such cases the loan documents must be accompanied by the original paid freight bills or certificates of the warehouseman and other required documents as set forth in section 2 (a) above. If eligible, loan wheat is stored in approved subterminal warehouses located at transit points, taking a penalty by reason of back haul, or out of line of natural market movement, such penalty or other costs by reason of such movement, as determined by Commodity Credit Corporation, shall be deducted from loan values as determined above.

I have taken up with the Inland Empire Waterways Association, with headquarters in Walla Walla, Wash., a large grain-producing community, the matter of the unwarranted discrimination against water and truck carriers in favor of rail shippers, and received, under date of July 18, 1939, a letter which is of interest in the consideration of this important subject. The letter follows:

INLAND EMPIRE WATERWAYS ASSOCIATION,
Walla Walla, Wash., July 18, 1939.

Hon. HOMER D. ANGELL,
House of Representatives, Washington, D. C.

DEAR MR. ANGELL: I have read with a great deal of interest the letter of Mr. John A. Goodloe, vice president and general manager of the Commodity Credit Corporation, sent to you in answer to your letter concerning the 8-cent differential applied to all wheat loans on wheat not moving to Portland by rail.

I am distinctly at a loss to understand Mr. Goodloe's letter for apparently he is attempting to lead us to believe that the 8 cents is a milling-in-transit charge made by the railroads. The actual milling-in-transit rate is 1½ cents per hundredweight and with 60 pounds to a bushel, that would mean a charge of 9/10 cent per bushel.

Last year the Commodity Credit Corporation in their contract made a 4-cents-a-bushel differential. This year that has been jumped 100 percent to 8 cents. The only comforting thought was that last year only a small percentage of the wheat from this area was actually under Government loan.

It is my understanding that the Commodity Credit Corporation is applying a Nation-wide average. In other words, what the experience has been over the entire country on interior markets as well as coast export markets. They are asking that the export markets take up some of the cost of milling-in-transit privileges occasioned by the interior markets.

One cannot reach any other conclusion than that this is a gross discrimination against wheat from the Pacific Northwest. In support of my contention that this 8-cents-per-bushel differential should not apply to an export terminal market, attached you will find copy of news article under date of July 14, wherein it is stated that Portland and neighboring Columbia River ports are the Nation's largest grain exporters. Also, I am enclosing an article appearing in the paper as of July 14, where the railroads released a statement that the ruling of the Commodity Credit Corporation this year is a distinct aid and advantage to the rails in handling the wheat from the Pacific Northwest.

The milling-in-transit rate has not increased during the past year, and if 4 cents a bushel was right last year, why the 100-percent jump to 8 cents this year? Also, if the Northwest market, namely Portland, is principally an export market and the largest export market in the Nation today, why should the farmers of this area be asked to absorb the cost of milling-in-transit privileges from other markets that are principally interior markets where the reshipment of grain for milling purposes is a major part of the business?

The 73-cents-a-bushel loan value is not predicated to absorb 8 cents a bushel milling-in-transit charges and Mr. Goodloe's statement is inconsistent in this regard for if 95 percent of the milling-in-transit privileges are not exercised then the 8 cents per bushel is not applied and one can only reach the conclusion that a direct discrimination is being made against other forms of transportation.

The Commodity Credit Corporation has taken an arbitrary viewpoint in forcing the farmers of the Pacific Northwest to use rail service, which we do not believe is fair or just. The farmers are making elaborate plans to use river transportation extensively; and while I do not believe this will deter river shipments to any appreciable degree, it is more of a psychological disadvantage rather than a practical one, and it is my understanding that many of the old-line companies are contracting to buy wheat from the North Pacific Grain Growers cooperatives, especially from this immediate area, granting the privilege to these cooperatives to use barge service. Bulk loading facilities have been established at The Dalles, at Arlington, and two facilities have been established at the river bank in Walla Walla County.

I can appreciate that the Commodity Credit Corporation does not like to back down from a regulation they have issued. However, I do believe you are justified in inquiring as to why Portland, principally an export market and the largest one in the Nation today, should be placed on the same footing with interior markets.

The further thought occurs to me that if by administration we cannot get recognition of our particular problems in the Pacific Northwest, that we should by legislation make certain we are protected. Any application of a national average, particularly on wheat, works to our disadvantage. The Department of Agriculture has consistently refused to recognize Portland as an export wheat market and give to Portland its natural inherent advantages.

With best wishes and kindest regards, I am,

Sincerely,

H. G. WEST,
Executive Vice President.

The United Press, under a Portland date line of July 14, carried an announcement of particular interest with respect to this development, as follows:

RULING IS AID TO RAILROADS—DECISION GIVES ADVANTAGE IN FIERCE COMPETITION FOR GRAIN BUSINESS

PORTLAND, July 14.—Rail routes, in fierce competition with barges for the grain-shipping business in central Oregon, appeared Friday to hold a decided upper hand after two preliminary skirmishes, from which the farmers themselves may stand to benefit.

The rail routes were aided by a decision by the Commodity Credit Corporation, which announced from Washington that they will deduct 8 cents, instead of the 4 cents a bushel of last year, from the terminal loan value of wheat that is shipped by barge or truck, in order to cover transit privileges.

Previously, barge shippers, in an effort to attract the business, had announced they would give farmers the same transportation rate for bulk shipment of wheat that had applied heretofore only on sacked wheat. The differential had been 2 cents a hundredweight.

With rail shippers freed from the 8-cent transit deduction set by the Federal wheat lending agency, they will receive a long value of 73 cents a bushel on their wheat, while barge or truck freighters will get only 65 cents.

In direct shipping rates from The Dalles to Portland, where most of central Oregon's wheat is stored, the river route has a slight edge in rates, charging 7 cents per hundredweight to 7½ by the rails.

Because of this differential, water-route shippers had made plans greatly to increase wheat tonnage at The Dalles, building a new bulk-grain elevator to handle the wheat with a capacity of 1,200 tons.

The Oregon Journal on July 20, 1939, had the following editorial with respect to this discriminatory regulation affecting water transportation:

IT'S A QUEER PLAN TO AID NAVIGATION AND TO DESTROY IT

There may be half-a-dozen technical explanations of the arbitrary increase from 4 to 8 cents a bushel in the transit-privilege deductions made by the Commodity Credit Corporation on Federal-loan grain moving to Portland terminals by barge and truck from eastern Oregon and Washington.

But the fact remains that it is a body blow at Columbia River transportation of grain from The Dalles, Walla Walla, Port Kelly, Wasco, and Grass Valley, just at a time when growers are in position to use it effectively. It is discriminatory.

Worst of all, it creates an anomalous situation, in which one agency of government spends millions to make cheap Columbia River transportation possible, and the other promptly wipes out all its advantages.

True, growers who repay their C. C. C. loans, when and if they can, will get a refund. Or they can hold their grain in the country and get full value. Or they can use the railroads. But if they try to move it by water, to save money, as the Wasco County grain growers moved 250 tons in bulk from the port of The Dalles recently, they are docked 8 cents a bushel, their loan value is cut from 73 to 65 cents.

The Government might as well say, "Now that we've built Bonneville Dam and made the Columbia Channel usable, you can use the railroads—or else."

Mr. Chairman, I am calling this matter to the attention of the House at this time, as it has an important bearing on the railroad legislation we are considering. Throughout the years the Federal Government and local authorities have expended large sums in the improvement of our waterways and port facilities, the purpose being to maintain these natural facilities for transportation for the benefit of all the people. The railroads are privately owned and are not subject to the same free use by all of our citizens as are these great waterways. We should continue to maintain intact the policy we have followed in the past in keeping these waterways free and untrammeled. It would be a mistake to place them under joint regulation with railroads in the jurisdiction of the Interstate Commerce Commission. As disclosed by the regulations involved in commodity loans, the water shippers are placed at a disadvantage where conflicts arise between the two methods of transportation.

Mr. LEA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, had come to no resolution thereon.

EXCHANGE OF SURPLUS AGRICULTURAL COMMODITIES

Mr. CLARK, from the Committee on Rules, submitted the following privileged resolution (Rept. No. 1317), which was referred to the House Calendar and ordered to be printed:

House Resolution 273

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2697, an act to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

AMENDMENT TO PACKERS AND STOCKYARDS ACT, 1921

Mr. DOXEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H. R. 4998, an act to amend the Packers and Stockyards Act, 1921, with Senate amendment thereto, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. DOXEY]?

There was no objection.

The Chair appointed the following conferees: Mr. DOXEY, Mr. KLEBERG, and Mr. HOPE.

EXTENSION OF REMARKS

Mr. BROOKS asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a statement by the Attorney General of the United States.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. HESS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a radio address delivered by the junior Senator from Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. HESS]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. BATES]?

There was no objection.

[Mr. BATES of Massachusetts addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to include in the remarks I made in the Committee of the Whole today two excerpts, one from the United Press and one from the Associated Press; also a short editorial from the Portland Journal, and two letters, one from the Commodity Credit Corporation and the other from the Inland Empire Waterways Corporation.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

NEVADA SILICA SANDS, INC.

Mr. SMITH of Virginia, from the Committee on Mines, filed a supplemental report to accompany the bill (H. R. 7327) for the relief of Nevada Silica Sands, Inc.

EXTENSION OF REMARKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement by ex-President Hoover.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. DONDERO]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. STEFAN, indefinitely, on account of official business.

To Mr. THOMAS S. MCMILLAN, indefinitely, on account of official business.

To Mr. WOODRUFF, for balance of session, on account of official business.

To Mr. RABAUT, indefinitely, on account of official business.

To Mr. SHORT, for an indefinite period, on account of official Government business.

To Mr. MARTIN J. KENNEDY, for an indefinite period, on account of official business.

NEW YORK WORLD'S FAIR COMMISSION

The SPEAKER. On account of the lamented death of the late Representative McReynolds, of Tennessee, chairman of the Committee on Foreign Affairs, the Chair makes the following announcement:

Pursuant to the provisions of Public Resolution 53, Seventy-fifth Congress, the Chair appoints as a member of the New York World's Fair Commission, the gentleman from New York [Mr. BLOOM].

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN asked and was given permission to extend his own remarks in the RECORD.

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement on the handling of the strike situation by Governor Murphy.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE LATE CHARLES FREDERICK SCOTT

The SPEAKER. Under a previous special order, the gentleman from Kansas [Mr. GUYER] is recognized for 15 minutes.

Mr. GUYER of Kansas. Mr. Speaker, since the adjournment of the Seventy-fifth Congress last year one of the ablest men who ever represented Kansas in our National Legislature passed to the great beyond, to that "undiscover'd country from whose bourn no traveler returns." I refer to the late Charles Frederick Scott, who served with great distinction in the House for 10 years, 6 years as Congressman at large and 4 years from the Second Congresisonal District, which I now have the honor to represent.

During the last 4 years of his service he was chairman of the Committee on Agriculture. He was the solitary man from Kansas who served as chairman of an exclusive committee. The late Hon. Daniel Anthony was eligible to be chairman of the Appropriations Committee, but his health prevented him from active service in that capacity. It was during Mr. Scott's service as chairman of this great committee that the Farm Bureau was established in his effort to secure and establish closer contact and cooperation between the farmer and the Department of Agriculture.

Charles F. Scott brought to the public service in the House of Representatives one of the finest and clearest minds that Kansas ever furnished the Nation. In his relatively short service he made a deep impression on all who were Members at that time. It has been 28 years since he completed his service in the House and there remain at present only two men in the House who served with him, but each of these men have a distinct recollection of his outstanding ability as well as his greatness of heart. They are Hon. ADOLPH J. SABATH, of Illinois, and Hon. EDWARD T. TAYLOR, of Colorado. Mr. TAYLOR declared that Mr. Scott was one of the very ablest men among the many distinguished statesmen who had served as chairman of the Committee on Agriculture. Mr. SABATH spoke with enthusiastic warmth of Mr. Scott's virtues as a statesman and a gentleman. The fact that so few remain of the nearly half thousand who served with him at that time illustrates again the transitory character of our service here and the relations with our fellow Members.

Of the 434 men who greeted me December 1, 1924, when I first came to the House to fill the unexpired term of the late E. C. Little, less than 50 remain. I have served under six different Speakers, four of whom have gone to the land of their dreams. Of all the Members from Kansas in the Senate and House, only Senator CAPPER remains in the Senate, and I am the lone survivor in the House. Of the roster of the Senate and the House at that time, Curtis, Anthony, White, Sproul, and Strong have passed away.

All this illustrates the changes even such a short time makes in official life here in Washington. But the crowded intervening years have hurried on with incredible swiftness, leaving but a dim and vanishing image of the scores who have shared a common service in our branch of the legislative department fashioned for us by our fathers in the Constitution. Today we are here exhilerated by our combined struggle to solve the problems of our unhappy country, but delighted with the incomparable associations and historic surroundings—and tomorrow we will be but memories. Mr. Scott knew and understood this and he crowded into his decade of service surprising achievements which built for him an enviable record of accomplishment of which his State and country can well be proud.

Mr. Scott was a master of good English. His masterful editorials and eloquent speeches all attest this fact. They all reflected brilliant and fastidious diction and meticulous rhetoric. Had it not been for his innate goodness of heart and his generous charity for those less gifted than himself I should have always been embarrassed when speaking in his presence, for I well knew how every awkward expression and familiar liberty taken with the King's English must have grated on his sensibilities. But, knowing his prodigality of forgiveness, I felt no timidity however lame my rhetoric and faulty my logic. As a writer of pure English and faultless editorial style, he probably had no equal, certainly no superior, in the State of Kansas, noted as it is for its galaxy of brilliant newspapermen.

Mr. Scott was an outstanding leader in whatever capacity that engaged his varied and unusual talents. In the past half century he often served on the board of regents of his beloved alma mater, the University of Kansas, whose interests were always very close to his heart. From his graduation in 1881 to the last, he gave the best of his counsel and energy to its prosperity. The first time I ever saw him was when he represented the university regents in accepting the keys of the Physics and Electrical Engineering Building at the Kansas University the fall of 1895 from John Seaton, who got tangled up in the name of the building; and we all admired Mr. Scott's agility in extricating Mr. Seaton from his futile efforts to unscramble the name of that building which good old John, a member of the building committee of the State legislature, was delegated to turn over to the board of regents.

Mr. Scott was one of the organizers of the Kansas State Editorial Association and remained one of its most influential members to the day of his death. He was also one of the

organizers of the Kansas Day Club, which still is a potent force in the Republican Party in Kansas. His vital interests covered a wide and varied range. He was a political leader of national repute, an educational leader of high rank, a religious leader of power in his church, and a civic leader in his community whose interests were always very dear to his heart. In all these various activities, he always gave the best of his rich endowments, and his fine work will long leave its deep impression upon his State and community.

The Iola Daily Register was Mr. Scott's absorbing interest, and to it he gave all of his fine talents and transcendent editorial ability. He was intrinsically and fundamentally an editor. While he was no doubt familiar with every department of his paper, his talents found their perfect work on the editorial page, which was eagerly read by thousands, not only for the sound and illuminating matter it contained, but also for the faultless and trenchant English he was wont to employ.

You scarcely ever found an error of any sort in the Register because everything from misspelled words to slips in rhetoric had to pass under his critical eye. It was Mr. Scott's delight to catch his editorial brethren in some ancient and honorable blunder in the misuse of some familiar word such as "flout" and "flaunt." All this was done in the sweetest good humor, as some dear old teacher like "Mr. Chips" would have corrected one of the boys at Brookfield. And everybody enjoyed the experience, even the victim of the criticism.

In the editorial gatherings in Kansas Mr. Scott for many years was a most conspicuous and popular figure and his sound and wise counsel was always welcomed. He became an enthusiastic devotee of golf and some of my most pleasant memories of recreation in Washington are the games at the Rock Creek golf course with Mr. Scott when years ago he was with the National Republican Committee in Washington. I was told by the late Herbert J. Cornwell of the St. John News that Mr. Scott was one of the first members of the Kansas State Editorial Golf Tournament and one of its most consistent players.

Mr. Scott was a statesman rather than a politician. The tricks and game of politics were beneath his taste and his frank, outspoken sincerity. He depended upon logic and persuasion rather than the arts of logrolling and trading. Illustrating Mr. Scott's intellectual and political integrity is the fact not widely known but none the less true that his support of William Allen White for Governor on an independent anti-Klan ticket in 1924 cost him the office of Secretary of Agriculture in President Coolidge's Cabinet.

I was elected to Congress November 4, 1924, to fill out the unexpired term of the late Col. E. C. Little. On the morning of the 5th of November a reporter of the Kansas City Star called me up at my home west of Kansas City, Kans., very early and told me that it was rumored that a Kansas man might become Secretary of Agriculture and asked if I had any comment. I immediately replied that the second district had two men eminently qualified, Charles F. Scott and Samuel B. Haskins. The Associated Press carried this in the Washington papers and immediately Chief Justice Taft called at the White House and told President Coolidge that if he (Taft) had been elected in 1912 he would have appointed Scott as Secretary of Agriculture. Secretary of War Weeks had served with Mr. Scott in the House and told the President that in his opinion Mr. Scott was the best Republican west of the Mississippi River. Frank Hitchcock came down from New York and testified to the splendid qualifications of Mr. Scott and President Coolidge was sold on that appointment.

Some post office matters left unsettled by Colonel Little required my presence in Washington so on November 10 I came here and went to the office of the late Vice President Curtis, then the senior Senator from Kansas. The first thing Mr. Curtis said was that President Coolidge had it in his mind to appoint Mr. Scott Secretary of Agriculture and though there was no one he would rather see appointed than Mr. Scott, it would never do politically on account of Scott's support of an independent candidate for Governor.

When Congress met in December I made my first appointment with a President to inquire what the President's desire was, as it was then known that Kansas was to have the appointment. President Coolidge frankly confirmed what Senator Curtis had told me, and what Taft, Weeks, and Hitchcock had said of Mr. Scott, and that he would gladly appoint Mr. Scott if the Kansas delegation would request it. Soon after that the delegation met and passed a resolution endorsing Mr. Jardine. While to my knowledge there was no objection to Mr. Jardine, every Member of the Kansas delegation preferred above all others Mr. Scott, but for this political reason saw fit to vote as they did. On such slender threads does destiny sometimes hang. It seems unfortunate that this man, an unswerving party adherent, should just once bolt his party ticket at the cost probably of his life's ambition. But he did it upon what he conscientiously considered exalted fundamental principles, and I have no doubt that with all this known to him he would have acted the same.

Two officers of the House are yet here who were attached to the personnel of the House when Mr. Scott was a Member, the doorkeeper, Mr. Sinnott, and the assistant clerk, William Tyler Page. Both remember Mr. Scott as one of the strongest debaters in the House. He spoke rarely, but with great force and eloquence, for he always thoroughly understood his subject which gave him the close attention of the House whenever he spoke.

During Mr. Scott's busy life he became the author of several books among which were Letters written while in Mexico and Europe, History of Allen and Woodson Counties (Kans.), and In the Far East. Mr. Scott accompanied the Kansas relief ship to Belgium in 1915, at which time he visited the western front, being conducted by German officers.

Too high eulogy cannot be pronounced upon Mr. Scott as a man of upright character, exemplary life, and unimpeachable integrity. As neighbor and friend, as coworker in every good cause, as an unswerving contender for what his conscience and judgment convinced him was right, Mr. Scott had no superior.

Along with Mr. Scott's devotion to his paper was his supreme interest in his home and family. Here he was very happy and fortunate. He was the father of three sons and one daughter, all well established in life, and one taking his place as editor of the Iola Register. He left as a priceless legacy to his posterity an honored and distinguished name, a life filled with unselfish devotion to his family, his State, and his country.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE. and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes.

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 2065. An act to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes;

S. 2139. An act to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes;

S. 2150. An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act; and

S. 2666. An act providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway,

near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 46 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 26, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Commmittee on Indian Affairs on Wednesday next, July 26, 1939, at 10 a. m., for the consideration of H. R. 793, H. R. 3521, House Joint Resolution 288, House Joint Resolution 290, and S. 72. The Indian Affairs Committee will also consider H. R. 5684 and H. R. 2653 on Wednesday.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m., Wednesday, July 26, 1939, for the consideration of H. R. 7293.

EXECUTIVE COMMUNICATIONS, ETC.

1045. Under clause 2 of rule XXIV a letter from the Chairman of the Reconstruction Finance Corporation, transmitting a summary of the activities of the Commodity Credit Corporation since its organization on October 17, 1933, through June 30, 1939 (H. Doc. No. 449), was taken from the Speaker's table, referred to the Committee on Banking and Currency, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 2. An act authorizing the Secretary of the Interior to convey certain land to the State of Nevada to be used for the purposes of a public park and recreational site and other public purposes; with amendments (Rept. No. 1303). Referred to the Committee of the Whole House on the state of the Union.

Mr. SHANNON: Committee on Naval Affairs. H. R. 5734. A bill for the relief of World War sailors and marines who were discharged from the United States Navy or United States Marine Corps because of minority or misrepresentation of age; without amendment (Rept. No. 1310). Referred to the Committee of the Whole House on the state of the Union.

Mr. THOMASON: Committee on Military Affairs. S. 1156. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the military reservation known as the Morehead City Target Range, N. C., for the construction of improvements thereon, and for other purposes; without amendment (Rept. No. 1311.) Referred to the Committee of the Whole House on the state of the Union.

Mr. THOMASON: Committee on Military Affairs. S. 2562. An act to facilitate certain construction work for the Army, and for other purposes; with an amendment (Rept. No. 1312). Referred to the Committee of the Whole House on the state of the Union.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. S. 2784. An act to amend section 4 of the act entitled "An act to provide a civil government for the Virgin Islands of the United States," approved June 22, 1936; without amendment (Rept. No. 1314). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. H. R. 6158. A bill authorizing the selection of a site in the District of Columbia and the erection thereon of a statue of George Washington; with amendments (Rept. No. 1315). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 5118. A bill for the relief of the State of Ohio; without amendment (Rept. No. 1316). Referred to the Committee of the Whole House on the state of the Union.

Mr. CLARK: Committee on Rules. House Resolution 273. Resolution providing for the consideration of S. 2697. An act to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad; with amendment (Rept. No. 1317). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of West Virginia: Committee on Mines and Mining. Supplemental report (No. 2). H. R. 7327. A bill for the relief of the Nevada Silica Sands, Inc.; (Rept. No. 1271). Ordered to be printed.

Mr. COFFEE of Washington: Committee on Claims. H. R. 3566. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of Ben White, Arch Robinson, Lee Wells, W. S. Wells, A. J. McLaren, A. D. Barkelew, Oscar Clayton, R. L. Culpepper, W. B. Edwards, the estate of John McLaren, the estate of C. E. Wells, and the estate of Theodore Bowen; with amendments (Rept. No. 1304). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 3689. A bill for the relief of the Columbus Iron Works Co.; with amendments (Rept. No. 1305). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 4549. A bill for the relief of William H. Radcliffe; with an amendment (Rept. No. 1306). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 5775. A bill for the relief of Michael M. Cohen; with amendments (Rept. No. 1307). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 5857. A bill to amend Private Act No. 286, approved June 18, 1934, entitled "An act for the relief of Carleton-Mace Engineering Corporation"; without amendment (Rept. No. 1308). Referred to the Committee of the Whole House.

Mr. SUTPHIN: Committee on Naval Affairs. S. 2482. An act authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy; without amendment (Rept. No. 1309). Referred to the Committee of the Whole House.

Mr. WEAVER: Committee on the Judiciary. H. R. 7230. A bill to provide for an appeal to the Supreme Court of the United States from the decision of the Court of Claims in a suit instituted by George A. Carden and Anderson T. Herd; with an amendment (Rept. No. 1313). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 7357. A bill to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semidangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. HENDRICKS:

H. R. 7358. A bill to authorize an appropriation for the purpose of establishing a national cemetery at St. Cloud, Fla.; to the Committee on Military Affairs.

By Mr. PETERSON of Florida:

H. R. 7359. A bill to increase, from $30 to $60 per month, the amount of pension payable to war veterans for permanent total non-service-connected disabilities; to the Committee on World War Veterans' Legislation.

H. R. 7360. A bill to liberalize the definition of permanent total disability for pension purposes; to the Committee on World War Veterans' Legislation.

By Mr. TREADWAY:

H. R. 7361. A bill relating to the taxation of community-property income; to the Committee on Ways and Means.

By Mr. ALLEN of Pennsylvania:

H. R. 7362. A bill to provide for a commemorative plaque in honor of Finland; to the Committee on the Library.

By Mr. THOMAS F. FORD:

H. R. 7363. A bill to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the Federal Arts Projects; to the Committee on Appropriations.

By Mr. MAY:

H. R. 7364 (by request). A bill to authorize Federal recognition of the commanding general of the National Guard of the District of Columbia; to the Committee on Military Affairs.

By Mr. GEYER of California:

H. R. 7365. A bill to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the Federal Arts Projects; to the Committee on Appropriations.

By Mr. JOHN L. McMILLAN:

H. R. 7366. A bill to amend section 36 of the Emergency Farm Mortgage Act with respect to loans to refinance the indebtedness of drainage, levee, and irrigation districts, and other similar organizations; to the Committee on Agriculture.

By Mr. VOORHIS of California:

H. R. 7367. A bill to amend the Emergency Relief Appropriation Act of 1939 to provide for the reestablishment of the Federal Arts Projects; to the Committee on Appropriations.

By Mr. WELCH:

H. R. 7368. A bill amending section 6 of the act entitled "An act granting to the city and county of San Francisco certain rights-of-way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes," approved December 19, 1913 (38 Stat. 242); to the Committee on the Public Lands.

By Mr. FULMER:

H. Res. 271. Resolution providing for the consideration of H. R. 6972, a bill to amend the Federal Crop Insurance Act; to the Committee on Rules.

By Mr. DELANEY:

H. Res. 274. Resolution requesting certain information from the War Department; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. IZAC:

H. R. 7369. A bill for relief of Charles A. Brinkley, captain, United States Army, retired; to the Committee on Claims.

By Mr. JENSEN:

H. R. 7370. A bill granting an increase of pension to Delia Parmentier; to the Committee on Invalid Pensions.

By Mr. KRAMER:

H. R. 7371. A bill granting a pension to Charles Lenard Ray; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4917. By Mr. ANGELL: Petition of Eugene Cahill and sundry other citizens of Portland, Oreg., regarding the wage and hour provision of the Works Progress Administration law; to the Committee on Appropriations.

4918. By Mr. CURLEY: Resolution adopted by the International Longshoremen's Association, signed by President Joseph L. Ryan, opposing the passage of the Lea bill (H. R. 4862), known as the transportation bill; to the Committee on Interstate and Foreign Commerce.

4919. Also, petition of the Central Trades Labor Council, Greater New York, urging restoration of prevailing-wage rate on Works Progress Administration work now in course of construction; to the Committee on Appropriations.

4920. Also, petition of the Central Trades Labor Council, Greater New York, opposing the Wheeler-Lea transportation bills; to the Committee on Interstate and Foreign Commerce.

4921. Also, petition of the United Marine Division, Local 33, International Longshoremen's Association, New York City, protesting against the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4922. Also, petition of Local 933–934, Deck Scow Captains Union, I. L. A., New York City, protesting against the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

4923. By Mr. EATON of California: Resolution adopted by the board of governors of the Long Beach Bar Association, urging the President of the United States, the Attorney General, Senators from California, and Representatives in Congress from southern California, to take appropriate steps to bring about an early appointment of a seventh judge for this district; to the Committee on the Judiciary.

4924. Also, resolution adopted by the board of governors of the Long Beach Bar Association, urging the California Senators and Representatives in Congress and members of the Judiciary Committees of the Senate and House of Representatives to take appropriate steps to provide an additional judge for the United States District Court for the Southern District of California, and to that end to support, so far as it relates to this district, Senate bill 2185, which is now pending; to the Committee on the Judiciary.

4925. By Mr. GILLIE: Petition of 1,000 members of the Goodfellowship Club, of Fort Wayne, Ind., requesting amendment of the work-relief bill, as follows: (1) The substitution of the prevailing wage for the security wage; (2) the abolition of the clause making it necessary for the Works Progress Administration to lay off all who have worked 18 months or longer for a period of 30 days; (3) to request additional appropriations so as to make it possible that unemployed people be restored to the Works Progress Administration rolls, and present lay-offs be stopped; to the Committee on Appropriations.

4926. By Mr. MICHAEL J. KENNEDY: Petition of George D. Brown, Jr., secretary, New York State Division of Housing, urging favorable action at once by Rules Committee on Senate bill 591, housing bill; to the Committee on Rules.

4927. Also, petition of Committee for Amendment of the Coal Act, advocating better soft-coal regulation; to the Committee on Ways and Means.

4928. Also, petition of the United States Conference of Mayors, dealing with the present and future Works Progress Administration situation; to the Committee on Appropriations.

4929. Also, petition of the National Federation of Federal Employees, pertaining to their fifteenth annual convention to be held in San Francisco, Calif., on September 4, 1939; to the Committee on the Civil Service.

4930. Also, petition of the Employing Printers Association of America, Inc., pertaining to labor legislation; to the Committee on Labor.

4931. Also, petition of the Edward Conen Transportation Corporation, Brooklyn, N. Y., urging immediate enactment by the Congress of Senate bill 2009, the transportation bill; to the Committee on Interstate and Foreign Commerce.

4932. Also, petition of the United Association of Journeymen Plumbers and Steam Fitters Auxiliary No. 463, of 2,400 members, New York City, urging favorable action on Murray-Sabath amendments to the Woodrum Relief Act; to the Committee on Appropriations.

4933. Also, petition of the National Fertilizer Association, pertaining to report of the United States Department of Agriculture dealing with fertilizer prices; to the Committee on Agriculture.

4934. By Mr. HOUSTON: Petition of Rena B. Gordon, president, G. W. F. Club, No. 60, Newton, Kans., urging Members of Congress to sign discharge petition No. 15; to the Committee on Ways and Means.

4935. By Mr. KEOGH: Petition of the American Trucking Association, Inc., Washington, D. C., concerning Lea-Wheeler bill (S. 2009); to the Committee on Interstate and Foreign Commerce.

4936. Also, petition of certain trade associations, New York City, concerning Senate bill 915 and House bill 6324; to the Committee on the Judiciary.

4937. Also, petition of the National Electrical Contractors Association, New York City, concerning Senate bill 915 and House bill 6324; to the Committee on the Judiciary.

4938. Also, petition of the National Association of Women Lawyers, New York City, concerning Senate bill 915 and House bill 6324; to the Committee on the Judiciary.

4939. By Mr. KRAMER: Petition of residents of Los Angeles, relative to the penalty imposed upon employees who were unable to pay State unemployment reserve tax, etc.; to the Committee on Appropriations.

4940. By Mr. ROCKEFELLER: Petition of R. B. Raymond and 93 residents of Twilight Park, Haines Falls, Greene County, N. Y., insisting that all appropriations for relief be turned over to the States and administered by a nonpolitical commission, protesting against a third term for any President, demanding economy in Government and a balanced Budget, adequate protection for our country, and demanding that all emergency powers given to the President be rescinded, protesting against any further devaluation of the dollar; to the Committee on Election of President, Vice President, and Representatives in Congress.

4941. By Mr. VOORHIS of California: Petition of Joe Foster, of Los Angeles, Calif., and 35 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4942. Also, petition of Arthur Dumming, of Santa Cruz, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4943. Also, petition of Theo C. Pope, of Yucaipa, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4944. Also, petition of Seth W. Lawton, of Glendale, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4945. Also, petition of John E. Sandahl, of Veterans' Home, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4946. Also, petition of Ella DeWitt, of Lynwood, Calif., and 25 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4947. Also, petition of Kate A. Ayres, of Monrovia, Calif., and 17 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4948. Also, petition of Seraph M. Osbern, of Redwood City, Calif., and 10 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4949. Also, petition of John Braito, of Vallejo, Calif., and six others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4950. Also, petition of M. H. Bryan, of Fallbrook, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4951. Also, petition of S. G. Moyse, of Alhambra, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4952. Also, petition of George W. Peterson, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4953. Also, petition of N. A. Hoke, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4954. Also, petition of James J. Gibeon, of Los Angeles, Calif., and 18 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4955. Also, petition of J. Ford, of Novato, Calif., and 17 others, endorsing House bill 4931, providing for Government

ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4956. Also, petition of Francis Mayer, of Pasadena, Calif., and six others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4957. Also, petition of Charles Oldenburg, of San Francisco, Calif., and five others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4958. Also, petition of Sam Crossman, of Warrensburg, Ill., and nine others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4959. Also, petition of E. P. Stearris, of Oakland, Calif., and 10 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4960. Also, petition of James W. Miller, of Eldon, Mo., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4961. Also, petition of Earl R. Bill, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4962. Also, petition of Willard F. Gillett, of Los Angeles, Calif, and 22 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4963. Also, petition of Edward Fye, of Monrovia, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4964. Also, petition of L. H. Stockstill, of Long Beach, Calif., and 26 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4965. Also, petition of Evelyn French, of Hollywood, Calif., and 10 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4966. Also, petition of George W. Cochrine, of Hayward, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4967. Also, petition of Walter E. B. Upton, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4968. Also, petition of Anders A. Keitgaard, of Sunset Beach, Calif., and 15 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4969. Also, petition of Edwin Swensson, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4970. Also, petition of Lucy Hunter, of Baldwin Park, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4971. Also, petition of Robert H. Brockee, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4972. Also, petition of George Landober, of Richmond, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4973. Also, petition of Julius A. Hachtmam, of Ventura, Calif., and seven others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4974. Also, petition of Herman Lakenberg, of Hollywood, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4975. Also, petition of Jens Christensen, of Escondido, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4976. Also, petition of F. L. Stewart, of Fallbrook, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Com-

mittee to hold hearings on the said bill; to the Committee on Banking and Currency.

4977. Also, petition of Fred H. Schultz, of South Gate, Calif., and 24 others, endorsing House bill 4931 providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4978. Also, petition of Helen G. Roberts, of Los Angeles, Calif., and 18 others endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4979. Also, petition of H. H. Hillegas, of Santee, Calif., and 30 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4980. Also, petition of Frank A. Sweet, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4981. Also, petition of Frederick W. Roman, of Los Angeles, Calif., and 33 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4982. Also, petition of Manford M. Clappor, of Ocean Park, Calif., and 3 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4983. Also, petition of Walter Thomas Brills, of Tujunga, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4984. Also, petition of Jacob Benkert, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4985. Also, petition of Hugh E. Macloeth, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4986. Also, petition of William H. Potts, of Santa Monica, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4987. Also, petition of Francis W. Wilson, of Sonora, Calif., and 5 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4988. Also, petition of John Myrmo, of Long Beach, Calif., and 2 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4989. Also, petition of Merle Lantz, of Honcut, Calif., and seven others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4990. Also, petition of E. J. Willey, of Oakland, Calif., and four others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4991. Also, petition of James H. Dowser, of Long Beach, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4992. Also, petition of Leanoler Van der Haegen, of Long Beach, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4993. Also, petition of Jule A. Dorion, of Concord, Calif., and 29 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4994. Also, petition of Frank L. Baudoni, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4995. Also, petition of V. E. Inger, of Alameda, Calif., and 15 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congess of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4996. Also, petition of G. Schiller, of Glen Head, Long Island, N. Y., and 19 others endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4997. Also, petition of Alexander Hamilton, of New York, N. Y., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4998. Also, petition of Paul L. Gray, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

4999. Also, petition of Henry Haenel, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5000. Also, petition of Charles J. McDonald, of Alhambra, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5001. Also, petition of W. B. Bezanson, of Los Angeles, Calif., and 18 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5002. Also, petition of John C. Shartel, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5003. Also, petition of George Boyd, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5004. Also, petition of J. K. Hawley, of San Pedro, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5005. Also, petition of Lawrence J. Casey, of San Diego, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5006. Also, petition of Wilfred Stevens, of Long Beach, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5007. Also, petition of L. L. Grant, of Los Angeles, Calif., and 13 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5008. Also, petition of Nils E. Olson, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5009. Also, petition of Anton Blater, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5010. Also, petition of James E. Vaughan, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5011. Also, petition of Albert Ferris, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5012. Also, petition of Richard T. Whitten, of Hondo, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5013. Also, petition of Thomas J. Morgan, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5014. Also, petition of R. D. James, of Oakland, Calif., and 11 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5015. Also, petition of H. A. Lloyd, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5016. Also, petition of John Leitgeb, of North Hollywood, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5017. Also, petition of Frank Butz, of Brooklyn, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5018. Also, petition of Stephen John, of Glendale, Long Island, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5019. Also, petition of Herman Holzworth, of Brooklyn, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5020. Also, petition of Franklin J. Anderson, of Brooklyn, N. Y., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5021. Also, petition of Charles Ratus, of Brooklyn, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5022. Also, petition of H. Hook, of Jamaica, Long Island, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5023. Also, petition of Albert A. Flahue, of Sunland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5024. Also, petition of Zaugg Albert, of Fontana, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5025. Also, petition of Robert A. Langley, of North Hollywood, Calif., and 49 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5026. Also, petition of A. E. Goodson, of Santa Monica, Calif., and 20 others, endorsing House bill 4931, a bill providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5027. Also, petition of Garrison W. Derryberry, of Los Angeles, Calif, and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5028. By the SPEAKER: Petition of Labor's Non-Partisan League of California, San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration legislation; to the Committee on Appropriations.

5029. Also, petition of Waldo B. Cavitt, post commander, Ellis Jirous Post, No. 53, American Legion, Perry, Okla.; petitioning consideration of their resolution with reference to a service pension for all veterans of the World War; to the Committee on World War Veterans' Legislation.

SENATE

WEDNESDAY, JULY 26, 1939

(Legislative day of Tuesday, July 25, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

Defend, O Lord, with Thy heavenly grace, the several nations on this continent; endow their chief executives and congresses with wisdom and understanding; fill them with the love of truth and peace; show them the way to mutual concord and friendliness, until every strife and discord shall be resolved amongst them, and they shall present unto Thee a commonwealth of free and friendly nations, well-pleasing in Thy sight. Through Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, July 25, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Holman	Pittman
Andrews	Ellender	Johnson, Colo.	Russell
Austin	Frazier	King	Schwartz
Barbour	Gibson	La Follette	Sheppard
Barkley	Gurney	McKellar	Smathers
Bulow	Harrison	McNary	Taft
Byrd	Hatch	Miller	Thomas, Utah
Byrnes	Hayden	Minton	Townsend
Clark, Idaho	Herring	Neely	Tydings
Connally	Hill	Norris	

The VICE PRESIDENT. Thirty-nine Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The Chief Clerk called the names of the absent Senators and Mr. DAVIS, Mr. GERRY, Mr. MURRAY, Mr. THOMAS of Oklahoma, Mr. TRUMAN, and Mr. WAGNER answered to their names when called.

The VICE PRESIDENT. Forty-five Senators have answered to their names. A quorum is not present.

Mr. BARKLEY. I move that the Sergeant at Arms be instructed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. BAILEY, Mr. BANKHEAD, Mr. BORAH, Mr. BROWN, Mr. BURKE, Mr. CAPPER, Mr. CHAVEZ, Mr. CLARK of Missouri, Mr. DANAHER, Mr. GEORGE, Mr. GILLETTE, Mr. GREEN, Mr. HUGHES, Mr. JOHNSON of California, Mr. LODGE, Mr. MCCARRAN, Mr. PEPPER, Mr. RADCLIFFE, Mr. SCHWELLENBACH, Mr. SHIPSTEAD, Mr. TOBEY, Mr. VANDENBERG, Mr. VAN NUYS, and Mr. WHITE entered the Chamber and answered to their names.

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from South Caroline [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Kentucky [Mr. LOGAN], and the Senator from Louisiana [Mr. OVERTON] are unavoidably detained.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Connecticut [Mr. MALONEY], and the Senator from Illinois [Mr. SLATTERY] are absent on important public business.

The VICE PRESIDENT. Sixty-nine Senators having answered to their names, a quorum is present.

REPORT ON OPERATIONS OF FOREIGN TRADE ZONE NO. 1

The VICE PRESIDENT laid before the Senate a letter from Acting Secretary of Commerce and Acting Chairman, Foreign Trade Zone Board, transmitting, pursuant to law, report of the operations of Foreign Trade Zone No. 1 at Stapleton, Staten Island, N. Y., for the year 1937, which, with the accompanying papers, was referred to the Committee on Commerce.

SUMMARY OF RECONSTRUCTION FINANCE CORPORATION OPERATIONS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting an accounting of the operations of the Corporation to July 15, 1939, including authorizations, total disbursements, and so forth, which was referred to the Committee on Banking and Currency.

REPORT ON OPERATIONS OF COMMODITY CREDIT CORPORATION

The VICE PRESIDENT laid before the Senate a letter dated July 1, 1939, from the Chairman of the Reconstruction Finance Corporation submitting a summary of the activities of the Commodity Credit Corporation since its organization on October 17, 1933, through June 30, 1939, together with statement of condition as of the close of business June 30, 1939, and current statement of loans by years and commodities which, with the accompanying papers, was referred to the Committee on Banking and Currency.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate letters from the Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the United States Civil Service Commission, the Panama Canal, the Federal Trade Commission, the Farm Credit Administration (2), and the Works Progress Administration, which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

PETITIONS

The VICE PRESIDENT laid before the Senate petitions of members of Townsend Club No. 1, of White Salmon, Wash., praying for the prompt adoption of the joint resolution (S. J. Res. 145) proposing an amendment to the Constitution of the United States relating to old-age assistance, which were ordered to lie on the table.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2065. An act to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes;

S. 2139. An act to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes;

S. 2150. An act to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act;

S. 2666. An act providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway;

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE. and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes.

REPORTS OF COMMITTEES

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 4742) to provide for the establishment of the Chalmette National Historical Park in the State of Louisiana, and for other purposes, reported it without amendment and submitted a report (No. 953) thereon.

He also, from the same committee, to which was referred the bill (H. R. 4938) to amend the act approved June 26, 1935, entitled "An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes," reported it with an amendment and submitted a report (No. 954) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 882. A bill to authorize the Postmaster General to contract for certain powerboat service in Alaska, and for other purposes (Rept. No. 955); and

H. R. 6114. A bill to authorize postmasters within the Territory of Alaska to administer oaths and affirmations, and for other purposes (Rept. No. 956).

Mr. McKELLAR also, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H. R. 2001. A bill for the equalization of letter carriers (Rept. No. 957); and

H. R. 4322. A bill giving clerks in the Railway Mail Service the benefit of holiday known as Armistice Day (Rept. No. 958).

Mr. HATCH, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with an amendment, and submitted reports thereon:

H. R. 2752. A bill to include within the Kaniksu National Forest certain lands owned or in course of acquisition by the United States (Rept. No. 959); and

H. R. 5747. A bill to authorize the addition of certain lands to the Wenatchee National Forest (Rept. No. 960).

Mr. GURNEY, from the Committee on Public Lands and Surveys, to which was referred the joint resolution (S. J. Res. 160) to provide for the maintenance for public use of certain highways in the Shenandoah National Park, reported it without amendment and submitted a report (No. 961) thereon.

Mr. SCHWELLENBACH, from the Committee on Claims, to which was referred the bill (H. R. 1881) for the relief of Anne Boice, reported it without amendment and submitted a report (No. 962) thereon.

Mr. BURKE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 2102. A bill for the relief of Ada Fuller (Rept. No. 963);

H. R. 3345. A bill for the relief of the Ninety Six Oil Mill, of Ninety Six, S. C. (Rept. No. 964); and

H. R. 4847. A bill for the relief of Leland J. Belding (Rept. No. 965).

Mr. BURKE also, from the Committee on Claims, to which was referred the bill (H. R. 4260) for the relief of J. Milton Sweney, reported it with an amendment and submitted a report (No. 966) thereon.

He also, from the Committee on the Judiciary, to which was referred the bill (S. 2654) to amend subsection (n), section 77, of the Bankruptcy Act, as amended, concerning payment of preferred claims, reported it with amendments and submitted a report (No. 978) thereon.

Mr. TOBEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 3157. A bill for the relief of Franklin Lopez, administrator of the goods, chattels, and credits which were of Alice C. Lopez, deceased (Rept. No. 967);

H. R. 3337. A bill for the relief of the estate of Arthur Weltner (Rept. No. 968); and

H. R. 5743. A bill for the relief of Walter C. Holmes (Rept. No. 969).

Mr. ELLENDER, from the Committee on Claims, to which was referred the bill (S. 2804) for the relief of the Arkansas State Penitentiary, reported it with amendments and submitted a report (No. 970) thereon.

He also, from the same committee, to which was referred the bill (H. R. 5333) to amend the acts granting increased compensation to civilian employees for the period July 1, 1917, to June 30, 1924, reported it without amendment and submitted a report (No. 971) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 419. A bill for the relief of Luke A. Westenberger (Rept. No. 972);

S. 2699. A bill for the relief of W. C. and James Latane and Willie Johnson (Rept. No. 973);

H. R. 2610. A bill for the relief of G. W. Netterville (Rept. No. 974); and

H. R. 3084. A bill for the relief of Violet Dewey (Rept. No. 975).

Mr. TOWNSEND also, from the Committee on Claims, to which was referred the bill (S. 146) for the relief of J. Aristide Lefevre, reported it with amendments and submitted a report (No. 976) thereon.

He also, from the same committee, to which was referred the bill (H. R. 3104) for the relief of Kyle Blair, reported it with an amendment and submitted a report (No. 977) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2868) to facilitate the procurement of aircraft for the national defense, reported it with amendments and submitted a report (No. 979) thereon.

Mr. THOMAS of Utah, from the Committee on Education and Labor, to which was referred the bill (S. 1234) to amend section 13 (a) of the act approved June 25, 1938 (52 Stat. 1069), entitled "Fair Labor Standards Act of 1938," reported it with an amendment and submitted a report (No. 980) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the joint resolution (S. J. Res. 58) providing for an investigation of the feasibility and desirability of fixing railroad rates on the basis of zones, reported it with amendments and submitted a report (No. 981) thereon.

Mr. BYRNES, from the Commttee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 171) authorizing the Committee on Printing to hold hearings during the Seventy-sixth Congress (submitted by Mr. HAYDEN on the 25th instant), reported it without amendment.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MEAD:

S. 2893. A bill to provide for the local delivery rate on certain first-class mail matter; to the Committee on Post Offices and Post Roads.

By Mr. BAILEY:

S. 2894. A bill to grant the State of North Carolina a right-of-way for the Blue Ridge Parkway across the Cherokee Indian Reservation in North Carolina, to provide for the payment of just compensation for said right-of-way, and for other purposes; to the Committee on Indian Affairs.

S. 2895. A bill to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semi-dangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes; to the Committee on Commerce.

By Mr. DAVIS:

S. 2896. A bill granting the consent of Congress to the General State Authority, Commonwealth of Pennsylvania, to construct, maintain, and operate a toll bridge across the Susquehanna River at or near the city of Millersburg, Pa.; and

S. 2897. A bill granting the consent of Congress to the General State Authority, Commonwealth of Pennsylvania, to construct, maintain, and operate a toll bridge across the Susquehanna River at or near the city of Middletown, Pa.; to the Committee on Commerce.

By Mr. WAGNER:

S. 2898. A bill to authorize the Secretary of War to grant a right-of-way for a vehicular tunnel under Governors Island, N. Y., and for other purposes; to the Committee on Military Affairs.

By Mr. ELLENDER:

S. 2899. A bill to admit the American-owned barges *Prari* and *Palpa* to American registry and to permit their use in coastwise trade; to the Committee on Commerce.

By Mr. HILL:

S. 2900. A bill for the relief of Forney Blackmar; to the Committee on Claims.

By Mr. GREEN:

S. 2901. A bill for the relief of certain employees of the Works Progress Administration whose personal property was destroyed in a fire which occurred on May 25, 1939, in the building occupied by the Works Progress Administration in Providence, R. I.; to the Committee on Claims.

By Mr. MEAD:

S. 2902. A bill to provide for the presentation of a medal to Rev. Francis X. Quinn in recognition of his valor in saving the lives of two of his fellow-citizens; to the Committee on Banking and Currency.

By Mr. ANDREWS (for himself and Mr. PEPPER):

S. J. Res. 177. Joint resolution to provide for the payment of indemnity for losses suffered and damages sustained as a result of the campaign for the eradication of the Mediterranean fruitfly in the State of Florida; to the Committee on Claims.

WORKS ON RIVERS AND HARBORS—AMENDMENTS

Mr. HALE and Mr. GURNEY each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which were ordered to lie on the table and to be printed.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—AMENDMENTS

Mr. MURRAY, Mr. O'MAHONEY, Mr. TOWNSEND, and Mr. WHEELER (for himself and Mr. LA FOLLETTE) submitted amendments intended to be proposed by them to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which were severally ordered to lie on the table and to be printed.

A REFERENDUM ON WAR—ADDRESS BY SENATOR LA FOLLETTE

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a radio address by him broadcast by transcription over Station WHA, Madison, Wis., on May 18, 1939, on the subject, A Referendum on War, which appears in the Appendix."]

BLOCK BOOKING AND BLIND SELLING

[Mr. NEELY asked and obtained leave to have printed in the RECORD an article entitled "Now Hollywood Trembles With Neely Bill Blues," published in the Washington (D. C.) Evening Star of Monday, July 24, 1939, and an editorial on block booking of the same date, published in the same newspaper, which appear in the Appendix.]

THE NEW DEAL—EDITORIAL FROM DAILY KENNEBEC JOURNAL

[Mr. WHITE asked and obtained leave to have printed in the RECORD an editorial with reference to the New Deal,

published in the Daily Kennebec Journal for Tuesday, July 18, 1939, which appears in the Appendix.]

FOOD PRODUCTION

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article on the subject Food Bill and Food Production in the State, written by F. G. R. Gordon and published in the Haverhill (N. H.) Sunday Record, which appears in the Appendix.]

IMAGINARY INTERVIEW BETWEEN THE PRESIDENT AND MR. FARLEY

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an imaginary interview between the President and Mr. Farley, printed in the column, The Once Over, by H. I. Phillips, and published in the Washington Times-Herald, which appears in the Appendix.]

REPUBLICAN ADMINISTRATION IN WISCONSIN—EDITORIAL FROM MILWAUKEE JOURNAL

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial from the Milwaukee Journal entitled "A Preview of 1940," which appears in the Appendix.]

THE GOVERNMENT SPENDING PROGRAM

[Mr. TAFT asked and obtained leave to have printed in the RECORD an article on the Government spending program entitled "Fraud on the Taxpayers," written by Harvey L. Lutz, professor of public finance, Princeton University, published in the Toledo Blade of July 22, 1939, which appears in the Appendix.]

NEUTRALITY

Mr. GEORGE. Mr. President, I ask to have inserted in the RECORD an editorial from the Atlanta Constitution of Tuesday, July 25, 1939. It is a brief editorial, and I commend it to the serious consideration of the Members of the Senate. The editorial deals with the question of neutrality, and it is significant in many ways. The key to the editorial is found in one or two sentences, which I should like to quote:

> No nation can take part in any great war, under modern conditions, and remain a democracy. The democratic form of government and war itself are simply not compatible.

Again:

> It is all very well to talk of this country lining up with the European democracies and against the totalitarian states in the event of war. But it must not be forgotten that all democracies, this one included, would have to sacrifice the liberties to which they are pledged, and turn over the conduct of their national affairs to leadership without public restraint, if they would hope to win.

I ask that the entire editorial be printed in the RECORD as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Atlanta Constitution of July 25, 1939]

NOT COMPATIBLE

In all debates and discussions anent any possible new world war and the possibilities of United States participation therein, there is one vital point which is generally overlooked.

That is that no nation can take part in any great war, under modern conditions, and remain a democracy. The democratic form of government and war itself are simply not compatible. War calls, without recourse, for dictatorship at least for the duration of conflict, and, according to all past experience, sizable remnants of that wartime dictatorship are certain to carry over into the future years of peace.

It is all very well to talk of this country lining up with the European democracies and against the totalitarian states in the event of war. But it must not be forgotten that all democracies, this one included, would have to sacrifice the liberties to which they are pledged, and turn over the conduct of their national affairs to leadership without public restraint, if they would hope to win.

In Europe today, in all nations which have been compelled by circumstances to rearm and to gird themselves for possible conflict, many human liberties have already been sacrificed. Britain has turned to army conscription of her manpower, and France is virtually living under a dictator, Daladier.

It might be that, after a war was fought and won, the democratic nations could regain their individual liberties, so highly prized. But it would, in all probability, take little short of a revolution to regain them.

There are many reasons why this Nation should keep aloof from all dangers of war entanglement. But there is none more powerful nor impelling than the fact that on the day this Nation declared war her own democracy would fade and even the United States would go under a form of totalitarianism. Only for the emergency, we would hope; but the future, then as now, would be uncharted and uncertain. War anywhere could easily spell the doom of human democracy rather than its triumph. Even in victory, the chief cause for which we fought might well be lost.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. BARKLEY. Mr. President, on yesterday, in response to a question propounded by the Senator from Nebraska [Mr. NORRIS] as to the amount of recoverable loans made directly by the Treasury, I stated that my recollection was that it approximated $10,000,000,000. I had the figure "10" confused. Instead of being approximately $10,000,000,000, it is approximately 10 percent of the total. To be specific, for the 9-year period beginning with 1931 and ending June 30, 1939, the amount of recoverable loans to be offset against the indebtedness of about $40,000,000,000 is four billion, which constitutes practically 10 percent of the total Treasury debt which is recoverable. I desire to make the correction now, because I did get the 10 percent of the total confused with ten billion, and made a misstatement, which I discovered yesterday, and I have gotten the actual figures from the Treasury in the meantime.

I wish to insert at this point a brief sheet, which shows the $4,000,000,000 recoverable by the Treasury. It does not include the $2,000,000,000 stabilization fund, which, of course, is set aside for a particular purpose, but which ultimately might be used to retire the existing indebtedness of the Treasury. So that, if we include that, we have an offset of practically $6,000,000,000 which should be credited on the forty-billion total debt now outstanding.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRD. I think the Senator from Kentucky should make it clear that the Treasury Department does not estimate the value of these assets at $4,000,000,000. It merely states that $4,000,000,000 have been paid out for such alleged assets. The statement by the Senator has not made this clear.

Mr. BARKLEY. I think the Senator is confusing the amount of recoverable loans, which this $4,000,000,000 constitutes, with the three-billion-and-some-odd-million dollars invested by the Treasury in the capital stock of various organizations and corporations which have been created under acts of Congress.

Mr. BYRD. The $4,000,000,000 includes the capital-stock investments.

Mr. BARKLEY. No; not all of it. There is a portion of it that is included.

Mr. BYRD. A large portion of it.

Mr. BARKLEY. There is no known connection between this particular $4,000,000,000 which the Treasury estimates as recoverable and the amount they have invested in capital stock. This represents loans.

Mr. BYRD. Quite a substantial part of it is invested in capital stock of various governmental corporations.

Mr. BARKLEY. Of course, if we were to assume that all of the amount invested in capital stock would be lost, that would present a different situation; but I am not assuming that to be so.

Mr. BYRD. For example, $100,000,000 has been invested in the capital stock of the Commodities Credit Corporation, which, by the statement of the President, as directed to the Congress, is valueless. Twice have appropriations been made to make good the stock of the Commodities Credit Corporation. There are quite a number of other such stock pur-

chases; for example, the Federal home-loan bank; and the Home Owners' Loan Corporation, with $325,000,000, is included in the list of alleged assets, and anyone who is familiar with the Home Owners' Loan Corporation operations knows that the losses have greatly exceeded $325,000,000. As a matter of fact, up to June 30, 1938, there were 152,262 foreclosures authorized, and, actually, something like 65,805 homes have been repossessed which are now rented, and 9,322 which are not rented.

I also call the attention of the Senator to the fact that included in the list of alleged assets is the sum of $334,000,000 on the part of the Farm Security Administration, and that includes such investments as Tugwelltown—$16,000,000 invested in Tugwelltown. I do not think the Senator considers that as a recoverable asset.

Mr. BARKLEY. I have no desire to go into the details of all these particular organizations at this time; but, as I suggested yesterday, no one can tell now what the ultimate result will be with respect to any losses which may be incurred by any of these corporations or activities until they are finally liquidated.

Mr. BYRD. I think the Senator is leaving an erroneous impression when he says that there are $4,000,000,000 of recoverable assets, because the Treasury Department does not say that. There is nothing like $4,000,000,000 of recoverable assets.

Mr. BARKLEY. I am not attempting to mislead the Senate and I do not think the Treasury is undertaking to mislead the Senate. The Secretary of the Treasury has asked for an appropriation to restore the capital stock of the Commodities Credit Corporation, which is the only corporation as to which he has asked any appropriation in order to restore the capital. Even the losses which may appear now as paper losses, of the Federal home-loan bank, or the Home Owners' Loan Corporation, or any of the other agencies which have been set up to lend money, cannot be guessed at now, or it would be anyone's guess as to what the losses would be, if any, at the end of the period for which the loans were made, when there will be final liquidation of these corporations and their activities. Of course, anyone who desires to may charge up some existing paper losses due to foreclosures, or to lapses in the payment of current indebtedness, and returns of that kind. One can arrive at any sort of figure with that bookkeeping situation in mind.

Mr. BYRD. Unfortunately, the losses are not paper losses; there are going to be very large actual losses.

Mr. BARKLEY. Whether they are paper losses or not will be determined 15 or 20 or 25 years from now, when these corporations are finally wound up and liquidated, and we can strike a trial balance between outgo and income.

Mr. BYRD. Let me ask the Senator whether included in those assets is $96,000,000 which has been invested in resettlement projects all over the country, for instance, Tugwelltown, in which $16,000,000 has been invested, and such as Hightstown, N. J., where the average cost was $20,000 per home unit. The Senator does not think that is a recoverable item, does he?

Mr. BARKLEY. It may be that in this list there are some unrecoverable investments. I am not able to say that the Government will get back what it has expended in Tugwelltown or in any other town, but the figures I have given are figures given to me by the Treasury Department.

Mr. BYRD. But the Treasury says that they do not necessarily certify that that is the present value of those assets.

Mr. BARKLEY. No; the Treasury does not say one way or the other. It is the amount outstanding in loans which they think are recoverable.

Mr. BYRD. They include such projects as the Boulder Canyon project, which they say will be self-liquidating. All I want to make clear is that many of these are not recoverable items, and it should not go forth to the country that there is a credit on the debt of $40,000,000,000 of 10 percent for recoverable assets.

Mr. BARKLEY. Whether any or all of them are recoverable may be a matter of opinion. The opinion of the Senator from Virginia may differ from mine. He is sincere in entertaining his opinion.

Mr. GEORGE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. GEORGE. I merely wish to ask whether the Treasury statement enumerates the recoverable items?

Mr. BARKLEY. It does not detail them; it does not break them down into their particular relationships. It states that it may be fairly accurately stated that the recoverable loans during the 9-year period ending June 30, 1939—and it does not take into consideration anything that happened prior to 1931—amount to $3,400,000,000. It states that no accurate consolidated records were kept for the period prior to 1931, but that it has been roughly estimated that these assets may amount to as much as $600,000,000. In other words, prior to 1931 they amounted to $600,000,000, and for the 9-year period ended June 30, 1939, they amounted to $3,400,000,000, which makes the total of $4,000,000,000.

Mr. BYRD. There is included $10,000,000 for the assets of the Disaster Loan Corporation, which have no value whatever.

Mr. BARKLEY. That is the opinion of the Senator.

Mr. BYRD. It is the opinion of the Treasury Department, too.

Mr. BARKLEY. Whether they have value would depend, probably, upon the degree of recovery on loans made by the Disaster Loan Corporation.

Mr. BYRD. There is a part of the statement the Senator has not read. The Treasury Department states specifically that they do not attempt to value these assets; that there has been so much invested in the Boulder Dam and so much in the others.

Mr. BARKLEY. The Treasury Department, in the last paragraph of the statement, which I am inserting in the RECORD——

Mr. BYRD. I should like to have the Senator read that for the information of the Senate.

Mr. BARKLEY. It states:

> These recoverable assets include subscriptions to capital stock, loans, and Federal Public Works projects, such as Boulder Canyon, Bonneville, and other reclamation projects. No attempt has been made to estimate any losses that may be sustained on these investments, but the amount herein indicated represents more nearly the Government's investments as shown by the books. In other words, no attempt has been made to appraise these assets.

Mr. President, I ask that this statement be printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

RECOVERABLE ASSETS WHICH MAY BE USED AS AN OFFSET TO THE PUBLIC DEBT

Within the time available it is not possible to furnish a statement showing accurately the amount of recoverable assets which could be used as an offset to the public debt. The total amount for the 9-year period ending June 30, 1939, can, however, be fairly accurately stated at $3,400,000,000. For the period prior to 1931 no accurate consolidated records were kept, but it is roughly estimated that these assets may amount to as much as $600,000,000, making a total of $4,000,000,000 estimated as the recoverable assets of the United States Government which may be regarded as having been financed out of the proceeds from the sales of public-debt obligations.

These recoverable assets include subscriptions to capital stock, loans, and Federal Public Works projects, such as Boulder Canyon, Bonneville, and other reclamation projects. No attempt has been made to estimate any losses that may be sustained on these investments, but the amounts herein indicated represent more nearly the Government's investments as shown by the books. In other words, no attempt has been made to appraise these assets.

Mr. BARKLEY. I also wish to state that on yesterday I stated, in response to a question asked by the Senator from

Ohio [Mr. TAFT], that the interest charge now on the increased indebtedness of the Treasury of the United States was less than it had been at a previous period, which seems to have been in 1921. The debt of the Treasury in 1935 was $28,701,000,000. In 1936 it was $33,779,000,000. In 1937 it was $36,425,000,000. In 1938 it was $37,166,000,000. In 1939, which is of course up to date, it is $40,439,000,000.

I ask that the table giving these figures may be placed in the RECORD at this point.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Without objection, it is so ordered.

The table is as follows:

Gross public debt as of June 30, 1935, 1936, 1937, 1938, and 1939

[In millions of dollars]

	1939	1938	1937	1936	1935
Bonds	28,100	24,142	21,865	18,691	14,941
Notes	9,251	10,448	11,344	11,882	10,512
Certificates [1]	1,290	903	356	155	169
Bills	1,383	1,222	2,320	2,383	2,109
Other	415	451	540	668	970
Total	40,439	37,166	36,425	33,779	28,701

[1] Consists of special issues to unemployment trust fund and to adjusted service certificate fund.

Mr. BARKLEY. Mr. President, in 1921, which was 2 years after the war, when our indebtedness was approximately $25,000,000,000, the total interest charge was $1,030,000,000. Of course, that interest charge declined as the public debt was paid or reduced, until 1931, when it declined to an annual outlay for interest of $589,000,000. It then began to increase and grew from 1932 up to 1939. Beginning with 1931, the annual payment of interest was $612,000,000, and it gradually increased until 1939, and it now amounts to $941,000,000.

The average rate in 1931 was 3.56 percent. In 1939 it is 2.6 percent.

Mr. President, I wish to review very briefly the reasons why I believe the proposed legislation is advisable and necessary. Inasmuch as the amount of the outstanding indirect obligations, in addition to the $40,000,000,000 of direct debt due by the Treasury, has been and will be brought into the discussion, I wish to state that on the 30th of June 1939 there were in the hands of the public obligations of the various corporations, including the Reconstruction Finance Corporation, the Home Owners' Loan Corporation, the Federal Farm Mortgage Corporation, the United States Housing Authority, the Tennessee Valley Authority, the Federal Housing Administration, the Commodities Credit Corporation, and the United States Maritime Commission, to the total amount of $5,478,000,000. That is the amount which is now in the hands of the public of obligations, bonds, debentures, and so forth, issued by the various corporations authorized to issue bonds under various acts of Congress.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Are those bonds all guaranteed, principal and interest, by the Government?

Mr. BARKLEY. Yes; they are guaranteed.

Mr. TAFT. There are a few others which I think are not guaranteed; for instance, those of the Federal land banks.

Mr. BARKLEY. Yes; but for the purpose of this discussion it is not necessary to deal with any sort of obligation that is not either a direct or indirect obligation by reason of a guaranty.

Mr. President, as was stated yesterday, it is entirely possible that there may be some losses ultimately in connection with this $5,478,000,000 of guaranteed bonds. I ask that a table showing corporations and credit agencies having authority to issue bonds or debentures which are guaranteed by the United States be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Corporations and credit agencies having authority to issue their bonds or debentures which are guaranteed by the United States

[In millions of dollars]

	Note issuing power Apr. 30, 1939	Outstanding bonds or debentures June 30, 1939		
		Held by the Treasury	Held by the public	Total
Reconstruction Finance Corporation	3,458.9	243.0	819.7	1,062.7
Home Owners' Loan Corporation	[1] 4,750.0	20.0	2,947.9	2,967.9
Federal Farm Mortgage Corporation	2,000.0		1,379.4	1,379.4
United States Housing Authority	800.0		114.1	114.1
Tennessee Valley Authority	100.0	.3	[3] 8.3	8.6
Federal Housing Administration	[2] 2,000.0		2.5	2.5
Commodity Credit Corporation	900.0	10.0	206.2	216.2
United States Maritime Commission	200.0			
Total	14,208.9	[4] 273.3	5,478.1	5,751.4

[1] The Corporation's authority to make loans expired on June 13, 1936. The act of May 28, 1935, provided that the $4,750,000,000 may be increased for the purpose of retiring outstanding bonds which would not affect the net amount outstanding after June 13, 1936.

[2] Held by Reconstruction Finance Corporation.

[3] May be increased to not exceed $3,000,000,000 with approval of the President.

[4] Purchased from the general fund of the Treasury and may be regarded as having been included in the total public debt.

Mr. BARKLEY. Mr. President, no one can tell whether or to what extent there will be losses ultimately, until these corporations are liquidated. But when Congress authorized the creation of these corporations, and when they were created, of course, it took cognizance of the fact that there might be losses, and it assumed that risk in advance; and no one will be able to ascertain with any degree of certainty whether there will be ultimate losses and, if so, to what amount.

Under the circumstances which I attempted to outline yesterday, and which will be referred to probably in the subsequent debate on the measure, in order to bring about greater activity, stimulate industry, and increase employment, it is necessary that dollars and men and resources be brought into a position where they may cooperate one with the other, and it is the object of the bill to draw from private sources, either from savings banks or other depositories, $2,490,000,000—approximately two and one-half billion dollars—in the purchase of obligations of the Reconstruction Finance Corporation, whose authority to borrow money is expanded to that extent in order that of that $2,490,000,000, or whatever part of it may be necessary, there may be expended on recoverable loans and expenditures the amounts necessary in order to bring about the objectives which underlie the philosophy of this proposed legislation.

I wish very briefly to refer to the various allocations provided in the bill, which, if all consumed, would take up the entire $2,490,000,000.

Five hundred million dollars of this amount is allocated to the Public Roads Administration. I wish to discuss only very briefly the contemplated road program which may be made possible under the expenditure of this money. The bill authorizes the Public Roads Administration, in cooperation with the highway departments of States, municipalities, and other public bodies, to engage in a program of road development and improvement which Mr. MacDonald, the head of that organization, believes will absorb the entire $500,000,000 allocated to it under the bill.

In 1916 Congress entered upon the policy and program of appropriating money to aid the States in the construction of highways. I recall, if I may be pardoned a personal allusion, that in my first race for Congress in Kentucky in 1912 I advocated Federal aid to the States and counties in the development of highways. At that time there was scarcely a highway department in any State worthy of the name. But, in order that we might stimulate the creation of highway departments and bring about a Nation-wide program of highway construction, it seemed to me that the Federal Government could afford to extend aid and encouragement,

and require the States to match, dollar for dollar, the amount which was contributed by the Federal Government.

I had in that campaign three opponents, all of whom opposed Federal contributions to the States in aid of highway construction. They charged that the plan was socialistic, that it obliterated the lines between the States, and created a great road machine here in Washington that would ultimately destroy the independence of the States.

The Democratic platform adopted in Baltimore in 1912 contained a plank pledging the Democratic Party to the inauguration of a program of Federal aid in the construction of highways throughout the Nation. My three opponents at that time were compelled to revise their views in accordance with the platform of the Democratic Party upon which Woodrow Wilson was elected President.

Following that pledge, in 1916 Congress adopted the first good-roads measure; and from that time on we have been appropriating annually $75,000,000, $100,000,000, and in some cases $200,000,000. I think 1 year we made available $400,000,000 under the leadership of the distinguished Senator from Arizona [Mr. HAYDEN] who, I think, knows more about the subject of the construction of highways through cooperation between the States and the Federal Government than does any other Member of this body.

However, Mr. President, as population has increased, and in many sections of our country travel has become congested because of the modern use of the facilities of travel, I think it has become increasingly obvious that the Federal Government must go a little further than merely appropriating a few million dollars a year to be matched by the States. It must go further than that by greater cooperation with the highway departments of the States to enable them to provide highways that will avoid the intense congestion of traffic in the more densely populated sections of the United States, not only for pleasure but also for industrial purposes.

Mr. MacDonald came before the committee with a program which he had worked out over a period of years, and cited instances in which his organization is now ready to go to work in building tunnels, underpasses, overpasses, bridges, and viaducts; and, in the locality of certain cities of the United States, to cooperate with State and local authorities in the construction of superhighways in order to avoid the congestion of traffic which is incident to a densely populated area of the country. He gave as an example the situation in Chicago and in Cook County. The authorities there have $60,000,000 to expend on a program of highway improvement in and out of the city of Chicago, which would avoid the intense inconvenience and delays of congested traffic in certain portions of Cook County.

In order to obtain the necessary rights-of-way to carry out that improvement, the expenditure of $45,000,000 would be required. If the local authorities were required to expend $45,000,000 in obtaining rights-of-way, they would have remaining only $15,000,000 with which to develop the improvements, which would not be sufficient.

Mr. MacDonald proposes, and the bill authorizes, that the Federal Government shall advance the money for the purchase of rights-of-way through cooperation with the State or local highway authorities, investing $45,000,000 with the understanding that it shall be repaid to the Federal Government over a period of years to be agreed upon. The time may run as long as 30 or 40 years, the repayment to be financed not necessarily by levying tolls, but by an annual amortization plan, the money to be taken out of current revenues of the local authority and the locality in which the expenditure is undertaken.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the bill go much further, and authorize the United States Government to build the road for the city of Chicago if the Public Roads Administrator wishes to do so?

Mr. BARKLEY. The bill would authorize the Federal Government to construct highways in the United States. There is nothing new in that suggestion. However, I think it will be possible to work out an amendment which will provide that when the Federal Government does construct the highway it may be authorized to enter into a contract with the local authority by which, either through the collection of tolls under the jurisdiction of the local authority or by any other method which would include repayment out of current revenues of the locality, the Government of the United States shall be reimbursed for the entire amount of the investment, with interest.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ADAMS. I will ask the Senator whether or not part of the answer to the inquiry of the Senator from Ohio is in section 5, on page 6, which, as I read it, limits the authority of the Federal Government to do these things by providing that it must first secure the consent of the States, municipalities, or other public bodies concerned?

Mr. BARKLEY. Yes.

Mr. ADAMS. It could not be done without the consent of the States.

Mr. BARKLEY. Under the terms of the bill, the Federal Government would be required to cooperate with the highway departments of the States, counties, and municipalities in working out any program it might undertake.

Mr. ADAMS. Does not the bill actually require the consent of the local authorities?

Mr. BARKLEY. It requires their consent. I will say to the Senator that probably that language will have to be somewhat modified, because in order to obtain the consent of a State there must be an act of the legislature. I think the language ought to be modified to require the consent of the highway authorities of the State, so that it would not be necessary to wait for an act of the legislature.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Does the Senator know any State or city which would not be glad to give consent to the Federal Government to spend $45,000,000 on a right-of-way through the State or city?

Mr. BARKLEY. Probably I should be unable to designate any State which would be enthusiastic about refusing any help of the Federal Government in building highways within its borders.

I cite that instance as only an example of the kind of project that the head of the Public Roads Administration desires to inaugurate in order that the American people may enjoy these highways. They may be called superhighways. That is probably what they will be. The head of the Public Roads Administration desires to inaugurate the program in order that the people may enjoy the highways not only for pleasure but for industry, which has become a very important use of our public-road system throughout the United States.

Under the terms of the bill, all the money is recoverable; and discretion is left with the local authority as to how it shall raise the money with which to repay the advances. Personally, I should not be in favor of a provision which would compel the local authorities to levy tolls in order to repay the United States. I think the local authorities ought to be left free to devise any plan that is sound, whether by tolls or by repayment out of current revenues of the locality enjoying the facility.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRD. When the Senator from Kentucky says that all the money expended under the provisions of the bill is recoverable, does he mean recoverable by collection of tolls? Does he mean that the projects would be self-liquidating?

Mr. BARKLEY. No; I do not mean recoverable by the collection of tolls. The bill provides that when the roads are constructed, even though they be paid for and constructed by the Federal Government, an arrangement or contract shall be entered into between the Federal Government and the local authority by which the amount invested by the Federal Government will be returned over a period of years, leaving to the local authority itself the right to determine how it shall raise the money to return to the Federal Government the amount invested in highways.

Mr. BYRD. I understand from the Senator, then, that this is in effect a grant to the States.

Mr. BARKLEY. It is not a grant to the States.

Mr. BYRD. Is it a loan to the States?

Mr. BARKLEY. It is a loan. That is, it is an advancement of money, either to buy rights-of-way or to help build the highways, or even to build them, with the provision that the amount invested shall be repaid by the State or locality in which the money is expended, but leaving to the locality freedom to determine how it shall raise the money. The locality or State may invoke the right to collect tolls, or it may decide that over a period of 25, 30, or 40 years it may be able to pay the money back out of current taxes, including gasoline taxes and license taxes, or devise some other method to provide the money to repay the Federal Government.

Mr. BYRD. Would the loan be directly to the State, or to some corporation created by the State?

Mr. BARKLEY. There is no provision for the creation of any private or public corporation.

Mr. BYRD. Would loans be made to municipalities?

Mr. BARKLEY. They could be.

Mr. BYRD. To towns and counties?

Mr. BARKLEY. To towns and counties, or even districts.

Mr. BYRD. Would it not be better to have the localities, the States, or the municipalities issue their obligations, and have the Federal Government buy those obligations?

Mr. BARKLEY. That could be done.

Mr. BYRD. It is not proposed to be done under the terms of the bill.

Mr. BARKLEY. There is no limitation on the manner in which the locality shall raise the money by which to repay the Government of the United States. It may issue its obligations, or it may enter into a contract—which would have the binding force of an obligation—between the Federal Highway Department and the local State or municipal highway authority, by which the local authority would repay the Federal Government for the amount invested, with interest.

Mr. BYRD. The announcements and the propaganda which have gone throughout the country are to the effect that the projects would be self-liquidating.

Mr. BARKLEY. That brings up the meticulous legalistic definition of what is self-liquidating.

Mr. BYRD. If the Senator will read the hearings held before his committee, he will find that all the references which were made were to self-liquidating projects.

Mr. BARKLEY. The question was raised as to whether or not an expenditure on a public highway on which there were no tolls, but for which the Federal Government would be reimbursed out of the taxes of the local community, would be a self-liquidating project. The term is sometimes given a legalistic definition. The term "self-liquidating project," as we have understood it in general terms, means a project which will repay the Government of the United States. It may be possible to limit the definition of "self-liquidating" so as to confine it to a project which, out of revenues received from the project, will return to the Government of the United States the amount invested.

Mr. BYRD. Mr. President, I notice that the Senator changed the title of his bill. The first title was "To provide for the construction and financing of self-liquidating projects." The title of the bill we are now considering is "To provide for the financing of a program of recoverable expenditures, and for other purposes." I assume that the Senator has now abandoned the idea that these are to be self-liquidating projects.

Mr. BARKLEY. I have not abandoned anything. I think the new title is better than the previous one; I think it is shorter and more appropriate. Whether these projects are to be self-liquidating in particular sections by compelling those who use them to pay a charge in order to enjoy the use of them, or whether out of the power of taxation of the local community or the State they are to be repaid, it is contemplated that they will be repaid to the Government of the United States; and, in that sense, they are self-liquidating.

Mr. BYRD. The same argument by the Senator would apply to the construction of a schoolhouse, a courthouse, or any other project which a local community or a State might undertake.

Mr. BARKLEY. Yes.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Kentucky a question?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I desire to inquire about the mechanics of the operation which the Senator is describing. This particular section, for example, includes bridges and tunnels. Let us say, for example, that a municipality desires to tunnel a river and desires to pay for the project from the tolls charged for the use of the tunnel. Does it come to the Government for a loan on the basis of a toll tunnel?

Mr. BARKLEY. The machinery, of course, by which the mechanics would be worked out would be a matter of agreement or arrangement in each case, and, of course, therefore, the terms might differ. The State highway commission or the municipal highway authorities, of course, would confer and negotiate with the head of the Federal highway department here. It might be possible that a direct loan would be made to the municipality for the purpose of constructing the tunnel or the Federal Government might construct the tunnel out of its own funds, provided there was a contract made with the municipality to pay the amount back, and it should be stipulated in the contract whether there were to be tolls on the tunnel or whether the amount would be returned out of current revenues over a period of years. It would be purely a matter of arrangement, of contract, between the State or municipal highway authorities and the Public Roads Administration in Washington as to the method by which the expenditure would be incurred and the method by which it would be repaid and the method by which the money would be raised.

Mr. VANDENBERG. What I am trying to discover is whether there comes a point where there is a responsibility upon the Federal Administrator to approve the self-liquidating capacity of the project which the Federal Government is financing. In other words, if a municipality says, "This is to be a toll bridge, and we think the tolls will pay for it, and that is the way we want to pay for it," does responsibility then recur to the Federal Administrator to determine whether that is a self-liquidating bridge?

Mr. BARKLEY. I think that he would have the power finally to determine whether it was a self-liquidating bridge if it was proposed to pay the Government out of revenues of the bridge or tunnel, but if the locality decided that it did not want to charge tolls but could repay the Government out of current revenues collected annually over a period of years, it would be, of course, in the discretion of the Administrator to enter into that sort of an arrangement with the local authorities.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from New York.

Mr. WAGNER. As a matter of actual experience, when an application is made to the R. F. C. for a loan, say, upon a project like a tunnel or a bridge, on which a toll is to be imposed, the engineers of the R. F. C. study the application and the location where the tunnel or bridge is to be constructed and make their estimate as to what the probable business will be in order to determine whether it will be a self-liquidating project. That is done now.

Mr. BARKLEY. It is entirely possible to conceive of a situation where the local authorities and the Federal highway authorities might work out a plan by which the project might be self-liquidating, but the Reconstruction Finance Corporation, in deciding whether it will issue bonds for that purpose, will have the final authority to determine whether, in its judgment, it is sufficiently self-liquidating to justify the issuance of bonds.

Mr. WAGNER. Whether it would be a recoverable loan.

Mr. BARKLEY. Whether it would be recoverable; yes.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. BARKLEY. I yield further to the Senator from New York.

Mr. WAGNER. In view of some concern suggested as to whether or not loans to municipalities for the type of projects which the Senator has mentioned are risky loans, and, perhaps, will never be repaid, I hope the Senator will give me an opportunity to read here the experience thus far of the so-called P. W. A. loans.

Mr. BARKLEY. I am glad to yield to the Senator for that purpose.

Mr. WAGNER. Some of these loans are self-liquidating in the sense that a toll is charged in the case of a bridge or a tunnel, and in other cases the municipality or some other political subdivision has given its bonds as security for repayment of the loan.

Altogether the P. W. A. has purchased a total of $730,000,000 of bonds. The P. W. A. now holds only $60,000,000 of those bonds and the R. F. C. $144,000,000. Five hundred and twenty-six million dollars of those bonds have already been sold to the public. In other words, private investors have assumed this particular indebtedness, and to that extent the debt of the R. F. C. has been entirely repaid. The profit on these transactions is very close to $13,000,000, and on the $204,000,000 of bonds which are now held by the Government all are currently paid except $6,000,000 in principal amount which are in default or on which payment has been delayed. That has been the experience thus far as on projects of the character which the Senator discussed a moment ago.

Mr. BARKLEY. I appreciate that information from the Senator from New York.

Mr. VANDENBERG. Mr. President, may I ask the Senator from New York a question with respect to his figures?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. In connection with the bonds or the obligations which the Senator from New York is now discussing, is it not a fact that in each of those instances there was a 45-percent public grant involved, as well as a loan?

Mr. WAGNER. I do not know whether that is so generally, although it is undoubtedly so in some instances.

Mr. VANDENBERG. There were no 100-percent loans made.

Mr. WAGNER. These are not all 100-percent loans.

Mr. VANDENBERG. Speaking generally, a P. W. A. operation had a grant involved, did it not?

Mr. WAGNER. Yes.

Mr. VANDENBERG. So the situation and the figures and the conclusions which the Senator reaches from his figures would be different from the application of the same judgment to the kind of loans that are intended under this bill, would it not?

Mr. WAGNER. No. In each instance the agency having this matter in charge will have to determine by an examination of the project whether the loan will be repaid.

Mr. VANDENBERG. There will be no grants behind any of the loans under this bill?

Mr. WAGNER. No; there are no grants except there is this to be said—and undoubtedly the Senator from Kentucky will develop it—we are providing for a rather low rate of interest, which, over a period of years, compared to interest rates now charged on P. W. A. loans, in some cases 4 and 4½ percent, will as a practical matter result in a grant. The benefit of this low interest rate over a period of 20 years, it was estimated, would be comparable to a 22-percent grant.

Mr. BARKLEY. That applies to all these loans. I want to say to the Senator from Michigan in reference to the road program that not only can the municipality borrow money if it is legally authorized to do so, but if its debt limitation has been reached and it desires to inaugurate such an improvement and may not be able legally to increase its debt limit, it may lease the facilities which have been constructed as a result of contracts between the Federal Government and the locality, repay over a period of years for amortization, and thereby enjoy the opportunity to construct and use the facility by a program of lease as well as of loan and through methods of cooperation between the Federal and local governments under this bill.

Mr. VANDENBERG. Mr. President, of course, if the loaning program under this section were completely comparable with the loaning program under the R. F. C. to which the able Senator from New York refers, there would be no sense in creating this new instrumentality at all. It is a totally different thing, is it not?

Mr. BARKLEY. We are liable to become confused between the P. W. A. and the R. F. C. The R. F. C. has not made grants; it has made loans. The P. W. A. has made loans and grants; it has made loans separately and it has made grants separately. In some cases where the local authorities had the money or a certain portion of it that they could contribute the P. W. A. made a grant. In other cases where the city authorities were financially in a position where they could ask for a loan and not a grant, loans have been made and no grants. There have been three types of these transactions, namely, loans and grants combined, loans separately, and grants separately. So there is a difference between the operation of the P. W. A. as it has existed in the past and its operation under this bill.

Mr. VANDENBERG. Before the Senator leaves the subject of roads, may I inquire whether the bill contemplates any of the so-called superhighways across the country that we have heard discussed?

Mr. BARKLEY. No; I do not think so, although I frankly think the time is coming in this country when we shall have to consider the question of superhighways in order to avoid the congestion of cities. For instance, if a highway could be built from Washington to Boston—which is one of the projects that have been considered as long-distance projects—it might be feasible, in time to come, to pay for the construction and operation of such a road by the collection of a modest charge. If I were going from here to Boston, I would pay a reasonable toll in order to avoid Baltimore and Philadelphia and New York. Long-distance trucks would do the same thing. Such a road would not, of course, be in competition with any other road. There would be nothing compulsory about its use; but it would appeal to a large contingent of travelers as a possibility of rapid transportation both of persons and of property. Under this program, however, and with this allotment of $500,000,000, I will say to the Senator, no such idea is under contemplation.

Mr. VANDENBERG. It could be built, could it not?

Mr. BARKLEY. Theoretically; but, of course, it would have to be done in cooperation with the highway departments of the States through which the highway would go.

Mr. VANDENBERG. And that would have to be a toll road, of course?

Mr. BARKLEY. It might have to be, of course; but it could be otherwise if the States, in their separate agreements with the Federal Government, contracted to repay in some other way the amount invested.

Mr. VANDENBERG. And am I correctly advised that the Federal Highway Department asserts that of all the superhighway routes they have inquired into there are only one or two in the country that they could hope to have self-liquidating?

Mr. BARKLEY. In the report which Mr. MacDonald made in April, covering 3 or 4 years' careful and methodical

survey of the situation, he indicated that for the present there probably would not be more than two or three such roads—and that would depend on the distance and the location—that might, out of tolls alone, repay the cost of construction.

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Oregon?

Mr. BARKLEY. I yield.

Mr. McNARY. I am tremendously interested in the highway provision of the bill. I should like the Senator to refer to section 5, subdivision (b). I shall read the language:

> To maintain and operate highway improvements, and such administration shall fix, maintain, and collect tolls, and other charges for the use of highway improvements.

The author of the bill and the committee seemed to contemplate that the Federal Government would fix and collect tolls for the use of these roads, and other charges for the use of highway improvements. I should like to have the Senator express his views concerning the construction of that language, and how it might be applied in the maintenance of the highways.

Mr. BARKLEY. I will say to the Senator from Oregon that I have been working with the Public Roads Administrator and with the Senator from Arizona [Mr. HAYDEN], and a little later I intend to confer with the Senator from Ohio [Mr. TAFT], with a view to proposing a substitute for that language which will modify it very materially in this respect—that in the contracts between the Federal Government and the States or the localities the Federal Government itself will not assume the obligation of fixing the tolls; but in the contract it will arrange with the locality to repay the amount by whatever method the locality may decide to adopt, either tolls or repayment out of current income, and with the further provision that when the amount shall have been repaid, no further tolls shall be collected on any such facility.

Mr. McNARY. That provision is already in the bill.

Mr. BARKLEY. Yes; part of it, not the modification. Under the language of subsection (b), however, the Federal Government could charge a toll for repayment of its expenditures.

Mr. McNARY. I commend my able leader for changing this language, but the change does not fit into the bill.

Mr. BARKLEY. Of course, all legislation is a process of development, and we cannot always be cocksure we are right every time we reach a section, or even after we adopt it.

Mr. McNARY. I appreciate that fact. I am not speaking critically.

Mr. BARKLEY. I understand.

Mr. McNARY. I am only interested in clearing up this matter in my mind, and having the bill responsive to what I think would be the best legislation that might be suggested.

Mr. BARKLEY. I think the Senator will have no objection to the proposal we shall make.

Mr. McNARY. Now let me ask a further question. Whatever the governmental agency may be, whether State or Federal, which levies the toll, are there any other charges than a toll charge that we might seek with which to pay out the cost of operation and amortization of this fund?

Mr. BARKLEY. Different suggestions have been made, including a special license tag permitting persons to travel over the highway for the use of the facilities——

Mr. McNARY. That is a toll, though.

Mr. BARKLEY. That is a toll; or a special gasoline tax may be collected from those who travel over the road, although, in my judgment, it is difficult, if not impossible, to segregate or differentiate between the sale of gasoline that would be used over a highway of that sort and gasoline that might be used over any ordinary highway.

Mr. McNARY. I concur in that conclusion; and I like the frankness of the Senator in meeting the situation. So it really comes down to the proposition that we must rely in substance on the tolls that will be charged for the use of the highways.

Mr. BARKLEY. No; not altogether. In the case of many of these facilities, especially bridges and tunnels and viaducts and bypasses, the cost may be paid back over a period of years out of current revenues of the local community, either the county, the State, or the city. In that case in all likelihood, there would be no toll charge at all, because if the local community were able to repay the Government over a period of 30 years under a lease or a contract by which it would be obligated to do so, it would not necessarily involve levying a toll in order to raise the money.

Mr. McNARY. The Senator is now speaking in a vein which would suggest how the Federal Government is to receive the return of its money. I can understand that if the Federal Government advances the money through bonds or debentures issued by the municipality, of course the Federal Government is out.

Mr. BARKLEY. If it is a direct loan, the Federal Government is out.

Mr. McNARY. Certainly; but we are considering how the municipality or the State or the political subdivision is going to make the road self-liquidating. That is the feature I want to keep before the Senator, and determine how the roads are to be self-liquidating unless we charge a direct toll, or the same thing by another name, the use of special tags or special gasoline taxes.

Mr. BARKLEY. If the word "self-liquidation" is limited to the receipt of money derived from the specific use of the facility itself, of course, there would have to be special charges; and those possible special charges have been divided first into tolls, second special tags——

Mr. McNARY. That is a toll.

Mr. BARKLEY. Third, rentals from leases of rights-of-way to cities or States; fourth, rental or sale of lands acquired along the new highway; and, fifth, State gasoline taxes and similar taxes.

Of course the bill authorizes—which is a new departure, I will say, for the Federal Government in the matter of highway construction—the acquirement alongside the improvement of adjacent lands which would automatically be increased in value as one of the means by which the Federal Government might recoup itself for the expenditure involved in the construction of the improvement; but aside from all manner of tolls or special taxes or tags or special gasoline levies there is still the opportunity, and in all probability it would be the one most generally used, of the locality to enter into an agreement by which it would repay, out of its own current revenues derived in its own way, the amount involved in the expenditure.

Mr. McNARY. The Senator, then, has a category consisting first of tolls, which is, I think, the substance of the revenue. The second item is the revenue from tags, which is in fact a toll just the same. Then there is the special gasoline tax, which the Senator a moment ago stated probably would be confused with the general tax; so that is out of the way. Then we come to the final proposition of revenue from rentals accruing from land acquired by the State or the Government adjoining the new highway.

Mr. BARKLEY. Those are the four or five possible methods of raising revenue in addition to the general taxing power of the community or locality which it might invoke without levying any of these special taxes.

Mr. McNARY. It is contemplated then—I think that was the expression of the Senator—that these roads shall be new highways; we will call them virgin highways?

Mr. BARKLEY. Not necessarily new highways. They might be widenings and improvements of existing highways.

Mr. McNARY. And land is to be acquired along the right-of-way, so that the Government or the State may rent it out to individuals who desire to dispense gasoline, automobile parts, meals, "hot dogs," and beer?

Mr. BARKLEY. There are many uses to which such property could be put. One of the things that make it desirable to acquire the property is to protect the highway against unsightly things that might otherwise be located upon it.

Mr. McNARY. That is a commendable feature.

Mr. BARKLEY. And it would be, I suppose, in harmony with that general desire for the Federal Government or the State government, whichever had control—and under this bill the authority is given to the Administrator of Public Roads—to acquire adjacent property necessary and convenient for carrying out the objects of the bill; and it might sell it. It probably would be indispensable, if the Government bought property that was going to increase in value, that it should have a right to sell it, in order to realize a profit upon it, and thereby apply the profit to reimbursement for the construction of the facility.

Mr. McNARY. The Senator has a splendid legal mind——

Mr. BARKLEY. I used to think so, but I have begun to doubt it since I have been in the Senate.

Mr. McNARY. I do not doubt it at all; I appraise it more highly each day.

I am curious to know what the Senator would say about the constitutional ability of the Government to acquire a right-of-way and at the same time adjoining properties for the purposes of land speculation, and secure the profits from its enhancement in value.

Mr. BARKLEY. I have a brief here on that very point.

Mr. McNARY. I do not want the Senator to read the brief.

Mr. BARKLEY. There is no doubt that, under the decisions of the courts, the Federal Government has the right of eminent domain. It has the right to acquire whatever property is necessary by condemnation in carrying out the object of its authority. It not only can acquire private property, but it has the paramount right of eminent domain over a State or even a local government, if it desires to exercise it, in the acquirement of a piece of property then devoted to public use; so that there is apparently no question of the Government's legal authority to acquire the property.

Mr. McNARY. If I may state a hypothetical case, assuming the construction of a new road between Washington and Baltimore, which would probably be a virgin road through farm lands, the Government could acquire on either side of the road large tracts of land, in the opinion of the Senator, and sell the land, and the profits arising therefrom could be used to defray the cost of the construction of the road.

Mr. BARKLEY. Yes; it would be possible.

Mr. McNARY. I am glad to have the judgment of the very distinguished leader of the Senate.

Mr. BORAH. Mr. President, is there a copy of the brief available?

Mr. BARKLEY. Yes; I think I can furnish the Senator with a copy. The brief was prepared by the general counsel of the Federal Works Agency, and collates the decisions of the Supreme Court of the United States and State and Federal courts upon the subject. I ask that the brief, dealing with three phases of the subject of condemnation and acquirement, be printed at this point as a part of my remarks.

The PRESIDING OFFICER (Mr. HERRING in the chair). Is there objection?

There being no objection, the brief was ordered to be printed in the RECORD, as follows:

SOME LEGAL ASPECTS OF THE FEDERAL POWER OF EMINENT DOMAIN

The purpose of this memorandum is to indicate the general nature of the constitutional power of the United States to acquire real property by the exercise of the right of eminent domain, and to discuss incidentally certain questions concerning the respective jurisdiction of the United States and the several States over real property which is authorized to be so acquired by section 5 of the proposed Self-liquidating Projects Act.

I. THE CONDEMNATION OF LAND WITHIN THE CONFINES OF A STATE WITH OR WITHOUT ITS CONSENT

There is complete unanimity of opinion by the courts and by legal commentators on the subject of eminent domain that the United States possesses the power to condemn land within a State, with or without the consent of the State (*James* v. *Dravo Contracting Co.* (1937), 302 U. S. 134, 147; *United States* v. *Gettysburg Electric Railway Co.* (1896), 160 U. S. 668, 681; *Chappell* v. *United States* (1896), 160 U. S. 499, 509; *Luxton* v. *North River Bridge Co.* (1894), 153 U. S. 525, 529; *Cherokee Nation* v. *Kansas Railway Co.* (1890), 135 U. S. 641, 656; *United States* v. *Fox* (1876), 94 U. S. 315, 320; *Kohl* v. *United States* (1875), 91 U. S. 367, 371; 1 Willoughby, Constitution of the United States (2d ed., 1929), sec. 102; 1 Nichols, Eminent Domain (1917, sec. 36).

In *James* v. *Dravo Contracting Co., supra,* Mr. Chief Justice Hughes said, with reference to the power of the United States to acquire real property (at p. 147):

"The right of eminent domain inheres in the Federal Government by virtue of its sovereignty and thus it may, regardless of the wishes either of the owners or of the States, acquire the lands which it needs within their borders."

In *Kohl* v. *United States, supra,* Mr. Justice Strong, speaking of the general authority of the Federal Government to exercise the right of eminent domain, said (at pp. 371–372):

"It has not been seriously contended during the argument that the United States Government is without power to appropriate lands or other property within the States for its own uses, and to enable it to perform its proper functions. Such an authority is essential to its independent existence and perpetuity. These cannot be preserved if the obstinacy of a private person, or if any other authority, can prevent the acquisition of the means or instruments by which alone governmental functions can be performed. The powers vested by the Constitution in the general Government demand for their exercise the acquisition of lands in all the States. These are needed for forts, armories, and arsenals, for navy yards and lighthouses, for customhouses, post offices, and courthouses, and for other public uses. If the right to acquire property for such uses may be made a barren right by the unwillingness of property holders to sell, or by the action of a State prohibiting a sale to the Federal Government, the constitutional grants of power may be rendered nugatory, and the Government is dependent for its practical existence upon the will of a State, or even upon that of a private citizen. This cannot be. No one doubts the existence in the State governments of the right of eminent domain—a right distinct from and paramount to the right of ultimate ownership. It grows out of the necessities of their being, not out of the tenure by which lands are held. It may be exercised, though the lands are not held by grant from the Government, either mediately or immediately, and independent of the consideration whether they would escheat to the Government in case of a failure of heirs. The right is the offspring of political necessity; and it is inseparable from sovereignty, unless denied to it by its fundamental law."

In *Fort Leavenworth R. R. Co.* v. *Lowe* (1885, 114 U. S. 525) the Court reaffirmed the statement in the Kohl case, supra, in the following terms (at p. 531):

"But not only by direct purchase have the United States been able to acquire lands they needed without the consent of the States, but it has been held that they possess the right of eminent domain within the States, using those terms, not as expressing the ultimate dominion or title to property, but as indicating the right to take private property for public uses when needed to execute the powers conferred by the Constitution; and that the general government is not dependent upon the caprice of individuals or the will of State legislatures in the acquisition of such lands as may be required for the full and effective exercise of its powers. This doctrine was authoritatively declared in *Kohl* v. *United States* (91 U. S. 367)."

It is apparent from the foregoing authorities that the consent of the State is not necessary to the acquisition by the Federal Government of title to real property within the State. Moreover, that conclusion follows irresistibly from the very nature of the power of eminent domain which the court has characterized as inherent in and necessary to the sovereignty of the United States. In *United States* v. *Gettysburg Electric Railroad Co., supra,* (at p. 681), the Court said of the Federal power of eminent domain that "it results from the powers that are given, and it is implied because of its necessity, or because it is appropriate in exercising those powers."

It is apparent that the exercise of Federal power of eminent domain would be rendered nugatory if it were made to depend upon the consent of the State. The Court pointed out that consequence in the Kohl case, supra. In First Willoughby, The Constitution of the United States (2d ed. 1929) section 102, that learned author succinctly summarized the law on the subject (at p. 179):

"That the United States does not require the consent of the States for the taking of property for its own public use is established, and, in fact, has never been seriously contested."

II. ACQUISITION BY THE UNITED STATES OF PROPERTY ALREADY DEVOTED TO A PUBLIC USE

It is contemplated that some of the projects which will be constructed under the authority of the Self-liquidating Projects Act will require the acquisition of rights in land already devoted to a public use. For example, in the construction of the superhighways contemplated in the proposed bill, it will be necessary to acquire rights-of-way over, under, or across State, county, or municipal roads or highways. It is apparent, likewise, that building a superhighway through densely populated sections of the country will require cutting across rights-of-way now enjoyed by railroad, telegraph, telephone, gas, pipe line, and other public-service corporations.

With respect to property of public-service corporations the authorities are clear that such property may be acquired by the United States for Federal purposes through the exercise of its power of eminent domain (*United States* v. *Gettysburg Electric*

Railway Co., supra; United States v. *Southern Power Co.* (C. C. A. 4th, 1929) 31 F. (2d) 852, 856).

In the Gettysburg case Congress had authorized the Secretary of War to acquire, by purchase or condemnation, such lands in the vicinity of the Gettysburg battlefield as in the judgment of the Secretary might be necessary to preserve the battlefield and properly mark the positions occupied by the various commands of the armies engaged in that conflict. Under the above statutory authorization the United States sought to condemn certain rights-of-way which had previously been acquired in the land by a railway company incorporated under the laws of Pennsylvania. In disposing of the contention of the railway company that the United States had no power to condemn land which was already devoted to another public use, the Supreme Court of the United States, through Mr. Justice Peckham, stated (at p. 685):

"The defendant in error concedes what is without doubt true, that this is a question of intention simply; the power of Congress to take land devoted to one public use for another and a different public use upon making just compensation cannot be disputed. Upon looking at the two acts of Congress and the joint resolution of June 6, 1894, above referred to, in the latter of which it is stated, 'There is imminent danger that portions of said battlefield may be irreparably defaced by the construction of a railway over the same, thereby making impracticable the execution of the provisions of the act of March 3, 1893,' we think it is plainly apparent that Congress did intend to take this very land, occupied and used by this company for its railroad."

In *United States* v. *Southern Power Co., supra,* the United States attempted to acquire by condemnation certain land, including easements owned by a public-service corporation in the land. While the Court pointed out that the Federal Government may acquire, under its power of eminent domain, land of a public-service corporation devoted to a public use, it further held that this could not be done unless the Congress had clearly manifested its intention so to do. The Court, in construing the acts authorizing the condemnation of the land, could not find such an intention on the part of Congress. In connection with the proposed bill, it may be observed that no such problem could arise. Section 5 (j) of the bill as originally introduced specifically and unequivocally authorizes the acquisition by condemnation of property already devoted to a public use.

With respect to land of municipal corporations, there are several cases in which the United States has acquired such land through the exercise of its power of condemnation. In *United States* v. *City of Tiffin* ((C. C. N. D. Ohio, 1911) 190 Fed. 279), the power of the United States to acquire such property, against the wishes of the city, was expressly upheld. (See *Wayne County* v. *United States,* (1918) 53 Ct. Cl. 417, affirmed in a memorandum opinion (1920) 252 U. S. 574; *United States* v. *Wheeler Township,* (C. C. A. 8th, 1933) 66 F. (2d) 977; *Town of Bedford* v. *United States,* (C. C. A. 1st, 1927) 23 F. (2d) 453; *United States* v. *Town of Nahant,* (C. C. A. 1st, 1907) 153 Fed. 520.) In view of those cases it cannot seriously be contended that such power does not exist.

It would also seem that property belonging to the several States which is not being used for, or is not adjunct to, the exercise of the sovereignty of such States may be acquired by the United States through condemnation.

In *Stockton* v. *Baltimore and N. Y. R. Co.* ((D. N. J. 1887) 32 Fed. 9), a railroad company, pursuant to authorization by an act of Congress, commenced preparations for the construction of a bridge over the Staten Island Sound in New Jersey. The piers of the bridge were to rest, and the bridge was to stand, on land belonging to the State. The State of New Jersey, through its attorney general, sought to enjoin such action, relying on a New Jersey statute prohibiting the construction of such a bridge without the permission of the State legislature. The court, in holding that the United States had the power to authorize the construction and that the State statute interfering with such construction was, therefore, unconstitutional, stated (at p. 19):

"If it is necessary that the United States Government should have an eminent domain still higher than that of the State in order that it may fully carry out the objects and purposes of the Constitution, then it has it. Whatever may be the necessities or conclusions of theoretical law as to eminent domain or anything else, it must be received as a postulate of the Constitution that the Government of the United States is invested with full and complete power to execute and carry out its purposes. And as one of these purposes is the regulation of commerce among the several States, and as that involves the needs and ways of intercommunication, it follows that Congress may provide for these necessities whether the States cooperate and concur therein or not."

The above language was quoted with approval in *Cherokee Nation* v. *Southern Kansas Railway Co.* ((1890) 135 U. S. 641, 655).

In *United States* v. *Town of New Castle* ((D. N. H. 1908) 165 Fed. 783) the court indicated that it would have no difficulty in finding that the United States could acquire land belonging to a State provided Congress had specifically authorized such taking, saying (at p. 788):

"There is also a serious question whether property already lawfully taken and held for the uses of the State as a public way can be taken for the uses of the United States without express authority therefor. Of course, defense against a public enemy is of a higher character than the matter of going and coming on foot or with teams, so that it cannot be denied that the United States would have a right to take public ways for the purposes of fortification. The difficulty arises out of the question whether such a right can be inferred from mere general phraseology like that of the act of August 18, 1890. It would be unreasonable to assume that Congress intended that Federal officials should assert jurisdiction to interfere with the public purposes of sovereign States without express authority therefor."

Willoughby, in his work on Constitutional Law, supra (at p. 180), sets forth the doctrine in the following language:

"That, in cases of conflict, the power of eminent domain of the States must yield to the constitutionally superior power of eminent domain of the United States is well settled."

Likewise, in 1 Nichols on Eminent Domain (1917), section 36, the following appears:

"* * * it would seem that the United States could not, for the sake of mere convenience, take the property of a State which was devoted to the public use and the loss of which would seriously cripple the State in carrying on its proper functions. The right of the United States to take for Federal uses property devoted to the public use of the State is however paramount, and may be exercised, even for mere convenience, if the importance to the State of the property required is comparatively trivial, and in case of necessity, the State would have to yield in any event."

In view of the above, it is believed that the Federal Government may exercise its power of eminent domain in the performance of its Federal functions to make such acquisitions where to do so does not seriously interfere with the sovereign functions of the State.

III. ACQUISITION OF LAND IN EXCESS OF THAT ACTUALLY USED IN HIGHWAY CONSTRUCTION

The basic constitutional question presented by this phase of the bill under consideration is whether Congress, in order to carry out the powers conferred upon it, may exercise the right of eminent domain in furtherance of a program of recoverable expenditures to the extent that real property will be taken which will not actually be occupied by the projects contemplated by the bill. Such taking, however, will be for the object of promoting the development of highways on a self-liquidating basis.

The Federal Government, as a government of delegated powers, must necessarily act in furtherance of one or more of those powers. The Federal Government is authorized to regulate, which includes the power to foster and promote, interstate commerce (*Second Employers' Liability Cases,* (1912) 223 U. S. 1, 47; *National Labor Relations Board* v. *Jones & Laughlin Steel Corp.* (1937) 301 U. S. 1, 36–37), to establish post offices and post roads, and to provide for the common defense. It is also authorized to tax to provide for the general welfare, which includes the concomitant power to spend for the general welfare (*United States* v. *Butler* (1936), 297 U. S. 1, 65; *Helvering* v. *Davis* (1937), 301 U. S. 619, 640). The spending power is of equal importance in the carrying out of governmental functions with the other powers of the National Government, such as the power to regulate interstate commerce, the power to establish post offices and post roads, and the war power.

It is clear that the United States may exercise the right of eminent domain to acquire real property as may be useful for post offices, post roads, military purposes, or for the promotion of interstate commerce and in furtherance of any other delegated powers. *United States* v. *Gettysburg Electric Railway Co.* ((1896) 160 U. S. 668, 681); *Kohl* v. *United States* ((1875) 91 U. S. 367, 371). Since there is the power to tax and to spend for the general welfare, the acquisition of real property which is necessary to carry out a program of spending for the general welfare would seem unquestionably within the power of the United States. The program contemplated by the bill is clearly an exercise of the spending power, as well as the power to construct highways under the war power or the commerce clause or the power to provide for post offices and post roads.

The device of taking by eminent domain is a means of accomplishing the legitimate legislative object of this bill. Congress in exercising the powers conferred upon it, is given wide discretion in the choice of means whereby its legitimate objects may be accomplished. *McCulloch* v. *Maryland* (4 Wheat. 316), *Legal Tender Cases* ((U. S. 1870) 12 Wall. 457, 533, 536); *Fairbank* v. *United States* ((1901) 181 U. S. 283, 287); *Head Money Cases* ((1884), 112 U. S. 580, 595).

The power to finance in the most appropriate and economical manner the construction of highways, which are clearly within the power of the Federal Government to build, may be effectually denied to the United States if the power to acquire adjacent property by eminent domain is denied. In order to go forward with highway improvements, the program must to some extent be financed by the increased property values created by the program because the tolls to be charged for the use of some of the improvements will not alone be adequate for the purpose of recovering the expenditure. The taking of adjoining property would seem clearly to be a valid exercise of the right of eminent domain by the Federal Government in direct furtherance of its power to build highways. See *California* v. *Pacific Railroad Co.* ((1888) 127 U. S. 1, 39).

In *City of Cincinnati* v. *Vester* ((C. C. A. 6th, 1929) 33 F. (2d) 242), often cited as a bar to excess condemnation, the question involved was the interpretation of an ordinance of the city of Cincinnati under the Constitution of Ohio, which the circuit court of appeals held authorized condemnation for a nonpublic use. The Supreme Court affirmed the judgment of the circuit court of appeals, but expressly declined to consider the constitutional validity of excess condemnation in that case ((1930) 281 U. S. 439). The remarks of the lower court on the due-process clause would seem to deny that "free scope for the exercise of a

wide legislative discretion in determining what expenditures will serve the public interest" allowed by the Supreme Court in *Carmichael* v. *Southern Coal Co.* ((1937) 301 U. S. 495, 514).

The opinion in *United States* v. *Certain Lands in the City of Louisville* (C. C. A. 6th, 1935, 78 F. (2d) 684), to the effect that the Federal right of eminent domain could not be exercised in furtherance of a low-cost-housing project was based upon the theory that neither the relief of unemployment nor slum clearance was a proper Federal purpose. Such reasoning has been clearly repudiated by the Supreme Court in *Steward Machine Co.* v. *Davis* (1937, 301 U. S. 548), and in *Helvering* v. *Davis* (1937, 301 U. S. 619), upholding unemployment compensation and old-age pensions under the Social Security Act. In the Steward case Mr. Justice Cardozo said (at pp. 586–587):

"It is too late today for the argument to be heard with tolerance that in a crisis so extreme the use of the moneys of the Nation to relieve the unemployed and their dependents is a use for any purpose narrower than the promotion of the general welfare."

And in *Helvering* v. *Davis*, he pointed out (at p. 641):

"Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation."

Likewise, the Court of Appeals of Kentucky held that condemnation of land for low-cost housing constitutes a State public use. *Spahn* v. *Stewart* (1937, 268 Ky. 97, 103 S. W. (2d) 651).

The question of what constitutes a public purpose is a constantly growing and expanding concept over which novelty imposes no veto. *Sun Printing & Publishing Association* v. *New York* (1896, 8 App. Div. 230, 236–238, 40 N. Y. S. 607, 610, affirmed (1897) 152 N. Y. 257, 46 N. E. 499). It is unfortunate that the question of a State's power to take excess land was first presented on the theory that such taking was only an attempt by the State to exercise its power of eminent domain for the purpose of making a commercial profit, and that the use of excess condemnation as an appropriate and economical method of carrying out public improvements was not clearly perceived. *In re Opinion of the Justices* (1910, 204 Mass. 607, 91 N. E. 405).

Viewed in the light of these principles stated, the power of the Federal Government to acquire real property adjacent to a highway improvement, the value of which is increased by such highway improvement, as a necessary means of prosecuting the building of the highway, would seem to be conferred by the Constitution. Indeed, excess condemnation bears a striking analogy to special assessments on property specially benefited.

IV. OBTAINING EXCLUSIVE LEGISLATIVE JURISDICTION IS NOT A PREREQUISITE TO EXPENDITURE OF PUBLIC MONEY UNDER THIS BILL

Section 355 of the Revised Statutes (U. S. C. title 40, sec. 255), provides:

"No public money shall be expended upon any site or land purchased by the United States for the purposes of erecting thereon any armory, arsenal, fort, fortification, navy yard, customhouse, lighthouse, or other public building, of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title, nor until the consent of the legislature of the State in which the land or site may be, to such purchase, has been given."

That section has been construed to prohibit the expenditure of public money for the structures enumerated therein unless the Federal Government has acquired complete legislative jurisdiction ((1935) 38 Op. Atty. Gen. 341; opinion of the Attorney General to the Secretary of the Treasury, dated May 5, 1939). It is clear that this limitation on the power of the Federal Government to expend money in the construction of public buildings is a legislative limitation rather than a constitutional one (*James* v. *Dravo Contracting Co.* (1937), 302 U. S. 134, 148). As such, it is clearly within the power of the Congress to remove that limitation wherever and to whatever extent Congress may deem it wise. That has been done in sections 5 (h) and 19 of the bill as originally introduced. By reason of those sections, the limitations of section 355 of the Revised Statutes do not apply to any public building erected under authority of the bill. The procedure afforded by those sections appears to adequately protect the interests of the United States.

V. OBTAINING LEGISLATIVE JURISDICTION IS NOT NECESSARY FOR ACQUISITION OF PROPERTY BY FEDERAL GOVERNMENT

The consent of the State to the Federal Government's acquiring property within that State, whether by purchase or condemnation, is to be distinguished from the State's consenting to or ceding to the Federal Government the right to legislate over such property (1 Willcughby, sec. 251). It has already been shown that the consent of the State to the taking of property is not a prerequisite to the exercise by the Federal Government of its power of eminent domain.

As to legislative jurisdiction, it is well settled that the Federal Government in acquiring property within a State need not attain the fullest legislative jurisdiction contemplated by article I, section 8, clause 17, of the Federal Constitution. That clause merely enables Congress to exercise complete and exclusive jurisdiction where the State has consented to or ceded such jurisdiction (*Fort Leavenworth R. R. Co.* v. *Lowe* (1885), 114 U. S. 525, 530; *James* v. *Dravo Contracting Co.* (1937), 302 U. S. 134, 148). Indeed, the United States need not accept exclusive jurisdiction if such assumption is contrary to its own conception of its interests (*Mason Co.* v. *Tax Commission* (1937), 302 U. S. 186, 207).

Where the Federal Government has acquired property within a State and there has been no yielding of legislative jurisdiction, it would seem that the State may not, nevertheless, use its power to legislate in such a manner so as to interfere with the Federal governmental purposes for which the property has been acquired. If, as the Court pointed out in the *Kohl case*, supra, the power of eminent domain cannot be emasculated by the failure of the State to consent to the acquisition, it would follow a fortiori that, once the Federal Government had acquired the property, the State may not, under the guise of its legislative power, destroy the effective use of the property in carrying out the Federal purpose for which it was acquired. In the *Dravo case*, supra, the Court stated (at p. 147):

"It is not questioned that the State may refuse its consent and retain jurisdiction consistent with the governmental purposes for which the property was acquired."

In the *Fort Leavenworth case*, supra, the Court made a similar observation, stating (at p. 539):

"Where, therefore, lands are acquired in any other way by the United States within the limits of a State than by purchase with her consent, they will hold the lands subject to this qualification: That if upon them forts, arsenals, or other public buildings are erected for the uses of the General Government, such buildings, with their appurtenances, as instrumentalities for the execution of its powers, will be free from any such interference and jurisdiction of the State as would destroy or impair their effective use for the purposes designed. Such is the law with reference to all instrumentalities created by the General Government. Their exemption from State control is essential to the independence and sovereign authority of the United States within the sphere of their delegated powers. But, when not used as such instrumentalities, the legislative power of the State over the places acquired will be as full and complete as over any other places within her limits."

SUMMARY

To summarize: (1) Congress may constitutionally authorize the taking of land by condemnation with or without the consent of the State in which the land is located; (2) Congress may constitutionally authorize the acquisition of land already devoted to a public use; (3) the Federal Government may acquire property adjacent to highway improvements, the value of which is increased thereby, as an appropriate and economical means of carrying on the construction of highway improvements authorized to be built under the Constitution; (4) obtaining exclusive legislative jurisdiction over property acquired by the United States is not a constitutional prerequisite to the expenditure of Federal money thereon, nor essential to the carrying out of the Federal purpose for which such lands are acquired.

Mr. BARKLEY. Mr. President, I am anxious to hasten on to other parts of the program.

Mr. McNARY. Mr. President, I have some further questions, but I will defer them.

Mr. JOHNSON of Colorado. Mr. President, I should like to ask one very brief question to clear up a point in connection with the road program. Suppose a State should borrow money, under the proposed legislation, could the State use the money to match Federal-aid money, in a road program?

Mr. BARKLEY. I do not see any reason why it could not, because if it borrows it, it is a direct loan for the purpose of highway construction, which it would have to be. I think it could add the amount it borrowed to the amount which it would require to match the Federal appropriation.

Mr. BYRD. Mr. President, before the Senator from Kentucky leaves the subject of the toll roads, I should like to ask him a question. The report of the department of roads says that there are only two sections of roads in the United States which would be self-liquidating as toll roads. One is from Philadelphia, Pa., to New Haven, Conn., a distance of 172 miles. The judgment that the road would be self-liquidating is based on a toll of one and a half cents per mile, which is equivalent to the cost of the gasoline, and that would be in addition to the average gasoline tax, which is approximately 6 cents a gallon, and all the other taxes the motorists pay; and for the other roads of the country covered by the report they would be self-liquidating only to the extent of 40 percent. I wondered whether the Senator seriously contemplated the construction of toll roads, under the proposed legislation, on the assumption that they would be self-liquidating.

Mr. BARKLEY. No; with all my usual optimism, I would hardly expect the Public Roads Administration to start out through the country under this program and build a new highway with the viewpoint of undertaking to reimburse the

Government by tolls it would collect from it, unless it should be in one or two densely populated sections, where the people would prefer to pay tolls rather than suffer the inconvenience of travel over an unsatisfactory highway.

I happened to be in Naples, Italy, 2 years ago, and there I saw one of the superhighways, which runs from Naples out toward and, I think, almost entirely to the little town of Sorrento, a distance of about 35 miles. It is a beautiful road, and there is a toll charge of about 50 cents for the use of that road from the outskirts of Naples on to the town of Sorrento. Anyone who is in a hurry or who desires to enjoy a ride and avoid the congestion caused by the starts and stops of automobiles in congested areas will pay the toll in order to avoid such inconveniences.

It has been estimated that between the city of New York and the city of Albany, a distance of 150 miles, a truck hauling a load of freight is required to stop on an average of every 3 miles, and that every time they stop and start they not only increase the consumption of gasoline and delay their speed in traversing the territory, but that in the process of starting and stopping they injure the machinery of the car to such an extent that they would be willing to pay a reasonable toll in order to avoid that sort of travel.

Whether any such road would be built under this program would depend entirely upon the ability of the highway department in Washington to cooperate with the State in working it out, and whether it would be completely self-liquidating would depend upon the tolls collected. I doubt whether any such road would be built under the program.

Mr. BYRD. The real effect of the legislation would be that loans would be made to the localities.

Mr. BARKLEY. I think very largely either loans or leasing arrangements, by which the money would be advanced, which would be practically loans.

Mr. BYRD. That being the case, should there not be an equitable division among the States, as in the case of the present highway appropriations, because, of course, the States get the benefit of the money at a very low rate of interest, as provided in the bill?

Mr. BARKLEY. That is true, and theoretically much could be said for an equitable division. But here is a program designed to relieve the congestion of traffic in the more crowded sections of our country, and ultimately, no doubt, the entire country would be in a similar situation. But it is extremely important, in my judgment—and the Public Roads Administration has made its surveys with a view to that—that in the greatly congested areas, where the congestion not only delays traffic but endangers life, and in some of the cities where there has been such a decadence in the value and the use of property that banks and trust companies have been required to take over what was otherwise valuable property, which was sold for taxes because the owners could not pay the taxes and pay the debts—in such cases as that, in large cities, to get the improvements, through the cooperation of the Federal Government and the local authority, widening and improving these highways and beautifying them, it would be worth while not only to the communities but to the Nation as a whole to expend the amount of money made available wherever the need is the greatest. I doubt whether in my State any of this money would be expended for a highway, although it would be expended for underpasses, overpasses, bridges, and other facilities which are a part of the highway system.

Mr. BYRD. Could not the municipalities borrow the money from the public instead of borrowing it from the Federal Government? What advantage in the way of interest would the municipalities or the States receive by making these loans with the Federal Government instead of making them direct with the public?

Mr. BARKLEY. Of course, I assume they would get a low rate of interest.

Mr. BYRD. There would be a low interest rate. As the Senator knows, practically all the States and subdivisions of States throughout the country can borrow money from the public if they desire to do so. If the Federal Government is going to allow a low rate of interest, then there should be an equitable division among the 48 States, and 1 or 2 States should not be selected.

Mr. BARKLEY. I think the $500,000,000 program made possible under the bill will be sufficient to give all the States whatever they need in proportion to their need, as compared with other States. But if it were divided up on an equitable basis in proportion to population—which I judge is what is in the Senator's mind—the money might be expended in a State where there was no need for super facilities, bypasses, or bridges, or greater facilities for highway travel.

Mr. BYRD. From the report of the Bureau of Roads it appears that the average cost per mile is $202,270, so that there would not be any wide distribution of this money.

Mr. BARKLEY. That is in a case where the Government would start out and build a highway of its own through some virgin territory. But that does not necessarily mean the average for short byroads or feeder roads.

Mr. BYRD. Short roads through congested areas cost much more. The report shows that the maximum cost from Jersey City, N. J., to New Haven, Conn., is $1,158,000 a mile.

Mr. BARKLEY. The Senator can argue that point when he begins to discuss the measure. I do not wish to spend the whole day on the road program, though I am glad to answer any questions I can answer. I will say to the Senator in all frankness that if the Congress is to adopt a program of this kind, which is Nation-wide in its scope, but, of course, designed to relieve the conditions where relief is needed to the largest extent, it would be unfortunate to divide this money, because it is not an appropriation, it is money that is to be derived from private sources through the agency of the Reconstruction Finance Corporation. It is intended to draw from private sources not now being used for this purpose money to invest in highway improvement, and it would be unfortunate to place it upon the same basis with a direct appropriation from the Treasury, in a case where the States are required to match the funds in order to get the aid.

Mr. BYRD. The original bill introduced provided for the purchase of the excess land on each side of the road. The message sent by the President to the Congress accompanying the report of the Bureau of Roads advocated that this land be used for the purpose of paying for the construction of the road, by selling it for one purpose or another, thus having the Federal Government go into the real-estate business. Does the revised bill permit the Corporation, or anyone receiving the money, to buy excess land in addition to what is required for the road itself?

Mr. BARKLEY. Yes; the bill would authorize the Federal public roads authorities, in cooperation with the States of course, to purchase whatever may be necessary or convenient, including adjacent lands on the side of these highway improvements.

Mr. BYRD. Then, one other question, Mr. President. What is the interest rate at which the Senator estimates this money will be loaned to the localities?

Mr. BARKLEY. The bill provides that it shall not be greater than the yield on the longest term outstanding Government obligations. That means, of course, that if one pays $115 for a United States bond payable in 1950 or 1960, bearing, let us say, 4-percent interest, the yield on that to the investor who buys it now at that premium might be 2½ percent.

Mr. BYRD. I do not know what it might be. I mean, if this bill is passed today, what will be the interest charge as fixed by the bill, in the event these loans are made to the States and localities?

Mr. BARKLEY. The interest charge will be the maximum yield every 3 months, every quarter, fixed by the R. F. C., based upon the yield of the longest term outstanding Federal obligations.

Mr. BYRD. Can the Senator now state that rate?

Mr. BARKLEY. Based upon the market price of the outstanding long-term bonds, and the interest which they bear, it is estimated that at this time the maximum interest rate would be 2⅜ percent.

Mr. BYRD. What would be the minimum interest rate?

Mr. BARKLEY. There is not any minimum interest rate.

Mr. BYRD. Does the Senator mean that the R. F. C. and the President and the Secretary of the Treasury can lend the money at 1 percent if they choose to do so, or one-half percent?

Mr. BARKLEY. No; I do not mean that. I mean that the average rate on these obligations would be the yield on the longest term obligations of the Government which are now outstanding.

Mr. BYRD. The Senator said that the maximum rate would be 2⅜ percent.

Mr. BARKLEY. It depends on the maturity. In the bill the callable date is regarded as the maturity date.

Mr. BYRD. But the Senator fixes standard rates in the bill. Certainly there is some way to find out what the interest rate will be for the next 3 months if the bill is passed in the next few days.

Mr. BARKLEY. So far as I can estimate, it would vary at the end of every 3 months—every quarter. That would not affect the interest rates of previous bonds but would apply to those that are to be sold thereafter. At the present time it would be approximately 2⅜ percent.

Mr. BYRD. For the next quarter?

Mr. BARKLEY. Yes.

Mr. BYRD. My recollection of the testimony at the hearings is that the interest rate went down to as low as 1 percent.

Mr. BARKLEY. That would be only for a 5-year loan. The long-term obligations issued by the R. F. C. to carry out this program would not carry such a rate.

Mr. BYRD. Can the Senator tell the minimum rate possible under this bill?

Mr. BARKLEY. No; I could not tell the minimum rate possible, because it would all depend on the length of the loan, and depend on the yield at the time the loan was made.

Mr. BYRD. The Senator means the length of the loan made to the State or locality?

Mr. BARKLEY. Yes; of course. If it were a 5-year loan, it would probably be at a lower rate of interest than if it were a 20-year loan.

Mr. BYRD. It is not determined, then, by the cost to the R. F. C. in borrowing the money?

Mr. BARKLEY. Yes; the bill says that the loan shall be made at a rate which will compensate the Reconstruction Finance Corporation for what it has to pay for the money in the market, but it shall not be greater than the yield on the long-term United States Government loans.

Mr. BYRD. What the Senator says is that 2⅜ percent is the maximum rate, and not the minimum rate?

Mr. BARKLEY. No; it is not the maximum rate.

Mr. BYRD. I do not want to irritate the Senator, but I think it is important for the Senate to know what the minimum is for which the money can be loaned.

Mr. BARKLEY. There is no way of knowing the minimum rate, and I think the Senator from Virginia understands that there is no way of knowing what the minimum rate may be, because it will depend from time to time on the yield of the bonds, and it will depend from time to time on the interest which the Reconstruction Finance Corporation is required to pay in obtaining the money from the public. So there is no question of irritation between the Senator from Virginia and me.

Mr. BYRD. The Senator from Kentucky suggested it was to be fixed on the basis of the longest term borrowing by the United States for the next 3 months. Certainly that is a standard by which we can determine what the rate will be. That can be ascertained from the Secretary of the Treasury. What is the rate today on the longest term obligations of the Federal Government, and is that the rate that is going to be fixed in making these loans to the localities?

Mr. BARKLEY. That will depend on the length of the loan, as I said, and on the yield. But based on the present prices of long-term bonds, the rate on a 5-year loan would be 1 percent; on a 10-year loan, 1⅞ percent; on a 15-year loan, 2¼ percent; and on a 20-year loan, 2⅜ percent.

Mr. BYRD. The Senator has finally given me the rate I asked for. The Government then is making a gift to those who make the loans of from 1½ to 2 percent of what it would cost the States to get money for themselves.

Mr. BARKLEY. No; because the Reconstruction Finance Corporation and the Treasury are able to get the money on short-term obligations, which enables them to loan it to the municipalities and the States at that price.

Mr. President, I ask that a table prepared by the Treasury Department be inserted in the RECORD. It shows the estimated rate of interest on the loans made for various periods.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

EFFECTIVE CAPITAL GRANT, FOR PROJECTS WITH LOANS OF SELECTED MATURITIES, PROVIDED BY REDUCED INTEREST RATES UNDER BARKLEY-STEAGALL BILL

TABLE A.—*Loans of selected amortized maturities (equal annual debt service)*

Longest maturity of amortized loans	Probable range of interest rates under Barkley-Steagall bill	Capital grants provided by reduction in interest rates under Barkley-Steagall bill from the following rates—		
		4 percent	3½ percent	3 percent
	Percent	*Percent*	*Percent*	*Percent*
40 years	2¼	24	18	12
	2⅜	23	17	10
	2½	21	15	8
30 years	2½	21	16	11
	2¾	20	15	9
	2⅞	19	14	8
20 years	1¾	19	15	11
	1⅞	18	14	10
	2	17	13	9
10 years	⅞	15	13	11
	1	14	12	10
	1⅛	14	12	9

TABLE B.—*Loans of selected average maturities (or term loans)*

Average maturity	Present P. W. A. rate	San Francisco-Oakland Bridge rate	Probable rate under Barkley-Steagall bill	Capital grants provided by reduction in interest rates under Barkley-Steagall bill from the following rates:	
				Present P. W. A. rate	San Francisco-Oakland Bridge rate
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
20 years	4	3.50	2⅜	22	16
15 years	4	3.40	2¼	19	13
10 years	4	3.00	1⅞	17	10
5 years	4	2.00	1	13	5

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TOWNSEND. I think the Senator from Kentucky is correct in saying that if the Reconstruction Finance Corporation desired to borrow the money the maximum rate would be about 2⅜ percent.

Mr. BARKLEY. It would be now.

Mr. TOWNSEND. It would be now. But there is nothing that would prevent the Reconstruction Finance Corporation from borrowing the money for 2 years on the same basis that the Government borrowed yesterday or the day before, at five-eighths percent, and loaning it at that rate. There is nothing to prevent the Government from loaning the money at that low rate.

Mr. BARKLEY. If the Government should borrow money at such a rate and could give the localities the advantage of that rate on a short-term loan, I do not see any objection to it.

Mr. TOWNSEND. No; I am not raising that point. I mean to loan it at any rate for which the Government can get the money.

Mr. BARKLEY. The Government can loan it at a rate of interest calculated to repay the Reconstruction Finance Corporation for its outlay in obtaining the money.

Mr. TOWNSEND. Without any profit.

Mr. BARKLEY. Without any profit.

Mr. TOWNSEND. In its present loans the R. F. C. gets a coverage. Under this new bill it gets none to take care of its losses in any way.

Mr. BARKLEY. The loans are offered to the public somewhat as a recompense for the elimination of the grant features of the special P. W. A. loans which have been made in the past.

Mr. President, I have taken more time on the question of roads than I had intended to take on the entire bill, but I do not want to be unresponsive to Senators who are seeking information if I can impart it.

Mr. ADAMS. Mr. President, I am seeking information.

Mr. BARKLEY. The Senator does not need to seek information, for he has much of his own. I am greatly complimented by the Senator's intimation that I can furnish him information.

Mr. ADAMS. Mr. President, I am sitting at the feet of Gamaliel. I am interested now in the interest rate. On page 15 of the bill there is the provision that the interest shall be at a rate which shall be reasonably expected to reimburse the Corporation for the cost of the capital. That is qualified, however, by the language, "not to exceed the highest yield to maturity on the longest term outstanding issue of obligations of the United States." That involves the question of yield.

I should like to have it explained why the question of yield should enter into the consideration. "Yield" is the amount which the holder of the obligation receives. What we are concerned with, it seems to me, is what the money will cost the Government. A change in conditions might develop which would reduce the yield to a point where there would be an actual loss; here the cost to the Government would be in fact more than the yield. It seems to me that if we eliminated the second portion we would be taking care of the problem rather justly, by simply saying that the money shall be loaned at a rate which will reimburse the Government, and not put in the additional provision which might result in a loss to the Government.

Mr. BARKLEY. I will say to the Senator that the question of yield is appropriate for consideration, because it determines the willingness of the public to invest its money in obligations of this character. If I had $100,000, and were willing to buy a United States bond bearing on its face 4-percent interest, payable in 30 years at one hundred and twenty, of course I would not get 4 percent on my investment. The yield on that investment would be reduced in proportion to the amount above par that the bond was bringing in the public market. And so that is a fair test of the willingness of the public to invest its money in Government obligations.

Mr. ADAMS. But the Government is paying the full rate specified in the bond.

Mr. BARKLEY. Yes.

Mr. ADAMS. That is what it costs the Government.

Mr. BARKLEY. Yes; that is what it has cost the Government to get the money represented by that particular bond, and that in a fair way represents the willingness of the public to invest its money in the obligations, not based on the rate of interest the bond bears, but based on the yield the public obtains by paying more than par.

Mr. ADAMS. Would the sponsors of the measure not accomplish what they have in mind in the first section if they should provide that the rate shall be such as will reimburse the Reconstruction Finance Corporation? The Corporation gets the benefit of the desire of the communities to borrow at low rates.

Mr. BARKLEY. The Reconstruction Finance Corporation so far has not issued any obligations, as I recall, for a longer term than 5 years, and, by reason of that, they have been able to obtain money at a very low rate of interest. So has the Treasury on its short-term obligations. But, when we authorize the Reconstruction Finance Corporation to issue bonds payable at the end of 30 years, we have got to consider that such bonds cannot be sold on the basis of seven-eighths of 1 percent interest, or even 1 percent. Probably a rate in proportion to the length of the bond may have to be provided. For that reason the language probably would not protect the Reconstruction Finance Corporation altogether, and would not set a standard by which it might gage its operations in the future in determining interest rates, although I will say to the Senator that, fundamentally, it is not the desire of those who have sponsored this proposed legislation that the Reconstruction Finance Corporation shall make a profit out of the municipalities and States and subdivisions of the States by lending this money. All we hope to do and expect to do is to have the Reconstruction Finance Corporation reimbursed for the amount which it has to pay, with interest.

Mr. ADAMS. How would the Senator interpret the term "cost"? Would he narrow the term "cost" to the interest which is paid, or would there be an allowance for handling charges? There would be an expense to the Reconstruction Finance Corporation in the issuance of the paper and the handling of the money.

Mr. BARKLEY. I think the word "cost" is limited to the amount the Reconstruction Finance Corporation is required to pay for the money. Any administrative costs involved in the operation of the program would be taken care of as are other administrative costs.

Mr. ADAMS. There would be a definite loss to the corporation.

Mr. BARKLEY. There might be if it were figured in that way. Congress would be authorized to appropriate enough money to administer the act by the employment of personnel in Washington.

Mr. ADAMS. The Senator did not want to get off the highway; but let us apply that situation to the purchase of railroad equipment.

Mr. BARKLEY. I will say to the Senator that I am coming to that subject a little later.

Mr. ADAMS. The same thing applies. The interest rate is uniform.

Mr. BARKLEY. Section 19 of the bill provides that—

> There is hereby authorized to be appropriated from time to time such sums as may be necessary for administrative expenses in carrying out the provisions of this act.

The administration would be the same.

Mr. ADAMS. I was hoping that a different interpretation would be placed on "cost." I was thinking in terms of a railroad company, which is purely privately owned. It wants to buy a streamlined train, or something of that sort, experimentally. It comes to the Reconstruction Finance Corporation. It is planned to lend the railroad 100 percent of the cost. The Reconstruction Finance Corporation would receive as security only a lien of some kind on the property purchased.

Many railroads are bankrupt. They might want to buy equipment. The Government would be furnishing the total cost. The Government's security would be limited to the equipment bought and put into use. We would say to a railroad, "We will buy the equipment for you, and will charge you for the money only the naked interest rate which we pay. We will not seek to reimburse ourselves for the cost of making the loan, printing the bonds, or any incidental costs. We will take the hazard." If the streamlined train should prove to be a failure, all the Government would have would be a heap of junk. It seems to me that the provisions of the bill are unduly considerate and favorable toward the railroads.

Mr. BARKLEY. Of course the Senator may not altogether agree with me; but I realize that the railroads of the country as a whole are sadly deficient in equipment and rolling stock. Forty-five percent of all the engines now in operation in the United States are more than 20 years old.

Mr. ADAMS. But the railroads have 2,000 engines in good order standing on sidings and not being used.

Mr. BARKLEY. More than 45 percent of all boxcars——

Mr. ADAMS. The railroads have 200,000 boxcars on sidings in good order and not being used.

Mr. BARKLEY. No, no. I am afraid the Senator is exaggerating his figures.

Mr. ADAMS. The figures are in the RECORD.

Mr. BARKLEY. That situation may be true on some roads.

Mr. ADAMS. The figures represent the aggregate for the railroads of the United States.

Mr. BARKLEY. I am talking about the country as a whole. Less than 3 percent of the boxcars and engines now in use in the United States are under 10 years of age. It may be and no doubt is true that a few strong roads would not need this money. However, many do need it; and they are not in a position to obtain loans from private sources, because of the condition of the roads and because of the money market.

I did not wish to discuss the railroad question until I reached it, because I want to take up these things in the order in which I have them. However, inasmuch as the Senator has asked me about that matter, I shall answer his question if I can.

The only objection of the railroads to the bill, as disclosed in the hearings, was that as originally drawn the language seemed to carry some compulsion; also, that it might be construed to permit the Government to build a railroad shop or to invest money in building equipment, with the speculative prospect that it might lease the equipment to railroads. An amendment was offered and adopted in the committee, and after its adoption the railway people withdrew any further objection to the language, and rather approved the purposes of the bill.

The Reconstruction Finance Corporation, without the intervention of any other subsidiary corporation, may enter into contracts with railroads which desire to use the fund, and which need it. The bill is only for those which need money, and not for those which do not. A railroad which does not need equipment would have no object in going to the Reconstruction Finance Corporation or to any private lending agency to borrow money for purposes for which it did not need money.

The bill enables the Reconstruction Finance Corporation to enter into contracts, which it does not now have the power to do, for leasing material to railroads and for furnishing money to them to build equipment such as engines, boxcars, passenger cars, and all sorts of railroad equipment. Such an arrangement would stimulate employment and the investment of private funds to the extent of $350,000,000, and probably would indirectly stimulate a much larger sum, in order that the roads which need the equipment may be able to obtain it on terms which would enable them to refinance and repay the Government.

It might work out in some cases that the rate of interest would be less than is being paid by some other road to a private lender. However, in the particular case of which I am speaking the private lender is unwilling to make the loan, or the railroad, through some deficiency of its own, is unwilling to take the risk of a direct loan, which would be a short-term loan. The banks do not make long-term loans to a sufficient extent to enable the weaker roads, or even those that are not so weak, to indulge in the necessary expenditure of money to improve their equipment.

Mr. ADAMS. My question as to the railroads was whether or not the Federal Government should make a donation to a privately owned corporation in the shape of interest rates less than the cost to the Government. I can understand that we might well make grants to cities, counties, and States; but the effect of the bill would be that we should be making donations to the railroads, which are private corporations.

Mr. BARKLEY. Of course, the arrangement might be interpreted as a grant. If a low rate of interest were interpreted as a grant in the case of a municipality, I suppose it is fair to make the same interpretation with reference to a loan to a railroad. However, it really is not a loan, except in effect. There is this difference: Under the present law the Reconstruction Finance Corporation, with the approval and certificate of the Interstate Commerce Commission, may make direct loans to railroads for certain purposes. However, a method has been worked out by which the Federal Government may obtain the money from the public in order that it may be invested in the more or less languishing equipment facilities in the country to provide better service at a rate of interest which will enable the railroads which need the money to obtain it, and thereby stimulate employment, improve the facilities for transportation in the country in a reasonable way, and as effectively as possible guarantee the repayment of the loan, the advance, or the expenditure, on the theory that when it has been entirely repaid to the Government the equipment will become the property of the road which has used it.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Idaho.

Mr. CLARK of Idaho. I should like to call attention to the testimony of Mr. Pelley, who stated that there was some idle equipment in the aggregate. The Senator from New York [Mr. WAGNER] asked him this question:

> What you said a moment ago has been puzzling me, and I know you would not have suggested it if you did not have an answer. That is, with reference to this equipment which is idle, What is puzzling me is whether or not there are some other roads whose equipment is not included in this idle equipment that might want to come forward and make loans with which to purchase other equipment. Otherwise, I do not know why you would need any more equipment when you have a lot of idle equipment. That is not clear in my mind.

Mr. Pelley replied:

> This—

The "this" was the total figure he gave as to idle equipment.

> This is the equipment of all of the railroads put together, Mr. Chairman. Some have all they want; some would not come in at all at this time, because there is no occasion. Others will, in my opinion.

Then the chairman said:

> You think, in view of what you stated, that there is still a demand for equipment?

Mr. Pelley replied:

> I think there is an opportunity to get some equipment orders placed now, just as this bill is designed to do.

Mr. BARKLEY. I thank the Senator for that contribution from the testimony of Mr. Pelley.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator. However, I am very anxious to conclude.

Mr. TAFT. In answer to the Senator from Colorado [Mr. ADAMS], who fears that we are subsidizing the railroads through a low interest rate, I suggest that the subsidy is perhaps balanced by the fact that a Federal system of superhighways would do more damage to the railroads than we could possibly repair by a subsidy. Perhaps the railroads are entitled to a small subsidy.

Mr. BARKLEY. I am afraid the Senator's contribution is facetious.

Mr. TAFT. Not at all. It is very serious. I think the bill would do infinitely more harm to the railroads than we could possibly compensate for by a subsidy represented by a low rate of interest. If the Federal Government should go into the business of building superhighways, the railroads would be out, and there would be just about half as much employment of men on railroads as there is today.

Mr. BARKLEY. During the hearings the Senator from Ohio asked Commissioner Eastman the same question, and Commissioner Eastman denied that any such implication could be inferred from the operation of this measure.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WAGNER. I think Mr. Eastman said that free roads were more competitive instruments than toll roads.

Before the Senator leaves the discussion of highways I wish to say to the Senator that in New York City we have

tried a toll highway on what we call the West Side Highway, which is free through the city, but as one leaves the city he is charged a 10-cent toll to proceed through the State. Our experience has lasted only a little more than 2 years, but the highway is so successful that the tolls are three and a half times as great as were estimated by the engineers before the project was constructed. Instead of liquidating the debt in a period of 20 years, we shall be able to liquidate it in 10 years or less. I read in the New York Times this morning a report on the new bridge, called the Whitestone Span, which was constructed without any grant of any kind. This report, covering a period of only 2 months, shows that the actual receipts are in excess of the estimates which were made.

If the Senator will be patient for one more moment, let me say that when I read the figures of the P. W. A. and the experience of the P. W. A. with reference to self-liquidating projects, the Senator from Michigan [Mr. VANDENBERG] raised the question that that was not an analogy, because a part of the cost of some of those projects was paid for by grants. So I asked the R. F. C. to give me the figures and their experience with reference to loans on self-liquidating projects in cases where the loan was 100 percent and there was no grant at all. If the Senator from Kentucky will give me permission, I should like to read the figures into the RECORD here, as I think they are rather important.

Mr. BARKLEY. I am glad to yield to the Senator from New York.

Mr. WAGNER. The authorized loans were $400,092,487; the canceled authorizations were $31,841,243; the amount disbursed was $322,018,141; and bonds have been sold to the public or retired in the amount of $282,018,456. On the sale of such bonds the R. F. C. has realized a profit of $16,829,115. Thus there is left in the hands of the R. F. C. a balance of $40,184,000, and on that $40,000,000 the payments are current. That has been the experience of the R. F. C., according to their actual figures.

Mr. BARKLEY. I appreciate very much the facts presented by the Senator from New York.

Mr. TAFT. Mr. President, will the Senator from Kentucky yield to me to make a correction? I refer to the testimony of Mr. Eastman in response to my question:

> Mr. Eastman, another provision of this bill gives the Federal Government power to maintain and operate highway improvements; at least, gives power to set up a complete Federal system of highways, which is in the nature of superhighways across the country. What effect would that have on the business of the railroads?
>
> Mr. EASTMAN. If you charge tolls for them, the railroads might be no worse off than they are now, with the highways which now exist on which no tolls are charged. The railroads are getting plenty of competition from those highways; and I should not think they would be any worse off with highways on which the user had to pay tolls.
>
> Senator TAFT. Mr. MacDonald seemed to doubt the feasibility of the toll road. What do you think of the effect of free roads of that character on railroad traffic? What do you think the effect would be?
>
> Mr. EASTMAN. I think the more and better roads you have the more competition by trucks and busses is facilitated. I think that goes without saying.

And Mr. Pelley's testimony was practically the same:

> Senator TAFT. What effect on railroad traffic would the expenditure of $650,000,000 of Federal money on highways have?
>
> Mr. PELLEY. Their construction would give the railroads some business, but when completed they would take away from us many times the amount of business they gave us during their construction.

Mr. BARKLEY. On that basis, the Federal Highway Act should be repealed and all other methods of transportation should be outlawed, because they compete with the railroads.

Mr. TAFT. They are subsidized methods of transportation.

Mr. BARKLEY. All methods of transportation are subsidized in a sense, either by one form of government or another.

Mr. President, inasmuch as I have already discussed, in response to the Senator from Colorado, the provision with regard to railroad equipment, I do not intend to spend any more time on that now.

This bill also allocates $350,000,000 for the Public Works Administration. We are all familiar with the Public Works Administration. Heretofore it has made loans and grants. Under this bill there will be no grants. This bill provides for loans to public bodies for the type of construction which has heretofore been carried on under the Public Works Administration. Those who have worked out this proposed legislation and are sponsoring it and have investigated the basis of it have come to the conclusion that the time has arrived when we should no longer indulge in making grants to States, municipalities, counties, and local subdivisions throughout the United States, but that they should be willing now to go forward with a program of loans, and, as an inducement for the locality to take advantage of these loans, we have provided a rate of interest which is equivalent over a period of about 30 years to a grant of from 15 to 20 percent in the aggregate.

I am not going to discuss that subject any further except to say that Mr. Carmody, who is the new Administrator of Public Works, and who has up to now been the head of the Rural Electrification Administration, testified that he thinks this entire $350,000,000 will be absorbed in loans of this character for non-Federal projects.

Mr. President, we have in this bill an allocation of $500,000,000 for rural electrification. At the present time there are fewer than one out of every five farms in the United States that enjoy the facilities of electricity. Even after this program shall have been completed, and this $500,000,000 shall have been expended, only one out of every two farms in the United States will have electrical facilities for the enjoyment of the people who live in the rural sections of the country.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRD. How long does the Senator estimate it will take to make this expenditure of $500,000,000?

Mr. BARKLEY. In that connection let me say that Congress authorized 3 years ago a 10-year program for rural electrification at the rate of $40,000,000 a year, which would aggregate $400,000,000 over a period of 10 years. Three years of that 10-year period have now elapsed, leaving 7 remaining. At the rate of $40,000,000 a year for 7 years more, that would be $280,000,000 to be expended. To the original program over the next 7 years to that $280,000,000 we have added $220,000,000 more, making $500,000,000 carried by this bill. Of course, there is no limitation in the bill as to how long it may take to expend the money. It might be expended in 7 years.

Mr. BYRD. I am very much in favor of the rural-electrification program, but I was wondering why we should make provision for 7 years in advance?

Mr. BARKLEY. Such provision has already been made. The original act passed 3 years ago made provision for 10 years in advance.

Mr. BYRD. The money was not provided.

Mr. BARKLEY. But it was authorized, and it was presumed that it would be appropriated at the rate of $40,000,000 a year; but last year the Congress was not satisfied with the rate of speed for carrying out this program at the rate of $40,000,000 a year, and added a hundred million dollars. So for that year the R. E. A. had $140,000,000 available instead of $40,000,000; and out of the $140,000,000, $135,000,000 has been approved and allocated for rural-electrification projects.

Mr. BYRD. Why not continue the practice that has prevailed heretofore of making annual appropriations after authorizations have been made to cover a certain period of time?

Mr. BARKLEY. Because this money is not supposed to come out of the Treasury; it is supposed to be drawn from private investment sources. We modify the original law and now provide a $500,000,000 program as a substitute for the $400,000,000 program adopted 3 years ago, which amount was to be taken out of the Treasury of the United States through direct appropriation, because we feel that these

bonds will be sufficiently attractive to draw the $500,000,000 from private sources to be loaned to rural cooperatives in the various States in order to carry forward the electrification program.

Mr. BYRD. The Federal Government is spending $2 for every $1 that it is taking in, and is now offering Federal bonds that will satisfy the great demand the Senator mentions. It is just as good for Federal bonds to be sold to the public as it is for bonds of the R. F. C. to be so sold, is it not?

Mr. BARKLEY. I do not think the Senator would advocate that it is preferable to have direct appropriations out of the Treasury for the $280,000,000 covering the period of 7 years if we can in the same period, or even in a less period, draw from private sources $500,000,000 to be expended for the same purpose.

Mr. BYRD. Are we not drawing from private sources, anyway, because the Federal Government is issuing its bonds? We are not paying as we go.

Mr. BARKLEY. I do not think it is good business to have part of this program provided for out of the Treasury and part of it drawn from the public by the issuance of bonds. I think it ought to be harmonized, and I think the $500,000,000 can be obtained in the way the bill proposes.

Mr. BYRD. Cannot the R. F. C. get money for these loans if they desire to do it. They have $1,400,000,000 in unused authorizations?

Mr. BARKLEY. Theoretically it could make some loans, but the Senator realizes, while it is true the R. F. C. has $1,300,000,000 of credit, Mr. Jones testified it has been the policy of the R. F. C. never to come nearer than a billion dollars to the exhaustion of the credit authority which they now have under the law.

Mr. BYRD. Is there any good reason for that?

Mr. BARKLEY. Yes; I think there is a good reason, because they feel that that much background is necessary in order to have that much reserve credit. They have proceeded on the basis of that policy up to now.

Mr. BYRD. They have $400,000,000 in addition, then, which must be adequate for this particular expenditure?

Mr. BARKLEY. I do not think so and the R. F. C. does not think so.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Idaho. I merely wish to observe that I think this section which has to to with rural electrification better typifies than any other section of the bill the whole theory that underlies this measure. There has been a dispute, I suppose, throughout the ages as to how far government should go into private financing. I well remember when the private utilities, with which I have no quarrel, thought that they could not possibly risk the money of their stockholders in rural electrification. They felt that way because it was too hazardous; farms were scattered far apart. They recognized that the farmer needed electricity and ought to have electricity, but they felt that their own private capital could not legitimately be risked in an undertaking which might be a little hazardous. Consequently the Government had to step into the field where private enterprise did not feel justified in venturing; but the Government's advances for rural electrification have now so justified themselves that throughout the country the private utilities, the program having been justified, are seeking, in many instances, to buy from the Government, at a profit to the Government, if you please, these construction activities.

That illustrates, I think the whole philosophy of this bill. When private enterprise cannot enter, or for one reason or another feels unjustified in entering into certain financing, such as rural electrification—and I will say that reclamation is another example—it is mandatory on the Government to step in and supply the necessary capital, which is returned, as the rural electrification money is being returned, in order that the country may continue to progress and have a sound and expanding economy.

Today rural electrification not only is self-sustaining, but it has furnished the private utilities which in the first instance were afraid to take the risk with an outlet for power which they had never theretofore dreamed of and which now they are exceedingly glad to get, and their power load has been expanding all the time.

That is why I say I think this particular provision of the bill is very important, for Government capital has to step in when private capital either cannot or does not feel justified in stepping in, in order that the entire economy of our country may expand, and the blessings of electricity and water and other facilities may be brought to our people.

Ultimately, there is no substantial loss to the Treasury; and, even if there is a slight loss, it is compensated for many times over by the income taxes and other things the expenditure produces in the form of increased wealth.

Mr. BARKLEY. I very much appreciate the remarks of the Senator from Idaho, with which I entirely agree. If there is any activity of the Federal Government which is justified, it is an activity designed to bring to our rural population the enjoyment of some of the facilities which have long been enjoyed by people in cities and towns and in more congested areas of the country.

Those of us who were raised on farms, as I was, who used to see the women who worked on the farms go through the drudgery of all the labor necessary to keep house without any possibility of any facility that might lift some of the drudgery from their backs, appreciate the opportunity now to bring to these farm families an opportunity to enjoy electrification, not only for electric lights but for the operation of machinery upon the farm and in the performance of the household duties that are so burdensome to many persons with large families. All the things that enter into this program are justified, in my opinion; and not only that, but, as the Senator says, private utility companies have been able to sell more of their power because of these local cooperatives organized among the farmers of the United States; and I will say that they are not quarreling with the program.

Mr. NORRIS. Mr. President——

Mr. BARKLEY. I yield to the Senator from Nebraska.

Mr. NORRIS. It is probably improper—we have not the time—for me to engage in a discussion of the rural-electrification program. I rose only because I do not agree with either of the Senators who have just made remarks in regard to the relationship of the private utilities to the rural-electrification program. Of course, it never would have been started if those living in the rural regions had been given ordinary justice by the owners of the private utility corporations.

Mr. BARKLEY. I do not disagree at all with that statement.

Mr. NORRIS. But when I call attention to one thing, I think neither one of the Senators will disagree with what I am about to say.

I do not want the occasion to pass without calling attention to the fact that the private power companies—those which I have often designated, and I think properly, as the Power Trust—are not entitled to have any chromos thrown into their laps now, as we might say the Senators have come pretty near doing, in regard to the program for carrying electricity to the farm and the farmers of America. I have tried to follow it as closely as I could. I have tried always to do the best I could to develop this good program without injuring the private utilities, and the original act did not do that. It held out to the private utilities the hand of peace. They have often accepted it, probably in good faith; but I have the testimony of the man who knows more about it than any other man on earth—that is, the testimony of Mr. Carmody, who has made a great success of rural electrification—that the one greatest enemy he had, the one greatest obstacle to his program, has been the attempt of the private utilities to build spite lines to interfere, wherever they could, with the carrying out of this program by the Government.

It has been true all over the United States, and it is true at this minute, that whenever the private utilities could throw

a monkey wrench into the machinery, they have not hesitated to do it.

Although this discussion may not have a direct bearing upon the questions at issue, I could not let this occasion pass by and have the impression go out that the private utilities are entitled to any of the credit for this great program, one of the greatest ever undertaken in the world, I think. It is enabling this great blessing to be taken into the homes and onto the farms of the distressed portion of our people, the farmers of America, who, we all now admit, have not had a square deal, have not had a fair opportunity to meet the contingencies of life. I think the present administration is entitled to unmeasured credit, which in years to come is going to redound to the glory of the men who have been behind this great program, a matter of common justice to the toilers of America on the farm; but the private utilities are not entitled to a particle of consideration for any part of the success of the program. It has been brought about against their opposition, and often with their active, malicious opposition.

Mr. BARKLEY. I will say to the Senator from Nebraska that I am sure neither the Senator from Idaho [Mr. CLARK] nor I intended to pass out any chromos to private electric companies. They have attempted to interfere with the rural-electrification program. They have in many cases gone out and discouraged farmers even from forming cooperatives, and they have in many cases sought, as so often happens in matters of that sort, to handicap and hinder and forestall the installation of electrical facilities in many parts of the country.

What I meant to say in my reply to the Senator from Idaho was that in spite of all that, Mr. Carmody—who, as the Senator says, has been a very successful administrator, because his heart has been in the work; he understands it, and he sympathizes with it—has been able to administer the program in such a way that, according to his own testimony before the committee a week or 10 days ago, private utilities are now coming to understand that the program may in many cases be a benefit rather than a damage to them, because it enables them to sell more power.

Mr. NORRIS. Of course, the program is a benefit to them, and it is intended to be so. They had an opportunity to share in it, and to make a great deal of money out of it; but whenever they have had an opportunity to grind down the price, and thought the cooperatives could not otherwise get power at wholesale rates, they have squeezed down with the same hatred and maliciousness, it seems to me, that they have done in the past, and they would do it tomorrow if they had an opportunity to do it again.

Mr. BARKLEY. Mr. President, I now wish to mention the allocation of $600,000,000 to the Agricultural Department to be administered by the Farm Security Administration. Three hundred million dollars of it is to go to the administration of the Bankhead-Jones Act, with which we are all familiar, dealing with farm tenancy, and $300,000,000 of it is to go to rural rehabilitation being carried on under another program and another act of Congress for the rehabilitation of the farmers of the United States.

We all understand that this double program contemplates two separate conditions of agriculture. The Bankhead-Jones Act is intended primarily to deal with tenancy and to enable men who are now tenants to enjoy the ownership of land, while the rural-rehabilitation program is designed and has been carried out primarily for the benefit of men who already own farms but who need to obtain loans upon reasonable terms and upon conditions that will enable them to repay the loans in order to furnish stock and equipment and facilities on the farms they already own, in order that they may enjoy a greater degree of prosperity. I do not wish to go into any details about that program, because I think everybody in the Senate understands it.

Mr. GEORGE. Mr. President——

Mr. BARKLEY. I yield to the Senator from Georgia.

Mr. GEORGE. I desire to ask the Senator from Kentucky a question on that point. I am very much interested in it.

The bill provides as follows:

To the Department of Agriculture: $600,000,000 for loans for facilities for farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who have in the past obtained, the major portion of their income from farm operations—

Then the bill proceeds—

including rural-rehabilitation loans, and projects for the provision of additional water facilities, and farm-tenant loans as provided for in title I of the Bankhead-Jones Farm Tenant Act.

I call the Senator's attention at this point, because I expect to have something to say about it later on, to the fact that so far as the $300,000,000 of the $600,000,000 not specifically allocated is concerned, the grant to the Secretary of Agriculture is broad. It is virtually without any restrictions whatsoever. He may do anything he wants to do with $300,000,000 of the $600,000,000 for loans for facilities for farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who have in the past obtained, the major portion of their income from farm operations. It seems to me that that is entirely too broad an authority or power to delegate to anybody under any circumstances.

It is true that the provision reads:

Including rural-rehabilitation loans, and projects for the provision of additional water facilities, and farm-tenant loans as provided for in title I of the Bankhead-Jones Farm Tenant Act, of which amount not less than $300,000,000 shall be available for farm-tenant loans as provided for in title I of said act.

And further:

That $100,000,000 of any unobligated balances of sums heretofore appropriated or made available to the Secretary of Agriculture to enable him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Emergency Relief Appropriation Act of 1938, and the Emergency Relief Appropriation Act of 1939, shall be covered into the Treasury.

But here is a grant to the Secretary of Agriculture in terms sufficiently broad to permit him to do anything.

Mr. BARKLEY. I will say to the Senator from Georgia that the Farm Tenant Act, Public Document No. 210, Seventy-fifth Congress, section 1, provides:

The Secretary of Agriculture * * * is authorized to make loans in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico to persons eligible to receive the benefits of this title to enable such persons to acquire farms.

(b) Only farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who recently obtained, the major portion of their income from farming operations shall be eligible to receive the benefits of this title.

Mr. GEORGE. That is true, and I do not quarrel with that at all.

Mr. BARKLEY. The language of the particular section of the pending bill referred to was drawn and worked out by the Solicitor of the Department of Agriculture because it was desired to integrate it with not only the Bankhead Act but the Rehabilitation Act, which has heretofore been enacted by Congress.

Mr. GEORGE. I have no quarrel with that, and I have no quarrel with the appropriation so far as the Farm Tenancy Act is concerned; but this provision does not mean only that. It means that $300,000,000 is given Mr. Wallace to do with as he pleases, and, so far as I am concerned, I have no such confidence in Mr. Wallace or his organization as would justify me in voting a blank check to him of $300,000,000 to be expended as he pleases.

Mr. BARKLEY. Mr. President, it is a matter of opinion——

Mr. GEORGE. No; it is not a matter of opinion.

Mr. BARKLEY. As to whether Secretary Wallace will administer this appropriation. The Senator from Alabama [Mr. BANKHEAD] knows more about this provision of the bill than I do, because he has been especially interested in legislation of this character. The Secretary of Agriculture testified before the committee. The bill originally did not contain the $300,000,000 allocation, but was amended in the committee on the motion of the Senator from Alabama to allocate this $300,000,000 to farm tenancy under the Bankhead-Jones Act, and my recollection of the Secretary's testimony, and that of others of the Department of Agriculture, was that in the administration of the Bankhead-Jones Act

the provisions of the rehabilitation program would be carried out and enlarged to the extent that this appropriation would permit. But I leave very largely to the Senator from Alabama, who is an expert on farm tenancy and rural rehabilitation, the details of the program to which the Senator from Georgia has called attention.

Mr. GEORGE. Mr. President, I merely call attention to it now. I am not taking issue with any reasonable appropriation to administer the Farm Tenancy Act, but I know from past experience what has happened, and I do not propose to stand here under any circumstances and give blanket authority to the Department of Agriculture; and I know that it is intended to give them a blank check for two to three hundred million dollars under this language.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Kentucky yield to the Senator from Alabama?

Mr. BARKLEY. I yield.

Mr. BANKHEAD. I should like to make at this time a very brief statement about this matter. I did not know the question would be raised, and I have not available here two acts of Congress previously enacted on this subject which I desire to call to the attention of my good friend the Senator from Georgia.

This is not a new blanket authority. I am dealing only with the $300,000,000 for farm security, not with the Bankhead-Jones Farm Tenancy Act, because that is all definite, and there is no question in the Senator's mind about that, as I understand.

The Senator seems to be of the impression that the amount set aside here for administration under the rehabilitation program, as it is generally called, being administered by the Farm Security Administration, is a new grant with wide-open discretion in the Department of Agriculture, or the Secretary of Agriculture. That is not the situation. In the first place, there are three titles in the Bankhead-Jones Act. The first, of course, relates to the regular farm-tenancy program, and has to do with loans to tenants with which to acquire farm homes.

The second covers rehabilitation loans, and that is contained in very general language. I think the Senator will find when he examines it—and I will have it here later—that the language in the pending bill practically follows the language on the subject of rehabilitation loans found in title II of the Bankhead-Jones Act.

Mr. GEORGE. I may interrupt the Senator from Alabama to say at this time that that may be true, but we have heretofore given Mr. Wallace and the Department of Agriculture altogether too broad a general authority, and at a later time in this debate I shall undertake to point out some of the uses he is making of the money.

Mr. BANKHEAD. That is another question, and I do not care to go into it. I merely desire to make it plain at this time that the language contained in the section under discussion in the pending bill is not new language.

Mr. BARKLEY. That is what I attempted to say awhile ago.

Mr. BANKHEAD. The language of section 2 of the Bankhead-Jones Act has been contained in the last three relief-appropriation bills, which made special appropriations to the Farm Security Administration to carry on the rehabilitation program.

Mr. BARKLEY. I will say also to the Senator from Alabama and to the Senator from Georgia that the report goes into somewhat greater detail as to how the money for rural rehabilitation and also for the administration of the Bankhead-Jones Farm Tenancy Act is to be expended.

Mr. GEORGE. I merely wanted to call attention to the matter now because I shall be unalterably opposed to any such grant as that to the Department of Agriculture.

Mr. BANKHEAD. My only purpose in addressing the Senate at this time is to make it plain that this is merely a continuation of language used in several previous acts.

Mr. GEORGE. That may be, but there have been no previous acts of this character. We have passed previous acts dealing with specific and limited and qualified appropriations, but here is the largest appropriation of this kind we have made, and, in my judgment, we should restrict this language.

Mr. TYDINGS. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. TYDINGS. I should like to ask the Senator from Kentucky whether the pending bill is an authorization or an appropriation.

Mr. BARKLEY. It is neither. It neither authorizes any appropriations out of the Treasury nor makes appropriations, except that there is a general authorization of appropriations necessary to pay the administrative expenses. All the money involved in the whole program is designed to be drawn from private sources through the use of R. F. C. bonds, which will be sold to the public in order to obtain the money with which to make the allocations to the various branches of the program as the needs may occur.

Mr. TYDINGS. I think the Senator is accurate about the only direct authorization, which is found on page 18, where money is authorized to be appropriated to pay the salaries necessary to administer the act.

Mr. BARKLEY. I should amend by adding that there is an authorization so that if later on a loss should be incurred in the operation of the program under any loan, the Secretary of the Treasury would be authorized to reimburse the R. F. C., just as it is authorized now to do in the case of an individual loan.

Mr. TYDINGS. Are the bonds to be issued by the R. F. C. direct or indirect obligations of the United States Government?

Mr. BARKLEY. Only contingent obligations. They are guaranteed by the Government of the United States, and, of course, that carries with it the contingency that, in the event of loss, the Government will make good the loss. They are issued under the same law which authorizes the issue of bonds by the Reconstruction Finance Corporation. It increases the limit by the amount involved in the program.

Mr. TYDINGS. As I understand, they are really Government obligations, but the Government hopes and expects to retire the Government obligations by using the money in productive enterprises which will return sufficient to pay principal and interest.

To recur to my original question, it occurs to me that in effect we are making an appropriation in the bill. It is true, as the Senator from Kentucky says, that in its administration, if the projects are sound and are self-liquidating, the money will come back to the Government, so that there will be no loss. Nevertheless, the R. F. C. has to get the money first of all before it can lend it to anybody. Therefore two questions have suggested themselves to me in that connection. First, it seemed to me that this bill should have gone to the Committee on Appropriations. However, that is a mere technicality. Secondly, it seemed to me that it was an appropriation of money for which there was no substantive law at all.

Mr. BARKLEY. I think the Senator is wrong in both instances, if I may say so.

Mr. TYDINGS. The Senator is entitled to his opinion.

Mr. BARKLEY. Primarily the bill authorizes an increase in the amount of obligations which the Reconstruction Finance Corporation may issue, and such legislation has always gone to the Committee on Banking and Currency.

An appropriation is no more involved in this bill, nor an authorization for an appropriation, than was involved in the Home Owners' Loan Act, which authorized the Home Owners' Loan Corporation to issue bonds, or in the legislation creating any of the other lending agencies, which have been designed to draw funds from the public, except that the administrative expenses—since the hiring of more clerks in Washington would be involved—would be paid out of the Treasury.

Mr. TYDINGS. I follow the Senator's reasoning.

Mr. BARKLEY. The only other possibility of any necessity ever arising for the payment of money from the Treasury would be in the event a loss occurred somewhere down the

line. That is true of the other lending agencies. Therefore, it is not an appropriation in the ordinary sense, and it may never be an appropriation.

Mr. TYDINGS. But there may be one.

Mr. BARKLEY. There may be one, but that is a matter for future consideration.

Mr. TYDINGS. I do not want to be technical about it, but it seems to me that if the plan does not operate so as to provide at least a balanced budget for the Reconstruction Finance Corporation, or a profit rather than a deficit, we are in effect making an appropriation in the amount of such deficit.

In another place, on page 5, I find this provision:

That $100,000,000 of any unobligated balances of sums heretofore appropriated or made available to the Secretary of Agriculture to enable him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Emergency Relief Appropriation Act of 1938, and the Emergency Relief Appropriation Act of 1939, shall be covered into the Treasury as miscellaneous receipts.

It seems to me that there we directly appropriated $100,000,000 in addition.

Mr. BARKLEY. No.

Mr. TYDINGS. Perhaps I am in error about it.

Mr. BARKLEY. The situation is that Congress has already appropriated this $100,000,000 to the Secretary of Agriculture——

Mr. TYDINGS. That is correct.

Mr. BARKLEY. To carry out $100,000,000 worth of this program. What we are doing here is covering that $100,000,000, heretofore appropriated, back into the Treasury, and providing that this entire program shall be financed by the sale of bonds through the Reconstruction Finance Corporation. So, instead of taking money out of the Treasury by that, we are putting it back into the Treasury.

Mr. TYDINGS. If such be the case, then it would seem to me that one of two things is inescapable: Either this is an authorization bill or it is an appropriation bill along the lines I have just discussed with the Senator, namely, if Congress appropriates, not to the Reconstruction Finance Corporation but to the Secretary of Agriculture, $100,000,000 with which to do a particular job, and then, before he does that job, passes an act saying that he shall administer that $100,000,000 in a way different from that originally conceived, it must then be an authorization bill.

Mr. BARKLEY. The Secretary of Agriculture is not at all authorized by the bill to use the identical $100,000,000 taken out of the Treasury and allocated to him by an appropriation passed by Congress.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. In order that this program may be uniform, and not have a part of it paid out of the appropriations from the Treasury, and a part of it obtained from the public, we simply cover the $100,000,000 heretofore appropriated back into the Treasury, so that $100,000,000 will no longer be at the disposal of the Secretary of Agriculture.

Mr. TYDINGS. Who will have it?

Mr. BARKLEY. It will go back into the Treasury subject to future appropriation by Congress. He can obtain from the public, through the sale of these bonds, an equal amount, another $100,000,000, which goes to make up the $600,000,000 carried in the bill.

Mr. TYDINGS. Let me read to the Senator from the bill. Perhaps I have not read it thoroughly. I have read it very hastily. Let me read it again:

That $100,000,000 of any unobligated balances of sums heretofore appropriated or made available to the Secretary of Agriculture to enable him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Emergency Relief Appropriation Act of 1938, and the Emergency Relief Appropriation Act of 1939, shall be covered into the Treasury as miscellaneous receipts.

As I understand, the Senator says that that $100,000,000 is to be handed back to the Treasury, and not appropriated at all, because at the beginning of this page there is an additional sum for various activities, so that that $100,000,000 appropriation is literally wiped out. Is that correct?

Mr. BARKLEY. Yes; that is a repetition of the appropriation heretofore made.

Mr. TYDINGS. The Senator does not feel that by authorizing the Reconstruction Finance Corporation to make loans we are in effect appropriating money.

Mr. BARKLEY. No; I do not.

Mr. TYDINGS. I think we are, but I can see how the Senator may reason differently. My point, I may say to the Senator from South Carolina, is that if this were an appropriation bill the Committee on Appropriation should have considered it. What does the Senator from South Carolina think about that?

Mr. BYRNES. I thought the Senator from Maryland was under the impression that it had to originate in the House of Representatives.

Mr. TYDINGS. No; I was not even discussing that question. I was discussing whether it was an appropriation measure, and if it was, there was no substantive law on the books to authorize the appropriation.

Mr. BYRNES. I do not think it is an appropriation bill, for it contains practically the same language that has been contained in bills heretofore considered by the Committee on Banking and Currency.

Mr. TYDINGS. That is true, but even if it has not heretofore been considered by the Committee on Appropriations, that does not make it right in this particular instance.

Mr. BARKLEY. The $100,000,000 that was appropriated before was appropriated as the result of a substantive law authorizing it.

Mr. TYDINGS. That is correct. I am not now referring to that $100,000,000. I am referring to the whole philosophy, namely, that the Congress authorizes an agent of the Government to commit the credit of the Government for a definite sum of money, which may or may not be paid back, that is in effect an appropriation.

Mr. BARKLEY. No; I do not agree with the Senator about that.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ADAMS. The Senator must recognize the ingenuity involved. If the United States Government borrows money and issues bonds, and then it wishes to make a loan, the money must go through the process of appropriation. But we create a corporation, all of the stock of which belongs to the United States, and then we have that corporation issue bonds which the United States guarantees, and then that corporation makes the loans, and thus two things are evaded: We do not include the borrowing as a part of the public debt, though we owe it, and we do not go through the processes of appropriation, though it is really Federal money that is being spent.

Mr. TYDINGS. The Senator from Colorado has expressed my criticism in terser and clearer language than I could have employed. I am not making a technical point, or trying to throw any cold water on the bill, but I think that in effect it is an appropriation bill, and if it is not, it is an authorization bill. It has to be one or the other. It seems to me to be a pretty poor way to legislate, at least in view of the rules and the precedents here in the Senate.

Mr. ADAMS. If the Senator were in court, the court would say it would look through the mere form of the corporation back into the real substance of it.

Mr. TYDINGS. Of course.

Mr. BARKLEY. I am not concerned about the jurisdiction of committees. I will say that all the legislation authorizing the Farm Credit Administration to issue its bonds, authorizing the Home Owners' Loan Corporation to issue its bonds, authorizing the Reconstruction Finance Corporation and other agencies to issue bonds, came from the Committee on Banking and Currency. The organizations were created by legislation which was brought out of that committee.

Mr. TYDINGS. The Senator is correct about that. But let me——

Mr. BARKLEY. That may be all wrong, but it is the way it has been done.

Mr. TYDINGS. I do not want to be captious about it, but let me show the Senate by an illustration where this policy will eventually lead us if we continue to pursue it. Take the United States Housing Authority, for which already $800,000,000 has been authorized. The United States Housing Authority gets its money from the Federal Treasury. In other words, it puts up its bonds with the Treasury of the United States, and the Treasury sells them and gets $800,000,000 which it in turn loans to the cities and towns of the United States. There is no place at all in the Treasury statement where the $800,000,000 Federal obligation is shown. Further than that, the Congress in that case authorized the United States Housing Administrator to make contracts with cities, guaranteeing that Congress will annually appropriate sufficient money to the cities which the cities may use to pay off their annual obligation to the Housing Authority, which in turn pays it back to the Treasury, but in effect it is a 100-percent direct obligation of the Treasury of the United States.

Mr. BARKLEY. No; the Senator is mistaken there. The United States Housing Authority sells its obligations to the public and draws its funds from the public.

Mr. TYDINGS. No; the Treasury sells them.

Mr. BARKLEY. No; there has only been $1,000,000 appropriated to the United States Housing Authority out of the Treasury, and that $1,000,000 has been repaid.

Mr. TYDINGS. The Senator is proceeding under a misapprehension of what I said. The United States Housing Authority bonds are sold for the United States Housing Authority by the Treasury Department of the United States.

Mr. BARKLEY. But they are sold to the public.

Mr. TOWNSEND. Certainly. I said that.

Mr. BARKLEY. Yes.

Mr. TYDINGS. But it is a Government obligation.

Mr. BARKLEY. Indirectly.

Mr. TYDINGS. Directly.

Mr. BARKLEY. The bonds are guaranteed by the Government just as are the Home Owners' Loan Corporation bonds, the Reconstruction Finance Corporation's bonds, and the bonds of other organizations.

Mr. TYDINGS. Will the Senator allow me to say that in this case it is a direct obligation, because the United States Housing Administrator is authorized by the act creating that authority to make contracts for a period of 60 years with each of the cities that borrows from that $800,000,000, and Congress must annually appropriate for the cities a sum sufficient to pay off 100 percent, with interest, the amounts they borrow from the Federal Government? If that is not a 100-percent direct obligation of the Federal Government I do not know what it is, for the simple reason that none of the debt is paid off, except by an annual appropriation of Congress.

I do not want to be captious or critical about it, and I am not attacking the bill, but I say that if the Government continues to follow this indirect procedure we shall reach such a point that there will be hundreds of millions of dollars of obligations of the Federal Government outstanding, which will not be a part of the Federal debt proper, but which the Federal Government will have to pay either in full, as in the case of the United States Housing Authority, or in part, when the R. F. C. cannot collect in full its loans. I say that the time has come when appropriations, whether they are indirect or direct, should go through the Appropriations Committee, otherwise we are going to have cockeyed bookkeeping.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. No; I will not yield until I shall have answered the statement made by the Senator from Maryland. And, Mr. President, I am not going to yield much more, because I wish to continue with my statement. I am glad to answer questions, but I do not want to take the whole day myself, and deprive the Senator from Ohio and other Senators of the opportunity to make speeches.

Mr. TAFT. I was going to speak on the subject a little later, but I wanted to get the Senator's views before I made my remarks.

Mr. BARKLEY. I wanted to answer the Senator from Maryland, and just as I was about to begin he started out the door.

Mr. TYDINGS. Well, I have come back, and I have another barrel loaded.

Mr. BARKLEY. The Senator is always well loaded—I mean with ammunition. [Laughter.]

Mr. TYDINGS. The Senator from Maryland has never intentionally "shot" at the Senator from Kentucky, at least in a personal sense.

Mr. BARKLEY. I understand that, and there is no Member of this body for whom I have a higher personal regard than for the Senator from Maryland, though I frequently differ with him.

The statement which the Senator has just made shows the condition which already exists. Earlier in the day I put into the RECORD the total direct obligations of the Treasury of the United States, amounting to slightly more than $40,000,000,000 at this time. I also put into the RECORD a table showing the indirect obligations by reason of the guarantee of bonds, amounting to $5,478,000,000.

Mr. TYDINGS. Did that amount include the $800,000,000 United States Housing Authority loans?

Mr. BARKLEY. It included everything that has been issued. I do not think the United States Housing Authority has issued all of the $800,000,000.

Mr. TYDINGS. No; it has not.

Mr. BARKLEY. The figure includes everything that has been issued.

Of course, if we could contemplate that all these obligations would be defaulted, and that none of them would ever be paid off, that situation would involve a future appropriation, contingent upon the happening of that situation, of $5,478,000,000. However, nobody contemplates any such collapse of these obligations as that. Looking out over a period of 15, 20, 25, or 30 years, there may be losses which will require an appropriation by Congress in a deficiency measure to make up the losses by returning the money to the Treasury or reimbursing the corporation which has issued the bonds. In all the legislation heretofore enacted I think there has been an authorization upon which Congress could base such a contingent appropriation in years to come. This bill follows the legislation which heretofore has been enacted in that regard. If there are no losses, there will never be any direct appropriations. If there are some losses, there will be direct appropriations.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TYDINGS. I think the Senator has presented the case most accurately in a general way. However, let me point out to the Senator in all seriousness that while perhaps it was excusable to create these corporations and allow them to issue bonds when we were in other times, and while looking back over the situation we can very well find some fault with it now which did not then occur to us, it is my opinion that this is not the time to continue a policy against which much sound criticism can be leveled.

One of the chief criticisms of the continuation of the policy is that, first of all, it involves indirect appropriations, and takes away from the Appropriations Committee the power to act. The second thing is that it is easy for a Member of Congress to vote to allow the Reconstruction Finance Corporation or the United States Housing Authority to sell so many bonds in the name of the Government, and then to use the money in supposedly self-liquidating projects, because we can always say, "Of course it was only a loan."

What I propose, as a business proposition, is that we ought to allow the Government of the United States to borrow $5,000,000,000, if necessary, and we ought to put at the disposal of the Reconstruction Finance Corporation whatever proportion of the $5,000,000,000 is necessary, just as we now do. The point is that the Government would have an obligation on its books until the debt was repaid. Certainly when a government borrows indirectly or directly, or when an individual borrows indirectly or directly, the fact that the debt is to be paid some 5 or 10 years hence when

it falls due does not excuse one from carrying it as a debt. As the Senator from Kentucky himself has said, there are about $5,000,000,000 of such debts; and I feel that the time has come to revamp our fiscal policy. Without changing the picture, we ought to set up our accounts so that there will not be two different sets of books in the Treasury of the United States, one of the direct obligations, and the other of equally direct obligations but camouflaged through the instrumentality of an independent agency.

Mr. BARKLEY. Of course, it is a matter of individual opinion as to how it ought to be done. We must do it as we have heretofore been doing it, or we must make a direct appropriation out of the Treasury, or we must do nothing.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. So we have three prongs to what may be a dilemma.

I suppose the Senator's remarks are a sort of criticism of the plan by which the $5,478,000,000 does not appear as a direct obligation of the Treasury of the United States. There is no concealment about it. There is no camouflage. There is no effort to deceive anybody, because the Treasury reports and statements show the total amount of indirect obligations which have been issued under all the authorities which have heretofore been given.

I do not know any business institution in the United States which ever sets out in its financial statements the notes it may have signed or its contingent obligations to the extent that the Treasury of the United States and the Government of the United States sets them out, so that anybody who is interested in the question may obtain the figures. In reporting our individual financial conditions we do not set out as liabilities notes of others which we may have signed and which may never be paid by us, although probably it would be good bookkeeping to do so. However, we probably sign very few such notes.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TYDINGS. If the Senator will permit me to digress for just a moment, I think he will concede that I have devoted some little time and study to the activities of the United States Housing Authority. I wish to make a general statement. I do not believe very many Senators have had the time or the opportunity, or perhaps the disposition, to inquire into the activities of the United States Housing Authority. Briefly, one of the reasons why I am raising this point, if I may digress a moment, is to present this state of facts:

The United States Housing Authority is now lending $800,000,000 to the cities of America. However, in the very contracts which the United States Housing Authority makes with the cities for the repayment of the loans the United States Housing Authority guarantees annually to give to the city the amount of money which the city will need to pay off the annual installment, plus the interest on the loan, and Congress must annually appropriate the money to pay off the $800,000,000 loan. So, while it is theoretically a loan, it is only an appropriation by Congress every year, and not a single thin dime of the whole $800,000,000 will find its way back into the Treasury of the United States.

I think that obligation, no matter what it may be called, ought to be charged directly on the financial statement of the Government, because it is an open-faced, 100-percent, $800,000,000 gift which the taxpayers, through annual taxes, and the Congress, through annual appropriations, will pay off over a period of 60 years. That is the reason why at this time I am suggesting that we get back into more orthodox ways of national financing.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. Mr. President, from now on I shall observe the rules of the Senate and yield only for questions.

Mr. TAFT. I should like to ask a question.

Mr. BARKLEY. I yield.

Mr. TAFT. I wonder on what theory the money can be taken from the Treasury without an appropriation when article I, section 9, of the Constitution says that:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law.

What is the theory under which we pay out the money without appropriations?

Mr. BARKLEY. We are not paying it out of the Treasury.

Mr. TAFT. Is it not paid out of the Treasury?

Mr. BARKLEY. It is not paid directly out of the Treasury.

Mr. TAFT. I can understand that as to the Reconstruction Finance Corporation. However, in this case——

Mr. BARKLEY. If the Senator will refer to the case of *United States* v. *Johnson* (124 U. S., p. 236), decided in 1887, he will find that that question was settled by the Supreme Court.

Mr. TAFT. That may be true as to a corporation; but is it true as to a department of the Government? In this case we have gone a step further. We have said that the Secretary of Agriculture may borrow money to pay the expenses of his Department. If he may borrow money which is not paid into the Treasury, I do not see why we should not take care of the whole deficit of $4,000,000,000 and bypass the appropriation process in connection with ordinary loans of the Government.

Mr. BARKLEY. The loans made to date by the Home Owners' Loan Corporation, the Reconstruction Finance Corporation, the Farm Credit Association, and various other agencies which are authorized to borrow money from the public to make loans to others, do not involve appropriations by Congress out of the Treasury.

Mr. TAFT. That is true; but on what theory? Are we not going much further than was ever justified by saying that the Secretary of Agriculture may pay money out of the Treasury without an appropriation?

Mr. BARKLEY. We are authorizing the Secretary of the Treasury to use not to exceed $600,000,000, which he will obtain from the Reconstruction Finance Corporation. The Reconstruction Finance Corporation will obtain the money from the public by the sale of its bonds. Therefore, it is not necessary to appropriate money out of the Treasury, when the money is not coming out of the Treasury.

Mr. TAFT. Are the Senator's views the same as to section 16 of the bill, which says that the administrative expenses of the Departments may be paid without appropriation?

Mr. BARKLEY. The language in section 16 was put there in order specifically to authorize appropriations necessary to conduct the administrative expenses of operating the law; and the Senator knows that in the committee the word "administrative" was included so that the language could not be construed to apply to the expenditure of money which is to be obtained from the sale of bonds.

Mr. TAFT. If the Senator will read section 16, it says that the money for administrative expenses shall be paid—

> from such amounts as may, with the approval of the Director of the Bureau of the Budget, be reserved from the proceeds realized from the sale of notes, debentures, bonds, or other obligations of the Corporation for the payment thereof.

Mr. BARKLEY. Yes.

Mr. TAFT. Nothing in section 16 is an authorization for an appropriation.

Mr. BARKLEY. The Director of the Budget would have nothing to do with expenditures in connection with this or other programs financed from the collection of money through the sale of bonds. In the matter of appropriations the Director of the Budget is concerned only with the administrative expenses of the Departments in carrying out the program.

The bill also allocates $90,000,000 for reclamation projects in the United States. This is not a new activity, but it is rather a speeding-up and extension to some extent of a program already in progress, in which many of the States in the West are interested. The bill provides for obtaining the money for that purpose in order to speed up the programs, and in some cases to expand them. Such programs have been shown to be a very worthy and effective way by which to benefit certain arid lands throughout the West.

The bill proposes to increase the authorization of the Export-Import Bank so that it may borrow $200,000,000 instead of $100,000,000 in making loans to facilitate the exportation of American products into other countries. Mr.

Jesse Jones testified before the committee that this money was needed; that it was advisable to increase the authority because it would enable the bank to loan money to American corporations and, in one or two instances, to corporations or banks which may be in a sense Government institutions, in order to facilitate the exportation of American products.

The Export-Import Bank up to date has made loans of a character that banks and private lending agencies were not either in a position to make or were unwilling to make. They have been sound loans; there has been a minimum of the element of risk in making these loans, and they have been able to facilitate the exportation of American products to the markets of the world, thereby giving employment not only to labor in factories but to laborers in the fields.

The items I have mentioned go to make up the $2,490,000,000 of bonds authorized to be issued by the Reconstruction Finance Corporation for the purpose of allocating to the various agencies the amounts provided in the bill. If all the amounts provided for the various agencies are used, it will involve an increase in the obligations of the Reconstruction Finance Corporation to the extent of nearly two and a half billion dollars. The process by which this program is to be carried out is for the Reconstruction Finance Corporation to draw these funds from the public, distribute them among these agencies, which will, in turn, distribute them among the people of the United States. They will be repaid to these agencies, finally returned to the Reconstruction Finance Corporation, and by the Reconstruction Finance Corporation be returned to those who hold their bonds. The process will be a drawing of money from the public for these expenditures and its final return to the public through the paying of the obligations issued by the Reconstruction Finance Corporation.

Mr. BYRD. Mr. President, before the Senator takes his seat—and I do not want to keep him longer on the floor; he has been very patient and has been upon his feet for a long time—let me ask is there any provision—I cannot find it—in this bill to provide for the taxation of the bonds to be issued?

Mr. BARKLEY. The bonds are to be issued under the law that has heretofore applied to the issuance of bonds by the Reconstruction Finance Corporation, and such bonds have been issued tax free except for the surtaxes which are applicable to all bonds issued under the authority of the United States.

Mr. BYRD. This bill raises a question which I think has never heretofore been raised; that is, that the tax-free power of the Federal Government is to be used for the benefit of private business because the bill provides that loans may be made to railroads at the cost of interest to the Federal Government, and that interest cost is less because the bonds are tax free.

Mr. BARKLEY. All the loans that have been made by the Reconstruction Finance Corporation heretofore to railroads or industries have been made under the same law. They have been tax free, except as to the payment of surtaxes, as is the case of all other bonds issued under the authority of the Government.

Mr. BYRD. The Senator knows that the rate of interest has been on an average 3 percent. It is proposed under this bill to furnish the money at its cost to the Government, which may be 1 percent, as the Senator said, or may be less than 1 percent; and it is proposed not only to furnish it to localities and States but to furnish it to private industry and individuals and railroads.

Mr. BARKLEY. The Senator and I probably have a fundamental difference of opinion with respect to this matter. I think that the question of taxation of Government obligations, Federal, State, municipal, and local, is a matter into which Congress in the near future will go for the purpose of determining what its policy will be. But here we are trying to provide money at rates of interest that will sufficiently attract municipalities, States, counties, and individuals in their capacity as private citizens, to enable them to borrow this money and repay it.

If we are going to hobble the sale of these bonds by providing that they shall not enjoy the tax-exempt privilege, then we handicap our efforts to sell these bonds to provide the money for loans to individuals or public corporations under terms that will be sufficiently attractive to induce them to borrow the money. Whenever we come to the time that we have got to deprive these public obligations of the tax-exempt privilege which they now enjoy, I think the law ought to apply to all obligations and not apply merely to a few of them. I think specifically that it would be unfair to have the bonds of the Reconstruction Finance Corporation which are already outstanding enjoy the tax-exempt privilege and then lift the tax-exempt privilege from these particular bonds that are to be issued under the same law, for similar purposes in some respects, and under conditions supposed to be sufficiently favorable to induce public and private borrowers to borrow the money and use it for the purposes intended by this bill. I would, therefore, oppose any treatment of these bonds in a different way from the treatment accorded other bonds which have been issued by the R. F. C.

Mr. BYRD. The Senator overlooks the fact that the R. F. C. now has the right to fix its own interest rate. This bill specifically states the interest rate which shall be charged. In this instance we are using the tax-free power of the Federal Government to give money at low interest rates to private industry. That has not been done by any previous legislation.

Mr. BARKLEY. Oh, yes; the Senator is mistaken about that. Most of the loans made by the Reconstruction Finance Corporation are made for the purpose of lending money to private industry, and the mere fact that there was no ceiling placed upon the rate of interest the R. F. C. could charge does not change fundamentally the situation. The entire question of interest rates is involved in the problem of taxing all sorts of public securities, and there is a very considerable and respectable body of opinion in this country that the effort to tax public obligations is only a means by which to take money out of one pocket and put it into another, because the rate of interest these obligations bear no doubt has some relation to their taxability.

Mr. BYRD. The majority leader of the Democratic Party does not agree with the President of the United States. I quote from an article by Turner Catledge in the New York Times, June 24, 1939, reporting a press conference with the President on the morning of June 23:

> The President discussed the (lending) proposal in some detail at his press conference this morning. He expressed the hope then that the securities floated by the various Federal agencies to make up the loan fund would not bear tax-exempt features. He reiterated his previous recommendation that income from all future issues of public bonds bear their share of taxes.

Mr. BARKLEY. I was not present at the President's press conference; I do not know whether he has been properly or accurately quoted, and I have not consulted him about what he said or about the opinion he entertains with respect to the particular bonds we are providing for by this bill; but I think what the President had in mind was that the question of taxation of all bonds upon the same basis is a question which Congress might very well take up in the near future and consider. If, however, the President meant by his statement and by the quotation that he thinks that the bonds we are providing for in this bill should be taxed, while other bonds issued by the Reconstruction Finance Corporation are not taxed, I do not agree with that position.

Mr. BYRD. In other words, the Senator from Kentucky is willing to take the position that he would favor borrowing this money in the name of the Federal Government tax-free and then loan it to private industry at the same price at which it is borrowed from the public under the tax-free privilege?

Mr. BARKLEY. The Senator can put any interpretation he wishes on the statement I have just made.

Mr. BYRD. Mr. President, there is one more question I should like to ask.

Mr. BARKLEY. I am anxious to conclude.

Mr. BYRD. I merely desire to ask the Senator one more question. In section 12 it is provided that:

> The Secretary of the Treasury and the Federal Loan Administrator shall submit a report of each such examination to the President and to the Congress. If any such examination discloses that the probable recovery of the cost of all works, projects, or undertakings carried out under this act, and of all loans made to aid in the financing of the same, together with the cash on hand in the special account or accounts of the Corporation provided for by section 4 of this act, is less than the principal amount of all notes, debentures, bonds, or other obligations issued pursuant to this act, and interest thereon, the Secretary of the Treasury on behalf of the United States shall pay to the Corporation a sum equal to the amount of such difference.

Does the Senator think if losses occur the Corporation should come before the Appropriations Committees of Congress and secure an appropriation to cover the losses instead of permitting the Secretary of the Treasury to make good such losses according to an estimate made by the Secretary of the Treasury?

Mr. BARKLEY. The Senator, of course, did not read the following sentence, which says:

> There is hereby authorized to be appropriated annually, commencing with the fiscal year 1941, out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such payment.

Mr. BYRD. But prior to that, the section requires the Secretary of the Treasury to pay on behalf of the United States to the Corporation a sum equal to the loss as estimated by the Secretary of the Treasury.

Mr. BARKLEY. Yes; but that money has got to be provided for him through an appropriation authorized by the Congress.

Mr. BYRD. I understand that, but, under the provision as worded, the Congress, of course, will be forced to make the appropriation.

Mr. BARKLEY. That is the same provision that is carried in the Commodity Credit Act under which they are operating at the present time.

Mr. BYRD. That is the only single Government corporation as to which there is such a provision of a law. There are 30 of these Government corporations, and that is the only one to which that applies.

Mr. BARKLEY. It may be the only one.

Mr. BYRD. The Government corporations that loan money should be compelled to come before the Appropriations Committees and obtain the money for their deficiencies.

Mr. BARKLEY. Under this language they will be compelled to come before the Appropriations Committee, because this is only an authorization, and the appropriation must be made annually.

Mr. BYRD. They will come before the Appropriations Committee only after the Secretary of the Treasury has paid them the estimated losses.

Mr. BARKLEY. The Senator may be technical about that matter if he wants to, as I think he happens to be in this particular instance, with all due respect to my friend.

Mr. President, I do not intend to occupy any more time. I appreciate the patience of the Senate. I have spoken much longer than I intended. I have done so only because of the questions which have been propounded to me by Senators, which I have attempted to answer. I appreciate the courtesy of the Senate. I now yield the floor to any Senator who wises to occupy it.

Mr. WAGNER. Mr. President, yesterday we had a discussion as the result of an inquiry propounded by the Senator from Nevada [Mr. McCARRAN], about the gold transactions by the Reconstruction Finance Corporation. All of us, of course, relied upon our memories. I have today received a letter from Mr. Emil Schram, chairman of the board of the Reconstruction Finance Corporation, in response to my request, which sets forth accurately all the transactions for the purchase of gold entered into by the Reconstruction Finance Corporation. In all of those transactions the entire profit made by the Reconstruction Finance Corporation was $174,000. The rest of the gold which was purchased by the Reconstruction Finance Corporation was sold to the Treasury at cost, without any profit at all.

I do not wish to take the time of the Senate to read the entire letter, but it gives a full list of all the transactions. I ask that the letter be printed at some place in the RECORD, perhaps at the conclusion of the remarks of the Senator from Kentucky. During the same discussion question was raised as to what disposition was made of the profit to the Treasury from the devaluation of the dollar. In this connection I submit a table prepared for me by the Treasury with respect to such profit.

There being no objection, the letter and table were ordered to be printed in the RECORD, as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 26, 1939.

Hon. ROBERT F. WAGNER,
Chairman of the Banking and Currency Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR WAGNER: In response to your request, I wish to advise that on October 20, 1933, the Reconstruction Finance Corporation authorized the sale on a discount basis of an issue of its non-interest-bearing notes to be paid for in gold newly mined in the United States or in gold imported from abroad at prices fixed from time to time by the Corporation.

In this operation the Corporation acquired 695,027.423 ounces of domestic gold at prices ranging from $32.12 per ounce to $34.06 per ounce, an average of $33.62 per ounce and an aggregate of $23,363,754.56; and 3,418,993.045 ounces of foreign gold at prices ranging from $31.82 per ounce to $33.875 per ounce, an average of $32.48 per ounce and an aggregate of $111,037,195.78.

The total of domestic and foreign gold acquired was 4,114,020.468 ounces at a cost (exclusive of interest and expense) of $134,400,950.34.

Subsequently, 83,756.188 ounces of the foreign gold that cost $2,729,345.09 were sold abroad for $2,904,169.04, a profit of $174,823.95. The remaining 4,030,258.724 ounces were sold to the United States Treasury at the net cost and without any profit to the Corporation on the entire transaction.

Very truly yours,

EMIL SCHRAM.

Increment resulting from the reduction in the weight of the gold dollar, June 30, 1939

	Allocations of increment	Charges against increment	Unexpended balance of allocated increment
Exchange stabilization fund	$2,000,000,000.00	$2,000,000,000.00	
Payments to Federal Reserve banks for industrial loans	139,299,556.99	27,546,310.97	$111,753,246.02
Philippine currency reserve	23,862,750.78		23,862,750.78
Melting losses on gold coin	2,175,121.93	1,837,188.71	337,933.22
Retirement of national bank notes	645,387,965.45	645,387,965.45	
Unassigned	6,425,274.91		6,425,274.91
Total increment	2,817,150,670.06	2,674,771,465.13	[1] 142,379,204.93

[1] This amount included in the "Balance in the general fund of the Treasury."

Mr. McCARRAN. Mr. President, I wish to express my gratitude to the able Senator from New York for bringing to the attention of the Senate information which I did not have at hand at the time, and no Senator on the floor apparently had the information. I am glad it is available for the RECORD.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 4998) to amend the Packers and Stockyards Act, 1921; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOXEY, Mr. KLEBERG, and Mr. HOPE were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 1648) to provide for the refund or credit of the internal-revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937 where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government

supervision as provided by law and regulations, in which it requested the concurrence of the Senate.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 1648. An act to provide for the refund or credit of the internal-revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937 where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government supervision as provided by law and regulations; to the Committee on Finance.

H. R. 5405. An act authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

AMENDMENT OF PACKERS AND STOCKYARDS ACT

The PRESIDING OFFICER (Mr. ANDREWS in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 4998) to amend the Packers and Stockyards Act, 1921, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. GILLETTE. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULOW, Mr. GILLETTE, and Mr. CAPPER conferees on the part of the Senate.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. TOWNSEND. Mr. President, I send to the desk an amendment to the pending bill which I ask to have printed and lie on the table.

I desire to make a few remarks on the bill.

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator desire to have the amendment read?

Mr. TOWNSEND. Yes; I should like to have it read.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed to insert in the bill the following new section:

SEC. —. All power and authority of the President and the Secretary of the Treasury with respect to the acquisition of foreign silver under the Silver Purchase Act of 1934, under section 43 (b) (2) of title III of the act of May 12, 1933, as amended, and under any other provision of law in force on the date of enactment of this act, shall cease and terminate on the date of enactment of this act; and all proclamations, orders, rules, regulations, and other action promulgated, made, issued, or taken by the President or the Secretary of the Treasury with respect to foreign silver pursuant to any such power or authority shall cease to be effective on and after such date. For the purpose of this section, the term "foreign silver" includes any silver not mined subsequent to July 1, 1938, from natural deposits in the United States or any other place subject to the jurisdiction thereof.

Mr. TOWNSEND. Mr. President, this amendment is drawn to accomplish what the Senate once this session, by an overwhelming majority, has already voted to accomplish.

On June 26, in the course of consideration of House bill 3325, with indisputable emphasis the Senate voted in favor of my amendment repealing the foreign silver program. The present amendment has the same purpose. It calls for an end to wasting American resources on silver from foreign countries. My present amendment in no way affects the acquisition of newly mined domestic silver. The domestic silver program is left just as it was voted by Congress in the act of July 6, 1939. Not a comma or a semicolon of that law is altered.

Senators will recall the circumstances under which my previous amendment, favorably voted upon by the Senate on June 26, was overruled in the conference committee on the monetary bill. The very able Senator from Kentucky [Mr. BARKLEY], prior to the July 6 act, urged the continuance of the Treasury's foreign silver purchases. He did not urge this on the grounds that the country needs foreign silver, for it is evident from every daily statement of the Treasury that the Treasury does not know of any way to use safely all the foreign silver it is buying and so is putting the unwanted metal in an idle account.

My colleague from Kentucky did not urge continuance of the foreign silver purchases because of the silver's value to our credit system, for no less an authority than the head of the Federal Reserve System, Mr. Eccles, has testified beyond a shadow of doubt that the problem of excess reserves makes virtually impossible control of an inflationary boom, should one develop, and that certificates based on the silver purchases have been responsible for one-sixth of the increase in member-bank reserves since 1933.

The eminent Senator from Kentucky did not urge retention of the Silver Purchase Act to protect the domestic silver-mining industry, for Mr. Eccles has testified that nothing will prove so harmful to the interests of domestic silver producers as the retention of the law calling for the purchase of foreign silver. Moreover, the domestic silver producers are provided for permanently in the act of July 6, 1939.

The Senator from Kentucky surely did not fight for continuance of the foreign silver program as a means of our financing China in the undeclared war with Japan, for everyone knows that the Japanese are now the chief beneficiaries in the Orient of our silver policy, and we all know that China has safely sold us hundreds of millions of dollars' worth of silver to the benefit of the Chinese authorities. Do we want to buy China's silver from China's invaders?

Clearly, the Senator from Kentucky did not appeal to us to continue buying foreign silver on the ground that the stated goal of the Silver Purchase Act can be attained at any time in the predictable future, for everyone must be aware by now that the act is a treadmill under which this country already has bought much more silver than was originally contemplated and required by the terms of the act in 1934, while the goal of the act is still about as remote as ever.

No; not one of these disproved and threadbare arguments for buying foreign silver did the Senator from Kentucky present. The only excuse which my able friend urged upon us was that by continuing on the statutes the law requiring the purchase of foreign silver from the four corners of the earth we would in the process enable the Treasury to do a favor for Mexico, under the so-called good-neighbor policy.

I do not wish now to examine the good-neighbor policy for flaws. I do not ask whether the policy works or does not work in Mexico. If my distinguished friend the Senator from Kentucky had not so eloquently introduced the subject, I should indeed have no occasion now to mention our good neighbor to the south. But for him there would be no need to mention it. But in view of the Senator's statements prior to July 6, 1939, with reference to his desire to do something nice for Mexico, I want to point out to the Senator from Kentucky and to the rest of Congress and the Nation that after my present amendment is adopted we shall still be doing something very nice for our friends in Mexico by virtue of an act passed by Congress only this month and signed by the President on July 6, 1939. In other words, we can now completely repeal the Silver Purchase Act of 1934 and still we shall be handsomely helping Mexico's silver-mining industry, as I shall now demonstrate to you.

Let us go back for a moment to the situation in 1932 and 1933. The price of silver was very weak, due to the world economic depression; and, as the world's principal silver-mining country, Mexico urged international action to support the silver market. Mexican diplomats and other Mexicans pressed the American Government and the American public to do something for silver. At the meetings of the International Chamber of Commerce here in 1931, at the Fourth Pan American Commercial Conference here, and on numerous other occasions, Mexicans through official and non-official channels sought the American public's support of silver—and they got it.

What resulted was the London silver agreement of 1933. That was an agreement under the terms of which five silver-producing countries—the United States, Mexico, Canada, Peru, and Australia—undertook to buy each year for 4 years a combined annual total of 35,000,000 fine ounces of silver. This agreement, I emphasize, was for 4 years only. It expired in 1937 and was not renewed.

What did Congress do by the act of July 6, 1939? By that act the United States, all on its own, and without any help from Mexico, Canada, Peru, or Australia, undertook to remove from the world silver market the entire domestic silver production at a price of 71 cents per ounce, or more than double the present world price.

At this high price American production will certainly run between 65,000,000 and 70,000,000 ounces a year. And the United States Treasury will therefore take that silver off the market, not just in 1939, or in 1940, but each and every year, permanently.

Were the American silver production to be forced to find a market outside the Treasury it is as clear as day that the price which Mexican and all other sellers of silver would receive would be lower by a good deal than the price which will prevail so long as the act of July 6, 1939, remains on the books.

So it is clear that the United States, by its domestic-silver program alone, and quite apart from the Silver Purchase Act, currently is doing about twice as much for Mexico as was done for Mexico by the London silver agreement of 1933. And it should be noted that Mexico was called upon to buy, during 4 years, a total of 28,000,000 ounces of silver under the 1933 international agreement, whereas under the American act of July 6, 1939, Mexico is asked to make absolutely no contribution for the benefits which it, as the world's largest silver-producing country, now reaps from our domestic-silver program.

The Senate's wishes as to discontinuance of the purchase of foreign silver are understood by the country. But, due to unfortunate circumstances, those wishes did not receive the endorsement of the conferees last month. This amendment is offered by me to put the Senate's wishes into effect.

The purchase of alien silver must be ended.

Mr. President, the Nation-wide interest in having the purchase of foreign silver ended at once is clearly shown in the editorial columns of the newspapers. I ask unanimous consent that there be printed in today's RECORD extracts which I have prepared from 63 editorials on silver, all from recent issues of the papers.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

EXCERPTS OF NATIONAL EDITORIAL OPINION ON SILVER PURCHASES

[From the Anderson (S. C.) Independent and Tribune of July 1, 1939]

That bombshell you heard exploding was the news of America's decision to stop purchasing foreign silver, falling in Mexico * * *. Mexico naturally is grief-stricken to think that her dear Uncle Sam, whom she has loved and trusted all these years, would do her such a dirty trick.

[From the New York Journal of Commerce of June 28, 1939]

What may be the final scene in the drama of absurdities that has marked the life of the Silver Purchase Act of 1934 from its inception was the unexpected overwhelmingly favorable vote of the Senate on the Townsend amendment to the monetary bill to halt purchases of silver abroad.

Originally based upon the utterly fallacious notion that a rise in the price of silver would have a beneficial effect upon economic conditions in this country and would raise commodity prices, the Silver Purchase Act has been used more recently solely for the purpose of providing foreign exchange to several governments abroad which this country favors, notably Mexico and China.

[From the New York Sun of May 3, 1939]

One of the interesting sidelights of the silver movement lately has been the arrival of several million ounces from Japan, which probably seized the metal from the Chinese.

[From the Philadelphia News of June 27, 1939]

So far as we can see, our generosity in buying silver at prices above the world market has induced all silver-standard countries to send us all the silver they can and go on a managed money basis themselves. * * * Where is the whole program leading us? What is it all about, and why? We think someone should let the public know these things, since it is a matter of vital public interest.

[From the New York Sun of July 11, 1939]

Even assuming that the silver brought to this country from abroad and returned to Mother Earth at West Point has a nominal value of the 34 cents an ounce which today is virtually the world price (which it does not, since no conceivable buyer for even a small portion of that silver ever will appear, especially so long as fresh production continues at a high rate), the bonus paid by the taxpayers of this country to foreigners has been enormous.

[From the Cape Charles (Va.) Times of June 22, 1939]

Nor would we in any way want to throw cold water on this rosy Mexican dream because it is not as fantastic as the practice of the United States Government's continued generosity in buying Mexican silver (for which it has no earthy use) at a phony price.

[From the New Haven (Conn.) Journal-Courier of July 7, 1939]

The result is that the President will get his power further to devalue the dollar; that Mr. Morgenthau will go on steadying the exchanges with the stabilization fund; and that the United States Treasury will continue financing Mexico in its theft of American investments.

[From the Minneapolis (Minn.) Morning Tribune of July 11, 1939]

Mr. TOWNSEND advanced the best possible argument for his bill, which is the complete futility of the program which it seeks to end. As he points out, the administration has already spent in excess of $1,000,000,000 for silver, and more than four-fifths of the metal acquired has come from abroad.

[From the Saginaw (Mich.) News of July 1, 1939]

For some reason, the Roosevelt administration seems nearly as much concerned over the "serious crisis caused in Mexico" by the abrogation of authority to purchase silver abroad, as by the prospective loss of the President's power to devalue the dollar.

[From the Corpus Christi (Tex.) Caller of July 2, 1939]

None of the economic magic that was expected to flow from the pegging of the price of silver at far above the world market actually developed during the years of its experience.

[From the Charlottsville (Va.) Progress of June 30, 1939]

Should the United States finally decide to bar importations of the metal, the next-door neighbor to the south will see the disappearance of the best customer for her most important product. At the prospect of this loss the neighbor aforesaid moans piteously in absolute contrariety to her attitude when she summarily expropriated the properties of United States citizens for which she has made no restitution and probably never will.

[From the New York (N. Y.) Times of July 11, 1939]

There is no justification whatever for the foreign silver-purchase program.

[From the Manchester (N. H.) Leader of June 29, 1939]

As if that were any reason why the United States Treasury should go on buying foreign silver at an artificially high price, for which it has no use, to bury in the ground at West Point?

[From the Somerset (Pa.) American of June 29, 1939]

The news that the United States Senate had voted to bar alien silver fell like a bombshell upon financial circles in Mexico City.

[From the New York Sun of June 30, 1939]

The Mexican Government confiscated farm lands owned by Americans and oil lands owned or leased by Americans. * * * In spite of this violation of international law and of common honesty the Roosevelt administration continued to play the Mexican game by buying Mexican silver, thus providing the means by which the Mexican politicians could continue their impudence in the confiscation of the oil lands.

[From the Shreveport (La.) Times of June 28, 1939]

Mr. Cardenas and his radical friends will have to get along as best they can without a silver subsidy from Uncle Sam. In our opinion, that is good news, and will be welcomed as such by an overwhelming number of Americans.

[From the Clarksville (Tenn.) Leaf-Chronicle of June 30, 1939]

Our Government has been for years paying Mexican producers more than their silver was worth, giving them the advantage of the subsidy contained in our domestic silver price.

[From the Waterbury (Conn.) Republican of July 15, 1939]

Secretary Hull, it is reported, will oppose any bar on the purchase of foreign silver because such a bar might hamper Mexican-American negotiations over the seized oil properties. * * *

When it is all over, Mexico will have the oil wells, the American oil companies will have their cash—and "we the people" will have a pile of silver for which we have no earthly use.

[From the Red Wing (Minn.) Eagle of July 11, 1939]

The record of the United States Treasury was introduced into the final silver debate to show that foreign silver purchased by the United States in recent years has amounted to more than $1,078,568,000, and the same statistics showed the political deceit of claims that all Latin America has benefited from these purchases, because Mexico made 98 percent of all the sales of silver from Latin America.

[From the New Bedford (Mass.) Standard Times of June 30, 1939]

There is no advantage to this country in buying foreign silver at any price. There is a distinct disadvantage in buying it at a price above the market. Must the United States continue a policy that is detrimental to its interests simply because Mexico threatens—assuming there has been any threat—to retaliate? The idea of paying tribute to Mexico under duress, actual or implied, will not set well with the American people.

[From the New York Herald Tribune of June 30, 1939]

Some of the President's advisers on Mexican affairs have been so partial to the Cardenas Government that they have even been willing to justify that Government in confiscating American oil properties. These same persons are now talking of the possibility that Mexico will confiscate the silver properties, and are implying that this would be justifiable in view of the failure of the American Government to carry out its "moral obligation" to continue to subsidize the silver industry in Mexico indefinitely.

[From the Cumberland (Md.) News of June 28, 1939]

Little sympathy can be wasted on the Mexican business and industrial men who are bemoaning the vote of the United States Senate to stop foreign silver purchases.

[From the Durham (N. C.) News of June 29, 1939]

The Senate has voted to discontinue foreign purchases of silver. * * *

This Senate action, of course, was not intended as a reprisal against Mexico. The Senate has passed the bill because of the effect it hopes it will have on our own economy.

But most of us feel that American interests have been grossly served in Mexico, and we must be excused if we do not greatly regret the plight in which Mexico soon, perhaps, will find herself.

[From the Anaheim (Calif.) Bulletin of June 28, 1939]

Congressional action canceling the program of purchase of foreign silver probably will be helpful in the end. * * *

This may be helpful in starting a campaign to bring nations to their senses. We have been looked upon as the world's Simple Simon gone modern—the type who always has a penny. We cannot go on always in this role, and it is proper that Congress give the President an example.

[From the Wilmington (Del.) Evening Journal of July 8, 1939]

These foreign purchases are responsible for nearly nine-tenths of the billion dollars and more that the silver-buying program has cost us in the last 5 years. Out of them has come a large portion of the vast hoard of useless silver we have accumulated.

[From the Bangor (Maine) News of June 27, 1939]

The opportunity is an excellent one for abandoning the anomalous position this country now holds of lending money to the Chinese Government to fight the Japanese and giving gold to the Japanese in exchange for the silver they seize in China. The Tientsin silver is worth nothing to anybody except Uncle Sam, who at the same time refuses to buy it might also cease to subsidize the Mexican Government with monthly gold payments for silver to fill the West Point storage vaults.

[From the Springfield (Mass.) Morning Union of July 1, 1939]

Some Congressmen would shed crocodile tears over the plight of Mexico if our Treasury were no longer permitted to purchase Mexican silver at an exorbitant price. They succeeded in retaining in the monetary bill a provision for the Treasury's purchase of foreign silver, for which we have no earthly use, and for which we transfer to these countries which have despoiled us and are too poor to meet the charges on their bonds the equivalent of this silver in automobiles and other goods produced in this country.

[From the New York Times of June 29, 1939]

It is true that if we cease to buy foreign silver at an artificial price, the foreign individuals and governments who were profiting from those sales will be less well off than they are now. Our Government will no longer be supporting them. But the inconveniences of readjustment are no reason why our Government must continue to support them indefinitely. By our silver purchases we have actually continued to contribute heavily to the support of a Government that meanwhile has been seizing American private property on a grand scale. It is an astonishing situation.

[From the New York Journal of Commerce of July 10, 1939]

Despite the strenuous efforts made by the administration to help Mexico solve her economic problems, including the purchase of large quantities of unneeded silver by the Treasury at artificially high prices, the Mexican authorities have shown scant regard for legitimate American trade and investment interests. Artificial restrictions have severely curtailed Mexico's imports from the United States, while American investments, including the extensive oil properties, have been expropriated.

[From the Blackfoot (Idaho) Bulletin of July 8, 1939]

And the sum total of our efforts to make silver a monetary unit again has been to destroy, perhaps forever, its monetary character in every country where 6 years ago it was part of the currency.

[From the Louisburg (N. C.) Times of June 30, 1939]

Mexico seems to be right much troubled over Congress' action toward the purchase of silver. But she is not much conscious stricken for taking American property and business away from its owners. "The cat comes back sometimes."

[From the New York Enquirer of July 10, 1939]

The vocal battle precipitated in Congress over the silver-purchase issue has brought into bold relief the tremendous advantage derived by foreign nations through Uncle Sam's silver buying abroad.

[From the Butte (Mont.) Montana Standard of July 9, 1939]

The good-neighbor policy of the administration has been trotted out as a reason why Congress should not interfere with the Government's program for the purchase of foreign silver. In other words, the administration at Washington wants to keep right on pouring American tax money into foreign countries. That program means that every income-tax payer, every payer of internal-revenue taxes is contributing something to the Government of Mexico, to other Pan-American governments and, until recently, to the Government of China.

[From the Manchester (N. H.) Union of June 29, 1939]

No criticism is due the Senate for ending the purchase of foreign silver. This is a distinct gain, together with the ending of the President's power to devalue the dollar further.

[From the Manning (S. C.) Times of June 28, 1939]

Mexico produces 40 percent of the world's output of silver and the United States Government is its chief customer; or in reality the United States is carrying Mexico on "relief." * * * Mexico's silver sales are the backbone of its socialistic form of government. The profits from silver sales are used to promote trade with Germany and Japan, and to continue the unlawful possession and operation of hundreds of millions of dollars' worth of foreign-owned oil properties which are held under confiscation by Mexico.

[From the Baltimore Morning Sun of June 29, 1939]

The extent to which the world has been supported by mushroom props is strikingly underscored by the reaction in Mexico to the Senate vote to terminate the American program for the purchase of foreign silver. Our silver purchases have formed one of the main supports of our trade with Mexico, as they have with other countries.

[From the Abilene Reporter-News of June 29, 1939]

None of the economic magic that was expected to flow from the pegging of the price of silver at far above the world market actually developed during the years of its existence. Mines and miners were helped, particularly those in Mexico. But in China and elsewhere the silver policy wrought great harm to commerce, jeopardized our trade with our good friends abroad.

[From the Asbury Park (N. J.) Press of July 3, 1939]

Some idea of the difference which will be noticeable is that every time, in the last few years, the Treasury has bought an ounce of United States mined silver at fancy prices, it has also bought six ounces of foreign silver at fancy prices. The mines of the United States cannot possibly produce as much silver per annum as we have been buying abroad. Therefore, the silver nut program adopted by the Senate would mean actually economy.

[From the New York Evening Post of July 1, 1939]

We should not have to buy all the world's silver. We should be able to get out of that.

[From the Manchester (N. H.) Leader of June 29, 1939]

In view of this treatment there is not the shadow of an excuse for continuing the purchase of Mexican silver which we do not need. In fact, the termination of the purchase of foreign silver is long overdue. If it is our purpose to help sustain Mexico's economy, there are other ways it can be accomplished than through the subterfuge of a fatuous policy of buying silver.

[From the Cumberland (Md.) News of June 28, 1939]

Mexico has been selling about 7,000,000 ounces of silver monthly to the United States for around $3,000,000 and the Mexican Government has been realizing about $200,000 a month on taxes from the sales.

[From the Watertown (Wis.) Times of June 29, 1939]

Our Government has been for years paying Mexican producers more than their silver was worth, giving them the advantage of the subsidy contained in our domestic silver price. Silver production is one of Mexico's principal industries, and this income from Washington has been one of the country's chief means of income. If there is still a market for the metal elsewhere, no other country will pay so much as we have been paying.

[From the Ansonia (Conn.) Sentinel of July 3, 1939]

These same persons are now talking of the possibility that Mexico will confiscate the silver properties, and are implying that this would be justifiable in view of the failure of the American Government to carry out its "moral obligation" to continue to subsidize the silver industry in Mexico indefinitely. Such expressions of "sympathy" for the Mexicans—at the expense of Americans—are as harmful as they are foolish.

[From the New York Times of June 29, 1939]

Are our purchases of Mexican silver to be thought of as a form of political blackmail that we must pay to keep more American property in Mexico from being seized? A worse argument for continuing our purchases of foreign silver could not possibly be imagined.

[From the Norwich (Conn.) Bulletin of July 1, 1939]

We have already thrown away too much on silver.

[From the Abilene (Tex.) Morning Reporter News of June 29, 1939]

Actually we are under no obligation to buy Mexican silver at a premium, either as an accommodation to the Mexican Government or as a means of stimulating goodwill and better trade relations.

Mexico stuck its neck clear out to here when it expropriated American-owned oil properties without making provision for adequate compensation.

[From the Caspar (Wyo.) Tribune Herald of July 7, 1939]

Alarm felt over possible foreign reaction to congressional abandonment of silver purchases outside the United States may be justified, also a bit tardy in the light of current developments.

[From the Dayton (Ohio) Herald of June 30, 1939]

One excellent feature of the present monetary bill which has received entirely too little attention is the cutting off of the American purchases of foreign silver. From the standpoint of reality these purchases represented one of the most fantastic phases of an unusually fantastic program.

[From the Brooklyn (N. Y.) Eagle of June 30, 1939]

Perhaps the most satisfactory aspect of the ugly silver deal in the Senate is that it may put an end to the buying of foreign silver.

[From the Rockford (Ill.) Star of July 13, 1939]

We are supposed to buy Mexican silver to prop up this once prosperous and tax-paying industry in order that a trickle of indemnification may perhaps, after long negotiation, come our way.

[From the Appleton (Wis.) Post Crescent of July 12, 1939]

The administration in Washington is today so weak, so utterly spineless, and so completely wrapped up in beauteous phrases like "neighborly policy," and other unctious nonsense it is willing to even gut the Treasury of the United States with nearly worthless and entirely needless silver and jeopardize the worth of the American dollar to hide its sins and its stains.

[From the Hartford (Conn.) Courant of July 10, 1939]

The silver purchases, foreign and domestic, ought to be ended. The domestic program has been extended, thanks to the pressure brought by the silver Senators or both the administration and its opponents, but there is no greedy constituency to insist on a continuing subsidy to foreign producers.

[From the Fargo (N. Dak.) Morning Forum of July 5, 1939]

As everyone knows, we haven't established the best of relations with Mexico—because of Mexico—through the silver-purchase plan as heavily weighted as it is with benefits for Mexico.

[From the Randolph (N. Y.) Weekly Register of June 9, 1939]

Should Washington stop the purchase of Mexican silver the government south of the Rio Grande will not find another purchaser and shortly will come to better terms with Uncle Sam.

[From the Iron Mountain (Mich.) News of July 1, 1939]

It has been an anomalous condition that the shaken Mexican economy has stood up as well as it has, despite expropriation and lack of response to the good-neighbor policy of the Roosevelt administration, because the American Government has continued to purchase from Mexico large quantities of silver it did not want at prices far in excess of those that would have prevailed if the value of silver had been permitted to find a normal level. The United States has, it may be said, been financing Mexico's intransigeance, of which it has been the principal victim, this at a time when the Cardenas Government has been carrying on economic flirtations with the totalitarian powers.

[From the Zanesville (Ohio) Times Recorder of July 11, 1939]

The silver purchase, as explained by Secretary of State Hull, is nothing less than yielding to a system of blackmail. This is emphasized by the administration's claim that to stop purchasing Mexico's silver to provide funds for the operation of the Mexican Government might destroy all hope of settling with Mexico for the expropriation of American-owned farm lands and oil properties. In other words, if this Government does not submit to the blackmail Mexico will keep what she in effect stole from American citizens.

[From the Wilmington (Del.) News of July 11, 1939]

Now, if our friendly relations with our neighbors to the South were dependent on the continuance of silver buying, there might be some point to this argument. But, in fact, it is utterly specious, as Senator JOHN G. TOWNSEND, Jr., conclusively proves.

[From the Oakland (Calif.) Tribune of July 10, 1939]

Following the Senate's action terminating purchases of foreign silver, some nervous conferences were held by officials in the State Department. * * * If our people feel they owe any foreign country financial support, they can give it directly and not through subterfuge.

[From the Denison (Tex.) Herald of July 3, 1939]

Mexico says that if we don't reverse our silver policy and again give preference to Mexican-mined silver over our own, relations between the two countries will become strained.

Well, let them. If we have to keep on subsidizing the Mexican Government while it robs our citizens and sells our own products to our greatest economic rival in the western world—Germany—in order to maintain "good neighbor" relations with Mexico, let's forget the "good neighbor" policy and get down to a hard-boiled business basis in dealing with the country to the south of us.

[From the Asheville (N. C.) Citizen of July 3, 1939]

It seems only logical, therefore, that the foreign silver program should be allowed to lapse. Its "good neighbor" currency is in question. * * * One conclusion is inevitable: Silver purchases have done nothing to stimulate amicable foreign relations nor to benefit our own domestic economy. Common sense dictates that they should be halted.

[From the Boston (Mass.) News-Bureau of June 28, 1939]

It is true that some sharp words were said in the Senate about Mexican behavior concerning oil and land, but it was not revenge which was the governing motive, but desire to end at least part of an absurd arrangement. Keeping the domestic part of the absurdity was dictated by politics. But for such absurdities silver might again be selling around 25 cents.

[From the Wheeling (W. Va.) Intelligencer of June 30, 1939]

Whatever else may be said of the Senate's amendments to the money bill, this termination of the foreign silver-purchase provision certainly merits public approval. * * * So that, in any event, termination of this insane policy should be welcome.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be printed and lie on the table.

Mr. TOWNSEND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Colo.	Russell
Andrews	Davis	King	Schwartz
Ashurst	Downey	La Follette	Schwellenbach
Austin	Ellender	Lee	Sheppard
Bailey	Frazier	Lodge	Shipstead
Bankhead	George	Lucas	Smathers
Barbour	Gerry	Lundeen	Stewart
Barkley	Gibson	McCarran	Taft
Bilbo	Gillette	McKellar	Thomas, Okla.
Bone	Green	McNary	Thomas, Utah
Borah	Guffey	Mead	Tobey
Bridges	Gurney	Miller	Townsend
Brown	Hale	Minton	Truman
Bulow	Harrison	Murray	Tydings
Burke	Hatch	Neely	Vandenberg
Byrd	Hayden	Norris	Van Nuys
Byrnes	Herring	Nye	Wagner
Capper	Hill	O'Mahoney	Walsh
Chavez	Holman	Pepper	Wheeler
Clark, Idaho	Holt	Pittman	White
Clark, Mo.	Hughes	Radcliffe	
Connally	Johnson, Calif.	Reed	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. BYRD. Mr. President, some discussion has occurred in the Senate as to the amount of the Federal debt and the Federal obligations. In 1931 the total debt of the United States Government, direct and indirect, was approximately $16,000,000,000. On June 30, 1939, the direct debt alone was $40,439,532,411.11. The Secretary of the Treasury estimates that on July 1, 1940, the direct debt of the Federal Government will be $45,000,000,000, which is the amount permitted under the present debt limitation.

Mr. President, there was some discussion in the Senate today as to the recoverable items deductible from the direct Federal debt. I do not desire at this time to go into a detailed discussion of these so-called recoverable items. But I do want to call to the attention of the Senate that in the memorandum that was inserted in the RECORD today from the Secretary of the Treasury, no claim was made that the amount of $4,000,000,000 was in fact recoverable, but that amount had been invested in various projects, and it was alleged at the time the appropriation was made that such investments or loans would be recoverable. The Secretary of the Treasury said that these recoverable assets include subscriptions to capital stock loans, and Federal public highway projects, such as the Boulder Dam, the Bonneville, and other reclamation projects. No attempt has been made to estimate any losses that may be sustained on these investments, but the amount here indicated represents more nearly the Government investment, as shown by the books. In other words, no attempt has been made to appraise these assets.

Mr. President, even a casual examination of these so-called assets will show that they are not recoverable items. We will take, for example, the Commodity Credit Corporation, in whose capital stock the Government has invested $100,000,000. The Congress has been officially informed that the losses of this Corporation are such that the stock is valueless.

We will take the Farm Security Administration expenditures. Included in the so-called recoverable assets are such expenditures as have been made for the resettlement projects throughout the country aggregating $96,090,000; such expenditures as have been made at Tugwelltown, at Hightstown, N. J., and those made for the purpose of housing the inmates of the Shenandoah National Park. It is very obvious, of course, that such items as those are not recoverable.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TYDINGS. Even those of us who are fairly close to the Senator find it difficult to hear clearly what is going on. May I ask the Presiding Officer if we cannot have order in the Chamber.

The PRESIDING OFFICER. Let there be order in the Senate Chamber.

Mr. KING. Mr. President, before departing from the item relating to expenditures by the Tugwellian activities, did not the Senator underestimate them? My recollection is that the so-called Tugwellian activities and those cognate to them approximated from $150,000,000 to $200,000,000.

Mr. BYRD. The information I received today was that the total was $96,090,000, but may not include all the items. But included in these so-called recoverable items is, for example, $325,000,000 of the capital stock of the Home Loan banks. We know, of course, Mr. President, that the first losses of these various corporations in which the Government has invested will fall on the capital stock. That is a matter about which there can be no dispute. I simply mention that to make certain that neither the Senate nor the country will be misled by the statement that 10 percent of the direct public debt is recoverable, because I am convinced by the examination which I have made, that not over 3 or 4 percent, and perhaps not that much, of this direct debt will be recovered.

Mr. President, in addition to the direct debt of the Federal Government, the obligations issued by the corporations which are guaranteed by the Federal Government have been issued to the extent of five and one-half billion dollars. The argument is made here from time to time that that is not a debt of the Federal Government. It is a debt of the Federal Government, because it is upon the security of the Federal Government that this money is borrowed, and every dollar is guaranteed both as to principal and interest by the Federal Government. Of course, no one denies that, so far as these corporations are concerned they are recoverable assets, but no one at the same time can tell what the losses may be, because there has been no appraisement so far made of the thirty-odd corporations that have been operating in the name of the United States.

Mr. KING. Mr. President, will it disturb the Senator if I ask him to yield at this point?

Mr. BYRD. Not at all.

Mr. KING. Is it not a fact that with these guaranteed obligations, plus all other obligations and expenditures, we have exceeded the bonded limit of $45,000,000,000, and an attempt is being made to evade the obligations resting on the Treasury not to exceed that sum by indirect, not to say hypocritical, methods of bookkeeping and explanations to the people?

Mr. BYRD. The Senator is undoubtedly correct that if the obligations of the corporations are included we have at this time exceeded the statutory debt limit. But, in addition to the obligations in the amount of five and a half billion dollars that have actually been issued by these corporations, there is authority already existing, without any further action by the Congress, to issue $7,300,000,000 more. That information is given to me by the General Accounting Office, and I have it here on my desk. If the pending bill is passed, which increases that amount by $2,390,000,000, and if the $800,000,000 additional authority for the Housing Authority is adopted by the House of Representatives, the total contracted and authorized indirect debt will approximate $16,000,000,000, assuming that these corporations exercise the authority which has been given them to obligate the Government of the United States. If that be true, Mr. President, we have a potential debt in this country of approximately $62,000,000,000. That is four times the direct and contingent debt in 1931.

Mr. President, I make that statement so that I may as clearly as possible state the actual obligations which the Government of the United States now has. Insofar as so-called recoverable assets are concerned, everything will depend upon the appraisement and actual value of the assets. Up to this time not a single Government corporation has had its assets appraised, and no one can tell the losses which have occurred and which will eventually have to be paid out of the Treasury of the United States.

Mr. President, when the pending bill was first presented to the Congress and to the people of the country we were told that the money was to be loaned on self-liquidating

projects. The title of the bill which was first introduced by the distinguished Senator from Kentucky [Mr. BARKLEY] stated that the bill was to provide funds for the purpose of making loans for self-liquidating projects. However, after the hearings were held, and after it was clearly shown that many of the projects proposed in the bill would not be self-liquidating, the title was changed to "A bill to provide for the financing of a program of recoverable expenditures, and for other purposes."

I wish to say here and now that this scheme is nothing more than a spending scheme masquerading under the name of a lending scheme. It is just as much of a spending scheme as are the direct appropriations which have been made from time to time by the Congress of the United States.

I think we should be frank and candid about the matter, because the proposed legislation would greatly increase our debt. For 8 long years we have tried the experiment of spending ourselves into prosperity on borrowed money. This is the fourth great spending program which has been presented to the Congress by the President of the United States. In my judgment, the purpose of this devious way of increasing the public debt was to evade the statutory debt limitation which was set by the Congress of the United States, which limitation, according to the testimony of the Secretary of the Treasury, will be reached on July 1, 1940. In other words, with the appropriations now being made by the Congress of the United States the statutory debt limitation of $45,000,000,000 will have been equaled if not exceeded.

It seems to me the time has come to take stock of what we have been doing in the past 8 years and analyze as best we can the spending program which the Congress time after time has been told would restore prosperity. Again and again we have been told that all those who are idle will be put back to work; that private business will be stimulated; that the wheels of industry will be started merely by spending more and more. After we have tried three great spending programs, when the fourth is presented to us we should at least analyze the situation and consider the conditions which confront us.

Mr. Eccles, the Chairman of the Federal Reserve System, believes that prosperity can come only from debts and deficits, and that the only way to have prosperity in the country is to borrow public money to stimulate private business. Even the most ardent advocates of spending cannot deny that a great public debt such as we have is a great evil and must be met by greatly increased taxation in years to come.

We can do only one of three things with the debt which has been placed upon the American people. In the first place, we can repudiate it. I do not think the American people will repudiate a just debt. We have always paid our debts. We have paid our debts after every great war in which the country has been engaged; and we will pay this debt, difficult though it may be. We will pay it, as the President of the United States once said, out of the sweat and toil of every man who labors.

In the second place, we can bring about inflation and pay the debt with worthless dollars. Nothing more evil or disastrous could happen to the American people than to indulge in an uncontrolled inflation.

In the third place, we can pay the debt, and that is what we must and will do. Mr. President, if we paid $500,000,000 each year—and that is a great amount of money—if we had a surplus of $500,000,000 each year to pay on the debt it would require 56 years to reduce the debt to where it was 6 years ago. Today we are paying in interest alone 20 cents out of every tax dollar that comes into the Federal Treasury. Twenty cents out of every tax dollar is dedicated directly to interest on the present Federal debt, notwithstanding the low interest rates which now exist and which may not continue indefinitely.

Mr. President, the interest cost today is 40 percent more than the total cost of government was in 1916. The interest charge today is 40 percent more than the cost of the Army, the Navy, and every single branch of the Government in 1916.

As I read the report in support of the bill presented by the distinguished chairman of the Banking and Currency Committee, the Senator from New York [Mr. WAGNER], I was reminded that the language contained in that report is fairly identical with what has been told us for the past 6 years. Let me read it:

> The principle embodied in this program helps to bring about a higher national income, lessens the expenditures on relief and work projects, and thereby constitutes an important approach to a balance between Federal expenditures and revenue.

For 6 years, Mr. President, that very thing has been told us every time a new spending program was presented to the Congress. We were told that those on relief would be taken off relief and that work would be given them.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WAGNER. I do not want to have any honor conferred on me which I do not deserve. It was the Senator from Kentucky [Mr. BARKLEY] who presented the report. I am quite willing to concur in the report, but it was presented by the Senator from Kentucky. It was his report.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. VANDENBERG. As I recall, the Senator estimated the public debt at the present time, in reality, as $63,000,000,000.

Mr. BYRD. That represents the direct public debt and the authorizations which have been given to the different corporations, assuming that they utilize those authorizations, and assuming that the pending bill shall be passed.

Mr. WAGNER. And assuming that none of the money is repaid.

Mr. VANDENBERG. I suggest to the Senator that in estimating what has thus far been used in spending experiments he should not overlook the fact that the depreciation of our dollar to 59 cents took about 40 percent of the value out of the wealth of about two-thirds of our citizens; and if we add that figure, which is probably $100,000,000,000, to the actual physical spending spree in which we have been engaged, I should say we have tossed down the river probably $150,000,000,000 trying to prove that we can stretch a $60,000,000,000 country into a $80,000,000,000 country by spending the difference. I do not know how much more we will have to spend before we discover that such a feat is impossible.

Mr. BYRD. I thank the Senator; but the figures I have presented are bad enough for me.

Mr. KING. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. KING. A moment ago the Senator adverted to the enormous public debt. Has not the Senator discovered that from some of our ardent new dealers—I was about to say "fanatical," but I will not use that word—propaganda is coming forth in which it is contended that it is not disadvantageous to have a large public debt? One statement which I read indicated that a large public debt makes for stability. At any rate, it is obvious that propaganda is coming from among many of our friends, so-called new dealers, who contend that an enormous public debt is not disadvantageous—indeed, that in the long run it makes for improved conditions, if not for resuscitation of our demoralized economic situation.

Mr. BYRD. I think the Senator has made a fair statement.

Mr. President, I think that one of the most evil things that has been done has been to popularize debt and to make the average person of the country think that he can be prosperous only by going into debt. At times debt may be necessary. It may be desirable at times; but it is never a wise thing to go into debt if debt can be avoided. By the propaganda which has begun with the President of the United States and gone down to the last official in Washington the effort has been made throughout the land to make it popular to borrow money and to go into debt.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WAGNER. I am sure the Senator will agree as to the figures. I ask him if it is not a fact that our experience with

the activities of the P. W. A. and the R. F. C. in making loans for self-liquidating projects has been extraordinarily favorable? That is the type of project with which we are dealing in the proposed legislation.

I do not think we ought to become confused by stating instances which are really not analogous. I should like to read if I may—I do not want to cite too many figures, for the Senator from Michigan was getting almost into the arena of phantasy—certain figures as to loans made by P. W. A. for self-liquidating projects. The loans were not always liquidated by the project itself but in some instances the credit of the political subdivision was pledged to the repayment of the loan. The figures which I have and which are taken from the P. W. A. records, show that the bonds purchased by the P. W. A. aggregated $730,000,000 for projects which employed labor, which purchased material, and thereby increased the purchasing power of the workers. The experience so far with reference to these loans is this.

P. W. A. now holds only $60,000,000 worth; the R. F. C. holds $144,000,000 worth, and the balance of this governmental investment was so attractive that the public has purchased bonds to the extent of $526,000,000; and, by the way, the R. F. C. made a profit of $13,000,000 in that transaction. So there are now only $204,000,000 of these bonds held by the R. F. C. and P. W. A. as security for loans, and, with the exception of a delayed payment on bonds in the principal amount of $6,000,000, all the payments are absolutely current. That is the experience with reference to the P. W. A.

Mr. BYRD. The Senator has entirely overlooked the fact that there was a direct grant under the P. W. A. amounting to 45 percent.

Mr. WAGNER. Earlier in the day I gave the figures as to loans by the R. F. C. which were 100 percent loans. I will give the record in that case again.

Mr. ADAMS. Before the Senator gives the figures, may I suggest that the loans which the public took over were municipal bonds? They were not Federal or R. F. C. securities, but the bonds of public agencies.

Mr. WAGNER. They were not all municipal bonds. They were bonds which the R. F. C. had purchased.

Mr. ADAMS. None of them were Federal bonds or issued by Federal corporations.

Mr. WAGNER. Exactly. That is what I am talking about. They were all municipal bonds; they were all bonds of political subdivisions; they were bonds, for example, like those sold by the Triborough Bridge. Those bonds pledged only the income from that particular enterprise; but the public purchased them at a premium, because the experience of a few years indicated that the bridge was a profitable enterprise. At the time it was undertaken the public refused to buy those bonds and the enterprise could not be financed except by the Federal Government.

Mr. BYRD. The Senator knows that times have changed.

Mr. WAGNER. We are still doing it.

Mr. BYRD. A municipality or local subdivision that has a bond that is sound can obtain a low rate of interest by selling it to the general public.

Mr. WAGNER. Not until there has been some experience with a particular enterprise, if the liquidation depends upon the income of a particular project.

Another case was that of the Midtown Tunnel. The bankers would not accept those bonds until after a short operating experience; then they were all bought up at a premium. If the Government had not aided, we would never have had these great improvements; we never would have had the workers employed, the material purchased, and business improved to the extent, at least, of such purchases.

The Senator from Virginia referred to grants. Let me read the experience of the R. F. C. in the case of 100-percent loans. The authorized loans were $400,000,000—I am giving only the round numbers—canceled out of that $400,000,000 were $31,000,000; and actually disbursed by the R. F. C. for self-liquidating projects 100 percent, without any grants, were $322,000,000. The bonds of these projects have been sold to the public or retired—most of them sold to the public—to the extent of $282,000,000, the profit on such sales is nearly $17,000,000. The balance held by the R. F. C. is $40,000,000; and there are no defaults on that balance. The payments on the $40,000,000 are current. These are the types of projects we are talking about in connection with this proposed legislation.

Mr. BYRD. The Senator is mistaken about that. In the first type of projects the Senator mentioned there was a grant of 45 percent from the Government. In the second type, loans are made by the R. F. C. I want to say that I think the R. F. C. has done one of the soundest jobs that it would be possible to do, and I would not oppose this bill if the Senator from New York and the Senator from Kentucky would give to the R. F. C. the power to make these loans. I wish to tell the Senate why they do not do that. It is because they are afraid Mr. Jones would not lend the money as freely as they would like to see it loaned. If the Senator will so modify his bill as to give power to the R. F. C. to make these loans, which is a power they now have, at least in part, I will gladly support it, because I think the funds would be handled wisely and not wasted. One reason this bill as presented does not increase the authority of the R. F. C. is that it was thought Mr. Jesse Jones would be too careful in making the loans and would not put the money into circulation, as Mr. Eccles says, for the purpose of stimulating private business, because he has not done so in the past. So, if the Senator wants to let all the loans be made by the R. F. C., and will have the bill amended in that way, I will be very glad to support it.

Mr. WAGNER. I also referred to loans made by the P. W. A., which has had as fine an experience as has the R. F. C.

Mr. BYRD. Under the P. W. A. 45-percent grants were made. This bill is entirely different, because there are only $350,000,000 for the P. W. A. in this bill for loans to localities, and there are other things in it, untried experiments in financing, which unquestionably will result in great losses to the Federal Treasury.

Mr. President, to continue, and coming to the details of the bill——

Mr. WAGNER. Mr. President, let me say to the Senator that I am not sponsoring the bill; the Senator from Kentucky is sponsoring the bill, and is entitled to credit for it.

Mr. BYRD. The Senator from New York is not responsible for the bill. I do not say he is responsible.

Mr. WAGNER. The Senator should not misstate the facts. What I said was that the sponsor of the proposed legislation is the Senator from Kentucky. I would be quite willing to sponsor the bill but the Senator from Kentucky is sponsoring it. So when the Senator from Virginia is mentioning the "sponsor" of the bill, let me say that the Senator from Kentucky is entitled to the credit.

Mr. BYRD. The Senator from New York interrupted me to ask me a question about the R. F. C.; I answered it, and I said, if he wants to take the loans made by the R. F. C. as a criterion, I will vote for any legislation proposed to increase the authority of the R. F. C. to make the loans as they have made them in the past, because I think they have been wise and proper loans.

While I am on that subject, let me call the attention of the Senate to the fact that the R. F. C. already has now full authority—full authority I will say to the Senator from New York—to provide the $350,000,000 proposed under this bill to be loaned to localities. They can furnish it now without dotting an "i" or crossing a "t." In addition to that, they still have available funds—they have $1,400,000,000 that are unused.

Mr. WAGNER. Mr. Jones, in whom all of us have confidence—the Senator from Virginia is not alone in expressing confidence in Mr. Jones—has already stated to the committee that he needs at least for his present activities to maintain a balance of a billion dollars.

Mr. BYRD. The R. F. C. has $1,400,000,000 available, and there are only $350,000,000 provided for loans to localities in this bill. So that particular item could be taken care of without giving Mr. Jones the billion dollars which he says he ought to have.

Mr. WAGNER. I desire to ask the Senator one other question along the same line. Does the Senator also say that the Rural Electrification Administration has not had a favorable experience in its financing and operations?

Mr. BYRD. I approve of the rural electrification, but I see no need of appropriating funds for it 15 years in advance. I voted for the rural-electrification measure; I think it is one of the very best projects that have been inaugurated by the Federal Government.

Mr. WAGNER. I agree with the Senator, but the loans of the Rural Electrification Administration are not made by the Reconstruction Finance Corporation.

Mr. BYRD. I was speaking of the loans provided by this bill of $350,000,000 to localities. Likewise, there is ample authority in this bill, according to the letter which I have before me from the Reconstruction Finance Corporation, to make loans to all self-liquidating projects such as toll roads and bridges.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TAFT. I merely wish to suggest to the Senator that if he will read Mr. Jones' testimony I do not think he will find he said he had to have a billion dollars. He said he had had an excess of a billion dollars usually and he might like to continue to have it. But certainly on his first examination he made it very clear that he had available $1,400,000,000, which would not be used for any ordinary purposes of the R. F. C.

Mr. WAGNER. If the Senator from Virginia will yield further, I do not want to get into a question of veracity, for the record is here. I recall distinctly that the Senator from South Carolina [Mr. BYRNES] before the committee read a letter which he had received from Mr. Jones in which Mr. Jones stated that apparently the newspapers had misunderstood his testimony, and in which he asserted he needed for present purposes a balance of at least a billion dollars.

Mr. BYRD. Mr. President, I ask unanimous consent to insert in the RECORD at this point a letter which I have written to Mr. Jones and a copy of his reply with respect to the authority of that Corporation to issue obligations on behalf of the Government.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

JUNE 27, 1939.

Hon. JESSE H. JONES,
Chairman, Reconstruction Finance Corporation,
Washington, D. C.

MY DEAR MR. JONES: Would you be kind enough to furnish me the following information with respect to the Reconstruction Finance Corporation and the Reconstruction Finance Corporation Mortgage Co.:

1. Total of stock and bonds outstanding as of latest available date.

2. Detailed statement of additional authority to issue obligations and the amounts thereof, and for other purposes.

3. The names of other corporations being financed by the Reconstruction Finance Corporation, and the amount of funds advanced to each.

4. From your unused authority to issue additional obligations, can you provide funds for the following purposes:

(A) For non-Federal public works: Projects of the self-financing type to be financed by loans at sufficiently low rates of interest to stimulate borrowing for this purpose. The type of project would be water works, sewage-disposal plants, bridges, hospitals, and other municipal projects.

(B) For express post roads: Self-liquidating toll roads, bridges, high-speed highways, and city bypasses.

(C) For railroad equipment: Authority to purchase all types of railroad equipment which its to be leased to railroads at a rate which will return the cost to the United States over a period of years. Carriers would have the option to buy the leased equipment.

(D) For rural electrification: Expansion of present rural electrification program to reach a maximum of one and one-quarter million rural families not now receiving electric service nor likely to receive such service in the near future.

(E) For farm-tenant program: Expansion of self-liquidating portion of the Farm Security Administration for tenant-farm purchases, rehabilitation program, loans for minor improvements and repairs, loans to resettlement cooperatives, and loans for water facilities.

(F) For foreign loans: Extension of short- and long-term loans to foreign governments for the purpose of promoting our foreign trade. The proceeds of these loans would be spent in the United States and would be used for development and reconstruction purposes in the foreign country.

It is important that I have this information at the earliest possible time, and I would greatly appreciate it if you would respond as promptly as possible.

Cordially yours.

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 17, 1939.

Hon. HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: In reply to your letter of June 27, to Chairman Jones, I give you herewith the information requested concerning the Reconstruction Finance Corporation and the RFC Mortgage Co., as of June 30, 1939.

Answering your question No. 1:

(a) Capital stock outstanding:	
R. F. C.	$500,000,000.00
The RFC Mortgage Co	25,000,000.00
(b) Bonds, notes, and similar obligations:	
R. F. C.	1,062,736,627.43
The RFC Mortgage Co. (held by R. F. C.)	32,093,680.13

Answering your question No. 2: Additional authority to issue obligations (after provision for commitments and other obligations):

(A) R. F. C.:	
(a) For general purposes	$1,361,404,036.00
(b) For specific purposes:	
(1) Purchase of preferred stock of insurance companies	48,252,921.00
(2) Purchase of preferred stock of mortgage loan companies	64,000,000.00
(3) Purchase of securities from P. W. A.	97,368,480.00
(4) Purchase of preferred stock of banks	(No statutory limitation)
(5) Advances to Federal Housing Administrator pursuant to provisions of title I of the National Housing Act	(No statutory limitation)
(B) The R. F. C. Mortgage Co	(No statutory limitation)

Answering your question No. 3: Corporations financed by R. F. C. and amounts advanced to each:

(a) The RFC Mortgage Co.: The amount of capital stock and other obligations held by R. F. C. are shown above.

(b) Federal National Mortgage Association: The R. F. C. invested $11,000,000 in its capital stock and holds its obligations for $26,995,930.39.

(c) Export-Import Bank of Washington: The R. F. C. owns $45,000,000 of preferred stock.

(d) Disaster Loan Corporation: The R. F. C. has purchased $18,000,000 of a total of $40,000,000 capital stock authorized by law. This stock is assigned to the Treasury and an equivalent amount of R. F. C. notes are canceled.

(NOTE.—The R. F. C. is required by law to advance funds to certain Government agencies which are not corporations and are not included above.)

Answering your question No. 4:

The Reconstruction Finance Corporation's unused authority to issue additional obligations can provide funds, when the conditions of the Reconstruction Finance Corporation Act are complied with, for non-Federal public works of a self-liquidating nature. This could include toll roads, bridges, etc., if constructed by a public authority to whom a loan could be authorized.

The Corporation does not have authority for the direct purchase of railroad equipment, for the construction of rural electrification lines, to aid in the expansion of the farm-tenant program, nor for loans to foreign countries except for financing sales of the surpluses of agricultural products in foreign markets.

Sincerely yours,

G. R. COOKSEY, *Secretary.*

Mr. WAGNER. Mr. President, the Senator has been so generous that I hesitate to interrupt him again, but I desire to read a copy of a letter addressed to the Senator from South Carolina [Mr. BYRNES] to which I have just referred and which is as follows:

JULY 21, 1939.

Hon. JAMES F. BYRNES,
United States Senate, Washington, D. C.

DEAR SENATOR BYRNES: In reply to your inquiry this morning as to the exact amount of unused borrowing authority of R. F. C., beg to advise that as of June 30, 1939, this figure was $1,361,404,036.

We have always thought we should have available for all purposes at least a billion dollars in excess of commitments, so in considering S. 2759 I feel that your committee should not rely too heavily on our unused borrowing authority.

Sincerely yours,

JESSE H. JONES, *Administrator.*

Mr. BYRD. Even according to the letter of Mr. Jones there is still $400,000,000 that could be used to finance the projects which are now permissible under the law of the country.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like the Senator's specific interpretation of the following situation in the light of the comment he is just making:

Suppose the city of Detroit wants to build a municipal subway, say a $40,000,000 project: What can the city of Detroit do under the existing R. F. C. authority, or what additional advantage could it get under the pending bill?

Mr. BYRD. Mr. President, under the existing authority of the R. F. C. the bonds of the city of Detroit could be purchased by the R. F. C. They now have full authority to do that. The letter from Mr. Jones states that they have that authority; and not only that, even assuming that it is necessary to keep a billion dollars on hand—which I do not think is necessary, because he may ask for an additional authorization if desired, and I will vote today to increase that authorization—there is $400,000,000 more than he needs that could now be used to finance part of this bill.

Mr. VANDENBERG. That $400,000,000 could be used, for example, in connection with the Detroit project which I use as an example. Is that correct?

Mr. BYRD. The letter from the Secretary of the R. F. C. says this:

> The Reconstruction Finance Corporation's unused authority to issue additional obligations can provide funds, when the conditions of the Reconstruction Finance Corporation Act are complied with, for non-Federal public works of a self-liquidating character. This could include toll roads, bridges, etc., if constructed by a public authority to whom a loan could be authorized.

Likewise, the R. F. C. can buy the bonds and the notes of municipalities, States, and counties if they choose to do so.

We say a great deal here of Mr. Jones and our confidence in Mr. Jones. I want to make it clear that Mr. Jones has no authority whatever as to how the expenditures shall be made under the pending bill. All he is required to do, upon the direction of the President, is to provide the money to be given to these different organizations. The President says where the money is to be spent. This is another blank check that the Congress of the United States is requested to write, because under the language of the bill the President may designate every road that is to be built. He may designate every bridge that is to be built. He may designate every county, every city, and every State that is to obtain the low interest rates which it is proposed to give under the bill. Nothing may be done without the direct approval of the President, because the bill provides that the allocation of the funds cannot be made until he approves it.

It is simply another surrender by the Congress of the United States of their power to make appropriations.

Mr. President, to continue my argument as to the effect of the spending policy that this country has engaged in for the past few years, time and time again, as I have said, we have been told that prosperity would return; yet we have more than doubled the national debt, we have added deficit to deficit, and today we are farther away from a balanced Budget than we have ever been since the depression began. I say we are farther away because Federal spending has been entrenched in every nook and corner of America.

Mr. President, what has been accomplished by it? We have actually doubled the tax burden of the country since 1932, collecting more than twice as much as we then collected from the taxpayers, and still we are spending $2 for every dollar we take in. If we should balance the Budget at the present expenditure tomorrow, we should have to collect in taxes four times as much as we collected in 1932 and 1933.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. PEPPER. I will say to the Senator from Virginia that I can well understand how one might not be in favor of appropriating Federal money directly for public works, or for certain purposes that others might believe to be good purposes; but I thought this lending bill was intended by the administration as an effort to get away from the appropriation of Federal money and to let private enterprise, which would be the beneficiaries of these loans, try to bring back prosperity in a legitimate and usual way. What objection has the Senator to that?

Mr. BYRD. If the Senator will permit me to continue I shall try to clear his mind. If this bill is intended to take the place of appropriations, why have not the appropriations been reduced? We have appropriated more money for the next fiscal year than ever before in the history of America in time of peace. If this $2,300,000,000 is intended to take the place of appropriations, some Senator should introduce a joint resolution to reduce the appropriations which have already been made.

Mr. PEPPER. Mr. President, I think the Congress has generally found that the administration of the P. W. A. has been an honest and an efficient administration; yet it has been something like a year after the last P. W. A. appropriation before anything like the maximum of the P. W. A. program has come into actuality. So I will ask the Senator from Virginia, if this lending bill went through Congress today and were signed by the President tomorrow, if he does not think it would be a good many months before the program could possibly get into effective operation?

Mr. BYRD. The Senator well knows that we are appropriating money for 12 months beginning on the 1st of this July. That money has been appropriated, and under this program the President estimates that $700,000,000 will be spent during the first year. If this bill is to take the place of direct appropriations, not a single dollar has been taken off. To the contrary, the records will show that the appropriations have been increased above those of last year, and that in the next fiscal year we shall spend more than ever before in the peacetime history of our country.

Mr. President, speaking of taxes, I desire to call the attention of the Senate to the fact that this country has never enjoyed a period of prosperity when we have collected in local, State, and National taxes more than 12 percent of the total income of the country. We have never had prosperity when that was done; yet today we are not only collecting from the people 20 percent of the national income in taxes, but we are actually spending 30 percent of our national income—I am speaking of local, State, and National taxes—and 10 percent is being passed on to future generations in the form of debt to be paid by our children and grandchildren in generations to come, and on that debt must be paid the interest which will accumulate from time to time. We are spending today in this country in local, State, and National expenditures, $20,000,000,000 annually. That is more than twice the value of all the products that come from the soil—more than twice the value of all the farm products, the products that come from the mines, the products that come from the forests, all the products that come from the natural resources of the country.

Mr. President, no one can deny that the spending theory has had a fair trial during the past 6 years. We have spent as no other nation in the history of the world has ever spent in times of peace. What do we find today? We have nearly as many unemployed as we had when the depression began. We find recovery in this country lagging behind the recovery of every other nation in the world, as determined by the League of Nations' bulletin which was issued not long ago. Based on 1929, the recovery in the United States is 72 percent, in Belgium 75 percent, in France 76 percent, in Canada (our neighbor) 90 percent, in the United Kingdom 115 percent, in Norway 127 percent, and in Denmark 135 percent.

Mr. President, has private business been stimulated by these expenditures? We always are told, when these expenditures come before the Congress, that here is a means to stimulate private business, because we all recognize that only the private-enterprise system of the country can furnish jobs for those who work. The Government cannot furnish jobs to all the workers. The private-enterprise system must do it. If we look at the new financing which is

being done, and which determines the expansion of business better than any other index that we have, we find that 75 percent of the new financial issues that are offered to the public for purchase come from the Government, and 25 percent from private industry, from corporations and individuals—just the reverse of the condition 5 years ago. At that time 20 percent came from the Government, and 80 percent came from private enterprise.

Mr. President, it is the hope of profits that inspires the average businessman to expand his business. He does not build a plant for the purpose of making a profit that year or next year; he builds a plant for the future, to make a profit in future years. It is because of the knowledge on the part of every businessman that the extravagances of today must be paid by higher taxes tomorrow that the average businessman is discouraged from going into business. Secretary Morgenthau expressed the matter very logically the other day when he said that the attitude of the average businessman in this country is, "What is the use?" What is the use of going into business if your business is going to be regimented by the Federal Government, if the Federal Government is going into competition with your private business, when it is private business that must pay the taxes to operate the Government, and then if taxes are to become so confiscatory, so high, as to discourage private enterprise?

Mr. President, coming down now to the pending bill——

Mr. LUCAS. Mr. President, will the Senator yield at that point?

Mr. BYRD. I yield.

Mr. LUCAS. Will the Senator tell me what part of this bill competes with private enterprise?

Mr. BYRD. Mr. President, I was speaking generally. I think any plan by which the Government goes into the purchase of securities is a competition with the banking industry of the country.

Mr. LUCAS. I am very much interested in that question. I am more or less pledged to the policy not to vote for any measure which I believe will compete with private enterprise, and if there is anything in the pending bill which the Senator from Virginia can specifically point out that does threaten competition with private enterprise, I, as one of the Senators from Illinois, am extremely anxious to know about it.

Mr. BYRD. Mr. President, I think that undoubtedly the clause in the bill, on page 4, which makes available the sum of $350,000,000 for engines, locomotives, tenders, freight and passenger cars, unquestionably competes with private enterprise, because many railroads today make their own railroad equipment.

Mr. LUCAS. Is there anything in the hearings which discloses how the railroad industry feels about that particular provision?

Mr. BYRD. I could not say; I am not a member of the committee.

Mr. WAGNER. Mr. President, will the Senator permit me to answer the question?

Mr. BYRD. Certainly.

Mr. WAGNER. The representative of the Railroad Association, Mr. Pelley, appeared before the Committee and stated that their association was in favor of the legislation. Is that a correct statement, may I ask some of the other members of the committee?

Mr. TAFT. There was offered in the committee, and appeared in one draft of the bill, a section providing that nothing undertaken under the bill should compete with private industry. That was stricken out because of numerous objections of Senators, who pointed to cases where they said there would be competition, and a particular project would be barred; and the provision is not now in the bill. One Senator pointed out that many bridges are owned privately in this country, and the Government could go in and build a bridge right alongside a private bridge and practically destroy the investment in the private bridge. Another instance was suggested by the Senator from Idaho [Mr. CLARK], who was afraid that there might be interference with a reclamation project where there was a power development in connection with the reclamation project. There were two or three other objections from Senators. I think it is fair to say that there are numerous cases. If the Senator can draw a provision that would meet the situation, I think he should try to do so, and I believe it would meet the general approval of the committee.

Mr. BYRD. I might say that the provision that there should be no interference with private enterprise was stricken from the bill in the committee.

Mr. TAFT. It was.

Mr. WAGNER. The reason for striking it was that every agency involved stated that the way the amendment was worded it would interfere with their activities. I do not think anyone would defend the limitation that a municipality could not build a bridge to accommodate travelers if that bridge would compete with a dilapidated old ferry, for instance, that was carrying people across the river. We did not intend to prevent that sort of competition by the proposed legislation. But it was very difficult to draft an amendment which would cover every kind of case where there might be legitimate competition.

I told the Senator from Colorado that I was going to try my hand at proposing something which would cover the cases we intend to cover and not prevent enterprises which are legitimate undertakings by a municipality or any other political subdivision.

Mr. ADAMS. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. ADAMS. I merely wanted to give an additional part of the history of the amendment under discussion. The amendment which was taken from the bill was one which I prepared following the language of the letter of the President to the Senator from South Carolina [Mr. BYRNES], upon which the bill was passed. A part of that letter read as follows:

> I have caused estimates to be made of the extent of the field for investment of funds in revenue-earning channels on a self-liquidating basis and in no way competitive with private enterprise. The estimates are, I believe, conservative. The types of projects I have in mind are listed below, together with the sums which, it is estimated, can be put to work to provide employment for men and machines in diverse lines of industry within the coming fiscal year. These projects are in addition to programs already submitted.

Then follows the list of projects, which included the Federal Works Agency, express post roads, railroad equipment, Department of Agriculture, farm-tenant program, and foreign loans. Those were all listed in the President's letter as noncompetitive, and there seemed to me to be a gap in the bill as it was drawn. I therefore proposed the amendment, with the idea of merely filling the gap in the bill so that it would conform with the President's letter.

Upon further discussion, and as stated by the Senator from New York, he and the sponsors of the bill said that perhaps they could prepare a more satisfactory amendment, and I withdrew my amendment. But I have been anxiously awaiting the presentation of an amendment which would meet the problem.

Mr. O'MAHONEY. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. O'MAHONEY. The question now under discussion has aroused much interest on my part, because I believe that it is of fundamental importance that the proposed legislation should make it positively clear that it is not the intention of Congress or of the administration to interfere with free private enterprise. It is my own judgment that that is the intention. I have reached that conclusion because in the message which the President sent to the Congress more than a year ago recommending the so-called monopoly study he explicitly stated that he was interested in preserving free private enterprise for profit. But the difficulty is that when we try to put a program of this kind into language, it is hard to avoid loopholes.

There is such a loophole in the provision governing the allocation for rural electrification; and I should like to have the attention of the Senator from New York to the suggestion I am about to make.

On page 4, line 24, we find this language:

To the Rural Electrification Administration: $500,000,000 for the purposes specified in the Rural Electrification Act.

The Rural Electrification Act contains a specific provision that the loans under that act shall be granted to cooperatives which are organized in areas not served by a central station. So, clearly under the Rural Electrification Act there is no danger of competition with existing private enterprise. But in the language of the pending bill that safeguard is not to be found. So it was my intention to suggest at the proper time that the sponsors of the bill should accept an amendment, inserting in line 25, after the word "in," the words "subject to the provisions of", so that it would read:

To the Rural Electrification Administration: $500,000,000 for the purposes specified in and subject to the provisions of the Rural Electrification Act.

I am sure that that would be in complete harmony with the purpose of the sponsors of the bill.

Mr. WAGNER. Mr. President, I hope the Senator will submit his amendment so that we may have a chance to study it. So far as I am concerned, I can say—and I am sure it is the sentiment of the entire committee—that we want to safeguard the legislation in such a way that there will not be competition with private industry in private activities. But the way the amendment of the Senator from Colorado was drafted, there were many who objected. For instance, a suggestion was made that if a public university secured a loan with which to build a dormitory, it might be contended by the proprietor of a boarding house in the neighborhood that the construction of the dormitory to house some of the students would be in competition with the boarding house. All types of technical questions would be raised as to competition, which would result in interminable litigation and possibly defeat the program.

I should say that where a ferry is giving inadequate service to the public, and the municipality or the State involved wants to build a bridge to accommodate the people, that should be permitted, although technically it might be in competition with the ferry. It is because of such undertakings, which it was feared might be prevented, that the amendment as proposed by the Senator from Colorado was regarded as too all-embracing. Some of us are attempting to use whatever little ingenuity we may have to draft an amendment which will carry out the objective and not interfere with desirable undertakings.

Mr. BARBOUR. Mr. President, will the Senator from Virginia yield to me to propound a question to the Senator from New York?

Mr. BYRD. I yield.

Mr. BARBOUR. In other bills in connection with relief and other governmental expenditures in connection with public works and all that sort of thing, there has been a protective amendment presented by the Senator from Colorado and myself in relation, roughly speaking, to the creation of mills and factories, and provide activities of all sorts, in order to prevent interference with existing private industries; in other words, to protect the actual wealth-creating activities of the citizen.

Mr. WAGNER. I know there has been that kind of provision.

Mr. BARBOUR. I think this is very vital, and we must not pass over it lightly. The same sort of protection must be provided in this bill, especially, I feel, in this particular bill, which, in fact, will not be self-liquidating at all when the final score is settled.

Mr. WAGNER. In the committee, I proposed an amendment which provided that there should be no competition with any existing manufacturing enterprise; but there were some who thought that was too narrow a provision. It is very difficult to agree on just what ought to be adopted.

I may say to the Senator from New Jersey, because I know he will appreciate it, that if there had been too broad an amendment in the law, we could not with Federal assistance have built the George Washington Bridge, because it could easily have been contended by those operating ferries across the Hudson River that the construction of that bridge would be in competition with the ferries, and a very useful enterprise, which had public support, would have been prevented; an enterprise, incidentally, which has helped New Jersey to come to New York, a much more desirable place. [Laughter.]

Mr. BARBOUR. It has helped a good many people in New York to come to New Jersey, too, the really more desirable place of the two. [Laughter.]

Mr. WAGNER. The Senator will appreciate our problem, and I think we will be able to work out something in that regard.

Mr. BARBOUR. All I wanted was to be absolutely sure that the distinguished Senator from New York appreciated this important safeguard in relation to the proposed legislation, just as it has been appreciated by all of us in connection with other legislation of this same kind. This bill is bad enough of itself but if it is to permit of interference with private industry and business it will indeed be completely devastating in its effects on the country.

Mr. WAGNER. Mr. President, I am sure the sponsor of the bill appreciates that also. May I further interrupt the Senator in order to answer a question which was asked by the senior Senator from Illinois [Mr. LUCAS] as to the attitude of the representatives of the railroads to the amendment as it is now written? I read from the testimony:

Senator BARKLEY. I have got to go to the floor of the Senate, and I wanted to ask Mr. Pelley a question. I have submitted to him the amendment that I have suggested, and I would like to ask him whether, if adopted, it would remove the objection that he expressed.

Mr. PELLEY. It does.

The CHAIRMAN. You are satisfied with it?

Mr. PELLEY. Yes.

That is the attitude of the railroads.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TAFT. Does the Senator see any reason why the railroads should refuse to take money at 1 percent from the Government when it might cost the Government 2 percent from the public?

Mr. WAGNER. The quotation I have just read was quite relevant to the present discussion. The Senator from Illinois inquired of the Senator from Virginia as to whether or not the provisions here would permit competition with the railroads, and I stated that the railroad representative favored the particular amendment. That was the question involved, and having answered that question, I prefer not to enter into an unrelated discussion.

Mr. BYRD. Mr. President, I should like to answer the inquiry of the Senator from Illinois [Mr. LUCAS]. I will say to the Senator from Illinois that he has raised a most interesting question, and this bill makes possible the competition of the Government with the private business of most of our citizens, for the reason that it permits the taking of excess land to be used for the purposes of land speculation, erection of houses by the Government, the erection of all kinds of facilities, and the rental or sale of such facilities to the public. The President of the United States, on April 27, 1939, in submitting the report on the proposed superhighways through the country, said this:

I call the special attention of the Congress to the discussion of the principle of "excess taking" of land for highways. I lay great emphasis on this because by adopting the principle of "excess taking" of land, the ultimate cost to the Government of a great national system of highways will be greatly reduced.

For instance, we all know that it is largely a matter of chance if a new highway is located through one man's land and misses another man's land a few miles away. Yet the man who, by good fortune, sells a narrow right-of-way for a new highway makes, in most cases, a handsome profit through the increase in value of all of the rest of his land. That represents an unearned increment of profit—a profit which comes to a mere handful of lucky citizens and which is denied to the vast majority.

Under the exercise of the principle of "excess taking" of land the Government, which puts up the cost of the highway, buys a wide strip on each side of the highway itself, uses it for the rental of

concessions and sells it off over a period of years to home builders and others who wish to live near a main artery of travel. Thus the Government gets the unearned increment and reimburses itself in large part for the building of the road.

That means that it is possible under the bill for the Federal Government to go into competition directly with private business to condemn excess land which is not needed for the construction of the road, to build all kinds of buildings, office buildings, concessions, or whatever else it may please to do, and to sell them in competition with citizens who have likewise built garages, homes, or whatever the case may be.

So, Mr. President, so far as competition with private enterprise is concerned, I think an investigation will show that in many instances the bill will bring that about.

Mr. LUCAS. Mr. President, will the Senator yield to me for an observation?

Mr. BYRD. I yield.

Mr. LUCAS. I am very happy that the Senator read that letter of the President in connection with the taking of excess lands for public highways. Am I correct in my understanding that the bill contemplates following the theory set forth in the letter just read?

Mr. BYRD. That is the message which he sent to the Congress on April 27, 1939, in which he transmitted the report of the Public Roads Department which had been investigating these superhighways.

Mr. LUCAS. Mr. President, I want to make this observation in connection with something that is being done in the Illinois Valley at the present time which squares with that policy so far as public highways are concerned. At this moment the Federal Government is building and constructing dams for navigation purposes on the Illinois and the Mississippi Rivers, and for the first time in the history of the construction of dams for navigation, instead of taking easements for flowage rights they are now condemning thousands upon thousands of acres of land, which, by the wildest stretch of the imagination, they cannot use for strictly navigation purposes. And in listening to the reading of the President's letter I presume that the theory of the Government in taking this land in fee simple title is for the very reason expressed in that letter from the President to the committee in connection with the condemnation of lands for public highways.

Insofar as the Senator from Illinois is concerned, he can see no justification for the taking, for instance, in the little county of Calhoun, in the State of Illinois, 31,000 acres of land for navigation purposes, when probably 1,000 acres would be sufficient. And in taking that land the Government is taking land which is paying taxes to the schools and the towns and the cities. The taking of this revenue which for a hundred years has aided in sustaining local government will have to be spread over the remaining real estate thereby increasing taxes on all lands in the county.

Mr. President, it seems to me that such a policy is fundamentally wrong, and I for one am against it. I want to keep all the lands that I possibly can in private ownership rather than having the Government continually condemning and taking lands for which it has no actual use.

In this navigation project I am also advised that these thousands of acres of land will ultimately be turned or transferred to another department of government for the purpose of making game and fish preserves and refuges out of it, thus destroying hunting clubs and private property rights which have been enjoyed by these owners for many years.

As I understand the Senator from Virginia, the Government expects, if this program goes through, to condemn more land than necessary for highway purposes, and then it would compete in business with private owners of real property along this highway. I seriously question the policy of the Federal Government acquiring lands for such purposes. I question the right to do so under the Constitution.

Mr. BYRD. I read to the Senator from Illinois the statement made by the President of the United States.

Mr. BARKLEY. Mr. President, I do not know anything about the particular project to which the Senator from Illinois has referred. I think that in undertaking to interpret the purpose of this bill, the language of the bill itself furnishes a safer guide than a letter, even from the President of the United States, expressing his ideas with respect to it. But there is in the President's letter and in the minds of the sponsors of this bill the possibility that the Government of the United States might reimburse itself for any expenditures incurred in the development of a highway system by taking advantage of increased values in property brought about by the expenditure of its own money. It is not desired to set up commercial institutions.

Mr. BYRD. What does the Senator mean by the spending of the Government's own money? The Government spends the taxpayers' money.

Mr. BARKLEY. Of course, we all understand that, but it is the Government's money when it is spent.

Mr. BYRD. The Senator is speaking of the Government as a private individual in competition with another private individual?

Mr. BARKLEY. No; I am not speaking of the Government as a private individual. The Government has no money except what it gets from its citizens, but when it gets it, it belongs to the Government, no matter how it gets it.

Mr. BYRD. It still belongs to the people of this free country.

Mr. BARKLEY. I am talking about the automatic increase in the value of adjacent property along the roadside brought about by the expenditure of money by the Government, whether it is the Government's money or the people's money.

Mr. BYRD. The people collectively own the land which the Government buys.

Mr. BARKLEY. Yes. Of course, the Government owns the Capitol here. It owns all the public buildings in Washington. It owns everything in which it has invested money, and under the theory that the people own the Government, the people own the property here. The Senator and I will not quarrel about that, nor will we be technical even. Theoretically, of course, what the Government owns the people own. But in this instance the theory behind the possibility of a recoupment and a reimbursement is that there is no wrong in the Government taking advantage of the increase in the value of the property which it has increased in value by its own expenditures, so, if possible, to reimburse the Government for the expenditures it makes.

Mr. LUCAS. Mr. President, will the Senator yield so I can ask a question?

Mr. BYRD. I yield.

Mr. LUCAS. Does the Senator from Kentucky know of any State in the Nation that has ever followed that philosophy?

Mr. BARKLEY. I am not certain that I do, but the fact that it has not been followed by States is no reason why it should not be done by the Federal Government. That feature is not absolutely essential to carrying out the program outlined in the bill, but it has been thought desirable to make it possible, where the Government engages in large expenditures which would automatically increase the value of a strip of property along the roadside, that the Government might purchase and take advantage of the automatic increase in the value of that property in order to recoup itself for the expenditure out of which the increase grew.

Mr. TYDINGS. If the Government bought the excess property along the highway and it increased in value, by the same token the States would lose additional revenue because the Government property would be exempt from State and local taxation.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. ADAMS. I think the committee is entitled to some consideration for what it has done. Originally we had a bill introduced by the Senator from Kentucky. We are now considering a new bill, which does not show the amendments which were made to the original bill. The effort by the Sen-

ator from Kentucky was to have a clear print. In the original bill was subsection (g) on page 7, which provided:

(g) To acquire by purchase, but not by condemnation for investment purposes, any real property in the vicinity of any highway improvements or Federal-aid construction if, in the opinion of the Commissioner of Public Roads and the Corporation the price at which such real property may be purchased is such as to make it probable that the United States will, as a result of appreciation in land values resulting from any highway improvement or Federal-aid construction, be able to dispose of such property, within 20 years, at such a price as to result in a profit; and to sell any such real property at public sale after advertisement and competitive bidding and upon such other terms and conditions as the Commissioner of Public Roads and the Corporation may in their judgment deem in the public interest.

I am merely pointing out to the Senator that at least there was one remote effort included in the original bill to buy property for investment, which provision was eliminated by the committee.

Mr. BYRD. Mr. President, if the Senator from Colorado will permit me to interrupt him, the Senator from Kentucky [Mr. BARKLEY] today, in response to a question from me, made the statement that the bill still permitted and authorized the purchase of excess land. I am advised by the legislative drafting bureau that the present language of the bill provides for it by the phrase "or convenient for carrying out any of its functions hereunder."

Mr. ADAMS. I am merely trying to give some of the legislative history which does not appear in the bill before the Senate.

Mr. BYRD. I appreciate that; but I call attention to the fact that the Senator from Kentucky made the statement today that the bill permits the purchase of excess land. The Legislative Drafting Bureau also advises me that it does.

Mr. BARKLEY. Mr. President, I am not denying that the bill, even as redrafted, permits the purchase of adjacent property. It changes the broad location from the "vicinity" to adjacent property "necessary or convenient" to carry out the objects of the bill.

Mr. BYRD. It permits exactly what the President recommended in the letter which I have read to the Senate.

Mr. BARKLEY. Mr. President, if the Senator will permit me, in further response to the question propounded to me a moment ago by the Senator from Illinois [Mr. LUCAS], in the States of Delaware, Illinois, Indiana, Maryland, Nebraska, Oregon, and Virginia the right to purchase excess property adjacent to public improvements of this sort is authorized by constitutional provision; and the right is exercised.

Mr. BYRD. In connection with that whole matter, we may as well understand the question frankly. In response to a resolution adopted by the Senate the Public Roads Administration made a report, which is before us, with respect to the construction and operation of superhighways under a toll system. The Public Roads Administration stated that only one road in the United States, from Philadelphia to New Haven, would be self-liquidating, and that the losses which would result from a general system of six superhighways, three going east and west and three going north and south, would be $112,000,000 a year. The maintenance and reasonable amortization would be $184,000,000 a year, and the income over a period of 15 years would be $72,000,000 a year. The Public Roads Administration has stated that these highways would be only 40 percent self-liquidating.

Why is this proposal made by the President of the United States? It is made for the purpose of trying to justify the expenditure by taking the excess land and going into the real-estate business, building homes and garages, and endeavoring to sell them at a profit, in competition with all the citizens of the country.

Mr. RUSSELL and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER (Mr. CLARK of Idaho in the chair). Does the Senator from Virginia yield, and if so to whom?

Mr. BYRD. I yield to the Senator from Georgia.

Mr. RUSSELL. Do the figures submitted by the Public Roads Administration take into consideration, in the sale of lands in the great Federal subdivisions which it is proposed to build, the cost of paving the streets and improving properties to sell the land at a profit, or merely the income from the use of the roads?

Mr. BYRD. Merely the income from the use of the roads. The point I was trying to make clear was that although the Public Roads Administration stated frankly that such projects would not be self-liquidating, the proposal is made to take the excess land and use it as a profit-making venture to pay for the toll roads.

Mr. RUSSELL. If the Government suffered the same fate in opening up these great subdivisions and paving streets in a venture into the field of real-estate speculation, it occurs to me that the total losses might be much greater than those indicated by the Public Roads Administration, because some of the highways might not "pan out." If the Government should establish a subdivision, and it should look like a very profitable business venture, it is wholly possible that unless we should pass some law prohibiting it, a private individual might build a competing subdivision and highway, and thereby decrease the profits which would accrue to the Government.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. TOBEY. The Senator from Virginia might also point out that the direct testimony of Mr. MacDonald, of the Public Roads Administration, was that in the matter of tolls only a very small amount could be recoverable.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Kentucky.

Mr. BARKLEY. If the Senator will permit, I should like to call attention at this point to some of the provisions of State laws and constitutions with respect to this matter.

In California, Massachusetts, New York, Pennsylvania, and Rhode Island the acquisition of land outside the boundaries of a highway is limited.

California authorizes the State or any of its cities or counties to condemn land in, about, along, and leading to public works within 150 feet of public works or improvements; provided that when parcels lie only partially within the 150 feet only such portions may be acquired as do not exceed 200 feet from the closest boundary.

Massachusetts provides that more land may be taken by the Commonwealth, county, or city than is needed for the actual construction, provided that no more land is to be taken than is needed for suitable building lots on both sides of the street.

New York authorizes the cities and counties to take more land than is needed for actual construction, provided that no more land shall be taken than is needed to form suitable building sites.

I read the provision of the New York Constitution:

The legislature may authorize cities and counties to take more land and property than is needed for actual construction in the laying out, widening, extending, or relocating of parks, public places, highways, or streets: *Provided, however,* That the additional land and property so authorized to be taken shall be no more than sufficient for suitable building sites abutting on such park, public place, highway, or street. After so much of the land and property has been appropriated for such park, public place, highway, or street as is needed therefor, the remainder may be sold or leased.

So, in several of the States, including California, Massachusetts, Pennsylvania, Rhode Island, Ohio, Wisconsin, Michigan, and other States, there is a provision that not only the States but the cities and counties may take more land than is necessary on either side of the highway or road for the identical purposes contemplated in the possible purchase of such land under the terms of the bill.

Mr. ADAMS. Mr. President, may I make an inquiry of the Senator from Kentucky?

Mr. BYRD. I yield.

Mr. ADAMS. Did the Senator submit today a brief on the validity of such a provision?

Mr. BARKLEY. I did. I submitted a brief on the validity of excess condemnation.

Mr. ADAMS. Am I correct in my recollection that the general counsel for one of the Government departments said

to us that such a provision was of doubtful constitutionality, and that the question had not been decided?

Mr. BARKLEY. No. The brief which I have submitted, which was prepared by the General Counsel of the Public Works Administration, holds that the Government may not only condemn land for the actual right-of-way but may condemn adjacent land necessary and convenient for the carrying out of its purposes; and it may even condemn, by right of paramount eminent domain, property which is owned and operated by States, counties, and cities.

Mr. ADAMS. Is it not a fact that that question went to the Supreme Court of the United States, and that the Court did not decide it, so that the matter was practically left as an undecided question so far as the Supreme Court of the United States is concerned?

Mr. BARKLEY. I do not think that inference is to be drawn.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Illinois.

Mr. LUCAS. I should like to ask one more question of the Senator from Kentucky in view of the fact that he has referred to various constitutional provisions giving States and cities the right to acquire additional rights-of-way. Have any of the States ever exercised the authority vested in them under their constitutions?

Mr. BARKLEY. I think so. I cannot give the particular parcels or locations.

Mr. LUCAS. Is the State of Illinois one of the States which has such wide constitutional power?

Mr. BARKLEY. Yes. There are constitutional provisions in eight States, and statutory provisions in seven others, including Delaware, Illinois, Indiana, Maryland, Nebraska, Oregon, and Virginia.

Mr. BYRD. Does the Senator from Kentucky know of any State which has gone into the business which the President recommends shall be done in this case?

Mr. BARKLEY. I cannot tell the Senator the extent to which the States authorized to do so have actually exercised the power; but the fact that the constitutions and the legislatures have conferred upon the States and the municipal authorities and subdivisions the right and the authority to do it certainly argues in favor of the validity of such a program.

Mr. BYRD. How many States have given such authority? What is the number?

Mr. BARKLEY. Altogether, by constitutional and legislative provisions, 15 States have done so.

Mr. BYRD. There are still 33 States which have not. The mere fact that the authority is given does not assume that the States are going into the business of building garages and other things, as the President proposes to do in his letter to Congress.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. BYRD. I yield.

Mr. LUCAS. I wish to make a further observation. Assuming that we have the power under our State constitution, as explained by the Senator from Kentucky, I want to say that we have never exercised that power so far as I know. I think we, perhaps, have as good a highway system as any State in the Union; and we have never exercised the power of condemning land which is not necessary strictly for highway purposes.

Mr. BARKLEY. I will say to the Senator that I happen to know that in the State of New York this power has been exercised and is now being exercised. In the State of New York at least one or two highways exist on the property adjacent to which the State of New York is now operating inns and other public places for the purpose of helping to reimburse the State for the expenditure involved.

Mr. BYRD. New York developed the sides of the road and attempted thereby to make a profit in order to pay for the road.

Mr. BARKLEY. In one or two cases; yes.

Mr. BYRD. So the State has actually gone into business?

Mr. BARKLEY. It has, yes; if that may be called business.

Mr. BYRD. I should like the Senator, if he will, to furnish me a little further detail about that.

Mr. BARKLEY. I suppose it is not in order here to furnish the experience of any other country but in the building of a superhighway from London to the sea, in England, the entire tremendous cost of that construction was paid for by the use of adjacent property along the highway, which was increased in value by the construction of the highway in the effort to reimburse the Government for the outlay necessary to build the road.

Mr. BYRD. Mr. President, in regard to this system of toll roads, we, of course, understand that if we once embark on it $50,000,000 will be merely a beginning of the expenditure, because the report of the Department of Public Roads says that to build three highways north and south and three east and west the cost would be $3,000,000,000, at an average rate of approximately $200,000 a mile, and that does not include the cost of the condemnation of the excess land. I agree with the Senator from Georgia that, instead of making a profit out of it, the Federal Government would probably incur a loss because of the high cost incurred in the condemnation of land along the road.

Mr. BARKLEY. That theory can only be based upon the idea that the building of an improved highway decreases the value of adjacent property instead of increasing it.

Mr. BYRD. I happen to know something about the road-building business, and I totally disagree with the Senator. Just so soon as a road is located in a community the value of the adjacent property increases, for it is bound to be known where the road is to go before condemnation proceedings can be started.

I wish to call attention to this scheme of public roads. I did not think that it would be seriously proposed to embark upon a system of toll roads in this country, in view of the fact that the Public Roads Administration stated, freely and frankly, that such roads could only pay 40 percent of the cost as self-liquidating projects. The cost varies from $1,158,400 a mile in the section from Jersey City, N. J., to New Haven, Conn., to a minimum of $63,450 a mile from Rupert, Idaho, to Bingham Canyon, Utah. Then the Public Roads Administration estimated that the toll would be an average of a cent and a half per mile per motor vehicle, which is equivalent to the cost of the gasoline. A cent and a half per mile, with an average of 10 miles to the gallon, means the toll on the road would be as much as would be the cost of the gasoline. Furthermore, those who use the roads would then have to pay the present gasoline taxes, which average 6 cents a gallon, and pay all the other numerous taxes that apply to motorists, who are today the most heavily taxed of all our citizens.

Toll roads may be established; they may operate for a short time; but the public resentment would be such that very shortly the demand would come upon Congress—and Congress would have to accede to it—to take off the tolls. Then the entire burden would fall upon the Federal Government to maintain and operate the roads.

Mr. President, I am going to take up but little more of the time of the Senate, but I wish to call attention to what I regard as an absolutely indefensible provision of the pending bill. This measure establishes a new precedent that has never before been established by any of the laws enacted by the Federal Congress. It provides that the interest rate shall be fixed by the sale to the public at market price of the obligations under a tax-free provision and pass this low interest along to the railroads in loans. These bonds are to be tax-exempt. The distinguished patron of the bill, the Senator from Kentucky does not agree with the President of the United States, who has said on two occasions that he hopes that the Congress will make these bonds taxable—and they should be taxable. The point I want to make is——

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BYRD. Let me conclude this thought. The point I want to make is that it is proposed to make loans to private

industry at the cost to the Federal Government of selling to the public tax-free bonds and to give to the railroads of the country the advantage of the low interest rate by reason of the Government being able to sell the bonds cheaper because of the tax-free provision. This is being done for the first time; never before in the history of this country has such a principle been established by legislation. It is true that the R. F. C. can make loans to railroads, but the R. F. C. fixes the interest rate. It is not bound by the provisions of this bill, which provides that the interest rate shall be fixed in accordance with the sales to be made to the public of these tax-free securities.

At the proper time I intend to offer an amendment to the bill to provide that these bonds, if and when issued, shall be subject to taxes as are other obligations of the counties, cities, and States.

I wish to read to the Senate what the President said in a press conference reported by Turner Catledge in the New York Times of June 24, 1939:

The President discussed the proposal—

That is this proposal—

in some detail at his press conference this morning. He expressed the hope then that the securities floated by the various Federal agencies to make up the loan fund would not bear tax-exempt features. He reiterated his previous recommendation that income from all future issues of public bonds bear their share of taxes.

And he was reported in a press conference of yesterday as confirming that statement.

These bonds are to be issued for 40 years.

Mr. BARKLEY. Mr. President, I said earlier in the afternoon that I was not present at the press conference and that I did not know whether the President was correctly quoted, but that I did not believe the President meant to say that these bonds on the question of tax exemption ought to be on a different basis than other bonds issued by the R. F. C. I have since confirmed that statement, and I can say to the Senator that the implication carried in the quotation that the President wanted these bonds issued on a different basis from that of other bonds issued by the Reconstruction Finance Corporation was not what he had in mind.

Mr. BYRD. The President could not have had in mind anything else but the pending bill, because that was what was discussed at the press conference, and on two occasions——

Mr. BARKLEY. There is nothing in this bill that puts these bonds on any different basis than bonds heretofore issued by the Reconstruction Finance Corporation.

Mr. BYRD. I differ with the Senator. He certainly is not correct, because the bill says the interest rate is fixed as follows:

For the purposes of this section the yield on any obligation shall be based on market prices and on any callable obligation selling above par shall be computed to its earliest callable date, and said date shall be deemed to be the maturity thereof.

Mr. BARKLEY. That has nothing to do with tax exemption.

Mr. BYRD. Certainly not; but it seems to be difficult to make the Senator understand that if there is, tax-exemption bonds will sell at a lower interest rate.

Mr. BARKLEY. There is nothing in this bill that even by implication provides for the taxation of the income from these bonds differently from any other outstanding bonds of the Reconstruction Finance Corporation, which, along with all other bonds, are subject to taxation so far as surtaxes are concerned, and not otherwise.

Mr. BYRD. The difference is that under the present R. F. C. legislation the R. F. C. fixes the interest rate, while under this proposed legislation it is to be fixed by this bill, and the R. F. C. is compelled to charge only the amount that it must pay on selling tax-free bonds.

Mr. BARKLEY. That does not make the income from these bonds taxable any more than income from other bonds issued by the Reconstruction Finance Corporation, no matter what the rate is and no matter how it is fixed.

Mr. BYRD. I am going to make myself clear on this matter. I will repeat what I have said.

Mr. BARKLEY. I understand the Senator, but I do not think he understands the bill.

Mr. BYRD. I think that I understand the bill as well as the Senator from Kentucky understands it.

Under the provisions of this bill the interest rate is fixed not as a matter of decision by the R. F. C., not as a free matter on the part of the R. F. C., but it is fixed by the terms of the bill. The bill says that no greater interest rate shall be charged than the R. F. C. must pay on selling its bonds to the public with the tax-free provision.

I contend—and nobody can deny it—that by reason of that provision these bonds will be sold at a lower rate, and then, by reason of that, the railroads will obtain money at a lower rate of interest than they would obtain it if these bonds were taxable. I do not think anyone can question that. So the result is that the United States Government will be using its power to sell tax-exempt securities and giving the benefit of the resultant lower interest to private industries, the railroads, in the event that they borrow the money by reason of the provision in regard to equipment.

Mr. BARKLEY. Let me ask the Senator does he think because there is a ceiling put on the rate of interest to be charged for the loans to the various agencies that that lifts from these bonds the tax-exempt privilege which other bonds enjoy?

Mr. BYRD. I never said that.

Mr. BARKLEY. I am asking the Senator.

Mr. BYRD. I said nothing whatever about a ceiling. What I am talking about is that the interest rate will be fixed in accordance with the interest rate paid by the R. F. C. when they issue the securities.

Mr. BARKLEY. There is no dispute about that; but does the Senator consider that provision to mean that these bonds will be tax-exempt or taxable?

Mr. BYRD. These bonds, exactly as other bonds that have been issued will be tax-exempt. I propose to make them subject to taxation.

Mr. BARKLEY. Mr. President——

Mr. BYRD. I do not think the Senator has listened to me.

Mr. BARKLEY. I have listened except when I have been interrupted by others.

Mr. BYRD. I do not charge the Senator with any discourtesy, but I am really very anxious to get him to understand my point of view. The bill provides that $350,000,000 is made available to railroads for the purchase of equipment. The bill further provides that the interest rate on the $350,000,000 is to be fixed at the lowest rate at which bonds are sold by the R. F. C. in order to make the loans.

Mr. BARKLEY. Of course that provision applies to all the bonds issued for all these purposes, not simply to loaning money to railroads for the purpose of providing equipment.

Mr. BYRD. I understand; but I am speaking of private business. The question of helping the municipalities by low interest rates is a different one; but this is a question of private business. My contention is that by reason of that provision the interest rate to the railroads for private business will be lower than would be possible were the bonds taxable. I do not think anybody can deny that statement; and in that event private business is getting the advantage of the power of the Federal Government to issue tax-free obligations at low interest rates.

Mr. BARKLEY. The Senator, then, objects because the rate of interest charged the railroads for this particular type of equipment may be lower than the rate at which they could obtain money from private lending agencies, if they could obtain it at all?

Mr. BYRD. I object to the Federal Government issuing tax-free bonds and thereby obtaining a low interest rate which, under the provisions of this bill, must be passed on to private industry.

Mr. BARKLEY. The Reconstruction Finance Corporation has been doing exactly the same thing—issuing its bonds to obtain money to loan to private industry all over the country.

Mr. BYRD. But the Senator from Kentucky knows that the R. F. C. have been charging 4 percent for loans to railroads.

Mr. BARKLEY. Yes; I realize that.

Mr. BYRD. Under this bill the railroads perhaps will not be charged over one-half of 1 percent.

Mr. BARKLEY. That does not make any difference so far as the principle of tax exemption is concerned.

Mr. BYRD. It makes a great deal of difference. Perhaps the Senator from Kentucky cannot see it. It makes a great deal of difference that when we use the power of the Federal Government to sell tax-free securities, and thereby get a low interest rate, we pass that low interest rate on to private industry.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6687. An act to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in the United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction; and

H. R. 7263. An act to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939.

ADDITIONAL HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Finance:

H. R. 6687. An act to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction; and

H. R. 7263. An act to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The bill is before the Senate and open to amendment.

Mr. TOWNSEND obtained the floor.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Colo.	Russell
Andrews	Davis	King	Schwartz
Ashurst	Downey	La Follette	Schwellenbach
Austin	Ellender	Lee	Sheppard
Bailey	Frazier	Lodge	Shipstead
Bankhead	George	Lucas	Smathers
Barbour	Gerry	Lundeen	Stewart
Barkley	Gibson	McCarran	Taft
Bilbo	Gillette	McKellar	Thomas, Okla.
Bone	Green	McNary	Thomas, Utah
Borah	Guffey	Mead	Tobey
Bridges	Gurney	Miller	Townsend
Brown	Hale	Minton	Truman
Bulow	Harrison	Murray	Tydings
Burke	Hatch	Neely	Vandenberg
Byrd	Hayden	Norris	Van Nuys
Byrnes	Herring	Nye	Wagner
Capper	Hill	O'Mahoney	Walsh
Chavez	Holman	Pepper	Wheeler
Clark, Idaho	Holt	Pittman	White
Clark, Mo.	Hughes	Radcliffe	
Connally	Johnson, Calif.	Reed	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present.

Mr. TOWNSEND. Mr. President, with respect to the spending-lending bill now before the Senate, I should like to take the time to show that the "must" legislation of the past, and this bill in particular, constitute an encroachment on the powers of the legislative branch of the Executive and a virtual abdication of both Houses of Congress. But I realize that if we all took time to tell all of the self-evident truths to the proponents of this bill and to the country, we should never get through.

MUST LEGISLATION

Every Member of this body should welcome the opportunity to discuss frankly and fully the spending-lending bill which has so recently been thrust upon the Senate and which we are ordered to pass before we may adjourn. I, for one, do.

It has been the practice since the first annual message of Washington, and properly so, for the Executive to advise the Congress on the state of the Union, and then and there or thereafter by special message to make recommendations respecting legislation necessary to meet our country's needs. No one could reasonably question the propriety and necessity of such procedure.

But for seven consecutive sessions the Congress has been told what is must legislation—what must pass before it may adjourn—and little or nothing else could thereafter receive the consideration of Congress. We are now faced with a bill calling for a program of expenditure of some $2,390,000,000 hastily conceived by the Executive, introduced on July 10 just as we are about to adjourn, and revised without adequate hearings, and we are told to pass it before adjournment.

My concept of our functions under the Constitution and our responsibilities under our oath of office and the functions of the Executive rebels at such procedure.

Historically, of the three branches of our Government, the legislative branch may be considered first because it was placed first in order, both in the work of the Constitutional Convention and in the Constitution itself. But, more important, the Members of the House are the direct representatives of the people and the Members of the Senate are the representatives of the States for whom they legislate and from whom they derived their power to legislate. The Executive is given the power to execute the will of the people and of the States as expressed by the Congress. Both branches are important, but their functions differ; and I consider our functions, and ours alone, to be that of legislating, that of determining on what, when, and how we shall legislate, with our responsibility therefor limited to the electorate.

Of responsibility let me say a few words. We have solemnly sworn to support and defend the Constitution of the United States and to bear true faith and allegiance to it. That oath required this body to legislate, and to do so to the best of its ability within the framework of the Constitution.

By law we have provided punishment for those who violate their oaths before tribunals or persons authorized to administer oaths. We have provided no such punishment for ourselves. The least, then, we can do is conscientiously to observe that oath.

This requires this body to assume its functions and exercise them as legislators, and the full exercise of those powers demands full hearings and deliberation.

The question of encroachment on the powers so carefully separated is not new, for Washington in his Farewell Address gave it consideration when he said:

> It is important, likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominates in the human heart is sufficient to satisfy us of the truth of this position. The necessity of re-

ciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions by the others, has been evinced by experiments ancient and modern, some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If in the opinion of the people the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by amendment in the way the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

For the benefit of those who have forgotten the concept which Andrew Jackson had of his duties and those of the Congress, let me quote from his first inaugural address:

As the instrument of the Federal Constitution it will devolve on me for a stated period to execute the laws of the United States, to superintend their foreign and their confederate relations, to manage their revenue, to command their forces and, by communications to the legislature, to watch over and to promote their interests generally. And the principles of action by which I shall endeavor to accomplish this circle of duties it is now proper for me briefly to explain.

In administering the laws of Congress I shall keep steadily in view the limitations as well as the extent of the Executive power, trusting thereby to discharge the functions of my office without transcending its authority.

Then again, in a special message, Jackson said:

The Constitution, which his oath of office obliges him to support, declares that the Executive "shall take care that the laws be faithfully executed," and in providing that he shall from time to time give to Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient, imposes the additional obligation of such more efficient provision for executing the laws as may from time to time be found requisite.

The same instrument confers on Congress the power not merely to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare, but "to make all laws which shall be necessary and proper and all other powers vested by the Constitution in the Government of the United States or in any department or officer thereof," and also to provide for calling forth the militia for executing the laws of the Union. In all cases similar to the present the duties of the Government become the measure of its powers, and whenever it fails to exercise a power necessary and proper to the discharge of the duty prescribed by the Constitution it violates the public trusts not less than it would in transcending its proper limits.

These statements with relation to our duties, our obligations under the oath, are clear and unambiguous. They are nonpartisan. They will accord with the concept of any Senator who will stop to think on this subject—prior to adjournment.

I will go one step further in this partial review of historic documents necessitated by the action of this body during the last six sessions. I will quote from Abraham Lincoln who had occasion to say:

No one who has sworn to support the Constitution can conscientiously vote for what he understands to be an unconstitutional measure, however expedient he may think it.

Bearing in mind these statements, let us consider just a few things we have done and what we are being asked to do.

We were a party to the National Industrial Recovery Act, which no one in his wildest dreams conceived was within Federal power. The Supreme Court supported the true concept of its unconstitutionality in unequivocal language. This law was passed without deliberation—as must legislation.

We were a party to the Agricultural Adjustment Act, also later declared unconstitutional, under which for the first time we learned a new lesson in economics, namely, that "To create wealth you need but destroy wealth." This was must legislation.

As part of this must-rush program, we created C. W. A. and P. W. A., all without deliberation.

The economics were simple, and we had been told to do it, which was simpler. C. W. A. would start quick impermanent projects moving, to be followed by the big P. W. A. projects which would give impetus to the heavy goods industries, the two providing employment and money to spend on manufactured goods and agricultural products. The A. A. A. would give the farmer money to spend for manufactured goods in consideration of crop destruction, and N. R. A. would provide funds for the products of the land.

It was all so simple that from 1933 to June 30 1936, these and related programs, hastily conceived and passed as must legislation—many just before adjournment—caused an increase in the national debt from twenty-one billions to thirty-four billions. With this had come a slight pick-up.

Then in 1937, when the Government slowed up in priming the pump, a recession ensued and we bounced back to a fresh start.

So we spent more billions, and by June 30, 1939, the national debt had increased to forty and one-half billions.

In the meantime this body had become conscious of the fact that it had not been legislating in the true sense, had not shouldered its responsibilities or performed the obligations according to the oath taken. It began to exercise its legislative functions. One of the contributing factors to the slight business pick-up during the first months of 1939 was the fact that the Senate was again performing its duties. It had given some encouragement, some hope, to business. There shortly followed a declaration that this "business boom" had been killed. Why? Because the Senate had dared to take over its constitutional functions and legislate or refuse to legislate.

This brings us to date and to the specific matter before us—to the bill which we are asked to pass just as we are about to adjourn—without allowing the opponents of it to be heard, so that we may have both sides of the question before us; without real deliberation—as "must" legislation.

It is important legislation if only by reason of the amount of money involved. It seems doubly important when one considers the principles involved. If indeed important, careful study is required; and no study has been given to it. It is another dream child, with all experience cast to the winds. A document so hastily conceived and hastily to be passed, to gratify the emotions of the new school of economic thought, our constant guide for 6 long years, can never be constructive legislation. For my definition of constructive legislation I am willing to borrow the words of Woodrow Wilson when he said:

Constructive legislation, when successful, is always the embodiment of convincing experience and of the mature public opinion which finally springs out of that experience.

But we have none of that in this bill, unless it be that our experience is completely contrary to it. And if public opinion were to be given an opportunity for expression, it is my strong conviction that that public opinion would decry the adoption of the principles embodied in this bill.

The doubt in the public mind as to the wisdom of seeking prosperity through Government spending is shown in a Nation-wide poll conducted recently by the organization of experts which makes the polls of Fortune magazine. As reported in the New York Times of July 24, 1939, 58 percent of those polled think Government spending must be reduced if prosperity is to be restored.

Some replied that Government spending should be left where it is. Others replied that they do not know.

Only 6 percent of those polled are in favor of increased Government spending as a means of bringing about prosperity.

The public, however, was not given an opportunity to be heard on the pending bill.

Thus far my criticism has been general, but nonetheless strictly with reference to the bill and specifically with reference to the procedure being followed to effect its passage.

Let us look at this bill for one moment—for we are to be allowed but a moment to deliberate on it—to see what the bill purports to do and what it actually means. Let us look, too, at existing law and at the testimony of persons friendly to the bill, for they alone were permitted to appear and be heard. From this Senators will be forced to conclude that the bill is absolutely unnecessary.

As evidence of the opposition to this bill, I have a telegram from Mr. Amos Pinchot, which I now ask the clerk to read.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The Chief Clerk read the telegram, as follows:

MILFORD, PA., *July 24, 1939.*

HON. JOHN G. TOWNSEND,
United States Senate, Washington, D. C.:

Please forgive late reply to your wire July 14 suggesting my appearing before committee re bill to provide two and a half more billions for administration's new lending program. This bill does not require that money should be used for self-liquidating projects. The self-liquidating claim is, of course, window dressing to hide the fact that bill is scheme to borrow more than the statute permits.

Every cent of this vast sum which the President now asks Congress to provide him with can be, and most of it probably will be, used for non-self-liquidating projects devised for their political vote-getting effect in the 1940 campaign.

The bill will not, as the President asserts, increase the buying power of the public. Nor, I fear, was it seriously meant to do so. But it will considerably increase the buying power of a certain group of politicians who are willing to mortgage the future of the country and imperil the Government's solvency in order to enlarge their chances of remaining in office despite their failure of the measures they have taken to promote recovery.

The present bill is merely the latest of the lending-spending bills that have done so little to help America out of the depression. And there is no reason to believe that the proposed excursion toward Federal bankruptcy will have an effect differing from a previous one. Today, after 6 years of reckless borrowing and spending, 4,000,000 young people, many of them graduates of high schools or colleges, are looking for work and cannot find it. The employment problem seems as far from solution as when Mr. Roosevelt first elected President.

Mr. Roosevelt's borrowing and spending scheme and hostility administration that is seemingly bent on abolishing private enterprise and setting up a Socialist nonprofit system in its place, America's recovery in production and employment has been tragically retarded. Even the poorest people on relief are now paying $13 in unseen taxes for every hundred dollars they receive from the Government. And it is estimated that 26,000,000 men, women, and children are being supported by Government charity.

Under the Roosevelt borrowing and spending scheme every class has suffered, but the poor most of all. For, as Mr. Roosevelt repeatedly stated in those franker days before he had been persuaded that his prolonged occupancy of the White House was indispensable to the salvation of his countrymen, the taxes necessitated by heavy spending are—I quote Mr. Roosevelt—"paid in the sweat of every man that labors, and if those taxes are excessive, they are reflected in idle factories and tax-sold farms and hungry people tramping the streets and seeking jobs in vain."

What has this great spending program done for American labor? From 1929–38 the total wage of American labor has shrunk 18½ percent, despite the rise in our population and the vast need and scarcity of goods, services, and construction, which is not being filled because Mr. Roosevelt's war on business has made almost every form of economic activity exceedingly hazardous as well as unprofitable.

In the same period 1929–38, the total wage of British labor, England having firmly rejected the lending-spending theory of recovery, increased by 20 percent. And this was not due to her rearmament activity, because in those years the armament industry averaged less than 6 percent of the total of British production.

I sincerely hope that the bill before you will receive the fullest consideration, the consideration it certainly merits. Current polls, taken by, I suppose, agencies that are interested in getting the truth, disclose that at length the American people are coming to understand that the way back to good times, opportunity, and steady jobs does not lie over the path of fantastic Government spending and huge taxes, which hold industry and employment back and raise the cost of living by making production more expensive.

One understands, of course, that there are many groups in this country which urge the passage of the bill on the general theory that Mr. Roosevelt is going to be Santa Claus in any event, and that they had better get theirs before the collapse arrives. But I think it is safe to conclude that the people in these groups form a minority that is already dwindling because of the widespread realization that the direct benefits which people can gain from the Government are very slight compared with those that will be derived as soon as private enterprise is allowed to get under way.

There is little doubt that, under a sensible Government policy with fiscal economy combined with helpfulness to business, a rapid and wholesome recovery would immediately begin the defeat of this bill, will, I think, do a great deal to bring such a recovery about.

AMOS PINCHOT.

Mr. TOWNSEND. Mr. President, the bill as originally introduced gave the R. F. C. the power to make loans for five purposes. The purposes are: (1) Public roads and highways; (2) public works; (3) railroad equipment; (4) rural electrification; and (5) certain agricultural purposes.

The R. F. C. already has the unquestioned power under existing law to make loans for the building of public roads and highways and for public works of the character covered by this bill, as provided in title III of the act of July 21, 1932, and the act of June 19, 1934. The only power the Corporation does not already have is the power to lend money for the building of gasoline stations and hot-dog stands, or for land speculation to help finance the projects, and I am decidedly opposed to the granting of such powers.

Perhaps it may be thought such power does not exist in the pending bill, but let me call attention to the hearings on the subject of anticipated profits to supplement tolls. I quote from page 12:

Senator TOBEY. Of course, you are putting the Government into the land business as speculation; and the potential profit is the cause of the speculation.

Senator ADAMS. We shall be able to regulate the kind of hot-dog stands put up.

Senator BARKLEY. In other words, it might turn out that the traffic was not as heavy over it as contemplated, and therefore any profits that might be made out of concessions or even out of purchases and the increase of the value of the land along the sides of the roadway would be a method of assisting in repaying the Government for the expenditures involved in constructing the highway.

So, too, does the R. F. C. already have power to make loans to the railroads to buy new equipment. Again I quote, from page 79:

Senator TAFT. Can you not loan now on some kinds of equipment trusts?

Mr. JONES. We do every day.

Senator TAFT. I do not understand the reason for this additional power in here.

Senator TOWNSEND. There is no additional power except that you can purchase old equipment.

Mr. JONES. It is an easier way to do it, under this bill.

The fact is that the railroads either do not need all this new equipment, or feel it is uneconomic to buy it now.

The question of whether the railroads need or want new equipment was answered clearly enough in the hearings. From pages 102 and 103, following a question to Mr. Jesse Jones by the Senator from Maryland [Mr. RADCLIFFE] as to why the railroads were not now using the R. F. C. to finance new equipment purchases, I quote:

Mr. JONES. They do not feel that they need the equipment badly enough.

Senator RADCLIFFE. The railroads do not need it?

Mr. JONES. They do not think so.

Senator RADCLIFFE. Why is it, if private capital is able to do it, private capital does not do it?

Senator TAFT. Did you not state that it was because the railroads did not want to buy the equipment? They are afraid to assume additional fixed charges. There is no evidence that they have been turned down by private capital.

Senator RADCLIFFE. Mr. Jones stated that in some cases they preferred to do it that way. I was just wondering why there should be this inertness of private capital.

Mr. JONES. We are really talking about a character of loan and investment that in many cases is on the border line between conservative lending and less conservative. We will say that this falls in with the less conservative.

Senator RADCLIFFE. In the twilight zone?

Mr. JONES. At least; yes.

Senator TAFT. But you stated, did you not, that practically all the large railroads could borrow private capital today at from 2- to 3-percent interest? That was your statement, as I remember it, earlier in the day.

Mr. JONES. That is correct.

According to testimony of Mr. Eastman, of the I. C. C., on July 1, 1939, there were "stored, in good order, 2,999 locomotives and 200,010 freight cars in good order."

Mr. Pelley and Mr. Eastman testified that with the present equipment they could take care of a 25-percent increase in freight if it were offered.

The R. F. C. does not have the power to make loans to buy and scrap old equipment, but this is one purpose of the bill to which I strongly object. It is just another case of destroying wealth to create wealth. What is the real distinction between plowing up cotton and killing pigs to create wealth and destroying usable railroad equipment to make room for the new?

We are urged to adopt this program with the idea of increasing our national income and our national wealth. On the surface it sounds like good business to scrap old railroad cars, locomotives, and shop equipment, so as to make way for new cars, new locomotives, and new shop equipment. But evidently the railroads themselves do not cling to the old equipment for the sake of sentiment. If they are using old rolling stock, it is because business prospects do not warrant scrapping it and substituting new rolling stock.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. LUNDEEN. I have been reading in the newspapers recently that there is an upsurge of prosperity in the country, or something akin to it. How does that comport with the fact that the railroads are bankrupt? As I understand, the railroads of the United States are bankrupt, many are in receivership, or many are on the verge of bankruptcy. Yet we read in the financial columns of the press that there is some return of prosperity. I wonder if that suggestion might not be politically inspired?

Mr. TOWNSEND. I am not so sure but that it might be.

Mr. KING. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. KING. Did accredited representatives of the railroads appear before the committee and urge that they be granted loans to enable them to discard old equipment, which is serviceable and useful, and go into debt to purchase new equipment?

Mr. TOWNSEND. I thought they made a very feeble request along that line.

Mr. KING. Is it the opinion of the Senator that any testimony which was adduced warranted the Government lending to the railroads hundreds of millions of dollars for the purchase of new equipment?

Mr. TOWNSEND. Positively not, because it was shown that even roads in receivership could borrow money at 1¾ percent from the public, from the banks.

Mr. KING. What excuse can be urged, in the light of that fact, namely, that money may be borrowed from private sources at 1¾ per cent by the railroads, for our extending the credit of the Government to them, at perhaps a little lower rate of interest, when they do not need it, when they have sufficient equipment now with which to discharge their obligations as common carriers?

Mr. TOWNSEND. In other words, the Government is being urged to do something that is not good business.

Mr. KING. Is it not a fact that the pending bill merely authorizes, without justification, large expenditures of the public money, which will call for increases in taxation, or the issuing of more bonds, even though we have practically reached the bond limit?

Mr. TOWNSEND. The Senator is correct.

Mr. KING. I may say in passing, if the Senator will pardon me, that it seems to me that of all the fantastic, unreal measures which have been brought before Congress at this session, none exceeds this in its folly and in its unwisdom, if not in its hypocrisy.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. DAVIS. Did the Senator say that the rate of interest charged by Reconstruction Finance Corporation is about 3 percent?

Mr. TOWNSEND. The Reconstruction Finance Corporation has full authority to lend at any rate of interest they decide to charge under the present law. They have been lending money at 3 percent; they have loaned some money at as low a rate as 2 percent.

Mr. DAVIS. As I understand, from statements made a moment ago, the railroads can borrow money at 1¾ percent, even though they are in the hands of receivers.

Mr. TOWNSEND. Railroads in the hands of receivers, and even some in bankruptcy, have borrowed money at as low a rate as 1¾ percent, and some at 2 percent.

Mr. DAVIS. Then, it does not seem to me that the Government is warranted in going into the railroad business, as it is proposed they should.

Mr. TOWNSEND. That is exactly my thought. In other words, the Government is being urged to do something that is not good business. The Government is urged to step in and take risks which the railroads regard as too great. In avoiding undue risks, the railroads are protecting the interests of their bondholders and their stockholders. If the Government now steps in and lends the railroads new equipment, will the Government be watchful of the interests of the taxpayer? The taxpayer, after all, is the Government's stockholder.

And what will become of the scrap? We must recover on it to help make the program self-liquidating. We will sell it to Japan to help her wage her undeclared war against China. That is exactly what we are doing.

Mr. DAVIS. Mr. President, during the past 5 years we have sold so much scrap that if it had been fabricated from the ore to the ultimate product we could have given work to 250,000 men in the steel industry of the United States, 40 hours a week for 52 weeks, without destroying the equipmen of the railroads to make more scrap.

Mr. TOWNSEND. Mr. President, as for rural electrification, on May 20, 1936, we gave the R. F. C. the power to make loans for that purpose; but I am advised that in our haste we failed to give the Rural Electrification Administration the power to borrow.

At page 216 of the hearings, Mr. Jones said:

> We have no authority to make those farm loans. We have authority to lend to the R. E. A., but they do not have the authority to borrow from us.

This can be taken care of by a very simple amendment. There is nothing complicated about clarifying existing law so that R. E. A. can borrow at the same time as R. F. C. lends.

That leaves but the matter of the power to make loans to agriculture for farm and water facilities and for farm-tenant loans. If the R. F. C. does not have that power now, a very simple amendment would give it the power.

Thus, by two simple amendments, supplemental powers can be given the R. F. C. and the R. E. A., which would result in establishing all the powers provided in the present bill, except the power to make loans for going into the "hot dog" stand business and the junk business.

If what concerns this body is the adding of these few additional powers to the already numerous and broad powers of R. F. C. I shall be prepared at the proper time to introduce a substitute bill which does just that, but no more.

The logical question which arises at this point is, "Where will the R. F. C. get the money?" If R. F. C. has not sufficient funds, then what could be simpler than an amendment giving R. F. C. more money. But that is not the case, for R. F. C. has the funds.

I quote from page 88 of the hearings:

> Senator BARKLEY. Under your authority under the Glass-Steagall Act you mean you have a billion dollars, or is the billion dollars you refer to the over-all authority of the R. F. C.?
>
> Mr. JONES. It is the over-all.
>
> Senator BARKLEY. For everything?
>
> Mr. JONES. Yes; something over a billion, probably a billion and a quarter.

And again from pages 215 and 216 of the hearings I quote:

> Senator BARKLEY. How close have you ever come to having your loans absorb your entire capital?
>
> Mr. JONES. Not very close.
>
> Senator BARKLEY. Is the present condition an average condition or above or below?
>
> Mr. JONES. I do not think we have ever been without at least a billion dollars of available credit.
>
> Senator BYRNES. Why haven't you?
>
> Mr. JONES. Because you have given us a pretty liberal allowance.
>
> Senator BYRNES. Is it necessary or not?
>
> Senator TOWNSEND. You took care of all the obligations that you thought were good, didn't you?
>
> Mr. JONES. Oh, yes.
>
> Senator TOWNSEND. Yes.

Mr. JONES. I think we could carry a substantial amount of the requirement under this bill, under the present borrowing authority of the R. F. C.

I may say here that the R. F. C. has $1,500,000,000, and in reply to an inquiry I made of Mr. Jones, he said that in the past 6 months he has spent about $600,000,000 and had collected as much as he spent. So in the 6 months his $1,400,000,000 has not changed; and he told me the prospects for the next 6 months were about the same, so we may expect that the $1,400,000,000 will be intact during the next 6 months. I said, "This program anticipates spending $700,000,000 a year. How much of that could you take care of?" Mr. Jones said, "I could take care of the $700,000,000 for the year."

Probably the feature of this bill which is the most to be condemned is the pretense that the projects are or can be self-liquidating.

Either these projects will be self-liquidating or they will not be. To the extent that they are not self-liquidating they will increase the national debt, actual or contingent.

The Senator from Colorado [Mr. ADAMS] expressed a view which we all must share when he said to the Secretary of the Treasury:

I am unable to see why, if the Government, in actual fact, loans its money, we should say that the important thing about it is that it has not increased the Government debt (hearings, p. 123).

Despite the advertising which was given to this program as being "self-liquidating," despite the theory that these expenditures are "investments" or "recoverable expenditures," the fact remains that this is just another great spending program which will increase the public debt and, in the end, will increase taxes, because the "loans" will not be recoverable.

Mr. LUCAS. Mr. President, will the Senator yield at that point?

Mr. TOWNSEND. I yield.

Mr. LUCAS. Does the Senator contend that there is any part of this program that is self-liquidating.

Mr. TOWNSEND. I have not been able to find it.

Mr. LUCAS. Am I to understand that it is the Senator's opinion that there is no part of the program now before the Senate of the United States for consideration which is self-liquidating in any sense whatsoever?

Mr. TOWNSEND. I would not say in no sense, but I think there is very grave doubt as to whether it will be self-liquidating. For instance, we will take the highway proposal. One of the best projects that anyone can find is between Pittsburgh and Altoona or Harrisburg, which is being built at the present time. A grant of 45 percent has been made on that project, and the thought is that even with the grant that project will not be self-liquidating.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. VANDENBERG. On the particular point which the Senator is now discussing, I desire to make an observation in his time. There is one point in the bill where there is a modicum of candor and frankness which really I think it is quite amazing to discover in the midst of so much hypocrisy. On page 14, in section 12, the bill frankly requires an annual inventory of "recoverable expenditures," and section 12 authorizes to be appropriated annually, "out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such payment"—such payment being the losses on the alleged 100 percent self-liquidating investments. So the bill itself frankly concedes that the stuff is not going to be worth what they say it is.

Mr. TOWNSEND. The Senator is absolutely correct.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. GURNEY. On page 5, I notice a provision for an appropriation to the Department of Agriculture for loans to farmers. Is it thought possible that these loans which are to be made to farmers to start them up in the farming business may be self-liquidating? Can the farmers be expected to pay back these loans, when it is not possible for them to sell their products even at one-half the cost of production? So may we not conclude that the loans to farmers are not self-liquidating when the farmers cannot operate their farms at a profit?

Mr. TOWNSEND. I think the Senator's observation is sound.

Mr. GURNEY. We could arrive at that conclusion at least under the present farm program, when now, for instance, the farmers are able to get only 35 cents a bushel for corn.

Mr. TOWNSEND. I thank the Senator.

Mr. VANDENBERG. Mr. President, may I ask one further question of the Senator?

Mr. TOWNSEND. I yield.

Mr. VANDENBERG. Is it not a fact that the act under which the R. F. C. operates puts an obligation upon the management of the R. F. C. to loan its money on such a basis as to make it recoverable?

Mr. TOWNSEND. That is true.

Mr. VANDENBERG. And is there any such obligation upon anybody in any word or phrase of the pending bill?

Mr. TOWNSEND. If there is, I have not been able to find it.

Mr. VANDENBERG. I have just been reading it and trying to locate some such assignment of obligation, and I fail to find it. And in the absence of such an obligation I think Senators will find the complete reason why it is impossible to proceed with this program under the R. F. C. and why it is desired to have some other and infinitely looser instrumentality with which to operate. Is there any justification for that observation?

Mr. TOWNSEND. Undoubtedly there is.

The increase in the public debt will be no less real because it is the debt of Government agencies "outside the Budget," rather than the direct debt of the Treasury.

Let us examine the question of recoverable R. F. C. loans first from the angle of our past experience.

Let me read from the minutes of the hearings my questions to Mr. Jesse Jones, and his replies. Do not look for this testimony in the revised print, for you will not find it there. But look in the unrevised first print of the July 20 hearings, starting on page 245.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. WHITE. Does the Senator mean to say that the hearings before us are not a true and accurate report of the testimony taken before the committee?

Mr. TOWNSEND. That is correct, and I can show it from the testimony which was printed in the first section.

Mr. VANDENBERG. The printed hearings are self-liquidating. [Laughter.]

Mr. TOWNSEND. I read:

Senator TOWNSEND. Did not the survey that the Commerce Department made and which was placed in the record of the Mead hearings show that you had made loans to all who were in any way eligible?

Let me say that this survey was made at the request or suggestion of the Commerce Department. It had received a good many complaints that the R. F. C. was not making loans to the little borrower. That Department made a survey, and if Senators will look in the record they will find the results of the survey placed in the record, which show conclusively that the R. F. C. had made loans to every little borrower that could give any security whatever or show any prospect of paying the debt.

I read Mr. Jones' answer:

Mr. JONES. We think we have. We are not infallible. We make plenty of mistakes and plenty of bad loans. We will have a very substantial percentage of loss on our business loans.

Senator GLASS. A practical answer to Senator BARKLEY's question—

The Senator from Kentucky [Mr. BARKLEY] had evidently asked a question.

Senator GLASS. A practical answer to Senator BARKLEY's question is already in the record in the report of these experts from the Department of Commerce who examined the rejected loan applications.

That is, the rejected loans of the Reconstruction Finance Corporation. Mr. Jones said:

That is a very good answer; yes.
Senator ADAMS. The liberality of the policy is going to show up in the losses you take?
Mr. JONES. We are going to have plenty of losses.
Senator ADAMS. Is there any estimate as to the percentage of losses that you are going to show on those business loans? Would it run as high as 10 to 20 percent?
Mr. JONES. I am ashamed to tell you what I think it will be. It will be plenty.

The record has been changed to read, "It will be plenty." The fact that he said, "I am ashamed to tell you what I think it will be" has been deleted from the record.

The chairman, the able Senator from New York [Mr. WAGNER] said to Mr. Jones:

When you testified before the committee on the Mead bill you also classified the loans to business by amounts.
Mr. JONES. Yes, sir.
The CHAIRMAN. Have you any recollection—of course, the figures are in the record of the other hearings—have you a recollection about that? I remember there was a large percentage of them that were quite small.
Mr. JONES. Forty-nine percent since March 1938. That is for loans of $5,000 and less.
Senator BANKHEAD. You mean, number or volume?
Mr. JONES. In number of loans. Probably seventy-odd percent have been for $25,000 and less, and the average has been $55,000, or maybe $50,000 this year. We will not lose a lot of money on the $5,000, $10,000, and $20,000 loans in the aggregate. Our losses come from loans to textile companies and coal mines, furniture factories, and businesses of that kind.
Senator TAFT. And glass works?

Mr. JONES. I do not remember that. It is those cases where we lend $100,000 to $500,000 to $1,000,000, when the fellow can't go any further and we can't afford to give him any more money. We have got an almost total loss, because a "busted" textile mill or coal mine that will not operate has very little value to it. I did not intend to touch that question. I think we have foreclosed or have in course of foreclosure something over $12,000,000 where we have made industrial loans, and on those we will have a very heavy loss, because, as I say, you can't get very much out of a "busted" industry. If anybody makes loans on an any more liberal basis than we are making them now, they will be grants; they will not be loans.

That is Mr. Jones' testimony.

Senator BARKLEY. On the operations of the R. F. C. as a whole it has not sustained a loss, has it?
Mr. JONES. No.
Senator BARKLEY. It has made a profit?
Mr. JONES. We will have a very substantial profit.
Senator BARKLEY. You will have to offset profits on some other type of loans in order to recoup for those losses on these particular loans?
Mr. JONES. That is correct.
Senator BARKLEY. From what source did you get your profit that enables you to chalk up a total profit notwithstanding these business losses?
Mr. JONES. We have had an override of approximately 1½ percent in interest over what we paid for money.
Senator ADAMS. If this bill goes through it practically compels you to lend at the cost of your money?

Here is a very important point:

Mr. JONES. There will be no override.
Senator ADAMS. There is nothing to recoup your losses?
Mr. JONES. No, sir. Out of that 1½ percent we have paid our operating expenses, which have been less than 1 percent. So we have accumulated reserves now of about $260,000,000 to cover our losses; and our losses I do not think will exceed half that. The losses will come largely from the things I am talking about.
Senator BARKLEY. That does have a direct bearing upon the wisdom of attempting to do what this immediate amendment is proposed to do?
Mr. JONES. It has a bearing, Senator, on the wisdom of doing what we are doing in making generous, liberal loans to business where employment is involved.
Senator BARKLEY. Under the circumstances, I do not know whether you would want to express an opinion as to the effect or the wisdom of adopting this immediate amendment. What is your reaction to that, if you want to express it?

Here is a very important answer:

Mr. JONES. I assume the effect would be something like what was stated in the paper yesterday, and I concurred in the statement—something like the Roper little-business men's meeting. It will lead a lot of people to believe that they are going to get money with or without security, and it will mean that they will rush the banks and they will rush the R. F. C. and we will try a little bit harder to make the loans and the banks will, I hope, and the R. F. C. will. That is about what it will mean. It will stir up and advertise the fact that the money is available to business, little or big.

Mr. LUCAS. Mr. President, will the Senator yield?
Mr. TOWNSEND. I yield.
Mr. LUCAS. What amendment is the Senator discussing? Mr. Jones, the head of the Reconstruction Finance Corporation, testified about a certain amendment which would cause him to do the many things the Senator is talking about; and I am just wondering what amendment was under discussion.
Mr. TOWNSEND. I think we were discussing the bill itself, and the Senator from Kentucky [Mr. BARKLEY] asked him about an amendment.
Mr. LUCAS. I thought there was some particular amendment to which Mr. Jones was referring, which would cause him to do the many things he said he would be compelled to do if the bill passed.
Mr. TOWNSEND. It was the Mead amendment, under which the Government would guarantee the loans.

Senator BANKHEAD. Secured or unsecured.
Senator BARKLEY. It will operate as a fire under you that will make them more difficult to resist?

We were speaking of the amendment of the Senator from New York [Mr. MEAD].

Mr. JONES. It will do that.
Senator ADAMS. And it will cause disappointment through the country.
Mr. JONES. Just like the people that came in after Mr. Roper's meeting expecting to get money without any right to expect it.
Senator BYRNES. The only way you would avoid disappointments would be to make bad loans?
Mr. JONES. To make worse loans than we are making.
Senator BYRNES. And you have been making losses on those?
Mr. JONES. Yes; plenty of them.

Mr. LUCAS. Mr. President, will the Senator yield?
The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Delaware yield to the Senator from Illinois?
Mr. TOWNSEND. I yield.
Mr. LUCAS. Am I to understand that the Mead amendment is part of the bill at the present time?
Mr. TOWNSEND. It is not. I shall speak of it later.

Take the case of the rural-electrification projects: Our present experience with this type of Government activity is still too limited to serve as assurance that the hundreds of millions of loans this bill envisages will be repaid.

The financial risk involved in the R. E. A. projects is clear from the testimony of Mr. John M. Carmody, when he told the committee about the R. E. A.'s experience. Mr. Carmody testified:

I was conscious of the fact that only the thin territory was left, and I knew it would be only by the hardest kind of hard work in the immediate future that all of them would pay out. More of them will pay out than anybody had hoped for in the beginning.

In other words, we can hardly classify this feature of the present bill as self-liquidating, except in part.

The self-liquidating toll roads are another very doubtful form of "investment." The country may need better highways. Their construction may add to our wealth. However, I cannot envisage the public long enduring a throwback to the toll idea which we have so long struggled to eradicate.

In submitting to the President the report on Toll Roads and Free Roads, Secretary Wallace stated that the report—

Indicates conclusively that financing of the full costs of such highways by direct-toll collection is not possible.

I venture to predict that if such toll roads are constructed, it will not be a very long while before the public will insist on abolition of the tolls and the shouldering of the responsibility by the Government, so that what starts out as an "investment" will end as a budgetary outlay.

Mr. WAGNER. Mr. President, will the Senator yield?
Mr. TOWNSEND. I gladly yield.
Mr. WAGNER. I have heard over and over again that even though we should provide a method of financing the highways by a toll system, very soon a movement would be on foot to abolish the tolls and to have free roads, just as the Senator predicts.

I have been making some inquiries, and I have been unable to find any case in which the public is operating a road

through a political subdivision, without profit, and in which toll is collected only for the purpose of liquidating the debt, in which the public does not accept the tolls. I have never heard of a movement to abolish tolls under such circumstances. In thinking of my own State, movements have been made to abolish tolls in instances in which the road was a privately owned road, and the toll was exacted not merely to liquidate the debt but for a profit to a private company. In the State of New York we have done away with private toll roads or private bridges. I think there are only one or two such instances left in the entire State. However, we have roads on which toll is paid, and we have any number of bridges on which toll is exacted to liquidate the debt; and I have never heard of any kind of movement on behalf of any organization to do away with such tolls. I think there is a distinction. The movement to abolish tolls comes in the case of privately owned facilities and not publicly owned facilities.

Mr. TOWNSEND. Does not the able Senator from New York agree with me that human nature has always been about the same, and that for a long time there has been a great effort to abolish all toll roads over the United States?

Mr. WAGNER. That may be true; but are not the toll roads referred to roads which are operated by private companies?

Mr. TOWNSEND. They may have been.

Mr. WAGNER. That has been so.

Mr. TOWNSEND. But it was the cost against which the public rebelled, I think.

Mr. WAGNER. Is there not in this bill an injunction that the loan shall not be made unless preliminary estimates are made which insure the recovery of the expenditure, either by tolls or by some other system? Unless the estimates show that the project will be self-liquidating, or some other method is provided for repaying the debt, the loan shall not be made. I do not mean that the bill provides the details, but it enjoins the agency from making a loan unless there is that assurance that the loan will be repaid.

Mr. TOWNSEND. That is a matter in the judgment of the Corporation.

Mr. WAGNER. Exactly. We must leave it to somebody, however.

Mr. TOWNSEND. When they shall have placed tolls on these roads and the public shall have been riding on the roads from 1 to 5 years, I predict that every Representative and Senator will be faced with the problem of doing away with the tolls on the roads.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield to the Senator from Michigan.

Mr. VANDENBERG. I find nowhere in the pending bill any language which even asserts the obligation to which the Senator from New York refers, whereas in the R. F. C. legislation a definite and specific obligation is asserted, resting upon the management of the R. F. C. to see to it that all of its loans are completely recoverable. I find in this bill no language of that sort.

Mr. WAGNER. I do not recall the particular provision; but I think the Senator will agree with me that there is in the bill a provision that unless there is reasonable assurance that a loan will be repaid it shall not be made.

Mr. VANDENBERG. I wish the Senator would find it.

Mr. TOWNSEND. I could not recall it at the time the Senator asked me the question.

Mr. WAGNER. I will find it. I am sure it is in the bill. It is section 17, on page 17:

> No project shall be constructed, nor any loan made directly or indirectly to construct any project, unless, through its operations or from reasonable assurances or agreements, it is determined by the agencies making the expenditure or loan that the amount expended, or the loan, with interest, will be repaid within 40 years.

The maximum is 40 years. That section is on page 17.

Mr. LUCAS. Mr. President——

Mr. TOWNSEND. I yield to the Senator from Illinois.

Mr. LUCAS. I was interested in the statement made by the Senator from New York with respect to toll roads now being operated in his State, and also with respect to toll bridges. I can understand how a toll bridge would be self-liquidating——

Mr. TOWNSEND. Yes; so can I.

Mr. LUCAS. But I should like to have the Senator from New York explain just a little more in detail how the toll roads in New York are operating from the standpoint of being a financial success.

Mr. WAGNER. Mr. President, will the Senator from Delaware yield so that I may give an instance of such operation which I have received?

Mr. TOWNSEND. I gladly yield.

Mr. WAGNER. The Senator honored us with a visit to New York and took the West Side Highway up the west side of the city. You may go through the entire city on that highway without paying any tolls, but when you get to a point that we call Spuyten Duyvil, which is the northern boundary of New York City, going to the upper section of the State, you pay a 10-cent toll to proceed. That road has been in operation for about 2 years, and the estimates of revenue have been exceeded three and one-half times.

Mr. LUCAS. Who owns the road?

Mr. WAGNER. It is operated by the city of New York. I do not remember what the particular corporation is called through which the city operates it, but it is a corporation created by the authority of the legislature which is operating this particular enterprise. I may say incidentally that the credit of the city is not pledged for the repayment of the bonds which have been issued to construct the road. They are to be redeemed out of the income from the tolls, and they have been sold to the public. I think they are 20-year or 25-year or 30-year bonds.

Mr. TOWNSEND. The Senator is speaking largely of bridges and tunnels, is he not?

Mr. WAGNER. I am now speaking of what we call the West Side Highway. Has the Senator been up through the West Side Highway?

Mr. TOWNSEND. Yes; I have. It is a beautiful highway.

Mr. WAGNER. The Senator may remember that you come to a point where you pay a 10-cent toll going from New York City out into Westchester County. That road has been in operation for only 2 years, and the estimates as to the amount of revenue have been exceeded three and one-half times, so that at the present rate the sinking fund provided will be sufficient to liquidate the entire debt in about 10 years instead of 30 years.

Mr. TOWNSEND. I think a thickly populated section like that is the only section of the country where it is possible to do that.

Mr. WAGNER. I agree with the Senator that it is necessary to choose the section with care. Unless a road is in a very attractive section, where there is a good deal of travel, you cannot liquidate the debt out of tolls. So I take it that under this legislation places will be chosen where that is feasible.

Mr. TOWNSEND. Is there not a bridge connected with that road and part of it?

Mr. WAGNER. No. There is a viaduct for part of the way, but it does not go over any water. I am sure some of the Senators here must have gone over that road. It begins down at the Battery and goes right past White Plains, and almost up to Albany now.

Let me say that all of our new bridges are toll bridges now, and they are more than paying their way. They have been exceedingly successful. There is not even any suggestion that the tolls on those particular bridges ought to be abolished. On the contrary, the public recognizes that as a way of paying for a project without using the taxing power. Every one of them has been successful.

Mr. HOLMAN. Mr. President——

Mr. TOWNSEND. I yield to my colleague from Oregon.

Mr. HOLMAN. In Oregon we built a toll bridge over the Columbia River, at Vancouver. It operated very successfully, and was paid for completely out of the tolls. Encouraged by that fact, three other bridges were built, at distances

approximately 50 miles from the first bridge. Not one of them has been a financial success, and anybody that undertook to underwrite their finances would have to liquidate the debt.

Mr. TOWNSEND. I thank the Senator.

The Bureau of Public Roads survey just alluded to shows that only a small part of existing traffic can be attracted by a toll system of highways. A survey indicated that the majority of family cars are owned by families of moderate means. A superhighway toll charge of 1 cent a mile would double the cost of operating a small car. Such an increase in cost would be such a material burden that only one-third of the cars which use a free road would use the toll road.

Mr. WAGNER. Mr. President, does it disturb the Senator to be interrupted?

Mr. TOWNSEND. Not at all.

Mr. WAGNER. I have some cases on that very point. I suppose the experiences in other sections may be different.

When the Triborough Bridge was proposed, and the Triborough Bridge Authority tried to secure funds with which to carry on the project, they were unable to sell the bonds to the public, because there is a bridge crossing Fifty-ninth Street into Queens County which is free, and it was felt that since that was a free bridge certainly a toll bridge going over into the same territory—namely, into Queens County—would not pay. Consequently the public would not risk its funds to invest in that project. The R. F. C. made the loan, however, and the project was built, and I suppose the Senator knows what the experience has been. The new bridge charges a 25-cent toll, whereas the Queensborough Bridge is an absolutely free bridge; yet the tolls today are exceeding all expectations, although the free bridge is still operating. The revenue is away beyond the estimates.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield to the Senator from Maine.

Mr. WHITE. Is there not an element of compulsion for the use of the toll bridges in and out of New York City? Literally millions of people from the territory adjacent to Manhattan pour into Manhattan every morning, and they have to pour out again every night. It is not a matter of choice; it is almost a matter of necessity. These people live in the surrounding territory; they do business in New York; and there are really no alternatives, so far as I know the situation.

Mr. WAGNER. There certainly is an alternative between the Triborough Bridge and the Queensborough Bridge, because both of them go into the same county, and there is nothing to compel people to use one as against the other.

Mr. WHITE. If the Senator from Delaware will further yield, I think there is something to compel people to use the bridge. Those two bridges are not far apart, but there is a volume of traffic moving at peak hours which neither bridge of itself will adequately carry. Is not that true?

Mr. WAGNER. Be that as it may, the fact is, however, that by means of the tolls that bridge—which is a marvelous engineering achievement, by the way—is paying its own way without using any of the taxing power, and that is what we are talking about here.

Mr. ADAMS. Mr. President, will the Senator from Delaware yield?

Mr. TOWNSEND. I yield.

Mr. ADAMS. Is there any section of the country which is comparable to the section just referred to in the population tributary to it and in the wealth of the communities? Is that an illustration of something that might happen somewhere else?

Mr. WAGNER. I can only illustrate with cases with which I am personally familiar.

Mr. ADAMS. Of course, the Senator will admit that he comes from the Empire State, which overtops all.

Mr. WAGNER. Yes; I admit it, and am very proud of it. I understand, however, that the San Francisco bridge is a toll bridge, and that bridge has already twice, I understand, reduced its toll because the traffic across the bridge is more than ample to liquidate the debt.

Mr. ADAMS. Is that true of both bridges?

Mr. WAGNER. So I am informed, Mr. President.

Mr. TOWNSEND. There are a few densely populated sections in the United States where toll bridges may pay and do pay.

Mr. WAGNER. I am told by the Senator from California [Mr. DOWNEY] that both bridges in San Francisco Bay are successfully operating.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield to the Senator from Illinois.

Mr. LUCAS. I should like to ask the Senator from New York if there is anything in this bill which would prohibit the Federal Government from establishing in the city of New York a highway similar to the one that he has portrayed as being such a success in the city of New York and which is being maintained and operated by the city of New York.

Mr. BARKLEY. Mr. President——

Mr. TOWNSEND. I yield to the Senator from Kentucky.

Mr. BARKLEY. I suppose one of the answers is that under the bill, and under an amendment which we have been working on since yesterday, which I think we have perfected, and which I propose to offer as a substitute for the first three subsections of section 5, the Federal Government cannot go into a State for the purpose of building a bridge, a viaduct, a tunnel, or any of these facilities, without the cooperation and consent of the highway authorities of the State or municipality; and under the amendment which will be offered it cannot construct or improve a highway without first obtaining a contract from the State or local subdivision agreeing to take over the highway when completed, maintain it, operate it, and return, in a period not to exceed 40 years, the amount invested, with interest, and when that has been repaid, title vests in the State or locality which has entered into the contract for the construction or repair of the facility.

Mr. LUCAS. I am very happy to hear the Senator say that such an amendment will be offered, because it seems to me that as the bill is now written there would be constant conflict with State authority.

Mr. BARKLEY. No; even under the language of the bill I do not think that would be possible, because it requires that this must be done with the cooperation and consent of the States and the municipalities and counties through which the road would run. But that will be cleared up, and there will be no question about it.

Mr. TOWNSEND. Mr. President, the proposal to make the roads projects self-liquidating is very likely to mislead the public. Because the levying of tolls is certain not to produce enough revenue, it is suggested that the Government buy up land alongside the projected roads and, after the roads are completed and land values have been thereby improved, the Government should sell those parcels of land at a profit. This is tantamount to putting the Government into another line of business, the real-estate business. The Government is to buy land at one price and sell it at another. This involves a risk, of course, and puts the Government in the position of speculating.

I agree with the Senator from Arizona [Mr. HAYDEN] when he says:

> I think you will find the Senate objecting to Uncle Sam going into the real-estate business.

Moreover, the plan is to have the Government improve these extra takings of land, to demolish old structures which may be on them, and build new structures in their place.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. BARKLEY. In the amendment that is to be offered to the road section it will be provided that such property as may be purchased adjacent to any contemplated road is also to be taken over, maintained, and operated by the State, just as the road itself, in cases where, by purchase or otherwise, adjacent property is taken over, so that the Government of the United States will not be in the real-estate business for any length of time under that provision.

Mr. TOWNSEND. "For any length of time"; but the Government will be in the real-estate business.

Mr. BARKLEY. During the construction of the road.

Mr. TOWNSEND. Yes.

Mr. BARKLEY. That would not be very long.

Mr. TOWNSEND. Mr. President, the Government is to have the power to build garages, apartment houses, or whatever else it thinks profitable business. This involves another step away from private, competitive economy in the direction of state capitalism.

On page 7 of the bill, lines 17 and 18, the authorization is given for "improving such real property"—that is, such property as the Government may buy with the idea of earning money to pay for the highways—"in any way authorized by this act."

Does this mean that the Government may build any sort of structure it wishes alongside the Federal highways it undertakes, and call it improvement? With reference to such activities, the Senator from Ohio [Mr. TAFT] had something to say, and the answer to his remarks was anything but reassuring. The following is from page 67 of the printed hearings:

Senator TAFT. It seems to me to be complete government socialism, if we are going to authorize a department of the Government to build garages, apartment houses, or any other building they want. You are going to put the Government into general competition.

Senator BARKLEY. When the Government first put money into highways that activity was called socialism.

Another interesting passage relative to Government-built garages is worth quoting, because it shows what a viewpoint is developing here as to what constitutes Government competition. The witness was the Federal Works Administrator. I quote from page 71 of the hearings:

Senator ADAMS. As I recollect from reading the President's letter, one of the specifications of his program was that the fund should be loaned in such a way as not to compete with existing enterprises.

Mr. CARMODY. That is right. I mentioned public garages here specifically, because I think that if a series of public garages were to be built, that would not interfere with private garages. It might even stimulate the use of private garages to a greater extent than they are now used.

Senator TAFT. I think that is nonsense. If a man builds a garage next to mine, he has killed it. I have seen it happen in Cincinnati. It may come back in 10 years; but to say that to build a public garage alongside of a private garage helps to stimulate business is pure nonsense.

Mr. CARMODY. It is not necessary to build it alongside. You know from your experience in Cincinnati, and certainly from your experience since you have come to Washington, that it is nonsense to have streets occupied by automobiles day and night, 365 days in a year. That is where the nonsense lies.

Senator TAFT. And the way to stop it is to prohibit parking. Garages will be built fast enough if you do that.

Mr. CARMODY. Under this arrangement the real purpose of this bill is to get money spent for construction, and it makes no difference.

Senator TAFT. I am only questioning that one thing—your statement that the Government, by going into the public-garage business, helps people who have private garages.

When the Government starts laying out these self-liquidating highway projects, will it be permitted to select only those routes deemed by it essential and economically promising? Or will the Government agencies be subject to demands from different parts of the country for Federal roads which their local citizens desire? Experience with post roads leads me to wonder about this aspect of the program, particularly from a self-liquidating standpoint.

Suppose a long-range program of projects is embarked upon, with an annual check by Congress, and suppose Congress should decide later on to drop some of the projects. We may be left with something on our hands that cannot be stopped all at once. A comprehensive system of superhighways, for example, cannot well be undertaken and planned on a year-to-year basis. Yet, if we are going to have such a comprehensive system, should Congress take time to study thoroughly a plan for highways which will directly affect the next generation and those to follow?

Mr. HOLMAN. Mr. President——

The PRESIDING OFFICER (Mr. CHAVEZ in the chair). Does the Senator from Delaware yield to the Senator from Oregon?

Mr. TOWNSEND. I yield.

Mr. HOLMAN. Somewhere I have read in the writings of the great Democrat, Thomas Jefferson, that that country is best governed which is least governed. Would the Senator consider the pending bill in line with that thought?

Mr. TOWNSEND. I most assuredly would not.

Mr. President, what applies to roads applies to many other projects. In June when the P. W. A. appeared before the Senate Appropriations Committee, Mr. H. A. Gray, Assistant Administrator, was asked whether he thought "private capital could be induced to buy bonds guaranteed by the Government to undertake self-liquidating projects?" To this Mr. Gray testified as follows:

[Work Relief and Public Works Appropriation Act of 1939: Hearings before the Committee on Appropriations, United States Senate, 76th Cong., 1st sess., on H. J. Res. 326.]

I think your self-liquidating projects, as we see them now, are comparatively small in amount to have any construction program based on them. They vary, of course. Sometimes some of these things are feasible with a grant. It all depends. It depends upon the project.

One system I heard of is that the Government would guarantee half of the debt charges. Well, that would amount to some 10 or 12 percent grant, depending upon what the coupon rate of the bonds is. If the coupon rate of the bonds is one-half of 1 percent, that would not result in as much of a grant as if you take 4 percent. A plan like that could be applied and could bring a little business here and there after considerable time. Some such an arrangement could stimulate a little business, but I do not believe it is as practical as a lasting arrangement. How are you going to make a recapture? Take, for instance, a lien on the water mains under a city street, or sewers. You cannot recover those in case your contract is not paid out. You have not got a recoverable asset.

Of course, schools are absolutely out.

In other words, the P. W. A. does not exactly regard its projects as self-liquidating. I am inclined to share the views expressed by the Senator from Wyoming [Mr. O'MAHONEY] when he stated:

From what I have seen and heard about it, it does not seem to me that there is any very practical plan which has been suggested. As Senator ADAMS says, it is largely for the purpose of stimulating Government loans, and my own conviction after many months of study is that Government loans are not going to restore functioning of the economic machine. You have got to find the way to promote real activity by the people and their own organizations.

With the railroads in their present financial condition, is it seriously contended that the proposed loans will be 100 percent self-liquidating?

In connection with the pump-priming objective of this bill, the loans to farmers present a different problem, and a very complex one. Part of the proposal involves a considerable outlay for the purpose of enabling tenant farmers to become landowners. The proposal takes it for granted that "once a landowner always a landowner." I have no objection to helping the underprivileged farmer better his conditions. I would like to see all of the farmers become independent and remain independent. But I certainly do not see how this sort of resettlement project is going to add to employment.

The Secretary of Agriculture testified—hearings, page 19—that 42 percent of all American farmers are tenants. If we are going to eliminate farm tenancy, I am wondering whether this bill gets to the root of the matter, and I am wondering whether that is not a proper matter for the Committee on Agriculture and Forestry to pass upon, rather than the Banking and Currency Committee.

This suggests another important consideration, namely, the inadequacy of the hearings which this fundamentally important measure has had. The original bill, S. 2759, was introduced in the Senate on July 10. Hearings were held on July 12, 13, 14, 18, 19, 20, 21, and 22. Witnesses included the Secretary of the Treasury, the Secretary of Agriculture, Mr. Jesse Jones, and many other Government officials. But not one opponent of the bill was heard. Not a single outsider was called before the committee to analyze the measure and its economic effects. Over the week end the bill was radically amended. Are we in such a dire emergency that we should now hurriedly enact, without mature study and deliberation, a measure conceived in haste and dedi-

cated to the proposition that only the "brain trust" can run the business of the country?

We are told that this bill is the result of long and careful thought in the Government departments. If that is so, why was the proposal of some time ago to lend $500,000,000 to Latin-American countries so readily dropped?

And while we are on this subject of the Export-Import Bank—the present bill seeks to increase the lending power of the Export-Import Bank from its present figure of $100,000,000 to $200,000,000. I would like to remind the Senate that only this year, in 1939, the lending power of that institution was set at $100,000,000, at a time when the amount of the bank's commitments was about $46,000,000.

The provision of the bill calling for a $200,000,000 limit to the Export-Import Bank's commitments instead of $100,000,000 as fixed earlier this year, is not justified by the testimony which Mr. Jesse Jones, himself, gave last February. Here is what the hearings show:

Mr. JONES. I have one more suggestion to make before you dismiss us.

The CHAIRMAN. Let us have it.

Mr. JONES. This is in connection with the extension of the powers of the Export-Import Bank, and I offer for your consideration, as an answer to the question that may be in the minds of a lot of people about the Export-Import Bank, this amendment: "*Provided further*, That the Export-Import Bank shall not have outstanding at any one time loans in excess of $125,000,000."

We have about $25,000,000 out now. We have about $20,000,000 or $25,000,000 more in commitments. I do not think we would ever need more than $125,000,000. I would like to have you put that in the act. (To continue the functions of Commodity Credit Corporation, the Export-Import Bank, of Washington, and Reconstruction Finance Corporation. Hearings before the Committee on Banking and Currency, House of Representatives, 76th Cong., 1st sess., on H. R. 4011 (H. R. 3429) and H. R. 4012 (H. R. 3383), February 7, 8, and 9, 1939, p. 95.)

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER (Mr. HUGHES in the chair). Does the Senator from Delaware yield to the Senator from Pennsylvania?

Mr. TOWNSEND. I yield.

Mr. DAVIS. I understand that $200,000,000 is carried in the pending bill to be set aside for the Export-Import Bank.

Mr. TOWNSEND. Yes.

If it was testified only this year, and prior to the loans to Brazil and Paraguay, that the Export-Import Bank would never need more than $125,000,000, then why this sudden increase now? Why this doubling of its lending power? Are the private banks so poor that they cannot find capital for financing international trade?

The proposal to double the lending power of the Export-Import Bank is explained chiefly as a desirable means of upholding American export trade against Fascist nations' competition in Latin America. It should be remembered that some Latin American countries have a pretty poor financial record. Hundreds of millions of dollars of Latin American bonds held by Americans have been in default for years—see pages 221–222 of the hearings. Those bonds represented American wealth poured into foreign countries in the reckless 1920's. They were poured in at private, rather than Government, risk, it is true. But it is time to ask ourselves what this trade race in Latin America is all about.

The first question to consider is our large national net creditor position. Because we have been the world's banker, the outside world owes us billions more than we owe foreigners. Yet we are being urged for the second time this session to increase the lending authority of the Export-Import Bank so that still more American goods can be moved abroad on credit.

I like to see goods moving. I welcome the sound of factory machines. I am pleased to see goods taken to the docks and loaded on our subsidized vessels.

But this sight I enjoy only if there is something coming the other way, too; something besides silver and I O U's. How are our foreign debtors ever going to pay off their existing debts if we subsidize more exports and still more foreign debts? The Export-Import Bank seems to me to be misnamed. It ought to be called just the Export Bank, for it seems to have been devoting its energies during the years of its existence to exports almost exclusively, if not exclusively. I have looked through its various annual reports in vain for any mention of the word "imports" outside the bank's title.

Not only do most Latin American countries owe us large sums of money, as do also many non-Latin American countries, but some of them have been seizing our investments to boot, without prompt or adequate compensation. Mexico is the outstanding case. But there is also Bolivia's recent action, and there have been disturbing signs elsewhere. Yet we are being asked to give the Export-Import Bank another big blank check to send more American millions of real wealth down to those countries, before they make good what they have borrowed or taken from us.

It matters not whether the Export-Import Bank is financing merely private trade and private American exporters, rather than the expropriating governments directly. When the Export-Import Bank helps lay goods down in Mexico or Bolivia, it is helping those nations just as much as if a loan were made to their governments. And if we thus assist a given American export firm to get an order which it might not otherwise get, by the same token we are injuring some other American businessman or investor who has suffered from past foreign defaults or expropriations and is waiting patiently for the transfer problem to clear up so that he may be repaid. Of what good is it to create a new debt to be paid off, when there is a large portfolio of old debts still awaiting payment?

What may we expect other foreign countries to think if we seek to throw credits around in Latin America without first receiving liquidation of the old debts? Apart from the fact that we will put ourselves in the light of being fools, we may expect our debtors everywhere in the world to conclude that they can indefinitely get away without paying. Imagine a manufacturer and money lender in a neighborhood where everyone is already in his debt, and where some of his neighbors have not merely fallen down on their payments, but actually have seized property belonging to him. And then imagine that same money lender scurrying around hat in hand, pushing doorbells to get his debtors to borrow still more from him, or to buy some new gadget of his on credit. What kind of a businessman will his indebted good neighbors take him to be? The chances are that still more of his properties will be seized by his good neighbors, the while he is pushing out more credit.

If we seem to condone default and confiscation in one quarter, we may expect our debtors anywhere to assume that we have money to burn.

The idea that we have to do something about the supposed Fascist trade threat in Latin America is disseminated in Washington in an alarming manner. We seem to want to keep the door open to our salesmen in China, but shut to Europeans and Japanese in Latin America. Many Washington officials seem to regard it as a calamity if we do not monopolize the import trade of Latin American countries. Here again trade does not seem to mean to them an exchange of goods, but rather just selling. When we lend money or extend credit to Latin Americans or others, just how do we contemplate being repaid? In Argentine beef? In silver? In Mexican oil? Let us get it straight at the outset.

We talk as if the Germans were running our goods out of Latin America. Well, here are some interesting facts about Latin American trade. In 1913 Germany supplied as large a share of the imports of Latin America as in 1937. In 1913 the United States supplied 25 percent of Latin America's imports, and in 1937, 34 percent.

It is true that the Fascist countries and others buy Latin American surplus commodities which we cannot take. And it is true that in exchange those same countries sell their products in Latin America. But we can easily become overalarmed at the competitive Fascist trade threat. We do not hear much about Belgium, yet that country in 1937 sold in Latin America almost 40 percent more than did Japan and almost 50 percent more than did Italy.

In 1938 we sold over one-third more goods in Latin America than did Germany, Italy, and Japan together. The following figures are from the Commerce Department's Commerce Reports for April 15, 1939, page 358:

Exports to Latin America in 1938 by:	
Germany	$249,083,000
Italy	43,004,000
Japan	27,848,000
Total, three countries	319,935,000
United States	494,870,000

In 1913 we supplied one-fourth of Latin America's imports. In 1937 we supplied one-third of that area's imports.

In 1938 we sold Latin America as much goods as Germany, the United Kingdom, Italy, and Japan combined.

Does that look like we need the Government to defend our private trade interests by extending credits?

United States investments in Latin America exceed in amount those in any other section of the globe. They constitute almost two-fifths of our investments abroad. Three Latin American countries alone account for about one-fifth of all the foreign bonded indebtedness to private American investors.

There is no other group of foreign debtors in which the ratio of defaults to total indebtedness is so high as in the case of Latin America. The Commerce Department has reported that in 1937, 55 percent of European bonds were in default as to interest, while in South America the ratio of defaults was 68 percent and in Central America 66 percent. Compare with these figures the ratio in Canada, 2.6 percent, and in Asia, less than 4 percent.

An illuminating, or perhaps not so illuminating, bit of testimony on how this loan authorization works out abroad is revealed in my questioning of Mr. Jones relative to Mexico. I read from page 101 of the unrevised hearings:

Senator TOWNSEND. Have you made loans to Mexico?

Mr. JONES. We have made some loans on railroad equipment to go to Mexico.

Senator ADAMS. Was there not one in Cuba, too?

Senator TOWNSEND. Don't you think it is about time we stopped making loans to Mexico, when they confiscate our property down there?

Mr. JONES. I am here to testify on this bill.

Senator TOWNSEND. I am asking you that question.

Mr. JONES. I think I had better telephone Cordell Hull before I answer that.

The CHAIRMAN. We will get into the Silver Purchase Act pretty soon. We might as well stop right here.

Senator TOWNSEND. I think we ought to get into it.

The CHAIRMAN. On another occasion.

The principle of the bill is that Government initiative is necessary if the country's development is to proceed. However, this theory is dead wrong. It is a further step in the direction of socialism, and away from private initiative. The more we make business dependent on Government activity, the less self-dependent does business become. The more the Government dominates the economic life of the country, the less venturesome does private business become. If this plan succeeds in creating work in one quarter, it is more than likely to lessen employment in other quarters.

The tremendous pump-priming experiment to date has proved abortive. The country has ample capital, idle and awaiting use. We are being told that this scheme will put some of it to work; but I am afraid that Government in business makes private capital timid rather than venturesome.

We have been pump priming since 1933 in this country, yet we are still far from the recovery goal we all want to achieve. Pump priming within or outside the Federal Budget has not cured the depression. Dubious loans or "recoverable expenditures" will not bring us to the goal.

At this point, Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a short analysis on "pump priming" by Dr. Melchoir Palyi, of the University of Chicago.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the Government's "Pump-Priming Program" (published by the Economists' National Committee on Monetary Policy), pp. 25–26]

THE SPENDING THEORY

(By Dr. Melchoir Palyi, University of Chicago)

The original idea of "pump priming" was to start the wheels moving or the ball rolling or the motor turning. There is no longer talk about this; the prevailing idea is merely to overcome what is regarded as an emergency from the economic and social point of view, and to safeguard the interests of the administration from the political point of view.

To gage the effects, of course, one ought to know the volume of spending. But, so far only an upper limit is made known and even that is an elastic one. We know with no degree of precision how much will be spent and within what time. Moreover, the effect of whatever spending during whatever period will be different according to national and international conditions which happen to prevail.

The money cranks whose ranks included nationally prominent politicians and internationally famous professors have argued during the depression that a crisis would last forever—in spite of all historical experience to the contrary—unless it is stopped and reversed by strong monetary measures. Everything from moratoria and low-interest rates to devaluation, direct money printing, indirect inflation through selling of Government bonds to banks and spending the proceeds, has been tried—an experiment in money management on a grandios scale. What can we learn from the experiments thus far made?

(1) A mounting national debt with a growing burden of servicing it, and an unstable set-up of Government finance are the first visible consequences.

(2) So far, our spending has been an entirely planless one, that is, it has not been managed in accordance with any rational standards by which to measure the usefulness and efficiency of the ventures which it finances. Money spent in such a way as to inhibit private enterprise obviously does not add to the total volume of current production. Ours is, therefore, a planned monetary economy without planning, or a piecemeal system of interference which eliminates possibly as many opportunities of enterprising as it creates.

(3) "Pump priming" tends further to depress interest rates. But cheap money, sustained over a long period, has lost whatever psychologically stimulating effect it might have had, and actually tends to become a symptom of depression in permanence.

(4) "Pump priming" puts more money in circulation, increasing the cash reserves of the banks. Consequently, the banks are induced, if not pressed, to buy bonds at present exorbitantly high prices and will have to liquidate when bond prices fall, thus creating a potential banking crisis.

(5) The enormous volume of money in circulation has already made reasonable monetary management impossible. New "pump priming" further accentuates this feature of managed money, namely, that under its rule the managers are entirely helpless against inflationary trends as well as the onslaught of new depressions, because all rational methods of monetary control become unworkable under conditions of oversupply of funds.

So far, the negative aspects; what about the positive ones?

One result of continued large-scale "pump priming" is obvious, namely, the corrupting effect exerted on public psychology. It is a school, educating the American people to rely on Government subsidies rather than on their own wits and industry.

Moreover, the political effect is likely to be very positive, too. Billions in the hands of the Government to be spent freely and virtually without control means as many dollars at its disposal to buy votes and to perpetuate thereby the regime of the ruling party. However, the essence of a totalitarian State is nothing but the continued rule of one party, thereby eliminating opposition and change of policy. Whether the continuation of power is acquired by machine guns or by smoother methods of "bribery" makes little difference for the ultimate political and moral effect.

Is it at least possible to justify all these negative and positive effects by reference to the alleged purpose, namely, to overcome the present depression?

This depression is, in a sense, the price which the country has to pay for gradually adjusting its economic system from a government mentally subsidized to an entrepreneurial structure, from public control to private business. If "pump priming" succeeds in eliminating more than certain difficulties connected with that adjustment, if it postpones the process as a whole, the price will have to be paid later, and it will then not be any cheaper.

Lastly, it is even doubtful whether this dubious result will be achieved. The philosophy which looks upon the businessman as an automat in which one throws in subsidies at the top and draws out investments at the bottom, is the one prevailing at present in Fascist countries. In a nontotalitarian economy the businessman and the investor are still permitted to do some thinking; they are likely to think in terms of experience, and to act upon such thought rather than to obey like automats. If so, it will take more than "pump priming" to overcome the depression.

Mr. TOWNSEND. The American Institute for Economic Research in its April 18, 1938, bulletin, in discussing the support of the Nation's economic life by spending, said:

The history of all great inflationary progressions during the past 200 years indicates that the first collapse, after the effects of the

initial dose of inflation wear off, is the only practicable stopping place short of complete disaster. Even if more pump priming forces another boom, it is certain that the clamor for inflation will be far stronger during the collapse which follows. If we cannot resist the plea for "just another little drink" at this time, there is very little chance that we shall do so when the next opportunity to refuse arrives. Therefore we believe that the United States is today in the most dangerous position that it has been since the Civil War.

The idea of Government-guaranteed loans as a business stimulant sounds fine. We now have Government-guaranteed deposits. The new plan is just another Federal step into the banking field. The Government surely cannot guarantee the loans made by bankers without somehow supervising the banks during the extension of the loans to private borrowers. Carried to its logical conclusion, this means that the bankers merely act as the Government's agents in the matter. If we are to have Government-guaranteed loans, we shall do away with the need for deposit insurance. Already the Nation's banks are loaded up with Government bonds, in which they have invested a large part of their own capital and their depositors' money. If the remaining capital and the remaining deposits in the banks should be put into loans guaranteed by the Federal Government, we should finally end up with a socialized banking system.

Moreover, when the Government buys railroad equipment or other equipment and sells it on trust, with the right to recover it if payments are not kept up, the Government is in business, a new business. That can be done if the railroads are Government owned; but in this country we do not regard railroad ownership as a proper Government function.

As for the Government going into business, I shudder at the idea of the Government going into the wholesale junk business; but that seems to me what will be one result of the purchase of old railroad equipment. Mr. Eastman, of the I. C. C., told us he would not like to see us get permanently into that business. However, if we start it, I do not see how we can avoid doing more and more of it, and staying in the railroad scrap-iron business. Moreover, the precedent in this field will serve as an incentive to other industries to persuade the Government to give them "new lamps for old."

Take the case of the manufacture of typewriters, an important American industry, employing thousands of skilled workers. I can imagine the appealing argument running something like this: "There are many millions of outmoded typewriters in use. The people who use them can borrow from their banks to buy new typewriters. That they do not do so is because they are short-sighted. They think they do not need new machines. They think they can manage with their old machines. But they are not wise. Their short-sightedness simply keeps typewriter manufacturers idle. Let the Government step in and rent these nice new typewriters. Let the Government step in and buy their old typewriters and sell them as scrap iron to the Japanese to make munitions. Thereby we shall make millions of man-hours of work in America."

Or take the case of chicken coops: I am a chicken farmer. I know there are many old-fashioned, antiquated chicken coops in use throughout the country. Why not delegate the Department of Agriculture to buy and retail the latest, modern, air-conditioned chicken coops, and buy up all the old ones that have seen generations of egg laying?

In the hearings on the bill it was abundantly proved that at a commercial bank, or through the Federal Reserve System, or the R. F. C., any businessman with good credit, or even fair credit, can get all the financing he needs. Assertions that the reverse is true are unfounded.

Is this erroneous assertion merely an effort on the part of the little group of "serious thinkers" who lead the legislative planning in this administration further to advance invisibly the arm of the Government? Is the present proposal merely part of a plan, under the pressure of a Federal Government debt of unprecedented size, to draft the deposits of the people? Is it a device to manipulate the peoples' savings to further this topsy-turvy orgy of spending?

If this be true, it is the most serious threat which has arisen to the economic liberty of some 56,000,000 American depositors. I feel it is my duty to issue a solemn warning to the owners of the Nation's savings that if they do not resist further Government encroachments on their savings they may soon discover that they have lost their economic freedom.

Government guaranty of bank loans is unwise. I am pleased that the Banking and Currency Committee of the Senate had the good sense to eliminate this dangerous principle from the bill. However, I feel sure that efforts will again be made in this direction. Because I believe that the guaranty of bank loans would mean in the end the management of the banks by the Government, I feel it my duty to go on record as irrevocably opposed to this socialistic and un-American doctrine. I believe it is my duty to warn not only the bankers but the businessmen and the bank depositors of the country to be on their guard against this threat.

That I am justified in my fears for the future is amply supported by the statement of Adolph Berle, Assistant Secretary of State, who has taken part in our economic planning. He is reported to have said:

> Briefly, the Government will have to enter into the direct financing of activities now supposed to be private; and a continuance of that direct financing must mean inevitably that the Government will control and own those activities. * * * Over a period of years the Government gradually will come to own most of the productive plants of the United States. (Hearings, p. 254.)

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. GEORGE. May I ask the Senator who made that statement?

Mr. TOWNSEND. Mr. Adolph Berle, Assistant Secretary of State.

In closing I wish again to remind you, Mr. President, by calling attention to a few figures, of the lack of thought and consideration which has been given the bill.

The original bill—Senate bill 2759—called for authorizing an appropriation of $2,560,000,000, to which were to be added unexpended balances of $239,000,000, a total of $2,799,000,000. Ten days later, after we had heard only proponents of the bill, a new bill—Senate bill 2864—requested $2,390,000,000, less unobligated balances of $140,000,000, which are to be returned to the Treasury. This represents a mere difference of $450,000,000, after adding ninety millions for reclamation projects, or five hundred and forty millions less with respect to the original projects. If the whole plan was so thoroughly studied and well worked out, why this tremendous reduction in the amount of money requested?

As I have said, the total provided for by the bill, including amounts previously appropriated, is $2,390,000,000; yet the administration has testified that it cannot put out more than $770,000,000 in this fiscal year. Hearings, page 142.

During the hearings, Mr. Jesse Jones, of the R. F. C., said—page 106:

> Congress and the President and whoever are relying upon it will be disappointed if they expect us to get half a billion dollars out in a year's time.

Why should we now rush through a far-reaching program which will last not only into the next session of Congress but well into the next administration?

Let me remind you finally, Mr. President, that the unmoral thing about the bill is that the lending and the spending will be to the glory of this administration, and the disgrace of the collections which will not be made will be that of a succeeding administration. I say that, no matter which party may win in the next election.

Mr. President, I ask to have printed in the RECORD at this point as a part of my remarks an article from the New York World-Telegram of Friday, July 21, 1939, by Hugh S. Johnson, entitled "Economic Nonsense."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York World-Telegram of July 21, 1939]

ECONOMIC NONSENSE

(By Hugh S. Johnson)

Here are a few gems from the press reports of the testimony of Secretary Morgenthau urging the Steagall bill to give the President

a new blank check of $3,000,000,000 on the Public Treasury to spend for "self-liquidating" projects.

Mentioning huge sums of idle money in the banks and low interest rates, he said: "In times like the present it therefore becomes the Government's function to act as a catalytic agent to bring together investors who are willing to lend their savings at rates of interest low enough and borrowers who are able and willing to employ funds for productive purposes. A low rate of interest if effectively utilized constitutes one of the most potent weapons our economic system has developed for stimulating business activity—the Government—creates the additional incentive for lenders to lend and for the borrowers to borrow by giving the stamp of approval and administrative assistance to useful and paying enterprises which otherwise would not be undertaken at this time."

It would be difficult to compress more incoherent nonsense in so short a statement. If low interest rates are the "weapon" or "catalytic agent" to bring lenders and borrowers together to stimulate business activity we ought to be able to start a bounding boom tomorrow by simply reducing interest rates to zero. They have been gradually approaching that magic point for a long time. They have been low beyond recent records for years. But they haven't "stimulated business activity"; they have helped to paralyze it. They haven't acted as a catalytic agent but as a cataleptic agent.

Interest rates are the wage of capital. It is as silly to say that starvation interest rates stimulate money to work as it would be to say that starvation labor rates stimulate men to work. We will have no "stimulated business activity" until both men and money go to work, and men can't go back to work until money goes back to work.

People lend their money freely for two reasons—a reasonable hope of reward and what they regard as reasonable security. If there were now any real and genuine "self-liquidating" projects which offered both these incentives there would be no excuse whatever for the Government to use this camouflage for a new drunken-sailor spending debauch to the detriment of credit of the country and increased tax and debt grinding the face of "every man who labors." Let the Government provide those two influences—reasonable security for invested capital at a reasonable rate of return—and there would be no difficulty about stimulating business activity. There would be an unprecedented business boom.

The whole idea of this administration is just the reverse of that. It provides insecurity of investment and, as Secretary Morgenthau has just shown, insufficiency of return. It condemns "savings." Mr. Eccles' testimony favoring the same bill suggests more taxing of the income which produces savings to force savings to work. We don't force savings to work under our system. We persuade them. This administration plumps for low interest rates and "production for use and not for profit." It dilutes the very gas that makes our economic engine go and then wrings its hands in wonderment because that motor is stalled.

With this kind of destructive and revolutionary economic philosophy of the Steagall bill, so clearly and shockingly admitted, the strategy of its presentation seems all the more questionable. It was deliberately held back until the approach of summer and the pressure for adjournment made careful study and debate impossible. Advantage of that is being taken now to bum's rush it to enactment before either Congress or the country can be made aware of what is being put over.

If Congress permits that and does not postpone this consideration until next session, it will be at least some argument for extremists both within and without this administration who say that our democracy in its present form doesn't work.

Mr. TOWNSEND. Mr. President, I ask that there be printed in the RECORD at this point in my remarks an editorial from the New York Times of July 24, 1939, entitled "Spending Masquerades."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times of July 24, 1939]

SPENDING MASQUERADES

The President's $3,060,000,000 lending-spending proposal, whittled down to $2,660,000,000 when it was introduced in the form of bills (with the $500,000,000 item of proposed loans to foreign governments dropped like a hot cake), has been whittled down again slightly by the Senate Banking and Currency Committee, and emerges as a bill authorizing loans up to $2,490,000,000. This now bears the committee's recommendation and is scheduled to be rushed to the floor today as a start for the stampede toward adjournment. The implication is that there is no time to debate this bill thoroughly and that the matter is not important enough seriously to detain Congressmen in a warm Washington.

It may be just as well to remind ourselves that $2,490,000,000 is still rather a large amount. It is, for example, more than three times the entire annual expenditures of the Federal Government in the fiscal year before we entered the war. It is nearly half of our entire Government revenues in the fiscal year just closed. It is an amount that conceivably might be worth saving.

If it were not for its up-to-date vocabulary, the new measure would bear every resemblance to a glorified pork-barrel bill. But the expenditures contemplated under it are not called expenditures but loans and investments. There is no longer any pretense that the bulk of these loans will be self-liquidating, which is a gain from the standpoint of candor and clarity. On the other hand, there is no real requirement in the bill that loans shall be self-liquidating, so the opportunities for unsound loans are large. These loans are still to be outside the Budget, though a contingent debt, when a loan turns out to be a bad one, becomes as real as any other. This bill is being rushed to passage at the very moment when Jesse H. Jones, the Federal Loan Administrator, is telling the Senate Banking Committee that the Reconstruction Finance Corporation made "plenty of bad loans" and is "going to have plenty of losses," and that he is even ashamed to tell to how high a percentage the losses will run.

We are simply deluding ourselves, Senator BYRD has insisted, if we believe the statements that this new spending scheme will neither increase the Federal debt nor increase the Federal tax burden. It is a simple statement of fact that "if the Government borrows money and makes loans for untried and impractical projects that are not likely to be repaid, the burden will eventually fall on the taxpayer." Senator BYRD may not be correct in implying that the whole scheme is devised to evade the present statutory debt limit; but that would certainly be one of its effects. He is correct in calling it a "spending scheme masquerading as a lending scheme." He is correct in declaring that creating Government corporations to make loans "outside the Budget" does not evade Government debt but merely conceals it.

Mr. TOWNSEND. Mr. President, I ask that there be printed in the RECORD at this point in connection with my remarks an editorial entitled "Another Surrender," by Hugh S. Johnson, from the New York World-Telegram.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York World-Telegram]

ANOTHER SURRENDER

(By Hugh S. Johnson)

The attitude of administration leaders in Congress is: "We can't take time thoroughly to study and debate this bill. This session is drawing to a close and it is getting hotter." If ever a bill needed debating this is it. It is a revolutionary change in accounting and financial policy of the Government, involving billions and still further removing Congress from control of colossal Federal handouts. It is full of obscurities and jokers and grants financial power more broadly than any law yet proposed.

For example, the only limitation over Secretary Wallace's power over $600,000,000 is that the money shall be lent for "rural security projects." What are "rural security projects?" The nearest the bill comes to saying is that they are "facilities" for those who obtain or who have in the past obtained the major portion of their income from war operations.

One argument for the bill is that the R. F. C. has in the past proved a prudent lender. Its loans have liquidated with little loss. But the R. F. C. will have no power over these loans. Most of them will be under the direction of those great financiers, Carmody and Wallace. The former was reported in the Washington Merry-Go-Round as having already and to his face challenged Jesse Jones (who is now out of R. F. C.) as an anti-New Dealer. The security for Mr. Wallace's past loans is notoriously inadequate. If Congress doesn't check this legislation with some sort of "spendthrift trust" Uncle Sam's pocketbook is in for the biggest cleaning yet.

Mr. O'MAHONEY. Mr. President, earlier in the day, while the Senator from Virginia was speaking, the question arose as to the general desirability of having the bill so drafted as to make it clear that loans could be made so as not to involve the Government in competition with private enterprise. This is a matter which has been engaging my attention for some time, because I am confident, from everything that has happened before the Temporary National Economic Committee, that it is the purpose of the members of the committee, both congressional members and executive department members, to recommend to Congress such policies as will tend to protect the system of private property. I recognize the difficulty involved in drafting the language in such form as not to cripple the purposes.

Several Members of the Senate after the colloquy suggested, and, indeed, the Senator from New York suggested, that I attempt to put the language into definite form.

Mr. BARKLEY. Mr. President, I was not present at the time of the colloquy, because I had been on my feet a long time, and had stepped out for lunch. In the committee there was a provision written, which was at first adopted, and under the language of that provision it was feared that a university, for instance, could not build a dormitory without the possibility of it competing with a private boarding house; that under the terms of the amendment it would not be possible to build a highway bridge, whether toll or free, which would compete with a ferry, and there were other possibilities of interpretation. The committee finally eliminated the language, with the understanding that we would attempt

to draft a provision which would do what we desired to do, and at the same time not make it impossible for the measure to function because of some strained construction of the prohibition contained in the language of the original amendment. We are working on that matter, and, of course, we are glad to have the cooperation of the Senator from Wyoming, with his great ability.

Mr. O'MAHONEY. I shall ask that the two amendments I have prepared be read, so that they may appear in the RECORD tomorrow and be before all the Members of the Senate. If the amendments are not adequate to serve the purpose, perhaps some modification will be effected. Personally, I have sufficient confidence in this language to believe that it will be effective and will serve the purpose everyone seems to agree should be effectuated.

I pointed out, with respect to the rural-electrification program, that the Rural Electrification Act as it is now written so defines the work of that agency that it does not enter any field which is now adequately served. The pending bill, however, is open to an interpretation which might permit an extension of the work of the R. E. A. not now authorized. I have consulted officials of the R. E. A., and I am very happy to say that the language which I am now suggesting seems to be satisfactory to them. But I do not desire to commit anyone to the language. The second amendment which I am offering—and this will appear first—has to do with the loans by the Public Works Administration.

I send the amendments to the desk and ask that they be read.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 4, line 17, it is proposed to change the semicolon to a colon and to add, "*Provided*, That in order that a competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding to that effect has been made after public hearing by the Public Works Administrator."

On page 5, line 1, it is proposed to strike out the words "as provided in" and to insert in lieu thereof the words "and pursuant to and subject to the provisions of."

Mr. BARKLEY. Mr. President, I may say to the Senator that I had already contemplated offering the latter amendment, to strike out the words "as provided in" and to insert "and pursuant to and subject to the provisions of," so that there would be no misinterpretation that all the expenditures under the rural-electrification program would be made under all the provisions of the R. E. A. Act, which includes a limitation with respect to competitive enterprise.

Mr. O'MAHONEY. Of course I am very glad to hear that, because that settles the question so far as that is concerned.

Mr. THOMAS of Oklahoma. Mr. President, the title of the pending bill is "To provide for the financing of a program of recoverable expenditures, and for other purposes."

In connection with this subject matter, the New York Times of Monday, July 24, carried a news story from London, in the nature of special correspondence to the New York Times. The first headline is as follows:

Britain takes risk on heavy exports.

The next headline is:

Guarantee unit of trade board backs credits abroad of $151,000,000.

The next headline is:

Has a $15,000,000 reserve.

The last headline is as follows:

Liabilities now at $200,000,000 and can legally go as high as $375,000,000.

I desire to read a few paragraphs from the news story:

LONDON, July 14.—The Export Credits Guarantee Department of the Board of Trade during the first half of this year guaranteed to British exporters the payment for roughly $151,800,000 worth of British goods sold abroad on credit. This figure alone is a measure of the assistance which the department is giving to the British export trade.

Further in the article I read this paragraph:

The amount of British foreign trade involved in the department's credit guarantees from the financial year 1933–34 to 1937–38 reached the impressive total of roughly $605,800,000. During that period the annual sum increased from about $38,500,000 in 1933–34 to roughly $250,000,000 in 1938–39.

I read another paragraph:

Yet, despite the commercial risks involved in the guarantees which have so far been given, the Export Credits Guarantee Department has built up a reserve fund of roughly $15,000,000.

I read another paragraph:

The business of the department is divided into four classes: the guaranteeing to British exporters of the solvency of foreign buyers; the guaranteeing to exporters of the transfer of payments for goods sold, designed to protect exporters from the menace of frozen debts; guaranties given in connection with the export of goods on medium term credits (up to 10 years), and guaranties on transactions with foreign governments, mainly on medium term credits.

Mr. President, if a department of this character can be installed and placed in operation in Great Britain and have the effect of increasing exports from that country to other countries, it seems to me that a similar plan might be considered favorably in connection with this bill; so at this time I ask unanimous consent to offer the entire news story as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the New York Times of July 24, 1939]

BRITAIN TAKES RISK ON HEAVY EXPORTS—GUARANTEED UNIT OF TRADE BOARD BACKS CREDITS ABROAD OF $151,000,000—HAS A $15,000,000 RESERVE—LIABILITIES NOW AT $200,000,000 AND CAN LEGALLY GO AS HIGH AS $375,000,000

LONDON, July 14.—The export credits guarantee department of the board of trade during the first half of this year guaranteed to British exporters the payment for roughly $151,800,000 worth of British goods sold abroad on credit. This figure alone is a measure of the assistance which the department is giving to the British export trade. The sum mentioned, however, is not the total value of the export orders concerned during that period. There is abundant evidence that the department facilitated many transactions which were not covered by its guarantees.

Though no comparative figures are available from the banks regarding the amount of credit or loans they provide to British exporters in connection with the sale of goods abroad, it is safe to say that the export credits guarantee department is now by far the greatest provider of credit for that purpose in Great Britain today.

SHARP RISE SINCE 1933

The amount of British foreign trade involved in the department's credit guarantees from the financial year 1933–34 to 1937–38 reached the impressive total of roughly $605,800,000. During that period the annual sum increased from about $38,500,000 in 1933–34 to roughly $250,000,000 in 1938–39.

Without the guarantees supplied by the department it is certain that a large proportion of this business would never have been done by the British exporters concerned. The private banks would not have furnished the necessary guarantees on the ground that the risks involved were too great and the exporters would not have handled the business unaided.

Yet, despite the commercial risks involved in the guarantees which have so far been given, the export credits guarantee department has built up a reserve fund of roughly $15,000,000. The sum is the net amount of the department's income from premium and interest charges, after meeting claims to date and the administrative costs of the department. Against this reserve the department's liabilities are probably in the neighborhood of $200,000,000. It has authority under the law of 1939 to undertake commercial liabilities up to $375,000,000.

The business of the department is divided into four classes: The guaranteeing to British exporters of the solvency of foreign buyers; the guaranteeing to exporters of the transfer of payments for goods sold, designed to protect exporters from the menace of frozen debts; guaranties given in connection with the export of goods on medium-term credits (up to 10 years), and guaranties on transactions with foreign governments, mainly on medium-term credits.

BIG SHORT-TERM BUSINESS

A considerable amount of the department's business is that of short-term credit insurance for British exporters on moderate-sized sales abroad of all kinds of goods to be paid for within 6 months at the most. The premium charged by the department for this class of business rarely exceeds 1 percent and is usually much lower. In this and all other classes of business, incidentally,

the department's guaranty does not begin to operate until the foreign purchaser has received and accepted the goods of the British exporter.

The department's medium-term business consists of transactions ranging from export orders of $500 up to those of several million dollars, on credit periods as long as 10 years. Each application has special features of its own, requiring individual treatment, and this class of business does not provide an insurable mass. Here the department is doing business closely related to that formerly handled by issuing houses, while its short-term business approximates that done by acceptance houses.

It is in this medium-term business that the department takes greater risks and therefore charges higher interest and premium rates. Some foreign governments have arranged credits at an interest rate of 5½ percent. It is from the charges for this medium-term business that the department's reserve fund has been mainly built up.

The department's headquarters is in the city of London, where it can keep in close daily contact with the banking and business world and with its advisory council composed of prominent bankers and other experts on commercial affairs. In addition, the department has a branch office each in Manchester, Bradford, Birmingham, Glasgow, Belfast, Sheffield, and Newcastle. It keeps in close touch also with the more important chambers of commerce throughout the country.

Aside from the direct benefit to British exporters from the guaranty services of the department, they also receive an indirect but almost equally important one. The exporter who wishes to borrow money from his bank for business reasons can and does easily raise such loans on the strength of his foreign orders which have been guaranteed by the department.

This commercial sphere of the department's business, with its $375,000,000 limit, is quite distinct from the recent extension of its activities into the field of political credits, with a limit so far of $300,000,000. The latter credits are not granted on the basis of normal commercial practice.

Mr. THOMAS of Oklahoma. Also I ask permission, out of order, to submit an amendment to be a new section to the bill, proposing to create, under the jurisdiction of the Federal Loan Administrator, a bureau to be known as the Export Credit Insurance Corporation. I ask that the amendment be printed in the RECORD in full as a part of my remarks, and that it be printed in the usual form and lie upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment intended to be proposed by Mr. THOMAS of Oklahoma is as follows:

At the end of the bill insert the following new section:

"SEC. 21. (a) There is hereby established a corporation to be known as the Export Credit Insurance Corporation (herein referred to as the 'Corporation') which shall have succession for a period of 5 years from the date of enactment of this act and shall have a paid-up capital of $500,000,000 to be subscribed for by the Reconstruction Finance Corporation and paid for out of its funds. The management of the Corporation shall be vested in the Federal Loan Administrator.

"(b) The purpose of the Corporation shall be to promote the exportation of American agricultural and industrial commodities, and for such purpose the Corporation is hereby authorized and empowered, upon such terms and conditions as the Federal Loan Administrator may prescribe, to insure banks, trust companies, and other financial institutions, and domestic exporters, which such Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit made by them for the purpose of financing the exportation from the United States and its Territories and possessions of domestic agricultural and industrial commodities by domestic exporters. The total insurance liability of the Corporation which may be outstanding at any time shall not exceed in the aggregate the amount of the paid-in capital of the Corporation, and at least 50 percent of the insurance granted by the Corporation under this section shall be for domestic agricultural commodities. No insurance shall be granted under this section to any such financial institution or exporter with respect to any agricultural or industrial commodity in excess of the actual cost of such commodity to the exporter.

"(c) The Federal Loan Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section and shall fix a premium charge for the insurance granted under this section, but in the case of any obligation representing any loan or advance of credit such premium charge shall not exceed an amount equivalent to — percent per annum of the net proceeds of such loan or advance of credit for the term of such obligation. Such premium charge shall be payable in advance by the financial institution or exporter, as the case may be, and shall be paid at such time and in such manner as the Administrator may prescribe. The moneys derived from such premium charges shall be deposited in a special account in the Treasury of the United States and shall be available for defraying the operating expenses of the Corporation under this section.

"(d) All expenses incurred in connection with the operation of the Corporation shall be paid out of the funds of the Corporation under such rules and regulations as the Administrator may prescribe."

Mr. LODGE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lodge	Sheppard
Andrews	Ellender	Lucas	Shipstead
Austin	Frazier	Lundeen	Smathers
Bailey	George	McCarran	Stewart
Bankhead	Gerry	McKellar	Taft
Barbour	Gillette	McNary	Thomas, Okla.
Barkley	Green	Mead	Thomas, Utah
Bilbo	Guffey	Miller	Tobey
Bone	Gurney	Minton	Townsend
Brown	Hale	Murray	Truman
Bulow	Harrison	Neely	Tydings
Burke	Hatch	Norris	Vandenberg
Byrd	Hayden	Nye	Van Nuys
Byrnes	Hill	O'Mahoney	Wagner
Capper	Holman	Pepper	Walsh
Chavez	Hughes	Pittman	Wheeler
Clark, Idaho	Johnson, Calif.	Radcliffe	White
Connally	Johnson, Colo.	Reed	
Danaher	La Follette	Schwartz	
Davis	Lee	Schwellenbach	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, I wish to speak against the passage of the pending bill, and particularly against the whole theory on which the bill is based.

We have long been familiar with the spending illusion of the present administration, the theory which has dominated every activity of the Government and every department of the Government during the past 4 or 5 years, the theory that a nation can spend itself into prosperity. We have long heard the pump-priming argument, which appears again in the majority report today, and we have seen its results. The water has gone down the pump, and nothing has come back.

I shall discuss later the economic arguments for spending and against spending, but I can point out here that it is contrary to every principle of thrift and industry and good sense under which the American people have grown up from childhood, and which has been accepted by every administration since the founding of the Nation, Republican or Democratic, until the present administration.

Now, however, we have a new principle, that of government lending, and lending seems to me to be only a variation of the theory of spending, particularly as set forth in the pending bill. It is said to be different and to have certain advantages.

In the first place, it is said it does not increase the national debt. Of course, there can be no doubt that it increases the national debt. Any private corporation which guarantees the bonds of a fully owned subsidiary must show that debt on its balance sheet, under any efficient system of accounting about which anyone ever heard. The only basis for saying this policy does not increase the national debt is that the Treasury does not keep its books in the way any private corporation keeps its books, and the fact that the $45,000,000,000 limit, so-called, is only a statutory limit, applying to just a few specific kinds of government debts. So, of course, it does increase the national debt.

But it is said it is different from spending because we are to get all the money back during the next 40 years. I think that if we examine the pending bill we will see that we are not likely to get all the money back during the next 40 years.

In the first place, there is the road program. There is a provision that the Federal Government shall set up toll roads and charge tolls.

I understand that the senior Senator from Kentucky [Mr. BARKLEY] will propose an amendment, under which the Federal Government could build only bridges and tunnels for which tolls would be charged; but, in my judgment, it would

not be 2 years before someone would be here with a bill to eliminate the tolls, particularly if the practice comes into general use throughout the United States.

There is no question that toll roads are exceedingly unpopular in the United States. Probably every motorist thinks he is entitled to the free use of the roads. He resents the necessity of paying a toll. And the United States, in its usual liberal method, unless we happen to change the whole policy, in my opinion, will take the tolls off within 2 or 3 or 4 years.

Two items in the bill may fairly be called sound lending—the P. W. A. loans to municipalities and the R. F. C. loans to railroads. But these sections of the bill are wholly unnecessary. Municipalities can borrow freely from the public today if they wish to do so. The public will buy municipal bonds, the R. F. C. will buy municipal bonds, and can buy municipal bonds under its present authority. It seems to me, therefore, there is no use whatever in the particular section referring to that, and I shall later offer an amendment to strike it out.

The railroad section, I think, also provides a perfectly safe security, except that there is still language in the section which raises some doubt in my mind as to whether the Government cannot build railroad equipment and lease it to a road without necessarily a final and binding agreement that they will buy the equipment, or pay sufficient rental to pay it off. But, in general, railroad equipment trusts are good security. Again, there is no real reason for lending money on railroad equipment trusts. Railroads can sell equipment trusts to the public today at a low rate of interest.

There is no difficulty about it. Mr. Eastman testified before the committee that two bankrupt roads were able to borrow money for railroad equipment at 2¾ percent, and the Western Maryland Railroad, which I think is in the hands of a receiver, at least it is a weak road, was able to borrow money at 1.75 percent within the last 2 months.

There is no necessity for any such Government power, because it is possible to finance equipment trusts by selling them to the public. They are good security. In fact, the lack of necessity of Government interposition characterizes the whole program. Insofar as it is a sound program, what is provided under it can be done now, and will be done, either by the public or by the R. F. C. Insofar as what is proposed cannot be done by the R. F. C. and the public, it is because the loans are loans which are not going to be repaid.

The R. E. A. is an excellent project. Everyone would like to see electric service extended to the farm sections of the United States. Yet there is not the slightest evidence that 1 cent of the money advanced for those projects will be paid back. We examined the R. E. A., and they say there is no default, but, as I understand, there is no payment on principal or interest to be made for something like 3 years.

I was very much interested in the report of the R. E. A. from the Ohio Tax Commission. The Pioneer Rural Electric Cooperative, Inc., is one of the largest of these cooperatives in Ohio. These loans, it will be understood, are made by the R. E. A. to these farmers' cooperatives. To this particular company the R. E. A. has loaned $1,300,000. It operates in one of the best sections of Ohio, a good agricultural community, probably as good as may be found anywhere else they operate. The brief I hold in my hand was filed with the tax commission by the R. E. A. itself, and by the Government, and their statement is as to the year 1937, in arguing for exemption from taxation:

> The taxpayer has not at any time earned enough even to pay its operating expenses, exclusive of the debt service and exclusive of essential reserves. The only source of repayment of the indebtedness which brought this taxable property into being is the net revenues after payment of all operating expenses. The United States, therefore, is vitally interested in the maintenance of the taxpayer's property as a going concern.

They then proceed to point out the fact that what is chiefly relevant to this proceeding is the present earning power of the property. In 1937 the gross operating revenues were $88,111.83, and the operating expenses, including taxes but exclusive of interest and exclusive of any reserves for depreciation and future maintenance, were $88,084.35, almost the same. Interest was $26,000. Reserves for depreciation and maintenance amounted to $50,000. It appeared, therefore, that the first full year of operation showed a deficit of $76,000, equal to 87 percent of its gross revenue.

The rest of it is rather interesting.

> This lack of earning power is due wholly to the "thin" character of this rural business. The property has been efficiently managed. The gross earnings are as large and the operating expenses are as low as reasonably possible. The rates at which electric energy is sold to the members of the corporation are as high as the traffic will bear, and comparable to the rates charged by power and light companies in adjacent territory. A comparison of these rates is set forth in exhibit C hereto attached. It is reasonable to assume that higher rates would result in restricting the development of new business and prolong the period of operating deficits. To have avoided a deficit for the year 1937 would have required a gross revenue 87 percent greater than that actually received. It is obvious that no such result could be obtained by any increase in rates, and further discussion of this matter would seem unnecessary.

The R. E. A. is a great propaganda institution. It issues the most beautiful books and the most beautiful pictures showing the great advantages of electrification and the manner in which it relieves the farmer and his wife. But they have yet failed to publish the operating statement of one single cooperative to whom they have loaned money.

A few days ago in the committee I asked them to furnish statements as to the cooperatives which have operated, and they said, "Oh, yes," but I have not seen the statements, and I do not believe we will ever get them, because I think they would show that this particular project is one which will not pay.

This illustrates the fact that that kind of thing is spending and not lending. It is spending for no doubt a very worthy purpose. Up to the present time it has always been included in the Budget. It has been counted as a regular expenditure of the Government. The whole purpose of the bill, so far as the R. E. A. is concerned, it seems to me, is to lift the R. E. A. expenditures out of the ordinary expenditures of the Government and thereby decrease the apparent deficit of the Government and give them $500,000,000 which they can spend if they choose at any moment for the purposes of extending R. E. A. loans, very few of which will finally be paid. The chances are that as they fail on their loans the Government will gradually have to take over the plants, until it accumulates a great system of electric operations.

I am not so familiar with the farm lending, and yet it seems obvious to me again that no matter how well and carefully such loans are made, no matter how beneficial the purpose, a very large percentage of those loans is not going to be paid.

When one goes back and studies farm mortgages and how they have come out in the last 10 or 15 years; when one considers that they were made on a 60-percent basis, and that these loans are to be made on a 100-percent basis; when one considers that the rehabilitation loans are to be made to the poorest farmers, of course, certainly it seems reasonable to believe that only a very small number of those loans will be paid. So I say this is not really a lending program. It is really a spending program.

Mr. President, the argument that lending is better than spending because the money will be paid back is not a sound argument. On the other hand, there are certain very definite disadvantages in a lending policy as compared to a spending policy. It takes away entirely the control of the Appropriations Committee, and takes away from Congress the question of deciding every year, as we always have decided, what money the Government shall spend that year and what money it shall not spend.

I am inclined to think that the entire process is unconstitutional. The Constitution very clearly says that no money shall be paid out of the Treasury except in consequence of an appropriation, and that a report shall be made of all public moneys. An attempt seems to be made to beat the devil around the bush by having the R. F. C. borrow the money on bonds guaranteed, principal and interest, 100 percent by the Federal Government, and then have the R. F. C. pay that money out to the Rural Electrification Administration, and then say that that is not paid out of the Treasury;

whereas if the Government issues its own bonds, then the money comes to the Treasury directly without going to the R. F. C., and then presumably that particular money can only get out by appropriation.

Certainly that is a mere technicality. Even if it is constitutional it certainly is contrary to the policy which those who framed it laid down when they put that provision in the Constitution. This measure in effect simply removes the R. E. A. from our jurisdiction probably for the next 10 years, for I do not think they can actually spend more than about $50,000,000 a year in real outlay. There was appropriated last year by the Congress for the R. E. A. $140,000,000, and they finally admitted, after considerable cross-examination, that they have actually spent during the 12 months $45,000,000. So that this legislation in effect removes them from our jurisdiction for the next 10 years.

The proposed legislation has the distinct disadvantage of fooling people, because the people take Government figures as gospel, and think that this proposed legislation will not increase the debt. It is not like private lending. Government lending is not influenced ordinarily by business reasons. We may find one Jesse Jones in a government, who is a real banker, administering a real bank from the point of view of a business basis, but the ordinary Government official is simply not influenced by such considerations. The ordinary Government official is interested in his particular activity. He is interested in getting the money out. Mr. Carmody, I should say, would exercise no such restraint as Mr. Jones has done, and he will have the power of lending a considerable amount of this money. A Government official is always affected by various considerations which do not affect a private citizen. The latter cannot help but be affected by humanitarian considerations, whereas a Government official is affected by political considerations. We may be certain that that lending cannot be done in the same way as private lending.

Government lending supports the inefficient against the efficient. A man who has to go to the Government and finally does go in order to keep in business is subsidized by the Government to carry on, often affording a very destructive competition against those who have made a success of their business, and have been able to keep going. It is just as impossible for the Government to go in the lending business and not to create competition for existing industries as it is for the Government to borrow money without really incurring a debt.

The general policy of lending leads unquestionably finally to the Government getting into all business in the United States. It has gone a long way. It started in an emergency, and in an emergency we will do many things which we do not do at other times. But as it gradually extends it undoubtedly leads finally to a complete domination, if you please, of different industries by the Government. It does not take very much Government interference in an industry before the Government dominates that industry. Everyone in the industry is afraid to go ahead because he does not know what the Government may do. He knows that the Government is not restrained by any influence of balancing the Budget, or putting out money only when the borrowers are good business risks, and he is bound to be dominated by the Government interest in that particular industry.

Mr. President, this whole lending theory seems to have originated, at least this time, in the appearance before the Temporary National Economic Committee by Mr. Currie, Professor Hansen, Mr. Berle, and some others, and it seems to me that the S. E. C. itself was anxious to present its theory and to advance it. But Mr. Berle stated very clearly how far he would go under the theory that was advanced. He said:

> Briefly, the Government will have to enter into the direct financing of activities now supposed to be private; and a continuance of that direct financing must mean, inevitably, that the Government will control and own those activities * * *. Over a period of years the Government gradually will come to own most of the productive lands of the United States.

Mr. Berle advocated this Government lending on the same theory set out in the majority report. There is no doubt in my mind that the continued extension of Government lending leads inevitably to a totalitarian state in which the Government directs the commerce and industry and agriculture.

Mr. President, at this point I should like to call the attention of the Senate to the majority report. I may say that it seems to me to be an excellent Republican campaign document. I do not know whether Senators care to read it, but it sets out the tremendous failure the New Deal administration has been. I read:

> Certain changes have taken place since the twenties—

The twenties are represented as the ideal that we all try to go back to—

> Certain changes have taken place since the twenties which have contributed greatly to the existence of idle capital, unemployment, and excess capacity. The profitable outlets for capital have diminished, while the proportion of the national income saved is no less. States and municipalities have decreased their expenditures so that the tax revenues of State and municipal governments have exceeded their expenditures—

I rather question that, but they have reduced their long-term public debt—

> Instead of providing an outlet for savings of a billion dollars a year, as they did in the twenties, they have actually added to the funds available for investment. Foreign loans, which in the twenties absorbed an average of a half billion dollars a year, have virtually ceased, nor is there any prospect of their being renewed in the near future. Capital outlays by churches, universities, clubs, and other nonprofitable organizations, which used to take up a half billion more of capital, have been cut in half. The automobile industry is no longer in a stage of rapid expansion. There is still a surplus of commercial structures, the construction of which in the twenties used up a billion dollars a year, and even residential construction, notwithstanding the essential aid from the Government, is far below the level of the twenties.
>
> Many factors which then helped to produce a consumer demand for goods that was sufficient to consume the products of industry are not now as effective.

In those days the consumers were all right, according to this report. They had all the money needed to buy the goods that were produced in the United States.

> The rate of population growth prevailing in the 1920's has been cut in half; installment purchasing is not increasing as it was in the twenties, and there does not seem to be any near prospect of a repetition of the luxury-buying spree of the late 1920's.
>
> * * * * * * *
>
> The country is faced with the prospect of continued high unemployment, unless the Government helps to promote an outlet for idle funds.

And all this after the Government has promoted an outlet for private funds to the extent of spending in 6 years about $48,000,000,000, of which about $20,000,000,000 is borrowed money. In spite of all that spending we have the condition pictured by the writer of the majority report, a condition far below the prosperous condition of the 1920's, and apparently less beneficial even to the consumer and the poor man, as well as to the rich man.

The report even goes back to the old pump-priming theory:

> More than that, these projects will in turn stimulate other investments and other expenditures. The carrying out of the provisions contained in this bill will still further increase the demand for capital on the part of private industry and thus still further increase the aggregate return to both workers and savers.

Mr. President, it is the same old theory. The theory advanced in this bill, the theory behind the bill, the theory behind the lending and spending is that through Government spending we can produce prosperity, we can produce in some way a greater activity, a greater production of goods.

Mr. President, at one time there was perhaps some reason to think that there might be something in that theory. Today I do not see any possibility of thinking so. If we cannot produce prosperity by borrowing and spending $20,000,000,000, how on earth can we do it by borrowing another $200,000,000 or $700,000,000, which we may borrow under this bill during the next year? Even if we were committed to this spending theory, we certainly are doing our best by it in the present state of the Budget for the fiscal year 1940.

The President requested expenditures of $9,200,000,000, with a deficit of $3,300,000,000. So far as I have been able to compute, the actual expenditures which will be incurred during 1940 under the appropriations we have made will be almost $700,000,000 more than the President recommended, without increased revenue. And if the old-age pension legislation goes through it will be considerably more than that. So that we will actualy have a deficit of $4,000,000,000. Even a spender ought to be satisfied with a deficit of $4,000,000,000 if he thinks spending is going to do any good.

I was very much interested in one of the documents presented to the T. N. E. C., prepared by the Securities and Exchange Commission, entitled "Charts and Tables Prepared for and Presented to the T. N. E. C., Beginning May 16, 1939." On the third page from the last they present what they call a double budget for the United States for the fiscal years 1931 to 1938. They rewrite the Budget of the United States for those 7 years into two budgets. One is the operating budget. Even the operating budget has a deficit averaging between one and two billion dollars a year. And then there is the investment budget. The interesting thing about the investment budget is that there is included in it a few so-called self-liquidating works, namely, the T. V. A. and the reclamation projects, which total altogether for the 7 years about $370,000,000.

The big items of Government investments are public highways, Tennessee Valley navigation and flood control, rivers and harbors, flood-control works, public buildings, and grants to public bodies. Even the grants to cities and States which have been made under P. W. A. are counted as investments.

The total is $5,309,000,000. Then a certain percentage of the relief money is added, on the theory that the C. C. C. and the W. P. A. may perhaps have produced some public works. The whole thing is totaled up to approximately $10,000,000,000.

As a matter of fact, those things are not investments. They may be public works; but an investment is something which brings in a return on the money invested in it. So far as the Government is concerned, the things to which I have referred are not investments. It may be that the people receive some benefit from them. The difference between Government investment and private investment is that the taxpayer has to pay the charge on Government investments. Government investments such as highways or public buildings not only do not return any money but they usually cost the Government more to operate them after they have been built than before.

There is also this great difference between public investments and private investments: A private investment not only puts men to work building the plant and putting together the machinery and other things that go into the plant, but after the plant is built it puts thousands and hundreds of thousands of men to work for the rest of their lives. So far as a Government investment is concerned, of course, all it does is to give a few jobs to a few people. The salaries of those employees are paid, not out of the products of the project but out of the pockets of the taxpayers. So as to matter of fact such a project is not an investment. It is spending, and we might as well recognize it. It is something we never can sell. The Government cannot sell its plant. I have seen many efforts to appraise public buildings, and they all mean nothing, because there is no way to sell them. Nobody wants to buy them. They are facilities which we like to have. We all like nice things. We like dams, public parks, and public highways. We want to have them if we can possibly have them. However, they represent spending; and we cannot have them all at once. We cannot have them unless somehow we provide a means for paying for them. Up to date this administration has completely failed to provide the means for paying for such improvements.

If it were possible even to offer bonds which would be surely retired, I do not think the program would be so completely objectionable. In Ohio we have a law that municipalities may borrow for public works, but they must issue bonds which do not extend beyond the life of the improvement, and which are paid off serially out of taxes until the improvement is paid for.

The trouble with the Federal Government is that all the provisions with respect to sinking funds and retirement do not mean anything, and we know they do not mean anything. We go on appropriating and piling up the debt. We cannot establish a system which will be binding on the Federal Government, because we are the Federal Government, and we can change the system at any minute. Municipalities are all subject to State law, and they must go through with their obligations.

So I say the whole theory which came out of the investigation, that such a program is investment and not spending, is an absolutely unsound theory, an absolutely unsound analysis of what investment is. It is merely a cover-up for the spending of public money, money that will have to be paid off out of taxes, just exactly the way current expenses must be paid out of taxes.

The two-budget system has been tried in other countries. It is, and always has been, a prelude to complete, final collapse of Government finances; and if we adopt such a system, we shall travel even faster toward that goal. We could not travel very much faster than we are now going.

It seems extraordinary that the Senate should still rely on the spending-lending policy to bring about prosperity. We have repeatedly seen it brought forward. It was brought forward in three or four of these great projects similar to this spend-lend bill. It was repeatedly brought forward as a panacea for our troubles. It never has worked, and it never will work. Public works as a method of relief have been tried. They were tried in England and completely given up. Hardheaded Englishmen realized that it is not profitable to produce relief by public works. It costs too much. Apparently it costs about twice as much to keep a man on P. W. A. as it does to keep him on W. P. A. The problem cannot be solved in that way. It is too big.

If we should start out to give people all the jobs they ought to have with P. W. A., we should find our expenditures so tremendous that nobody would stand for them. If Government deficits could have produced prosperity and cured unemployment, certainly we should be prosperous today.

The result of all the spending policy is graphically set forth in the majority report, which I read. I pointed out that the country has many millions of unemployed and that in no respect does its condition equal that of the 1920's.

It is often suggested that the prosperity of the 1920's was based upon an unsound foundation which finally resulted in the depression of 1929. Undoubtedly that was so. Undoubtedly there was a credit expansion, and there was an extension of credit to foreign governments which could not go on because it was not sound. We were making loans which were not sound. I agree with the Senator from California [Mr. DOWNEY] that we reached the point where we were saving too much money, and where that money was rushed into hotels, office buildings, and all kinds of buildings which we did not need and with which we have hardly yet caught up. There may have been an unsound basis to that condition; and yet the condition from 1920 to 1930 was prosperous. Certainly its foundation was at least as sound as the foundation today. A prosperity or a semiprosperity built upon $4,000,000,000 a year of Government deficits is just about as unsound a policy as could be pursued. We cannot go on spending that amount of money.

The great disadvantage of the so-called prosperity based on Government deficits is that we have 10,000,000 people unemployed; and in the 1920's, no matter what the foundation of the prosperity was, we had practically no unemployed.

I wish to review the bill and to say something about the amendments which I propose to offer to it.

In the first place, the bill provides $500,000,000 for roads and highway improvements, and authorizes making loans to municipalities for highway improvements.

So far as loans to municipalities are concerned, they can be made today. So far as loans to municipalities are concerned, the municipalities can sell their own bonds in the open market.

In the second place, the bill provides for the maintenance and operation of highway improvements. In the committee we objected very strenuously to the Government's right to maintain and operate improvements, because it seems to me clear that if the Government once starts a system of Federal highways in the United States, it is never going to stop. We cannot build Federal highways in one State unless we are prepared to build them in other States. It cannot be done.

The majority leader now says that he will offer an amendment, or has offered an amendment, providing that the Federal Government may build only bridges and tunnels. I have not the same objection to that amendment, because the whole system of highways cannot be based on the bridges and tunnels. However, we still have in that amendment the right of the Federal Government to buy rights-of-way and build highways, provided it first obtains a contract with the State or municipality to take over the highway and pay for it in 40 years. I think that except for debt limitations, a municipality could sell its bonds to build any such highway. The chief objection I have to the amendment offered by the Senator from Kentucky is that it seems to me to provide for the excess condemnation of land on both sides of the road, which I think was eliminated by the committee in the present bill. I shall offer an amendment to the majority leader's amendment, striking out that feature.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. Surely.

Mr. BARKLEY. The contract which is required as a prerequisite to this activity also must include the agreement to take over the excess property, whatever it is, which has been purchased or taken by the Federal Government, and the improvements.

Mr. TAFT. Yes; but the amendment of the Senator from Kentucky does not change subsection d. If there is a power of excess condemnation given in the amendment which replaces subsection c, subsection d provides that the Federal Government shall have power.

> To expend moneys for the purpose for which any real property has been purchased, or possession thereof has been taken during the course of condemnation proceedings and in advance of final judgment thereon, in demolishing existing structures thereon, in improving such real property in any way authorized by this act, or in constructing any highway improvement thereon, notwithstanding the provisions of section 355 of the Revised Statutes.

It seems to me that if we provide for excess condemnation, or the right to acquire land which is not needed for the highway, but which is adjacent to the highway, as is provided in the amendment offered by the Senator from Kentucky, we then confer upon the United States Government the right to improve the property, building apartment houses, garages, or anything else it chooses. I do not think the Government ought to go into that business.

When the bill was first presented to the committee it contained, to my mind, extensive powers to the Government to go into almost any business and build almost any kind of a project. The committee has done an excellent job in cutting down those powers. The only place where the power seems to me to be still grossly excessive is in the highway section, in connection with the power of excess condemnation.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. TAFT. Surely.

Mr. WHITE. I do not know whether or not the Senator has discussed the question; but section 6, giving the consent of Congress to the construction of bridges over navigable streams, interests me. The section provides that the consent of Congress "shall be deemed to have been obtained and affirmatively authorized by virtue of this act."

Always heretofore when a bridge has been constructed across a navigable stream, the consent of Congress has been required in each specific instance, and the bridges have had to be built in conformity with plans and specifications subject to the approval of the engineers of the War Department. Apparently we are now to do away with the requirement as to specific consent and give blanket consent running for all time in the future.

What I particularly want to know is whether the authority of the Board of Engineers of the War Department is done away with under this provision, or whether it continues; and whether, if it does continue, it is exclusive in the War Department, or whether it is a joint authority with respect to plans and specifications.

Mr. TAFT. I do not think I have read the act. The act referred to, an act to regulate the construction of bridges over navigable waters, provides that bridges over navigable waters within the boundaries of a State may be built, upon approval by the Secretary of War, without the consent of Congress. I think his right of veto is absolute. The effect of this provision is to extend the act to regulate the construction of bridges over intrastate navigable waters to interstate navigable waters; and if the bill is passed, as I understand—the Senator from Kentucky [Mr. BARKLEY] can correct me if I am mistaken—bridges over interstate waters, such as the Ohio and the Mississippi Rivers, may be built without further consent of Congress, upon the approval of the Secretary of War; but he has an absolute veto, I think, on such construction. Is that correct?

Mr. BARKLEY. The Senator is correct. The Senator from Ohio and the Senator from Maine will recall that in 1899 Congress made an effort to get away from the more or less routine passage of bridge bills by providing, as the Senator from Ohio has said, that bridges over navigable streams within a State which do not form boundaries between States may be built without a special act of Congress, subject to the approval and veto of the Secretary of War through the Chief of Engineers. This provision carries that law into the construction of bridges across navigable streams which are boundaries between States; and I will frankly say that it is very largely designed to bring about speed and promptness in the construction of bridges which are parts of highway systems.

As the Senator knows, the passage of bridge bills through Congress is largely a routine matter. I have felt for years that Congress ought to enact a general bridge law under which, subject to the approval of the Chief of Engineers and the Secretary of War, bridges might be built, because the interest of Congress and the Federal Government very largely is in protecting the navigation of rivers from obstruction, and this bill does that with respect to these bridges.

Mr. WHITE. This bill, then, revolutionizes a century-old practice with respect to these interstate bridges?

Mr. BARKLEY. It joins the act of 1899, which was the first revolution in a practice that had existed for a century or so. This bill takes in a different type of stream, because it happens to be a boundary between States. I will say to the Senator that Mr. MacDonald stated that there are some projects which are ready to go ahead under this program, particularly out in Iowa, where there are two or three bridges ready for construction which otherwise would have to wait until Congress could meet again next year and pass a law authorizing the State highway departments of Illinois and Iowa to construct the bridges over the river.

I think the interests of the Government from the standpoint of navigation are adequately protected by giving the Secretary of War veto power over the construction of bridges, which means, of course, as a matter of fact, the Chief of Engineers.

Mr. WHITE. Does the Secretary of War retain, with respect to any of these bridges, power to determine the specifications, the clearance above the water, and all that?

Mr. BARKLEY. Yes; he does.

Mr. WHITE. And that is not an authority which is in the Bureau of Public Roads?

Mr. BARKLEY. No. It is still subject to the requirements of the Secretary of War; and, of course, his duty is to see to it that a structure is erected which will not interfere with navigation.

Mr. TAFT. As to the use of this money for highways, Mr. MacDonald, as I remember his testimony, testified that he had about 17 projects which might cost $100,000,000 on a toll basis. I think, however, it is very interesting to refer to Mr. MacDonald's report on toll highways to show how impractical the idea is, except in the most restricted districts.

Mr. MacDonald was required by the Highway Act of last year to make a report on the feasibility of a system of transcontinental toll roads. The report is printed as House Document No. 272. His final conclusion on toll roads and free roads, after analyzing the number of persons who could be expected to go on those roads, estimating a possible toll of 1 cent per mile—and a toll of 1 cent per mile, incidentally, would discourage many persons from traveling on toll roads as against the other roads—was that even at that rate there was no possibility of a toll road being actually self-supporting. I am sorry I cannot find the place in his report to which I refer; but the conclusion is that after 40 years a system of transcontinental highways would be only 40-percent self-liquidating. Any toll road which is really self-liquidating could be financed, of course, by the R. F. C.; so the pending bill is not particularly necessary from that standpoint. In fact, the R. F. C. has financed some toll roads. It financed a toll road in Pennsylvania from Pittsburgh to Harrisburg, and Mr. Jones testified that in his opinion that loan would be self-liquidating; but the only reason why it is self-liquidating, if it is—which I somewhat doubt—is that there was first a 45-percent grant, so the loan had to be self-liquidating for only 55 percent of the total amount.

I do not see anything that could not be done by the R. F. C., so far as loans for highways are concerned, except the provision of the bill which permits the Federal Government to buy rights-of-way and lease those rights-of-way to the States under the amendment of the Senator from Kentucky.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Pennsylvania.

Mr. DAVIS. The Senator has mentioned the road from Irwin, Pa., to Harrisburg. The bonds for the construction of that road and the construction of the new all-year-round highway were sold, I think, for between 92 and 93 cents on the dollar. There was a discount on them, and the bonds had a reasonable rate of interest.

Mr. TAFT. Are those the bonds which the R. F. C. bought?

Mr. DAVIS. They are; and the R. F. C. disposed of them, as I understand.

Mr. TAFT. I am obliged to the Senator.

Mr. DANAHER. Mr. President, will the Senator further yield at that point?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. TAFT. Certainly.

Mr. DANAHER. Mr. Jones testified that his Corporation was carrying 58 percent of the cost of that particular project. Let that fact be noted.

Mr. DAVIS. The project itself is receiving the usual grant from the Government.

Mr. TAFT. It is a 45-percent grant on the P. W. A. basis.

Mr. DAVIS. And the total cost of it is being advanced by the Government. Between the grant and the Reconstruction Finance Corporation taking the bonds, the entire amount is furnished by the Government.

Mr. TAFT. I am obliged to the Senator for that information.

There was a question earlier in the day as to whether the R. F. C. had the money to make these various improvements when they are sound. Of course, if they are not sound, the R. F. C. will not make them. My contention is that the main reason for the pending bill is to permit a series of unsound loans which do not have to be passed by the Federal Loan Administrator, Mr. Jones.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. Yes; I am delighted to yield.

Mr. BARKLEY. The Federal Loan Administrator, of course, is the Administrator of all these lending agencies, including the Reconstruction Finance Corporation, of which he has been the head, but of which he is not now the immediate head, because he could not hold both the position of Chairman of the Reconstruction Finance Corporation and the position of Federal Loan Administrator. But the Reconstruction Finance Corporation, which is under the general jurisdiction of the Administrator of the Federal Loan Administration, will have to pass upon these projects, in a way, by determining whether it will issue its bonds; and unless it thinks they are feasible and sound it is not required to, and no doubt will not, issue its bonds in order to provide the money for them.

Mr. TAFT. Why does the Senator say "no doubt"?

Mr. BARKLEY. Because I think the new Administrator of the Reconstruction Finance Corporation is just as meticulous and careful as Mr. Jones has been regarding the method in which the Reconstruction Finance Corporation carries on its operations.

Mr. TAFT. But under this bill the Reconstruction Finance Corporation will loan only to railroads. They have nothing to say about loans for roads. Those are determined by the Federal Loan Administrator. They have nothing to say about the P. W. A. That is determined by Mr. Carmody, who is a free spender.

Mr. BARKLEY. They have veto power over the issue of bonds necessary to get the money for any of these agencies to expend for the purposes set out in the bill.

Mr. TAFT. Yes; but they do not veto every project. The natural thing will be to turn over $100,000,000 at a time, and then let the Administration go ahead and do it. That is the way it would actually be done.

Mr. BARKLEY. They will not issue bonds in order to obtain the money for every separate project; but, presumably, a number of projects aggregating an amount, we will say, of $100,000,000 will be brought before the Reconstruction Finance Corporation, with the request that they provide the money necessary to carry them out; and in determining whether or not they shall do that, of course, the Reconstruction Finance Corporation will have the right, and it will be their duty, to investigate the feasibility and soundness of each one of the projects separately in order to determine whether to issue the bonds for the whole amount or for any part of it.

Mr. TAFT. I am advised by those who have studied the reorganization plan that Mr. Jones really has no authority whatever any more—that he has, so to speak, been boosted upstairs to a position where he may coordinate, and do everything but control. Certainly under this bill the R. F. C., the P. W. A. Administrator, the Federal Road Administrator, and the Secretary of Agriculture may do exactly as they please, regardless of what Mr. Jones may think or may say. For that reason, incidentally, I am going later to offer an amendment providing that the Federal Loan Administrator shall pass on the self-liquidating character of all of these loans, except the farm loans, which are so numerous and of such small amounts that I do not think he should have to do it.

As to the question of what is available under the present R. F. C. lending power, I call attention to page 215 of the hearings, in which we cross-examined Mr. Jones as to what he had, and he stated that he had about $1,400,000,000 of additional lending power. He further stated that during the past 6 months he had not had to pay out any more than he took in, and that, so far as he could see, his receipts during the next 6 months were going to be as large as the loans which he would have to make, so that he had $1,400,000,000 with no immediate requirement for any part of it in sight.

We asked Mr. Jones the question as to how much he had. He said:

> I have no way of knowing how fast these other agencies will spend the money—like the agricultural agency, for farms, and like the Rural Electrification.
>
> Senator TOBEY. Of course, Rural Electrification is going to spend $500,000,000.
>
> Senator TAFT. Secretary Morgenthau said he expected they would spend $770,000,000 in the next few months, and you have $1,250,000,000 available.
>
> Senator BARKLEY——

Trying to protect the matter:

> Senator BARKLEY. How close have you ever come to having your loans absorb your entire capital?
>
> Mr. JONES. Not very close.
>
> Senator BARKLEY. Is the present condition an average condition or above or below?
>
> Mr. JONES. I do not think we have ever been without at least a billion dollars of available credit.
>
> Senator BYRNES. Why haven't you?

He does not come back and say, "We think we should always have that reserve." What he says is:

Because you have given us a pretty liberal allowance.
Senator BYRNES. Is it necessary or not?
Senator TOWNSEND. You took care of all the obligations that you thought were good, didn't you?
Mr. JONES. Oh, yes.
Senator TOWNSEND. Yes.
Mr. JONES. I think we could carry a substantial amount of the requirements under this bill, under the present borrowing authority of the R. F. C.

When you are talking about a two and a half billion dollar bill it certainly means something like a billion dollars.

Senator TOWNSEND. Then you do not want this bill?
Mr. JONES. I did not say that. I have said that I favor the bill.
Senator TOBEY. Can you carry $770,000,000 next year?
Mr. JONES. I expect we could carry $770,000,000 in the next 12 months—certainly until you come back. But we are not authorized to do most of the things contemplated by the proposed bill.

Of course, it is true that they are not authorized to lend the R. E. A. today, nor are they authorized to make these farm loans which fall in a somewhat different category, but so far as self-liquidating loans are concerned, as far as the P. W. A. loans to municipalities are concerned, and as far as equipment trusts and loans to railroads are concerned, the R. F. C. can make all of them, and the total amount of those three items is not more than the present reserves of the R. F. C.

I wish to raise one question about the equipment-trust provision. It authorizes the corporation—

Through public bidding or private negotiations to make contracts for, or to aid in financing by loan, lease, or otherwise, the purchase or construction of railroad equipment by a carrier or to be acquired by a carrier or carriers under contract and of such type and design as may, with the approval of the Corporation, be specified by the carrier—

And so forth. Originally this section authorized the Government to build equipment as it chose. It provided that the Government could contract for equipment, could build railroad cars and passenger trains and freight trains, and then, after it built them, could lease them to some railroad if it saw fit to do so. That was objected to very strenuously by the railroads themselves. They said they would rather have nothing than to have that. It was not supported by any considerable evidence of any kind, and finally it was removed. But I still am not clear whether under this provision the Government may not contract for the purchase of equipment without having a binding contract with any railroad to take the equipment off its hands, and certainly it should not, to my mind, have the power to build equipment until it has a contract from some railroad that it will buy it or lease it and finally pay for it.

Incidentally, I do not think it is clear that they must necessarily get the whole amount back. I therefore offered another amendment dealing with this subject, which I think carries out what ought to be the purpose of the bill.

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER (Mr. GURNEY in the chair). Does the Senator from Ohio yield to the Senator from Florida?

Mr. TAFT. I yield.

Mr. PEPPER. I have not been present during all of the remarks of the Senator from Ohio, and I have not the advantage of knowing whether his objection goes to particular portions of the bill, some technical or general objection, or whether he is against the whole bill on general principles.

Mr. TAFT. Mr. President, I have spent most of my time in explaining that I think the whole lending and spending theory is completely unsound and would lead to destruction and would be completely useless in restoring prosperity. That was my main point. But in the committee we discussed for some time the provisions of the bill, and if the bill is to pass, I should like to have it in as good shape as possible.

Mr. PEPPER. I wanted to ask the Senator whether he had not thought that the lending agencies of this Government have shown rather good results in their activities, for example, the P. W. A., in the bonds it has accepted as the result of the lending it has done to various public bodies, and the lending activities of the R. F. C. and other agencies.

Mr. TAFT. As to the P. W. A., I stated that I thought that as to the loans which could be made under this measure to P. W. A., I would certainly have no objection. I merely pointed out that the R. F. C. could make them today, and there is not the slightest necessity for this measure, so far as those loans are concerned.

Municipal bonds in this country are perfectly good. They always have been. They can largely be sold to the public with hardly any Government interference at any time, but if there is any difficulty in selling to the public, the R. F. C. can buy them.

Mr. PEPPER. I have made the rather interesting observation that when we had before us the P. W. A. bill, it was objected to by someone because he thought that perhaps the Government was getting into activities into which it was not proper for it to enter, that it involved the Government creating work and the like, and one would have thought, "This objector is just against the W. P. A., but I am sure he will probably be in favor of the P. W. A." A little later there would be a proposal to provide some money for the P. W. A., and we would find the same man had some objection to that, and he would vote against it. Then there would come along a measure for the Federal Housing Administration, and one would think, "I am sure he is in favor of the Federal Housing Administration. He was just not in favor of the W. P. A. and the P. W. A."

Mr. TAFT. I do not quite follow the Senator's argument.

Mr. PEPPER. The Senator will, as soon as I finish the question. Then I have found that the same one who voted against the W. P. A. and the P. W. A. also voted against the F. H. A. and also voted against the United States Housing Administration appropriation, and eventually we would get around to a lending program, which does not involve an appropriation, but involves a policy of lending to specific categories of self-liquidating projects. The interesting thing is that the same one who voted against the W. P. A. and the P. W. A. and the F. H. A. and the United States Housing Administration is also against the lending program. So I just wondered whether it was the particular details of the lending bill to which the Senator objected, or if it was the fundamental principle that actuated the objection.

Mr. TAFT. As I understand, the Senator's argument is that if one is against one New Deal extravagant theory he must necessarily be for some other one. The Senator has not advanced any inconsistency in my position in regard to the various different New Deal projects, so far as I can see.

Mr. PEPPER. What I meant to say was that it is an interesting observation that those who endeavor to impede one portion of the New Deal projects are general obstructionists.

Mr. TAFT. If the Senator is referring to me, I am in favor of the W. P. A., but I think the States ought to run it instead of the Federal Government. I am strongly in favor of relief. I voted for the conference report. The only reason why I did not vote for the bill was that the Senate added $80,000,000, which I did not think ought to be added that night when we sat here and dished money out so freely.

So far as the housing bill was concerned, I tried to cut it down $400,000,000, and to have a committee appointed to take care of the matter next year, but rather than vote against it, when it came up for passage, I voted for it. I do not know to whom the Senator is referring. I do not think he is referring to me, or to the Senator from Maine [Mr. WHITE], or the Senator from Pennsylvania [Mr. DAVIS].

Mr. PEPPER. I think the RECORD speaks so eloquently that I would not want to take the time of the Senator from Ohio to inform him.

Mr. TAFT. I desire to discuss the interest provision of the bill, which in one way is one of the most important things in it, and which I think is probably the real purpose of the bill, to a considerable extent.

The provision is as follows:

SEC. 13. The Department of Agriculture, the Pubic Roads Administration, the Public Works Administration, the Rural Electrification Administration, and the Corporation shall exercise

their powers under this act so as to reasonably assure recovery of any expenditure under this act, with interest (to be fixed by the department, administration, or corporation concerned, with the approval of the Secretary of the Treasury, within 10 days after the enactment of this act and on the first day of each calendar quarter thereafter), at a rate or rates which may reasonably be expected to reimburse the Corporation for the cost to it of the capital required for any expenditure under this act, but not to exceed the highest yield to maturity on the longest term outstanding issue of obligations of the United States, direct or indirect.

When Mr. Jones was before the committee he testified that in his opinion the last part should be cut out, that the only provision regarding interest, that it should be at a rate or rates which could reasonably be expected to reimburse the Corporation for the costs to it of the capital required.

The purpose of the bill really seems to be to enable the Government to lend people money at somewhere between 1 and 2½ percent. Thus, the railroads are to get the money at 1 percent, and if they take it for a short enough time it is perfectly easy to arrange that. I saw that a 5-year Government bond was sold recently at five-eighths of 1 percent, so that it would be possible to lend to a railroad for 5 years, if it could take the chance of renewal if it got the money at five-eighths of 1 percent.

The railroads today can borrow at 1½ percent or 1¾ percent. They would like to have the money at a low rate, but I do not see the slightest reason why this Government should lend the railroads money at some figure between 1 and 2 percent which they can easily get for between 2 and 3 percent. I do not see why we should subsidize the railroads to that extent. This is a field where they can finance themselves. If we are to try to help them, we might help them sell stocks or bonds, but so far as equipment trusts are concerned, they can sell equipment trusts.

So far as the municipalities are concerned, they can also borrow money at very low rates of interest. I do not see any object in the United States stepping in in order to see that they get it at still lower rates of interest. The city of Cincinnati is borrowing money today at less than 2 percent on its general bonds, and many other municipalities are in the same fortunate condition, largely, perhaps, because of the tax-exempt feature of municipal bonds. I see no particular reason why we should subsidize these municipalities at a rate of interest far below what they would normally pay in the normal market.

The Government is going into the lending business in such a way as to interfere with the lending powers of the banks and of a great many private people who have been in the lending business for a long time. The President said that this was not to be competitive, but the truth is that it is not possible to have the Government going into the lending business without competing with existing enterprise. Many investors, if the roads are willing to sell their bonds at 2½ percent, may feel that that is sufficient inducement to them to buy the equipment trusts, but the Government steps in and takes the whole thing at 1 percent, and at the same time the Government is paying 3 percent to the holders of baby bonds, and has built up the sale of baby bonds to $400,000,000 a year, because they are paying 3 percent, and they do not let the savings bank pay anything. The savings bank cannot pay anything anyway, if their money is to be invested in Government bonds, and they are to get only a very low rate of interest.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. I think the Senator will agree that there are many roads in this country whose financial situation is not such that they can obtain from private sources the loans necessary to enable them to carry forward a program of this kind.

Mr. TAFT. I do not admit that, because the testimony showed that, for instance, the Denver & Rio Grande, which is in bankruptcy, had borrowed within the last 3 months at 2¾ percent. It was, I think, only a 10-year loan, and about a 20-percent down payment was provided, but the R. F. C. can lend them the down payment, and no doubt if they had that loan they could get a long term on the equipment trusts.

Mr. BARKLEY. Of course, if the Senator's position against the Government going into the field of lending money had been adhered to during the last few years, the Government would not have loaned money to anybody, including home owners, farm owners, to industry, or to anybody else, because any lending agency set up by the Government naturally competes with some private lending agency, if we are to accept the theory that the private lending agencies are willing and able to supply the credit. The Senator from Ohio would not contend, would he, that Congress should never have entered this field by the creation of the Home Owners' Loan Corporation, or the Federal Housing Administration, or the Farm Credit Administration, or through the loans made by the Reconstruction Finance Corporation to business, and at rates of interest which ranged probably from 3 to 4 percent, in some cases even higher?

Mr. TAFT. I think we would be just as well off if no loans had been made to business after the first crisis.

I think the reasons for the loans on homes and farms are social reasons. We have adopted a policy of assisting people who are not able to help themselves. I think that is a wise policy. We do it by way of loans. The H. O. L. C. was not undertaken as a loan business to put out money. It was undertaken to save people's homes, and to that extent I think it was completely justified.

Mr. President, according to the theory advanced by Mr. Currie and other gentlemen, savings in the United States today are grossly excessive. I do not admit that our savings are grossly excessive. I have not been able to find any figures or any real analyses to show that there has been any tremendous increase of savings over what we should save if we were properly investing in industry. The only figures I have seen are individual estimates that there were something like $3,000,000,000 in savings in the year 1937. That certainly is a very small sum. During the 1920's we were investing from $10,000,000,000 to $15,000,000,000 a year in permanent improvements. It does not seem to me that at present our savings are excessive. The only reason that savings have piled up is that the money has not been invested. Today there are undoubtedly greatly excessive deposits, but it is not at all clear that those deposits are created by savings. A very considerable amount of those deposits are created by bank credit. A very considerable amount of those deposits and excess bank reserves have resulted by reason of the importation of gold and silver from abroad.

Mr. DOWNEY. Mr. President——

The PRESIDING OFFICER (Mr. GURNEY in the chair). Does the Senator from Ohio yield to the Senator from California?

Mr. TAFT. I yield.

Mr. DOWNEY. I suppose the Senator will admit that the money that is now being borrowed by the Federal Government, about $350,000,000 a month, is a utilization of savings that otherwise would be excess savings?

Mr. TAFT. I would put it in this way, that, as a matter of fact, there are practically no net savings, because the people who have saved $3,000,000,000 a year are balanced by a Government that is spending $3,000,000,000 in excess of its revenue. So there are not any net savings in the United States today at all. To put it in another way: Such savings as there are, from the standpoint of the people who save the money, have been loaned to the Government to pay deficits of the Government, and have gone right out in consumption through Government channels. So I should say that there have not been any excess savings. I say there are excessive deposits, and the whole theory is that in some way we ought to get those excess deposits into active industry again, even if we have to loan them out at 1 percent.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BARKLEY. The use of the $3,000,000,000 taken by the Government from savings has put that amount of money to work. If those savings had been loaned privately to

business activities, it would have produced a tremendous amount of business activity throughout our country.

Mr. TAFT. If I were to save a thousand dollars during the year, and then wasted it in the next year, I would be putting that money into circulation; true enough, but it would not go into any permanent investment that would put men to work.

Mr. BARKLEY. The wasting of $1,000 by the Senator from Ohio in going on some spree merely in order to spend the money is quite a different proposition from the Government of the United States spending its money for the purposes which have characterized the expenditures which have been made under the program heretofore adopted.

Mr. TAFT. I do not admit the proposition of the Senator from Kentucky.

Mr. BARKLEY. Will the Senator not admit that?

Mr. TAFT. The Government has been on the same kind of a spree which the Senator from Kentucky pictured the Senator from Ohio as having been on.

Mr. BARKLEY. No; I could hardly picture the Senator from Ohio on a spree such as that which he described. I could not believe such a thing to be possible, because I do not think he is the "spreeing" type. Nevertheless, the Senator would not contend that the expenditure of this money for highways and for schoolhouses and for waterworks and for sewer systems and for numerous other types of construction, which has given work to millions, can in any way be compared to throwing away $1,000 or any other amount simply for the sake of expending it.

Mr. TAFT. Of the total deposits of about $4,000,000,000, so far as I can discover, about $1,000,000,000 really goes into permanent public works; the balance of the $3,000,000,000 is thrown away on current operations of the Government and various kinds of expenditures. Of course, I do not mean to criticize the particular purposes for which the money is spent. But the total amount is very equivalent to a spree.

That brings me to the point that, after all, the purpose of this bill as set forth by the Senator from Kentucky in his report and speech is to put people to work; to put this money into productive enterprise. I say this proposed legislation does not put it into productive exterprise. It puts it into many things that are nice to have—fine bridges, useful tunnels, good roads—but it does not put it into anything that is going to give anybody any jobs except as the actual construction work is carried on. What we need for this country, if we are ever going to put 10,000,000 people to work, is the restoration of private industry, the building of new factories, the extension of old factories, the fabrication of new products. When money is invested for such purposes it not only puts to work the men who actually build the plants, but it puts to work a great many more men for many years to come. The policy of the Government is what has discouraged private citizens from going into business.

Recently I traveled all over Ohio and I found that more people are going out of business than are going into business. It is impossible to persuade a man that he ought to risk his time and money in opening a store, in establishing a machine shop, or any other kind of a shop; it is impossible to persuade him that he ought to risk his money, because he feels that he has not a chance for his "white alley." He feels the handicap of Government regulations and Government interference. He bitterly complains that every month he has to make out as many as 20 reports—Federal, State, and local. He cannot hire a bookkeeper because he cannot afford the expense; and so he spends his nights trying to make out those reports. It is impossible to persuade people that they ought to take a risk of that kind.

All the money in this bill is loan money. We have enough debts today so far as that is concerned. Business can borrow the money it is entitled to borrow. The difficulty is we cannot get people to put their money into such risks, and to provide capital by putting it into common stock, into new enterprises, either small or great. But that was the way this whole country was built up, by little people in small country towns, establishing machine shops, employing 2 men, then employing 10 men, and then a hundred men. That is why we had millions more people employed in 1930 than we had in 1900 or 1800 for that matter, because private enterprise moves constantly ahead. Today it has stopped. The only reason it has stopped is because of Government regulation, Government interference, and Government competition. Its success is not going to be based today on the energy, the genius of the man who starts the business as it once was. It is going to depend on some official in Washington who decides whether he shall run his business this way or some other way that the bureaucrats think he should run it. It seems to me that it is this threat of Government interference and regulation and taxation which has actually stopped the flow of funds into private industry.

It is said this is a new day; that we have come to a point where we are really in a new world. I do not believe it.

Mr. BARKLEY. Mr. President, the Senator, I suppose, has in his mind the Hours and Wages Act which Congress has passed, the collective-bargaining law, the National Labor Relations Act which Congress has passed, which, of course, does require business enterprises to keep some records with respect to their operations. I suppose the Senator has in his mind the Social Security Act, under which contributions are made by business and by employees to create a fund to give some security against unemployment. Does the Senator mean that he would be in favor of repealing those laws so that big business would not have to keep various sets of bocks and a record of its operations in order to comply with the law?

Mr. TAFT. Answering the questions seriatim, I would say that the National Labor Relations Act is all right, but it has been administered in such a hostile spirit to business and so unfairly that it has provided a real impediment to the development of business.

Mr. BARKLEY. If that be true——

Mr. TAFT. Wait until I complete my answer to the Senator's question. I do not think the wage and hour law has affected business to any extent as yet. I think it may do so when the 40-cent level is finally reached. I do not think it has today.

I have never approved the elaborate system of reports under the Social Security Act. I do not approve of the payroll tax. I would rather get rid of that and get rid of the tremendous volume of bookkeeping in the vast caravansary over in Baltimore and the millions of records kept there. I do not think that is a sound way to do it. I think the laws referred to may be all right in principle, but I say the way they have been administered has hampered business just as much as it was possible to hamper it. That people are not willing to go into business because of Government interference and Government regulations which are burdensome is the predominant fact in this country today, and is the reason why we cannot put people back to work or restore employment.

Mr. BARKLEY. Of course, if there have been failures or inefficiencies in the regulation of the National Labor Relations Act, which was intended to give the right of collective bargaining to laboring people, that can be corrected either by administrative reforms carried out within the authority, which I think has to some extent been done—whether to the extent that would satisfy the Senator from Ohio I do not know.

Mr. TAFT. No; I have a complete distrust of the National Labor Relations Board. I think its administration of the law is the grossest perversion of justice that the United States has ever seen. Anyone who will analyze the evidence given before the Committee on Education and Labor, relating to that act, will, I think, agree with my position.

Mr. BARKLEY. I am not on that committee. That committee is now considering the question of amendments. It has held exhaustive hearings and the hearings are still in progress.

Mr. TAFT. Yes; we are not considering amendments yet.

Mr. BARKLEY. The committee is considering them in the sense that they are listening to people talk about them.

Mr. TAFT. Yes; but we have not as yet taken the amendments up for consideration.

Mr. BARKLEY. Whatever is done I hope will result in an improvement.

Mr. TAFT. I think a few amendments will meet all of the most serious objections to the act; and I would say that if the act had been administered fairly by men who wanted to be impartial, I do not think there would have been any demand for amendments in the act today.

Mr. BARKLEY. That is also a question of opinion. But the Senator is not willing to say that any of the laws that have been enacted by Congress, such as the N. L. R. B. Act, the Wage and Hour Act, the new Social Security Act, should be abolished. He just complains about they way they have been administered?

Mr. TAFT. That is correct. The administrators have been so interested in their particular field that they have completely ignored any effort whatever to fit the purposes of the law into the existing economic system in the United States and try to make that system work.

Mr. President, in closing, I return to the original proposition. This bill is an omnibus spending-lending bill. Lending is exactly as bad as spending, except to the extent that the lending is for completely sound projects, to which extent the R. F. C. can do it and has plenty of money to do it with. Therefore, it seems to me that so far as the R. E. A. and the farm loans are concerned, it is simply an increase in appropriation, and that shows what the bill is. For years we have been appropriating $40,000,000 for the R. E. A. Now all of a sudden we propose to say, "We do not want to appropriate any more. We do not have to. We will let them borrow $500,000,000 and spend it all right away." The Appropriations Committee is simply by-passed. The same thing may be said of the farm loans. After a bitter fight we added $20,000,000 to the farm-loan measure, raising it from $123,000,000 to $143,000,000, and now we have taken the limit off and given $600,000,000, which can be spent as quickly as they can get the money. The bill simply bypasses the appropriation, which I think is the most important single feature in government.

So, I hope very strongly that this bill will be defeated. It is not so bad as it was when it came into the Senate. The one who drew the bill let himself go high, wide, and handsome in conferring every power in the world, but it still is based on the erroneous theory that the spending of Government money will produce prosperity, and if any country has reason to know that that theory is utterly and completely unsound, the United States today is that country.

Mr. BARBOUR. Mr. President, this bill, to my mind, is a great mistake from beginning to end. It should be characterized as the "wasting bill of 1939" and not the spending bill or the lending bill or whatever it is now called. It is a bill to slip another ace into the deck of the New Deal prior to being "called" in 1940. It comes to us with the admission by Chairman Jesse Jones, of the Federal Loan Agency—which, in part, under the President's reorganization plan, functions in the field covered by this measure—that he now possesses the necessary authority and has access to the necessary appropriations to enable the Federal Government to carry out all the essential purposes of the bill we are now asked to pass at least for the next year. I cannot understand how Congress, unless animated by political considerations which may have inspired the measure, can seriously consider legislation which is so unjustified on its face as I believe this bill to be, especially in the light of all the other activities the Government has already created. If not conceived in politics, it is certainly born in haste, and we are now asked to officiate at the christening of this "shotgun" offspring.

We all know that the President is quite naturally motivated in much of his thinking at the present time by the approach of the 1940 election. I do not blame him for that. I am not in the President's confidence, and do not know whether or not he intends to run for a third term; nor do I know anyone who enjoys his confidence to the extent that he can answer that question definitely one way or the other. I question if Mr. Farley knows, even now. But even if the President does not intend to do so, he certainly wants to choose his successor and continue his philosophies of government. But be that as it may, the revolt against the New Deal policies, and particularly against its spending policy, is growing in volume, intensity, and geographical extent. There is so much evidence in support of this statement that it is hardly necessary to specify. But even despite this growing feeling, the country is now confronted with this new drain on the resources of the Nation for bureaucratic spending.

The results of the purge campaigns of 1938 testify eloquently to public disapproval, not only of the New Deal fiscal policies but of the President's purpose to retire from public life those Members of this body who were independent enough and courageous enough to voice their own convictions and at the same time express the sentiment of their constituents by their votes on New Deal legislation. Since the 1938 elections the various polls which have been taken, the results of local elections, and the attitude of Members of Congress generally, all tend to confirm the statement that the spending policy has raised increasing alarm in the minds of the American people. I venture to say that were it not for the pressure exerted by the White House on Members of Congress, and the temptation to swallow the bait of local spending, which is always dangled before the eyes of legislators when spending bills are before Congress, this latest spending measure would not have a ghost of a chance of passage. An unfortunate sense of benevolence with other people's money, and a willingness to subordinate common sense and the lessons of experience to mere promises, and false hopes of recovery, are of course, further factors in favor of the bill's passage. I do not know whether it will pass or not, but I do know that it cannot be justified in common sense or economics, and that if passed by Congress and signed by the President, it will prove a crushing blow to the country. It will definitely retard recovery, accelerate the Nation's progress on the road to uncontrolled inflation, weaken the national defense, and mark another step in the effort of the New Deal to grab the country regardless of the cost to the taxpayers.

There are so many similarities between the technique of this new move and that of recent European processes that there is a temptation to draw a parallel. I refrain from doing so at this time for the double reason that I do not think it would be in the interest of the country to do so, and I am sure also that Senators are familiar with their history, both ancient and modern.

The same public opinion which repudiated the policies of President Wilson in 1920, and of President Hoover in 1932, and which in the latter year and again in 1936 placed the reins in the hands of President Roosevelt, will not accept this latest undertaking of the administration; so even politically it is a mistake as well as economically unwise. I say this not in any partisan sense, but out of a sincere conviction that the people of the United States are becoming alarmed and concerned over the fiscal policy of this administration. I think this is evident in developments in both political parties, and in the tendency of Members of both parties in Congress to stand together in opposition to the policies of the New Deal, as embodied particularly in the proposal now before us. Just as Republicans supported President Wilson in his war program of 1917 and 1918, and again, for the most part, voted to give President Roosevelt everything he asked to meet the emergency of 1933, so Democrats are now joining with Republicans to prevent the inevitable results of this kind of legislation. Since we do live in a democracy, in spite of any efforts to change the system of free government and private initiative under which we live, I believe the collective wisdom of the American people will approve the course of Members of both parties who at present are working together to preserve the fundamentals of the American system, and check those practices of Government which seem likely to undermine them and carry them further on the road to national disaster.

In defining my position I do not mean to imply that I think everything President Roosevelt has done or attempted

to do is wrong. Far from it. I have supported a great many of his proposals. But I do condemn this bill as unreasonable and unjustified. I consider it in conflict with American traditions and definitely dangerous to our future and our hope of recovery in the future. This bill will not succeed in bringing about recovery. It will only put us further in debt and interfere further with private initiative.

This measure is simply another effort to pull ourselves up by our boot straps, to spend more and borrow more, and even mortgage our national credit now and in the future.

No one can properly criticize the policy of governmental spending on soundly conceived public projects to take up the slack of unemployment in periods of depression. This conception did not originate with the New Deal. We find it expressed in the policies of ancient nations as well as modern ones; and it has found expression likewise in the reconstruction programs of the countries of modern Europe as well as of the United States since the World War. In our own country it antedates the election of President Roosevelt by at least 10 years. We all remember, perhaps, President Roosevelt's comment on the size of the Department of Commerce building, and his own criticism of the Hoover spending policy. Perhaps there is political capital to be made by condemning all or most of the policies of one's opponent. In this case it is not the principle of public spending for worthy ends which is to be condemned, but first the extreme to which it has been carried, and second, the political implications of the spending program confined to national bureaucratic control in disregard of States' rights.

Similarly, public opinion does not denounce the New Deal for clothing and feeding the Nation's unfortunates in their hour of distress, but it does increasingly condemn the efforts of the New Deal to turn this mission of mercy into wasteful channels. The time has come when we must conserve our resources. The time has come when we must protect the credit of the country. The time has come when we must put an end to new spending undertakings, and perfect and improve the old ones.

As a byproduct of the spending program, I think most Americans look apprehensively also on the tremendous growth of political pay rolls of the United States out of all proportion to their value in terms of their cost to the people of this country, tending constantly toward the development of a permanent topheavy bureaucracy of the sort which has hastened the downfall of other civilizations of the past. The enactment of this legislation would further accelerate this tendency.

To be perfectly fair, in discussing the expenditure of some twenty billion dollars of public funds for recovery and relief since 1933, we must recognize that we have made a start on a sound social-security system, and have constructed many worth-while projects, although not all of them were immediately necessary. We have committed ourselves to a housing program which on the whole is economically and socially sound, and within reason should make America a better place in which to live. These gains will not be lost. I do not want us to go backward. All I want is for this country to continue to go forward. But, in my opinion, we can only go forward under a sound and responsible program which as its first obligation will face the necessity of putting the national finances in order, not further putting them in disorder. This means that we must put a halt to all public spending which is not absolutely necessary, and move away from deficit spending and toward a balanced Budget. The joyride of the last 8 years must be paid for eventually in one way or another; and we shall suffer less if we end it now, while the car is still under control, than if we continue to bear down on the gas and end in a smash-up. We have a chance right now, if we choose to accept it, to make a start in the right direction by defeating this bill. I believe it is our duty to do it, and that it is not only sound statesmanship but good politics to do it.

I am purposely not analyzing the bill in detail. I am instead directing my criticism to the broad principle involved. As I said before, the whole fundamental principle of this bill is based on a false and dangerous premise.

Obviously, this new suggested spending undertaking will cast a shadow over private spending and private borrowing. It will inevitably compete with private initiative and endeavor, and curtail private credit. Dollars in this country will simply remain in the banks until the banks buy Government bonds, and the Government uses the money instead of creative business using it.

Dr. James Harvey Rogers, of Yale University, for example, sent a communication to the Finance Committee of the Senate in 1933, a short time after President Roosevelt was inaugurated, in which he said, among other things:

> To arrest the spiral of deflation, adequate spending power must be placed immediately in the hands of ready spenders. During the first 8 months of our participation in the Great War (April 1917 to January 1918) monthly flotations—public and private—averaged approximately $700,000,000. During the prosperous years 1925–29, a similar volume of flotations accompanied the rapidly rising prosperity. Such capital issues represent the continuous turning over of approximately equal amounts of sustained purchasing power to ready spenders. A like volume of new spending at this time could be confidently expected to bring a like rise in business activity.
>
> However, since the volume of private and municipal flotations is now virtually zero, for the first few months the entire burden would likely fall upon the National Government.
>
> To get such large sums promptly to spenders careful planning is necessary. To gain the desired effects, the expenditures should be constructive, widely distributed and large, but above all things else, speedy. With these ends in view the following suggestions are made:
>
> Expand reforestation camps.
>
> Through agricultural plan, give funds directly and quickly to farmers and to holders of foreign mortgages.
>
> Through the construction of grade crossings and other highway improvements in every county in every State in the Union, get funds equally quickly to unemployed and to contracting firms.
>
> Lend Government money directly at low rates of interest to bona fide builders of suburban and rural homes.

So we proceeded to do all of these things, with what result? Perhaps 12,000,000 persons are still unemployed, farm prices remain at unprofitable levels, and recovery is not in sight. Yet we continue to spend and spend and spend. We have already spent $20,000,000,000. Twenty billion dollars. The national debt has doubled in 6 years. Will no one admit the failure of spending for the sake of spending alone? If not, such a program, if continued unchecked, will result in our getting deeper and deeper into the morass of spending and debt, borrowing, and finally inflation.

Can we possibly still cling tenaciously to the theory that we can spend our way out of the depression? Some of us have thought all along that extravagance carries penalties rather than rewards, and that the man who "was a good fellow while he had it" usually winds up broke. Are we still unable to see any essential difference between the results of profligacy in the individual and the collective results of Government spending and spending and spending? The only difference, it seems to me, is that the Government has more money to spend, more credit on which to borrow, and a golden voice to persuade millions of our worried fellow citizens that the laws and economic principles which apply to the individual do not apply to governments, although the Government of the United States is merely the agency through which the people presumably carry out the will of the majority; a Government that has not a single dime of its own, and simply exemplifies the collective wealth and collective power of its people. This is the people's money we are proposing to spend, not the Government's money. It is time we recognized this fact, for it is a fact.

For any of us to insist on a continuation of the spending program in the face of its failure to date is equivalent to assuming that the majority of Americans do not care, are all reckless, wasteful, and unconcerned for the future. I do not believe they are. It is equivalent to telling a man that since the expenditure of half his fortune has not improved his condition, the thing to do is to spend the rest of it, borrow more money if he can, but, if he does borrow it, spend it and not save anything; simply borrow more when he needs it. But there comes a time when such a person can not borrow any more money; and the same thing is true of nations, too, and has been throughout the ages, and always will be.

I wonder how many of the projects financed by this new Federal spending will outlast the life of the bonds issued to finance them. What are the losses now in Federal lending in the past through the medium of already existing agencies of the Government? Does anyone know? Has not the time come when we should know? Is it not obviously much wiser to find out? Why should we, in the last hectic days, with night sessions, rush through this new instrumentality on spending and lending and borrowing, especially when we know that the Federal Government already has sufficient authority and sufficient money already appropriated to certainly do all that can be done in the whole field of national activity between now and when we shall again be in session next January?

I could go on indefinitely with a recital of spending results and spending failures, but I do not believe it would contribute greatly to our consideration of the present problem. Instead, I should like to draw the Senate's attention to certain inevitable results of a continually expanding spending program, and, before I yield the floor, suggest a very simple alternative course which to my mind would contribute more substantially to business recovery than the expenditure of any additional amount of public funds now through the medium of the new undertaking which is before us.

As one of the chief results of the spending program we all know, of course, that the country has been kept in such a state of unrest, if not fear, as to check the normal processes of business and finance at a time when the conditions are favorable for a substantial business advance. I honestly believe that business is ready and anxious to advance. I am firmly convinced that if the Government were to stop borrowing tomorrow, it would be the signal for a business resumption and expansion which, in my judgment, would carry the country to new peaks of prosperity. But so long as the Government continues to live beyond its income, borrowing to make up the deficits, there can be no confidence in the future, and consequently no long-range plans can be made by business. Obviously, if spending is to continue, borrowing will continue, and competition not only with private industry and business will continue, but perhaps even worse competition for money itself will continue, to the end that the Federal Government alone will gradually absorb the credit so essential to recovery in private enterprise. And if borrowing is to continue, the national debt will continue to pile up, and no one can say when the process will end. All this means that the longer the Congress continues creating new spending authorities the less business can spend, and instead of creating wealth we simply increase the size of the national debt. And as a corollary the state of the Government's credit and the soundness of our currency and banking system necessarily will remain an open question. So that when we finally see the light we shall find ourselves greatly and terribly handicapped, if not in fact, bankrupt.

As a single example of the effect of continued Government borrowing let me cite the condition of the banks. In recent conversations not only with bankers but with some of the foremost fiscal authorities of the National Government, I have encountered a surprising unity of opinion that Federal financing is chiefly responsible for the drying up of private credit for business purposes. Government borrowing, in fact, has all but ruined the banks as lending institutions. In the first place the Federal Government is absorbing, as I have pointed out, most of the funds which otherwise would flow into investment channels or be loaned to the customers of the banks for business purposes. The certainty that the banks will have to subscribe to each new issue of Government bonds, both to protect the value of bonds already held and because of pressure from Washington, naturally acts as a brake on lending for business purposes. The banks are overflowing with idle funds, it is true, but these funds are not finding their way into private investment channels, for the simple reason that bankers have no confidence in the future, and know perfectly well that they will have to subscribe to each new bond issue as it comes from the press. The Government itself has nullified the normal influence of abundant money and low interest rates by this process of spending and borrowing. Private enterprise simply cannot start, and if we keep on the way we are going long enough private enterprise and wealth-producing endeavor can never start; and where does that leave us?

Mr. President, to digress for a moment, I should like to read an editorial which appeared in the Washington Daily News of today. The heading is:

THE WORST OF A BAD BILL

The worst single feature of the $2,500,000,000 "spending" bill, which the administration is trying to rush through Congress in a few frenzied days before adjournment, probably is the $500,000,000 toll-highways program.

Whether it is sound public policy to build toll highways is itself debatable. But to have them built and operated by the Federal Government, which is what this bill proposes, seems to us indefensible. The present great national-highway system was built and is maintained by the States, with Federal aid to be sure, but with primary responsibility on the States. The "splending" bill would commit the Federal Government to an entirely new policy, fundamentally unsound and involving risk of great financial loss.

There is no experience to prove that toll highways would pay for themselves. There is much reason to believe that Americans would resent being charged tolls for the use of roads built by their own Government. If this Congress puts the Government into the business of operating toll highways, nothing is more certain than that future Congresses will face demands for abolition of the tolls. And, in view of all that has been done to encourage the people of the States to believe that the Federal Government can afford unlimited concessions of this sort, nothing seems much more certain than that some future Congress, finding the demands irresistible, will abolish the tolls.

We think the self-liquidation prospect for Federal toll highways is even worse than it is for other projects in the "splending" bill. But this is only one feature which needs far more careful consideration than it has received. If the "wanna go home" Congress needs additional evidence that it would be a mistake to jam through a measure committing the Government to vast new spending in the guise of lending, let it look at the Treasury figures for the first 22 days of the present fiscal year, which show:

Government expenses, $629,880,398; Government receipts, $214,931,621; Government deficit, $414,948,777.

The law of supply and demand regulates the flow of money as definitely as the flow of goods in commerce but likewise is as definitely subject to interference by artificial restraints. There is no question whatever, in my opinion, but that the surplus funds now in the banks and in the hands of the great life-insurance companies and other investment institutions, would seek outlets elsewhere if word were to come from Washington that no more borrowing would be necessary before the end of 1940. I honestly believe that the defeat by the Senate of this particular bill would not only cause a rise in security values but immediately stimulate the flow of investment funds into their natural channels.

I come now to what I regard as a very simple formula of my own for promoting recovery, which I should like to see adopted along with a slowing down of the spending program. I refer to the interest rate on home and farm mortgages. President Roosevelt has referred many times to the so-called underprivileged one-third of the Nation who, in the President's language are ill-housed, ill-clothed, and undernourished. It is this group of Americans whom he is trying to help through the operation of this mistaken theory of ever-increasing public spending. It is my own conviction that they are much more likely to acquire more of the comforts of life through the expansion of private initiative, stimulated by a reduction in interest rates and by restoration of confidence in the Government than by any continuation or expansion of the spending program. The single step of reducing interest rates on home and farm mortgages to 3 and 4 percent could conceivably release billions of dollars for badly needed building construction in every part of the country.

It has been estimated by housing authorities, including spokesmen for the American Federation of Labor, National Association of Housing Officials, National Catholic Welfare Conference, and other agencies which have studied this problem exhaustively, that fifteen or twenty million new homes are needed in the United States to maintain and restore normally decent standards of living. That is, to provide that number of American families with the simplest requirements in sanitation, ventilation, and living comfort.

If, overnight, we could bring the spending program to a dead stop, insofar as the Government is spending unnecessarily supposedly for the purpose of promoting recovery, and at the same time reduce the mortgage-interest rate to, say, 4 percent, I believe we would witness a building boom of greater proportions than that which marked the prosperity peak of the twenties, and which would develop along much sounder lines than the post-war boom, both because of advances in construction technology and the safeguards thrown around home financing through the operation of the Federal Housing Administration and the development of the Federal home-loan bank system. And this building boom in itself might easily signalize the return of prosperity to the whole country and its diffusion among all classes of Americans.

All the Federal Government can do or should do in this connection, as I see it, is set an example for the rest of the country by lowering the interest rate on unpaid balances of H. O. L. C. mortgages from 5 percent to 4 percent, and making 4 percent the maximum rate on first mortgages hereafter insured by the F. H. A. As a matter of fact, the Washington Government, which a few years ago accepted the leadership in this field, with highly satisfactory results, is in danger of losing that leadership at the present time. Within the past week the Bowery Savings Bank of New York, the largest savings institution in the United States, has advertised 4¼-percent mortgage loans in the newspapers. Some of the leading banks of Cleveland, Ohio, I am told, are also offering first-mortgage money at 4¼ percent. The tendency already is apparent, in other words, and I think that Congress can do nothing more constructive before adjournment than resume leadership in the housing field by taking the steps I have suggested.

This is not simply an idle suggestion, nor need we speculate on the probable consequences of such a course. It is well known that cheap money is always an incentive to building expansion, other conditions being favorable, and that first-mortgage investments are always attractive to investors, whether they have a thousand or a million dollars to invest, particularly when values are likely to rise rather than fall. We have pretty well passed through the period of deflation in the United States, both in city property and farm property, and I think most economists would agree that with a plentiful supply of money available for investment at low interest rates it is reasonable to assume, once confidence is restored, that business will expand; and that as it expands, the price level will tend to rise. This is the normal outlook, aside from the inflationary factors present in the expansion of currency and credit and the accumulation of excess reserve in the banks. At the appropriate time I shall ask the Senate to act favorably on these proposals with respect to the interest rate on federally held and federally insured mortgages. I believe that interest rates will have to come down on both farm and urban mortgages if recovery is to reach those who need it most, and that we can well take a lesson from England's experience in housing, which resulted, as most of us know, first, in a private housing boom and then in a general business advance all along the line, which British authorities generally attribute chiefly to the housing program. The English mortgage rate, I believe, is about 4 or 4¼ percent. With a huge stock of gold to back up our currency and credit structure, and investment funds so plentiful that they will almost go begging once confidence is restored, I see no reason why the formula which restored prosperity to England should not go a long way toward promoting recovery here. Certainly such an undertaking would offer more tangible hope of yielding the results in which we are all interested than a continuation of the ever-repeated program of repeated public spending for recovery. I think the one unanswerable objection to a continuation of the Government's borrowing and spending program is that it tends constantly to defeat its own ends by undermining public confidence in the Government, when confidence is the one necessity of recovery. When we consider that as a byproduct of a properly managed broad-gaged building program in the United States we could not only abolish our slums but build innumerable garden communities or satellite cities on the outskirts of our industrial centers, while letting recovery take its natural course, it seems to me that the social as well as the economic gains to be expected from such a program constitute their own justification for the undertaking. If we could transfer emphasis from haphazard spending and hastily conceived legislation like this to something sounder and more worth while, such as I have suggested, we could consider that we had done a good job for the country during the present session of Congress. Building-trades workers would find jobs, millions of Americans could live in better homes, and millions of others would have their fixed charges reduced at a time when interest and taxes are eating up a disproportionate share of their total income.

With the National Government able to borrow money at 1 or 2 percent, I see no reason why it should charge 5 percent for the same money or make advances at a fraction over its own borrowing rate to private institutions which, in turn, charge borrowers 5, 6, or 7 percent on mortgage loans. While reducing interest rates on H. O. L. C. mortgages, I think we should also extend the amortization period from 15 to 25 years to make it still easier for these deserving people to build and retain their homes. For the present, however, I merely offer this formula as a contribution to the Senate's consideration of the present legislation, in the hope that a majority of my colleagues will say "no" to further spending for the further pump priming of recovery and turn to something more constructive and more likely to prove productive.

There is another step we could take, if we are to continue to spend for recovery, in bringing out the rivers and harbors bill now bottled up in the Commerce Committee of the Senate and acting on that measure rather than this. The rivers and harbors bill has already passed the House. It would finance a multitude of projects in every section of the country which have been surveyed, studied, approved, and recommended to Congress by Army engineers, in whom we all have complete confidence. If we are going to spend, why not spend Federal funds on projects which we know have some merit, or which at least have the merit of having received careful consideration by a nonpolitical agency of the Government and by countless local communities?

The readiness to accept so many amendments in committee leads one to feel that anything will be done to pass this bill. Will the river and harbor bill be accepted as an amendment? If so, I will offer it; and if accepted, I would almost be prepared to vote for the bill.

Mr. LUCAS. Mr. President, did the Senator say that if the bill affecting rivers and harbors were offered as an amendment to the pending bill he would vote for the bill?

Mr. BARBOUR. I said I would be almost prepared to vote for the bill.

Mr. LUCAS. The Senator makes that statement in spite of the denunciation he is making at the present time of the spending-lending bill which is before us?

Mr. BARBOUR. I do; and that is why I qualified the statement just as I did.

But be all this as it may, this much is certain: If we do not stop spending soon and balance the Budget, or at least make a start in that direction, the Washington Government will not only again betray the people of the United States but join the other nations whom we ourselves now condemn for having repudiated their obligations to this country. I can imagine the derision with which the repudiation of all or a part of our own national debt—an inevitable result of continuation in our present course—would be received abroad.

There is considerable justification in the pages of history for the belief that some of the great monuments and other public works which today stand as almost the only surviving relics of dead civilizations were built as a phase of spending programs of those days. It may be no more than a coincidence that the development of Athens as the cultural center of the civilized world coincided with the decline and eventual collapse of this Grecian capital as the seat of empire. We

know also that the great public works of Rome, as Rome succeeded Greece as the dominant power of the ancient world, were for the most part constructed in the intervals between Rome's civil wars during the decline of the democracy and the earlier period of the western empire before its final fall under the hammering of barbarian hordes from the north. The spending program, in part financed from wealth brought to Rome by her legions, as the product of military conquest, coincided there also, as in Greece, with the decline and eventual disappearance of democracy and the rise of totalitarian government.

Suppose in spite of everything we can do to keep peace and keep out of war the United States in the next few years were to be plunged into war. If our expenditures in the World War may be considered a guide to what we might be required to spend in the next war, we could expect to add several billion dollars to the amounts we are now appropriating annually for normal and so-called emergency spending. If the war were to last for 2 or 3 years it is reasonable to suppose that the national debt, at the rate we are going now, plus the spending which would take place, would rise to between seventy-five and one hundred billion dollars, depending on how soon war came and on other factors at which we can only guess. The ultimate estimate of the national debt under these circumstances is perhaps unimportant, for it probably could not be paid in any event. We should be confronted with the alternatives of repudiation or inflation, or both. I see no reason why we should not momentarily consider such a possibility, since wars have come in the past with hideous regularity, and the conditions which produce wars are present everywhere in the world at this time.

None of us can say whether we shall or shall not become involved in war in the next few years. We are taking such precautions as we can in strengthening the national defense to avert war, or at least to make it hazardous for any nation or group of nations to attack this country. Yet American citizens are being assaulted on Chinese soil, German and Japanese secret agents are active in all parts of the United States and its possessions, Great Britain has been forced to yield to Japanese aggression in China, and the military ambitions of Hitler and Mussolini probably will never be satisfied so long as they live and remain in power. These, in addition to trade rivalries, colonization requirements, territorial ambitions, and economic need, are the things of which wars are made. We must take these conditions into consideration whether we like to or not in determining our action with respect to our domestic program. We cannot, without jeopardizing the security, ignore the implications of world turmoil while pursuing a course at home which in itself, to my mind, is domestically dangerous.

Whatever comes, either this year, or in 1940, or later, I am sure that we shall act unitedly as Americans, when confronted with national emergencies. Our task henceforward is to clean up the wreckage of our typically American attempt to solve all problems at once, regardless of cost, to consolidate the gains of the last few years, and to the extent that we can do so, retrieve the losses. There can be no logic in a course which, simply because someone asks it, commits us further to a policy which can only deepen our distress. For that reason, I shall vote against the pending measure, and against all similar measures, whether presented in this or subsequent sessions of Congress, and I honestly believe that the verdict of the voters in 1940 will sustain this position.

During the delivery of Mr. BARBOUR's speech,

Mr. HOLMAN. Mr. President, will the Senator yield?

Mr. BARBOUR. I am very glad to yield.

Mr. HOLMAN. Is it not true of the individual that when he exhausts his resources and ruins his credit, he becomes bankrupt?

Mr. BARBOUR. That certainly is true.

Mr. HOLMAN. Is it not also true of nations?

Mr. BARBOUR. Obviously.

Mr. HOLMAN. I know of no nation whose government ever survived bankruptcy.

Mr. BARBOUR. I thank the Senator very much. As usual, he is entirely right.

After the conclusion of Mr. BARBOUR's speech,

Mr. DAVIS. Mr. President——

Mr. AUSTIN. Will the Senator yield so I may make a request for a quorum call?

Mr. DAVIS. No. I shall take but a very short time to discuss some matters which I believe are of importance.

Mr. President, it is difficult at times to draw the line between real values and appraised values. However, there comes a time of diminishing returns when an investment is no longer truly an investment but rather a waste and a gift to the rat hole. We came to that time late in the 1920's. We moved out of a period of desperate depression needs early in the decade to a time of economic balance. It was not a golden age, but it had more elements of security than this country has ever known. Nineteen hundred and twenty-six was a banner year. However, the temptation to regard appraised values as identical with real values captured the imaginations of millions of our citizens. Vast sums of money were withdrawn from the productive enterprises that held out hope of gain only in a slow and gradual way, and this money was invested in less-productive enterprises that held out the lure of a get-rich-quick bonanza. The private debt burden of the Nation thus became unbearable and a tragic reaction was inevitable. The stock-market crash and succeeding depression of 1929 were more or less predictable. A number of us in responsible positions in the Government were impressed with the danger curves ahead and sounded notes of warning. It was all in vain. A speculative mania had seized hold of the entire Nation and apparently retreat was impossible.

Today we face a somewhat similar situation. This time, however, we are bogged down with public debt. A futile attempt has been made to spend our way to prosperity. That attempt has failed, for the Nation is in a state of economic decline, trailing other great nations of the world in point of recovery, suffering a shrinkage in total taxable wealth, recording diminished industrial production, marking for the first time a decade which produced less wealth than the one preceding it, and bearing a burden of national debt doubled to the border line of confiscatory taxes. The Nation has been investing in public enterprise in an extravagant way. At last we have come to the point of diminishing returns. In the name of public loans the proposal is now made to increase a national credit already extended beyond sound business judgment. We are asked to make loans which are in reality in many instances nothing less than grants. We are asked to make an investment in social security through increased public debt, confusing appraised values for real values. A continuation of this policy will diminish the actual value of every bank deposit, every insurance policy, every wage dollar, and every social-security fund in the land.

Mr. President, I do not wish to criticize those who expect to vote for this bill. However, I see in it no sure hope of stimulating private enterprise, which, in my judgment, holds out the only prospect of bringing better times. If the bill to provide help for business establishments had come back in 1932 or 1933 I should have favored it. Indeed, I was one of a small band of some 12 Senators who did favor an appropriation of $5,000,000,000 for specific and useful public-works projects, as set forth in the La Follette amendment to the relief bill at that time. After having weakened the financial structure of the country by a pump-priming program that has failed, I do not regard this as a well-timed measure. If it had to be introduced at all, why was it not brought in at an earlier date? Why was it presented during the rush hours of the closing days of this session? If merchants and bankers entrusted with private credit favor this bill I have yet to learn of it. If those whom it is designed to help do not want it, I see no reason for favoring it.

THRIFT AND CONSERVATION

Mr. President, many efforts have been made in behalf of national recovery. We have all desired to see the end of depression and the coming of better times. The President

has tried various plans. The strain and burden of these responsibilities are beyond description. These problems have been rolling up for more than a quarter of a century and surpass the understanding of any one of us. There is not a Member of this great body who has not spent anxious days and nights in attempts to find suitable answers to these problems. In speaking of them today, it is not in the spirit of partisan criticism, but rather with the hope that some constructive suggestions may grow up in our minds through the spirit of cooperation.

A quarter of a century ago we heard much about thrift. Today we hear but little of it, for today the watchword is conservation. Essentially they are the same, although this fact is not thoroughly realized. Thrift in the individual and conservation for the Nation are the bases of our economic and social security. There is no essential difference between individual and collective savings. If the individual squanders his earnings he ultimately meets destruction, and if a Nation does not husband its resources, it, too, is destroyed. We have been proceeding the last few years as though conservation were one thing and thrift something else. Actually, both conservation and thrift are equally desirable and not mutually exclusive. Individual thrift is the only ultimate basis of conservation. We cannot continue to save our land, our forests, our mines, and our factories if we destroy our manpower in the destruction of individual personal integrity, which is the fundamental basis of all conservation values.

Mr. President, we have as much responsibility for saving as for spending, because spending is possible only out of earnings and savings. That which is not earned and saved cannot honestly be spent, for a man cannot rightly expect to get something for nothing. Compensation follows service. The pay check comes after the week's work and not before it. The dollar earned and saved should be in hand or close at hand before it is spent. We have been ignoring this principle in recent years. We have been speeding up the mechanisms of spending in both private and public ways in recent years without giving careful thought to the necessities of earning and saving which alone can make continuous spending safe or possible. Savings are made not for the purpose of hoarding, but for the wise spending uses that individual and social intelligence indicate. The individual or the nation that spends without saving will finally come to the point where no further spending is possible, for the sources of spending will have been destroyed. The answer to these difficulties is to provide means whereby savings can be made as natural and attractive as spending. Automatic savings are as necessary as continuous spending. Both processes are equally important. If earnings are hoarded and not spent the economic processes of exchange are blocked and business is curtailed. If earnings are squandered with no thought of saving, the economic processes are slowed down through fear; and loss of credit, confidence, and business likewise occurs. Only as earnings are set aside in savings proportionate to earnings can they be spent so that spending may be continuous and reliably certain. Automatic savings institutions help to meet these social and economic necessities.

In our modern technological age economic advancement comes in proportion to machine production. Machines create jobs and new demands for labor. They also temporarily displace labor, and displaced labor requires social care. As the worker is displaced by the machine temporarily or seasonally, or deprived of his earnings through no fault of his own, because of other factors, income should be provided to maintain his purchasing power. Otherwise both the individual and society suffer. Provision can be made only through individual and social savings. Enough should be laid aside through the cooperation of the worker with government or industry to provide for times of unemployment, whether they be long or short. As the worker is displaced, irrespective of the cause, if he has been faithful in his work, adequate provision should be made for him. Payments to the unemployed or retired worker come from the same source, whether from taxes or from prices; for all social aid comes from the fruits of labor. If the payment to the displaced worker comes from the Government it comes in taxes, which tend to choke the productive processes because money necessary for business purposes is siphoned off at the time and place needed to carry on business profitably. If the payment for the displaced worker comes directly from industry it is carried in the sum total of prices. Both prices and taxes have a responsible load to carry to meet social technological problem needs. Both have some responsibility, and neither should be neglected. At the present time, however, too large a share of the responsibility is being heaped on taxes and uneconomical borrowing and not enough of the burden is being borne in prices, which ultimately should carry the weight of automatic savings secured through joint contributions of employer and employee.

Mr. President, a great many plans have been prepared, as shown by the monumental study of Murray Webb Latimer, entitled "Industrial Pension Plans." Many of these have been introduced under what is known as welfare work, with accompanying semipension systems, bonus schemes, benefit associations, athletics, restaurants, and so forth, all of which have been expressions of sincere desire on the part of various employers to make their factories more attractive places in which to work. However, relatively few of these have been wholly satisfactory to workers because altogether too frequently they have been used as a means of retarding wage, hour, and collective-bargaining improvements that are basically important.

Employers are rightly interested in the stabilization of employment which will produce a greater output, a better quality of work, a lesser expense for inspection, more careful maintenance of work schedules, and a reduction in the losses sustained in labor turn-over. Employers are rightly interested in building a thoroughly experienced force of workers that will produce more satisfactory work than can ever be accomplished by a working class that comes and goes. Employers are rightly interested in a stabilized group, sufficiently well known to permit freedom of debate and conference necessary for honest collective bargaining.

Mr. President, it is unfortunate but nevertheless true that industrial conditions in this country are in such a deplorable condition that many of our factories are being filled with floaters. Many industrial concerns hire the equivalent of an entire working force annually. There are firms that hire the equivalent of their entire working force twice over annually. If the educational expense of inducting a new worker into his job is a minimum of $45 per worker, and if there be a labor turn-over of 100 percent in a factory employing 3,000 workers, the cost of labor turn-over in that firm would be not less than $135,000. If industrial and labor stabilization can be developed so that not more than 20 percent of the working force represents labor turn-over each year, the saving in that business year in and year out will amount to not less than $100,000. In other words, stabilizing labor is just as much an efficiency operation as anything else in connection with an industry, and it can be made self-supporting when efficient methods of employment and maintenance are in effect.

I have no desire to attempt to detract from the value of industrial welfare work, as it is ordinarily known. It has advantages for both labor and management that are well known. However, it cannot in any way compensate for the vital interest of the worker in his pay envelope and protection against the time of need. Stability of employment to provide increased purchasing power for the worker, protection for possible periods of unemployment, and a retiring wage requires cooperation from both workers and management.

If such a relationship can be established between employee and employer collective bargaining can be used not only for improved conditions of work and wages, but also for old-age pension or retirement-wage benefits. As a first consideration any plan should provide for the formation of an association composed entirely of employees. Apart from giving encouragement to its initial organization the employer should entirely separate himself from the association

of workers, who should provide from among themselves for the business management of their association. The association should ascertain the length of service of the employees, and how many have been employed for 5, 10, 15, or 20 years, as the case may be. Upon the number of men in each of these classes will depend the cost of a labor-stability plan. To illustrate: The working life of a man is divided, let us say, into a period of 45 years; that is, if he were 20 years of age when he entered service he could serve his whole term of 45 years and be compulsorily retired at the age of 65.

This is where the pay-roll-allotment plan fits in. The pay-roll-allotment plan is a plan whereby the employee requests his employer to allot as much of his weekly or monthly pay as the employee desires. The employee is offered a choice of investments. His money can go into United States savings bonds, into annuities, into life insurance, into postal savings, into savings-and-loan associations, into credit unions, or into savings banks. The employee may take his full wage whenever he desires, and may cash his investment whenever he pleases. What he has saved is individually his, and he may use it as he likes.

Mr. President, such a plan should not be regarded as a substitute for social security-payments to the Government, but as supplementary thereto. It is universally recognized, wherever social legislation is in effect, both in Europe and in the United States, that the amounts provided for the individual have always been strictly limited and not in themselves sufficient for a comfortable old age on a standard of living known and enjoyed during working years. To make old age both safe and comfortable private industry is challenged to provide security plans which will serve as a supplement to social security now being developed by the Government. The individual savings plan, through pay-roll allotments which I have suggested, has the advantages of convenient payments, incentive for individual thrift, and provision of disinterested and expert advice as to what form of saving will best suit the need of the individual. This plan has the advantage to employers that it may be set up at a minimum cost, using the machinery already installed for social-security allotments. It helps the employee solve his own financial problems. It affords a convenient method, for the present or the future, whereby the employer might help his employees attain suitable old-age security. Individual endowment or annuity contracts of life-insurance companies are in every way superior to group plans, permitting the employee to make his savings through life-insurance companies, postal savings, or United States savings bonds.

It must be obvious that no one plan of social security has yet been devised or promises to be achieved in the near future that will answer all the problems of necessary social aid. The American Association of Social Workers has recently prepared a comprehensive survey of relief conditions in the United States, from which I have drawn generously for the following statement:

Public relief in the United States reached an all-time high in November 1938, when $326,000,000 was spent from public funds for relief and wages to about 23,000,000 persons in more than 7,000,000 families. About 53 percent of this was in W. P. A. wages and 11 percent in general relief.

From November 1938 to January 1939 W. P. A. wages declined sharply, by nearly 10 percent in 2 months, while general relief rose even more sharply, by 19 percent. However, in January 1939 there were still nearly 23,000,000 persons on relief in more than 7,000,000 families. Expenditures for general relief vary greatly from State to State. The per-inhabitant expenditure in New York in 1938 was $9.77, and in Pennsylvania $7.47, while in Oklahoma, Nebraska, Florida, Texas, and numerous other States and in the District of Columbia it was less than $1.

A comparison for January 1939 also shows great inequalities as between States in the share that W. P. A. wages play in the total relief program. For the country as a whole, W. P. A. wages for January were 49.3 percent of the total; but in Ohio they were 67.5 percent of the total expenditure; in West Virginia, 61.3 percent; in Kentucky, 61.2 percent; and in Michigan, 60.5 percent. At the other end of the scale were Maryland with 29.6 percent in W. P. A. wages, Maine with 28.8 percent, and Wyoming with 28.2 percent.

The standards of assistance to families or persons in need also vary greatly from State to State. The average monthly amount per case reported for general relief in January 1939 was $38.16 in New York, $30.97 in California, $27.61 in Massachusetts, $27.66 in New Hampshire, and $27.65 in Pennsylvania, but only $2.91 in Mississippi, and $4.82 in Arkansas.

Almost every conceivable method of financing and administering general relief is exemplified in the various States of the Union. In Pennsylvania general relief is financed from State funds and administered through local offices of the State agency. In Michigan the program is administered by local departments under the supervision of a State agency from funds provided jointly by State and local governments. California has a dual plan under which employable persons are aided through a State-financed and State-administered unemployment relief program, and unemployable persons are assisted by county departments from local "indigent" funds. In Illinois, general relief is administered locally by 1,400 townships and the city of Chicago. In Florida, general relief is left entirely to the counties, with no State supervision and no State financial assistance. Much of the planning for relief and unemployment continues on an emergency basis. Programs have been subjected to unpredictable expansions and contractions. Appropriations, more often than not, have borne little relation to the actual situation confronting the administering agency. Consequently, the programs and the persons dependent on them continue a hand-to-mouth existence.

Mr. President, I have presented these facts because they bear on the need for a larger assumption of responsibility by labor and industry for the development and maintenance of their own social-savings plans. The public responsibility of labor and industry is equally as great as that of the Government. In many instances labor and industry, if brought to effective cooperation through collective bargaining, can exercise a much stronger influence in social amelioration than the Government could ever hope to do. No one form of social aid is sufficient for our day. Governments, Federal, State, and local, together with labor, agriculture, investment, and management, have a part to play in the development of social savings and human conservation.

No one can deny that there are some business leaders who do not possess the insight and human understanding necessary to the voluntary savings plans that I have suggested. Over the years, I have known industrial overlords who have never taken one forward step toward better conditions for labor and industry until compelled to do so through strikes, the threat of strikes, or compulsory industrial legislation. Today, however, these same fellows have been retired or are on their way out, not because they are too old in years, but simply because they do not fit the industrial needs of the year 1939. They are suffering from a hardening of their industrial arteries, and have lost the flexibility and capacity to expand required of progressive leadership.

We are coming to understand that we shall not have the necessary cooperation between industry and government until we have achieved a larger measure of cooperation between industry and labor. It is my confident hope that industrial and financial leaders will accept the major responsibility for the economic welfare of the Nation if we are to continue our present system of society. I do not want to see the Government overloaded with industrial responsibilities it is not qualified to meet. We have been hearing it said for a long time now that the social responsibilities consistently ignored by labor and industry must be assumed by the Government. I, for one, do not wish to see extremes of governmental action forced into being in this

country, either of fascism or of communism, simply because free industrial leadership as a whole will not take the responsibility of going forward in a fair and representative way.

Mr. President, there is nothing so socially devastating or personally degrading as unemployment for the man who desires and is able to work. Employment is the sole means through which a man may qualify himself to the right to live, to keep a home, to nourish and to educate his children, as a free man. Any break in that employment may put his life and his home in jeopardy. When we deal with circumstances as vital as these, we have the issues of life and death in our hands. These problems primarily are the responsibility of industry. Government should create, through legislation, conditions which will encourage industry to take this responsibility and go ahead. Restrictive legislation and punitive taxation, no matter how good the intentions back of them may be, are dangerous to labor if they prevent industry from going forward to maintain and advance the responsibilities of employment.

The right of workers to organize must be maintained. The selection of one form of organization rather than another is really not primarily a matter which industry should decide, because choices in these issues belong to labor. Labor has not attempted to dictate the form of organization with which it must bargain. The workers should be given the liberty of self-organization in any form which offers them the most advantages.

Collective bargaining has concerned itself with the problems of wages, hours, and the right of labor organization. If collective bargaining is extended to cover the problems of social security, unemployment compensation, and the retirement wage, worked out in a free and voluntary way between labor and industry, it will lift a tremendous burden from government in these fields that government in this country is not qualified to bear, short of a paternalism that the American people do not want.

The burden of taxes has become oppressive beyond the productive power of labor and business to endure. Take, for example, conditions that are thoroughly familiar to me: The Sharon Herald, of Sharon, Pa., is a small corporation. Last year the earnings were $15,500 and the taxes $14,100, leaving a net of only $1,400. The Sharon Steel Co. is a medium-sized corporation. This is what it shows for the first quarter of this year: The earnings were $79,912, the taxes $72,298, leaving a net of only $7,614. Here taxation has taken 90 cents from each dollar earned. Or take the statement of the International Paper & Power Co., a large corporation: The earnings of this corporation last year were $3,234,376, the taxes were $3,110,301, leaving a net of $124,075. Here we find that the taxing bodies have taken 97 cents of each dollar earned. Under these conditions it is no wonder that new capital is not being advanced for investment, and that there has been a constant decrease of capital investment during the past 6 years.

We have talked for many years now concerning the urgency of Budget balancing. Very little has been done about it. I am not in favor of any false economy measures. I do not favor a program that compels any one part of our people to suffer want and neglect while others go free. All the while, however, the burdens of taxation, and the dangers of inflation through Government borrowing from banks loaded with Government bonds, increase. It is becoming increasingly evident that there will be no effective balancing of Government budgets until the spirit of saving and conservation is restored among our citizens as a whole. There is little expectation of sound thrift and conservation in the Government unless the individual citizen understands his own responsibility for thrift in behalf of his own personal security.

The national savings movement in England puts the public behind the principle of a balanced budget. Through this savings plan the British people contributed heavily to financing Great Britain's efforts in the World War. They liked the idea so well that they kept right on saving after the war ended, at a time when Americans were cashing in their savings and selling their Liberty bonds. Indeed, the idea of savings has become so thoroughly entrenched over there that the British have not paid their war debts, which are still due us, and which we shall not soon forget. Habits of thrift have prevailed in England. The British national savings movement has based its appeal and success on two principal tenets of thrift: 1, Cooperation among various forms of thrift agencies, and 2, making saving easier through automatic savings plans.

The national savings movement in England is headed and governed by a national savings committee, serving voluntarily. This committee aids and directs the operations of 1,200 voluntary local savings committees. These, in turn, have promoted the organization of 40,300 national savings groups, which provide facilities for regular and consistent savings by automatic allotments from pay rolls of all kinds of wage earners, and through groups formed in clubs, schools, offices, and other organizations. Funds so collected are deposited in the post-office savings bank, in a trustee savings bank, or invested directly in national savings certificates issued by the Government. Under these plans the British people have saved nearly $7,000,000,000 since 1916. Since British people are encouraged to save and invest in British debt, the Government in turn refrains from expecting its banks to buy its long-term bonds, a process which would create a money supply to compete with and depreciate the value of savings in the capital markets. Moreover, both Government and people are interested in avoiding treasury-deficit inflation, which is historically the source of currency and savings purchasing-power depreciation.

Provision for old age and emergencies is a major objective of the British voluntary thrift and savings movement; but underlying it is the understanding by both the national fiscal leaders and the people that there can be no monetary inflation and subsequent collapse of banks and currency so long as savings, not credit, are used to finance long-term private or government-debt expansion. Savings through automatic allotments from the pay-roll wages constitute one of the recent methods used in the savings movement. It is regarded by advocates of thrift movements in both England and America as a way to make savings easy and consistent for wage earners. This plan requires the cooperation of the employer, who circularizes his employees, offering them an opportunity to indicate what sum may be allotted from their wages each week as savings. The lump sum of all allotments is deposited by the employer by one check drawn to the savings bank each month. It is accompanied by a schedule in duplicate, showing the amounts to be credited to each saver. The bank acknowledges receipt, and returns one copy of the schedule. If employers prefer, the deposit may be made weekly. The savings bank credits the amounts to individual accounts in the names of the employees, and at the end of the first month supplies a bank book for each member. The employer distributes the books to the members, and obtains receipts from them, which are forwarded to the savings bank as specimen signatures.

Mr. President, in England a plan is in effect that permits employers who desire to do so to contribute to the endowment fund which will be paid to the employee on his retirement. This resembles the plans employed previously for many years by some large American corporations, which have contributed to funds saved by their employees to acquire stocks of the corporations. Under the British plan the employer contributes to the employee's fund one national savings certificate when the employee has bought one or more, the number so given by the employer varying with the age, length of service, or wages.

In regard to cooperation between American thrift agencies, the problem is a difficult one. Savings banks, Government thrift through postal savings and United States savings bonds, life-insurance companies, savings and loan associations, and credit unions, are now channels for saving in this country. Unfortunately, however, they do not recognize that various forms of savings are complementary, not competitive. They should all unite in a great campaign for thrift, conservation, and security, saving in whatever channel

best suits the needs of the individual saver. All would reap benefits through such a unified program.

Yet savings institutions alone, Mr. President, cannot make saving easy for wage earners. Employers are challenged to meet this need. Saving through the pay envelope is the efficient, cooperative way. Armour & Co., the American Telephone & Telegraph Co., and the General Electric Co., among others, show that pay-roll allotments for savings purposes are consistent with a sound business policy.

Mr. President, while we are considering plans for thrift and conservation, we cannot afford to ignore the indisputable fact that without constantly increased production there will be no thoroughgoing opportunities for savings. As the standards of living increase, the earning and the purchasing power of the people must also increase if there is to be anything left for savings. This shows clearly how dependent we are on technological advancement. I wish to quote at this point in my remarks the words of the eminent scientist, Robert A. Millikan, president of the California Institute of Technology:

> The key to the whole development is found in the use of power machines, and it is a most significant statistical fact that the standard of living in the various countries of the world follows closely the order in which so-called labor-saving devices have been most widely put into use.
>
> In other words, the average man has today more of goods and services to consume in about the proportion in which he has been able to produce more of goods and services through the aid of the power machines which have been put into his hands. In this country there is now expended about 13.5 horsepower-hours per day per capita—the equivalent of a hundred human slaves for each of us; in England the figure is 6.7, in Germany 6.0, in France 4.5, in Japan 1.8, in Russia 0.9, in China 0.5. In the last analysis this use of power is why our most important social changes have come about.

The United States census of partial employment and the United States Bureau of Labor Statistics combine to show that unemployment is most severe in the occupations in which little or no machinery is used. One of the most severely depressed industries is building construction, an industry which has been but little improved through the introduction of technological advancements. Inactivity in building-construction enterprises accounts for large pools of unemployment there. Jobs depend on the expansion of industry and increased production. When there is no production there is no employment, and when there is no employment there can be no savings for there will be nothing to save. The Brookings Institution has shown definitely that expansion of employment is dependent upon an ever-increasing volume of production. And as technological improvements make for savings, so savings make for advanced technology. Indeed, without savings, no technological advances are possible. All savings, other than hoardings, are accumulated only to be spent. Savings generate the greater part of all new purchasing power. Only thrift in the individual and conservation on the part of the Nation can provide the savings necessary to business expansion.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Lodge	Schwartz
Austin	Davis	Lucas	Schwellenbach
Bankhead	Ellender	Lundeen	Sheppard
Barbour	Frazier	McCarran	Shipstead
Barkley	Gerry	McKellar	Smathers
Bilbo	Green	Mead	Stewart
Bone	Guffey	Miller	Taft
Brown	Gurney	Minton	Tobey
Bulow	Hale	Murray	Townsend
Burke	Hatch	Neely	Truman
Byrd	Hill	Norris	Vandenberg
Byrnes	Holman	Nye	Van Nuys
Capper	Hughes	O'Mahoney	Wheeler
Chavez	Johnson, Calif.	Pepper	
Clark, Idaho	Johnson, Colo.	Pittman	
Connally	La Follette	Reed	

The PRESIDENT pro tempore. Sixty-one Senators having answered to their names, a quorum is present.

Mr. DANAHER obtained the floor.

Mr. GURNEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from South Dakota?

Mr. DANAHER. I yield.

Mr. GURNEY. I ask unanimous consent that there be printed in the Appendix of the RECORD a very able address delivered by the senior Senator from New Hampshire [Mr. BRIDGES] at a banquet and conference of the Young People's Republican Clubs of Kentucky, delivered at Ashland, Ky., on the evening of July 15, 1939, the title of the address being "Confusion, Delusion, or Recovery."

Mr. BARKLEY. Mr. President, will the Senator withhold that request until a little later time?

Mr. GURNEY. I merely ask unanimous consent that the address be printed in the Appendix of the RECORD.

Mr. BARKLEY. I understand what the Senator has asked, but I should like to have him withhold it until later. I will not object later on in the evening.

The PRESIDENT pro tempore. Is there objection?

Mr. BARKLEY. I understand the Senator withholds his request for the present.

The PRESIDENT pro tempore. Does the Senator from South Dakota ask for unanimous consent, or does he withhold his request?

Mr. GURNEY. I do not know of any reason why it should be withheld.

Mr. BARKLEY. I shall not object later, but I hope the Senator will defer his request until after the speech of the Senator from Connecticut. I will not object then.

Mr. GURNEY. I do not think it will encumber the RECORD.

Mr. BARKLEY. That is not the question involved.

Mr. REED. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD——

The PRESIDENT pro tempore. There is already a request for unanimous-consent pending. Is there objection to the request of the Senator from South Dakota?

Mr. GURNEY. At the request of the Senator from Kentucky, I withdraw my request for the moment.

Mr. BARKLEY. I thank the Senator.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Kansas?

Mr. DANAHER. I yield.

Mr. REED. I ask unanimous consent to have inserted in the RECORD an article from the Washington Times-Herald of this evening entitled "G. O. P. Harvest Looms in Kansas."

Mr. BARKLEY. Mr. President, will the Senator withhold his request?

Mr. REED. I will not.

Mr. BARKLEY. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. BARKLEY. I serve notice that I will object to any similar requests made at any time.

Mr. REED. I also advise the Senator from Kentucky that he will have opportunity to object on occasions of this kind.

Mr. BARKLEY. I have no doubt of it.

Mr. REED. That is correct.

The PRESIDENT pro tempore. The Chair will state what the ruling of the Chair will be, that a Senator does not have to yield, but if a Senator yields—and he will be recognized afterward, of course—his subsequent remarks will be considered a second speech.

Mr. DANAHER. Mr. President, I thank the Chair for the announcement. In the Washington Post of the past Sunday there appeared on the front page an article which purported to deal with a discussion between Mr. Farley and Mr. Roosevelt. It referred to Mr. Ernest Lindley as a correspondent who was probably closest of all newspapermen to the White House. It referred the public to an article which appeared in the editorial section of the Post, and stated that there one would find a two-column article by Mr. Lindley in which he said—and I paraphrase—"The President is the head of a new movement, a new movement in which the Democratic Party is a mere incident." There were other observations of like tenor.

In taking the floor with reference to the particular measure now pending, I do so in the belief that there never have been submitted to the public the implications and the complete intendment of the bill.

I feel that this particular bill is part of a new movement. I believe, indeed, that it is a part of a movement in which the Democratic Party, as Mr. Lindley said, is apparently a mere incident.

In the form in which this bill was originally presented, at a time when it was known as a self-liquidating bill, an appellation which, by the way, did not survive the scrutiny of the first 3 days' hearings, we found a concept beyond anything we had ever contemplated. We found a measure under which a revolving fund was created. We found that each of the agencies named in the bill needed no longer to come back to Congress so long as the initial borrowings and the revolving fund were adequate to carry out the purposes named. We found in the bill authorization to create corporations in any State, in any Territory, or in the District of Columbia, the power to create such corporation being vested in a Government agency—corporations which, when created, could borrow funds, whose securities could be bought by the R. F. C., whose securities could be traded in, and the profits arising or derivable from the sale of such securities would be put back into the revolving fund. We found that the bill provided for the creation of a corporation which would deal with railroad equipment.

Mr. President, that bill, as it was submitted, found several of the leading figures in the administration appearing to elaborate upon it, and to extend their views before the Committee on Banking and Currency. They told us—and I quote from Secretary Morgenthau—

> That the progress hitherto made had not been enough, and it is my opinion—

Said he—

> that the time has now come to take the next step forward, that of selecting specific investments which should be given the advantage of the low-interest rates which the Government can obtain. A low rate of interest, if effectively utilized, constitutes one of the most potent weapons our economic system has developed for stimulating business activity. It seems to me that it is time for the Government to make full use of that instrument rather than to depend upon grants and subsidies as heretofore.

What could he mean, Mr. President, when he told us that the low-interest rate, if effectively used, as they claim they have the right and intention to use it under this bill, will be one of the most potent weapons our economic system has developed?

Mr. President, it became apparent speedily that the economic weapon which he had in mind was that as a result of forcing low-interest rates, by squeezing institutional and trustee money into Government bonds, by putting Government into the form of competition which was possible under that bill, private business would no longer be able to compete. That is the economic weapon to which he directed our attention. The country would not stand for it. The Congress would not stand for it. The committee would not stand for it. And the next thing we knew we had a new form of bill, from which the power to create corporations was deleted.

When we examined our next committee print we found that there were yet other provisions in it, other phases containing vices, causing fundamental objections to be voiced against the bill, and, despite all efforts, after several revisions, after at least three separate revisions, we now find on our desks for consideration a brand new bill, S. 2864, the pending bill.

Mr. President, this bill even authorizes the Public Roads Administration to go into States and construct and maintain highways. It authorizes them to condemn and take private land. Do Senators suppose for a minute that that is all? The whole idea of the new movement is contained in this bill in its several ramifications. Let me advert to a few of them. Let me call the attention of the Senate to page 7.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield for a question.

Mr. LUNDEEN. I am not arguing for or against the bill. I am merely saying that the Government has the right at this time, has it not, to condemn land in connection with the building of roads?

Mr. DANAHER. As I understand the question propounded by the Senator, Mr. President, it is this: Has the United States Government the power to condemn land within certain States for highway purposes? Is that the question of the Senator?

Mr. LUNDEEN. Well, the States have such power, have they not?

Mr. DANAHER. I understand that the Senator is posing that to me as a question, is he not?

Mr. LUNDEEN. Well, we can build roads and condemn land?

Mr. DANAHER. Mr. President, if that is the statement which the Senator wants to make, then he may make it in his own time, I respectfully observe. Answering my own question, the point of my observation in that connection is that we have no such power, and we have no such right; but this bill gives it to the administration. They claim it here. They put in a section on page 7 under which they want to go ahead and expend the moneys under this measure, I will say to the Senator, notwithstanding the provisions of section 355 of the Revised Statutes. What is that provision? Let us take a look at it. It appears in title 34, section 520, the section which the Congress of the United States wrote into our law long ago, because it knew that abuses had called for such legislation. This bill, as part of the new movement, would now suspend that legislation. The section reads as follows:

> No public money shall be expended upon any site of land purchased by the United States for the purposes of erecting thereon any armory, arsenal, navy yard, or other public building of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title, nor until the consent of the legislature of the State in which the land or site may be, to such purchases, has been given.

Does that answer the Senator's question? Senators will see what the law was hitherto. Under this new movement, under the bill which is before the Senate, notwithstanding the provisions of law for the safeguarding of the public, the intention is to exercise a right previously denied. Then the section proceeds to provide that the district attorneys of the United States, upon the application of the Attorney General, shall furnish any assistance or information in their power in respect to the titles to the public property that is to be taken.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. LUNDEEN. I am merely asking for information. As I understand, then, in matters of this kind the bill would set aside certain State rights?

Mr. DANAHER. In answer to the question propounded by the Senator from Minnesota, Mr. President, I will say that it would set aside the requirement of obtaining the consent of the legislatures of the States in these various particulars. Moreover, it would set aside the provision of law that the district attorneys in each of the several States shall be required to certify the land titles of the land sought to be taken.

That is not all. Let us turn to page 8 of the bill, to subsection (g) of section 5. We there find another instance of what I am talking about. That subsection would authorize the agency—

> To pay all expenses in connection with the acquisition of real property, including all fees for abstracts, official certifications, evidences of title, and recordation, notwithstanding—

There we have the language again—

> notwithstanding the proviso in section 1 of the act of March 2, 1889, relating to the payment of such expenses and fees.

Through a long course of experience the Congress had learned that it had to surround the acquisitions of land with certain safeguards, and so that particular act was passed. It is in title XL, of section 256.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. LUNDEEN. I take it that the able Senator is a member of the committee.

Mr. DANAHER. I am.

Mr. LUNDEEN. I favor a clear statement by the members of the committee so the Senate may fully understand the provisions of this measure. It is very important; we are seeking for information, and we are glad to obtain it.

Mr. DANAHER. I thank the Senator, and interpreting his comment as a question, I will answer by saying that the members of the committee will, I am sure, do everything in their power to explain the bill in its various phases.

Pointing now to title 40, section 256, let me advise the Senate what we are being asked to suspend in that particular:

All legal services connected with the procurement of titles to sites for public buildings, other than for life-saving stations and pierhead lights, shall be rendered by the United States district attorneys: *Provided*, That in the procurement of sites for such public buildings, it shall be the duty of the Attorney General to require of the grantor, in each case to furnish, free of all expenses to the Government, all requisite abstracts, official certifications, and evidences of title that the Attorney General may deem necessary.

That safeguard, too, is being suspended, I will say to the Senator. That is not all. Let us turn to section 6. We find there that the consent of Congress is given to the construction of bridges, tunnels, and crossings of navigable waters of the United States. And in suspending our existing law on that point it is provided in this bill that the consent of Congress "shall be deemed to have been obtained and affirmatively authorized by virtue of this act within the meaning of sections 9, 10, and 11 of the act of March 3, 1899."

For 40 years we have had that requirement in the law. It appears in title 33, section 401, and there Senators will find safeguards with reference to consent, with reference to the Secretary of War ascertaining that the plans are adequate and proper, and things of that sort. But we wade right through any such technicalities. We pay no attention to them. We are going to eliminate them. Then we are going to sit at a desk here in Washington and do what we like to do.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Minnesota for a question.

Mr. LUNDEEN. I assume, from what the Senator says, that the bill would set up something in the nature of a dictatorship on matters of great importance.

Mr. DANAHER. Mr. President, I am simply stating the facts and explaining the provisions of the bill, and, of course, expect that Senators will draw their own conclusions; and if the Senator from Minnesota draws the conclusion just announced by him, of course, he is free to do so.

I say, furthermore, that it is all part and parcel of this "new movement" idea. That is the significant thing about it.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield for a question.

Mr. LUNDEEN. Does the Senator mean the New Deal when he speaks of the "new movement"?

Mr. DANAHER. In answer to the Senator, I say that when I used the words "a new movement" I was quoting Mr. Lindley.

I invite the attention of the Senate to the phraseology which has been employed in section 5. I ask the Senator from Kentucky [Mr. BARKLEY] to take special note; for, in his own time and in due course, I certainly should like to have him explain the intendment of this language. Directing the Senator's attention to section 5, subsection d, I ask the Senator to note on page 7, line 13, that this subsection would authorize the expenditure of moneys—I now quote—

For the purpose for which any real property has been purchased, or possession thereof has been taken during the course of condemnation proceedings and in advance of final judgment thereon—

I skip a few words—

notwithstanding the provisions of section 355 of the Revised Statutes.

Mr. BARKLEY. Mr. President, section 355 of the Revised Statutes prohibits the expenditure of any money on property of this kind until the title has been obtained through the ordinary processes. This subsection empowers the Government to expend money on property with respect to which proceedings of condemnation have been instituted and the Government has taken possession, but before title vests in the Government.

Mr. DANAHER. Mr. President, the Senator did not correctly anticipate the question I was about to put to him.

Mr. BARKLEY. I beg the Senator's pardon.

Mr. DANAHER. I had simply directed his attention to the language of the subsection. What I want him to notice is that wherever else in section 5 such language appears, we find a limitation in the section stating that "for the purposes of this section" there is authorization to institute and carry on condemnation proceedings.

On page 8, in subsection f, we find the following language:

For the purposes of this section to enter on any real property for the purpose of making surveys, borings, tests, and examinations.

When we come to subsection d, the language is not limited to the "purposes of this section"—not at all. Authority is granted to expend moneys "for the purpose for which any real property has been purchased," with no reference to highway improvement.

Mr. BARKLEY. Section 5 refers to nothing else but highway improvement. There is nothing else in any subsection which authorizes condemnation proceedings of any character except to acquire property for highway improvement; so the word "act" is a misprint. It should be "section." It would not be an insuperable difficulty to overcome that objection and make the language apply to the section.

Mr. DANAHER. Has the Senator the bill before him?

Mr. BARKLEY. I have.

Mr. DANAHER. Will the Senator please regard it?

Mr. President, at this point I move to amend section 5, subsection d, on page 7, line 13, so as to read:

To expend moneys for the purposes of this section.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Connecticut.

Mr. BARKLEY. Mr. President, my attention was diverted. Will the Senator please repeat his motion?

Mr. DANAHER. Certainly. Directing the Senator's attention to page 7, line 13, I ask him to note that I now move that subsection d of section 5 be amended by striking out the word "purpose" and inserting "purposes of this section."

Mr. BARKLEY. Will the Senator let that matter go over until tomorrow? I think probably we can agree about it. I would rather not agree to that amendment on the spur of the moment.

Mr. DANAHER. However, I understand that the Senator agrees with me, for the present, that there was no intendment or implication contrary to subsection d applying "for the purposes of this section."

Mr. BARKLEY. I think that is correct; but I should like to confer with the Senator.

Mr. DANAHER. I thank the Senator; and I withdraw my amendment, Mr. President.

The PRESIDENT pro tempore. The amendment offered by the Senator from Connecticut is withdrawn.

Mr. DANAHER. Mr. President, when Mr. Eccles appeared before the committee he told us that he was in the conference and in the committee group which had considered the proposed legislation. On page 175 of the record of the hearings we find what Mr. Eccles had to say on the subject:

The present bill constitutes in part an attempt—

Notice the word "attempt," Mr. President—

The present bill constitutes in part an attempt to develop a program of public investment of a self-liquidating nature. It is, I think, indispensable, in view of the proposed greatly reduced employment in W. P. A. and P. W. A. I am, however, forced to say that the annual expenditures that can be achieved under this program will make only a small contribution toward the solution

of our basic problem. My own personal view is that the self-liquidating program, excellent as it is so far as it goes, should be supplemented by a continuing public-works program.

In the first place, Mr. President, he tells us it is an attempt. In the second place, he tells us that little good may be expected of it. In the third place, he tells us that it must be supplemented.

Mr. President, the testimony of Mr. Eccles in particulars such as that is of a piece with that of Mr. Jones, who said he was in sympathy with the objectives or purposes of the bill. We all are in sympathy with the idea of putting people to work, but it is perfectly apparent that after the continuation of the economic fallacies of this administration in the past 6 years it has offered nothing new. There is no contribution in that particular to rectify the errors that it has so consistently persisted in making.

Mr. President, when we turn to the very last section of the bill we see the ultimate consummation of the type of program which has been evolved with reference to the A. A. A. We find that the Export-Import Bank, having already been given authorization for another $125,000,000 this year, asks for an additional $100,000,000.

Mr. President, on Monday of this week Secretary Wallace told us that he intended to put an export subsidy of a cent and a half a pound on cotton. We find that within the month we have concluded a barter agreement with Great Britain under which we are swapping cotton for rubber. The President in his press conferences tells the country, through the press, that what he wants to do is to put a bounty on exportations. In order to equalize importations against domestic manufacturers, he wants to subsidize domestic textile manufacturers. Mr. President, the continuation of that type of program leads inevitably to the situation which now confronts us. We are told that the proposed program is an attempt, that it does not do the job, and that it must be supplemented.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. FRAZIER. I ask the Senator if he knows that after the announcement was made on Saturday that the subsidy on cotton was to go into effect this week on Monday morning, Liverpool cotton went down 125 points?

Mr. DANAHER. I did not know it; and I thank the Senator for his contribution.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. DANAHER. I yield to the Senator from Illinois.

Mr. LUCAS. The Senator from Connecticut has been discussing the $100,000,000 allotted to the Export-Import Bank under the provisions of the bill.

Mr. DANAHER. One hundred million dollars is asked for in addition to the $125,000,000 which the Export-Import Bank received a month ago.

Mr. LUCAS. What does the evidence in the hearings disclose as to what the Export-Import Bank expects to do with the $100,000,000 if the Congress grants it?

Mr. DANAHER. In answer to the Senator I will say that in times past a great part of the money has been used to finance exports to certain countries of what obviously were munitions of war. They were financed, of course, by the American manufacturer taking his paper to the Export-Import Bank. Notes and accommodations have been allowed in amounts and over periods greater than any commercial bank would grant. In addition, they represented loans of a type which no commercial bank would handle. I say to the Senator that a loan which is bad for a commercial bank is a bad loan for the Government. The Export-Import Bank has been handling the exportation of locomotives to the Mexican railways, and items of that sort. Does that answer the Senator's question?

Mr. LUCAS. It hardly answers the question. I should like to know what the record discloses as to what the individuals who testified they wanted the additional $100,000,000 said they were going to do with the $100,000,000 if the Congress should grant it to them.

Mr. DANAHER. There would be a continuation of the same policy of taking the money of American taxpayers and financing exports to various countries, and to people in those countries who cannot buy our exports.

Mr. LUCAS. Is there anything in the evidence which discloses that the Export-Import Bank will use any portion of the $100,000,000 requested as a direct loan to some country in South America?

Mr. DANAHER. There is no evidence that there is to be a direct loan to any country. However, there is evidence very definitely indicating that it is intended that the foreign country will form a trading corporation in this country, and, through the medium of that trading corporation, obtain a domestic loan. We do not loan to the foreign country. We loan to its corporation in this country. We take its paper, sometimes without recourse.

Mr. LUCAS. Am I to understand, then, that the Export-Import Bank is doing indirectly what it may not do directly?

Mr. DANAHER. I will say to the Senator that that would be the construction I should place upon the situation. When the Senator from California [Mr. JOHNSON], out of the experience he knew the country had gone through, worked so diligently for and later saw enacted into law the so-called Johnson Act with reference to loans to countries in default to us, I dare say it never crossed his mind that he would live to see the day when there would be a "new movement" in this country by which that type of law would be circumvented.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Kentucky.

Mr. BARKLEY. The terms of the Johnson Act specifically exempt loans of the Reconstruction Finance Corporation, the Commodity Credit Corporation, and the Export-Import Bank from the operation of the law. Certainly the Senator from California knew what was in his bill when it became a law.

Mr. DANAHER. I say to the Senator that I am sure the Senator from California never expected to see such a thing being done as a part of a "new movement."

Mr. BARKLEY. It is not a part of a new movement. The loans which have been made by the Export-Import Bank have been made to American corporations. They are not corporations formed by aliens coming here to form them. They are American corporations engaged in the exportation of American products to foreign countries.

Mr. DANAHER. Mr. President, far be it from me to enter into a controversy with the Senator from Kentucky as to the construction he places on what is or what is not a foreign corporation. All I know is that I saw the record and heard it explained by Mr. Jones and the president of the Export-Import Bank; and if the few loans the record of which I saw were not loans to foreign corporations, then, to use the vernacular up home, I am a grandmother. [Laughter.]

Mr. BARKLEY. I fail to get the implication.

Mr. DANAHER. I said that if they were not loans to foreign corporations which were formed in this country for the purpose of handling those loans, I concluded that I am a grandmother. [Laughter.]

Mr. BARKLEY. The Senator has a peculiar idea of grandparentship. [Laughter.]

Mr. DANAHER. At least I am all right on the possibilities.

Mr. President, it seems to me that perhaps we ought to recall one other phase of the bill; not that it has not been referred to by others, but that I can place on it, perhaps, the construction of which I think it admits.

When the Reconstruction Finance Corporation is authorized, as it is by the bill, to go into the market and borrow money, and thereafter to fund these agencies, and the President of the United States has the power upon his direction always to say that transfers shall be made from the Treasury of the United States to the several corporations without any limitation whatever on the States into which the money will go, we have, Mr. President, the nucleus of a 1940 that

is bigger and better than anything we ever contemplated. I may observe that the Hatch bill has been forwarded by the President to various legal departments of affected agencies for examination and report. It has not as yet been signed. Meanwhile, if the funds under this proposed loan arrangement can be allocated to five or six doubtful States between now and the fall of 1940, a very great change can be made to insure the success of the "new movement."

The whole idea of it is so contrary to anything Congress has ever previously been asked to accept that it simply staggers the imagination; and, as I said at the outset, I cannot believe that the public has any realization of its implications.

If we extend this principle, whereas today under it we are going to loan, let us say, $600,000,000 to the Department of Agriculture, what is there to prevent, in our next session of Congress, our making the whole Agricultural Department appropriation out of borrowed funds? Why not let a Government agency short circuit Congress entirely, and never come near the elected representatives of the people? Why bother with Congress? Let the Department go to the agency and submit their proposition; and if the loan which started out in terms to be self-liquidating has now turned out to be a works-financing proposition, they can get their money. There is no reason why they need come near Congress at all. I said "not at all." Let me recall that statement and correct it. Let me point out that there is one occasion when they will have to come back to Congress, and that is when they make their annual inventory. When they check up on their annual inventory and find out how much the losses are every year they will come to Congress for an appropriation to make good the losses. That is in the bill, too.

Mr. President, there are only a few more observations that I should like to offer, bearing, if you will, upon the expression of Secretary Morgenthau that this matter turns upon the creation of a new economic weapon in the low interest rates, in the long-term maturities, and the no-down-payment idea with reference to these so-called self-liquidating loans. Let me say to the Senator that putting the Government into competition with private business in whatever field necessarily constitutes a weapon. The Secretary is right when he calls this an economic weapon; and there has been an effort on the part of every affected agency—every single one of them, we were told—to keep from the bill any provision by which we would have forbidden the use of Government money in competition with private business. There is not any limitation of that kind in the bill. There is no prohibition in it against the agency relocating mills. There is no prohibition in the bill against their reconstructing munitions factories, if you like. There is nothing in the bill to limit the creation of power plants in competition with those already existing. There is not even a limitation on the maximum amount of loans that may be made to any industry—not one. There is nothing in the bill to prohibit in any way whatsoever a loan to the State of Florida, which has already created a Florida Ship Canal Corporation, to build the Florida ship canal; and, if it is approved here in Washington, the will of Congress may be directly flouted.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Pennsylvania.

Mr. DAVIS. Does the Senator interpret the language of the bill so that the money provided in it may be appropriated to the Florida ship canal, and used for building that canal?

Mr. DANAHER. It may not be used for the purpose of building that canal except under the P. W. A. section of the bill; but under the P. W. A. section of the bill, if there be an existing entity in the State of Florida capable of borrowing—and there is—then a loan may be made. Then, under those circumstances, they may go ahead and build; and, of course, if there are those in the administration who would like to achieve that type of program as part of the "new movement," they may get it.

Mr. President, I will ask the Senate to bear with me in that connection for just one moment while I refer to the testimony of Mr. Carmody.

On page 74 of the hearings Mr. Carmody was asked this question:

> May I direct your attention, Mr. Carmody, to page 11, line 9—
>
> That is, of the original bill—
>
> which provides that there may be a purchase of securities to evidence loans for non-Federal public works, and to exchange such securities for other securities, and so forth. Does that contemplate, sir, the providing of risk capital?
>
> Mr. CARMODY. Yes; it might, on terms that can be met as part of the law itself. The fact of the matter is that if this program gets under way we shall see, I believe, renewed interest on the part of individuals and banks to get money invested in enterprises of the general character that we are talking about.

Mr. President, the economic weapon idea, the idea of force, of coercion, of penalty—that part of the "new movement" was carried through from the day the bill was first sent to our committee until it comes down to us today, much of it, of course, denuded of its original force, much of it subject to the same fundamental objections, however, that ought to persist in a country with a Constitution such as ours.

Mr. AUSTIN. Mr. President——

Mr. DANAHER. I yield to the Senator from Vermont.

Mr. AUSTIN. Will the Senator from Connecticut tell me what he means when he talks about a bill which was sent to the committee by the Senate? As I view the document before us, it is entitled "Senate bill 2864"; and, so far as I can recollect, no such bill ever was presented to the Senate. On the contrary, the Senate had before it Senate bill 2759. It was that bill relating to this subject, was it not, which was referred to the committee and studied by the committee?

Mr. DANAHER. In answer to the Senator's question I will say that Senate bill 2759 was the bill on which we held our hearings. Senate bill 2759 was a self-liquidating bill, we were told; but when its absurdity became apparent, and when the bill had to be operated upon—that is, the actual physical carving out of the bill of many of its obnoxious features—and the committee was able to prevail in achieving that type of result, we went through a first committee print, and we went through a second committee print, and finally we got what we call a clean bill. We have not Senate bill 2759 before us any more. It has disappeared with the self-liquidating projects idea. It has gone into thin air. What we now have, Mr. President, is the bill to which the Senator has referred, and which bears the number S. 2864.

Mr. AUSTIN. Mr. President, will the Senator yield for one further question?

Mr. DANAHER. I yield for a question.

Mr. AUSTIN. Has the Committee on Banking and Currency ever held hearings on Senate bill 2864?

Mr. DANAHER. Not to know it. No, Mr. President; I will say to the Senator from Vermont.

Mr. REED. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Kansas.

Mr. REED. Under those circumstances, if this bill has not had appropriate reference to the committee and a committee report, is not a point of order proper against the consideration of the bill? What would be the opinion of the Senator from Connecticut on that point?

Mr. DANAHER. Mr. President, I should be happy to answer that question if I were in the chair; but, since I am not, I will say to the Senator from Kansas that I would refer it to the Chair.

Mr. REED. Mr. President, may we have a ruling from the Chair?

Mr. BARKLEY. Mr. President, does the Senator from Connecticut yield to the Senator from Kansas to make a point of order that this bill has not been considered by the committee?

Mr. DANAHER. Yes; I should be happy to yield to the Senator from Kansas for that purpose.

Mr. BARKLEY. The Senator, of course, would lose the floor if he should do that. I want him to know that. Perhaps he is willing to lose it.

Mr. DANAHER. If I may say so to the Senator from Kentucky, I should have no real regret about losing the floor at this time. I expect to be here tomorrow; and if we

have a chance to tell the country what the implications of the bill are as we offer our various amendments, I assume we may be heard on them. If a point of order properly should be made, we may not have to consider the bill tomorrow.

Mr. BARKLEY. Of course, the Senator may be perfectly willing to lose the floor; but I have no desire that he lose it, and I am sure those who have honored us with their presence tonight would exceedingly regret if the Senator either lost the floor or gave it up, because the Senator is sincere. He is making an argument in which he is sincere. I appreciate the Senator's sincerity, and I respect his views on the subject, but I thought I should call attention to the fact that if he yields for that purpose he will yield the floor.

Mr. DANAHER. Mr. President, I thank the Senator from Kentucky for his courtesy and his thoughtfulness and his observations with reference to what I am trying and hope to do. Pursuant to the suggestion of the Senator from Kentucky, I am going to ask the Senator from Kansas to withhold his observation for just about 3 minutes by the clock, and then I will conclude and yield to him for whatever purpose is proper under the circumstances.

Mr. REED. Will the Senator yield for a statement, or for a question?

Mr. DANAHER. I will yield for a question.

Mr. REED. When the Senator yields, on the statement of the Senator from Connecticut, he being a member of the committee, I shall make a point of order.

Mr. BARKLEY. Mr. President, the Senator from Kansas will have to obtain recognition from the Chair in order to make the point of order; and I will say to the Senator from Connecticut that it is my purpose to move a recess until tomorrow at the conclusion of his remarks.

Mr. DANAHER. I thank the Senator.

Mr. President, I am concluding. I conclude with an observation which I should like to make to the Senators on the other side of the aisle.

I feel that the Senators on the other side of the aisle above everybody else in this body know that no 20 or 23 Senators are in a position to halt the movement which is involved in this bill. I appeal to the Senators on the other side of the aisle, to whom reference has been made in the statement that the Democratic Party is a mere incident on which the "new movement" is persisting. I submit to them that honesty, candor, and fair dealing on their part with reference to the status of the country itself make this thing rise above all party stature. They make it stand, if it is going to stand at all, on its own bottom, and when we analyze this bill, the bottom is one of shifting quicksands, and there is a quagmire of difficulty for the country ahead of it.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—ADDITIONAL AMENDMENTS

Mr. BARKLEY submitted two amendments intended to be proposed by him to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which were ordered to lie on the table and to be printed.

PRINTING OF SENATE BILL 2009 AS AMENDED

Mr. BARKLEY. I ask unanimous consent that Senate bill 2009, the railroad bill, which passed the House of Representatives today, be printed, when it is messaged to the Senate, so as to show the House amendments in the text of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

INSPECTION OF RAINY LAKE WATERSHED—ADDITIONAL REPORT OF A COMMITTEE

Mr. SHIPSTEAD, from the Committee on Foreign Relations, to which was referred the resolution (S. Res. 170) authorizing an inspection of Rainy Lake Watershed by a subcommittee of the Committee on Foreign Relations (submitted by Mr. SHIPSTEAD on the 24th instant), reported it with an amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ADDITIONAL BILL INTRODUCED

Mr. WHEELER (for himself and Mr. TRUMAN) introduced a bill (S. 2903) to amend the Interstate Commerce Act, and for other purposes, which was read twice by its title and referred to the Committee on Interstate Commerce.

CONFUSION, DELUSION, OR RECOVERY—ADDRESS BY SENATOR BRIDGES

[Mr. GURNEY asked and obtained leave to have printed in the RECORD an address by Senator BRIDGES at a banquet of the Conference of Young People's Republican Clubs of Kentucky, at Ashland, Ky., on July 15, 1939, the subject being Confusion, Delusion, or Recovery, which appears in the Appendix.]

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Charles A. O'Donnell to be postmaster at Frackville, Pa., in place of C. A. O'Donnell.

Mr. JOHNSON of Colorado, from the Comimttee on Interstate Commerce, reported favorably the nomination of William J. Patterson, of North Dakota, to be an Interstate Commerce Commissioner for a term expiring December 31, 1945.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

RECONSTRUCTION FINANCE CORPORATION

The legislative clerk read the nomination of Sam Husbands, of South Carolina, to be a member of the Board of Directors.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of Joseph A. Ziemba to be collector of customs for customs collection district No. 39.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

COAST GUARD

The legislative clerk proceeded to read sundry nominations in the Coast Guard.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the Executive Calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 17 minutes p. m.) the Senate took a recess until tomorrow, Thursday, July 27, 1939, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received July 26 (legislative day of July 25), 1939

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Bert Fish, of Florida, now Envoy Extraordinary and Minister Plenipotentiary to Egypt, to be also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Saudi Arabia.

UNITED STATES HIGH COMMISSIONER

Francis Bowes Sayre, of Massachusetts, to be United States High Commissioner to the Philippine Islands, vice Paul V. McNutt, resigned.

JUDGE OF THE DISTRICT COURT OF THE VIRGIN ISLANDS

Herman E. Moore, of Illinois, to be judge of the district court of the Virgin Islands of the United States, vice William H. Hastie, resigned.

UNITED STATES DISTRICT JUDGE

Hon. Harry E. Pratt, of Alaska, to be United States district judge, Division No. 4, District of Alaska. Judge Pratt is now serving in this office under an appointment which expired June 21, 1939.

UNITED STATES ATTORNEYS

Charles Stewart Lynch, of Delaware, to be United States attorney for the district of of Delaware, vice John J. Morris, Jr., whose term has expired.

Harold Maurice Kennedy, of New York, to be United States attorney for the eastern district of New York, vice Michael F. Walsh, resigned.

UNITED STATES MARSHAL

Henry L. Dillingham, of Missouri, to be United States marshal for the western district of Missouri. He is now serving in this office under an appointment which expired March 1, 1938.

Lt. Col. Philip Mathews, United States Army, retired, to be Work Projects Administrator for Pennsylvania.

FEDERAL DEPOSIT INSURANCE CORPORATION

The following-named persons for reappointment as members of the Board of Directors of the Federal Deposit Insurance Corporation for terms of 6 years from September 6, 1939:

Leo T. Crowley, of Wisconsin.

Phillips Lee Goldsborough, of Maryland.

FEDERAL BOARD FOR VOCATIONAL EDUCATION

Dr. Paul H. Nystrom, of New York, to be member of the Federal Board for Vocational Education—reappointment.

COLLECTOR OF INTERNAL REVENUE

Henry J. Willingham, of Florence, Ala., to be collector of internal revenue for the district of Alabama in place of Harwell G. Davis, resigned.

COAST GUARD OF THE UNITED STATES

The following-named officers in the Coast Guard of the United States to rank as such from July 1, 1939:

Comdr. Fred A. Nichols to be a captain.

Lt. Comdr. Roderick S. Patch to be a commander.

Chief Boatswain (L) Charles R. Peele to be a district commander, with the rank of lieutenant, in the Coast Guard of the United States, to take effect from date of oath.

POSTMASTERS

ALABAMA

Homer Wright to be postmaster at Auburn, Ala., in place of Homer Wright. Incumbent's commission expires August 22, 1939.

Felton Collier to be postmaster at Bessemer, Ala., in place of Felton Collier. Incumbent's commission expired January 22, 1939.

Robert E. Bowdon, Jr., to be postmaster at Calera, Ala., in place of R. E. Bowdon, Jr. Incumbent's commission expired March 8, 1939.

Walter H. Wilson to be postmaster at Opelika, Ala., in place of W. H. Wilson. Incumbent's commission expired January 22, 1939.

George W. Morris to be postmaster at Ragland, Ala., in place of G. L. Davis, removed.

Maurice W. Holmes to be postmaster at Vinemont, Ala., in place of M. W. Holmes. Incumbent's commission expired July 1, 1939.

ARIZONA

Harriet C. Dean to be postmaster at Duncan, Ariz., in place of H. C. Dean. Incumbent's commission expired April 26, 1939.

Albert H. Adams to be postmaster at Scottsdale, Ariz., in place of A. H. Adams. Incumbent's commission expired March 23, 1939.

ARKANSAS

Arthur Woodward to be postmaster at Gentry, Ark., in place of A. M. Steele. Incumbent's commission expired March 21, 1939.

Frederick Guy Mabrey to be postmaster at Leslie, Ark., in place of I. F. Jennings. Incumbent's commission expired July 18, 1939.

CALIFORNIA

Bertha A. Williams to be postmaster at Cloverdale, Calif., in place of B. A. Williams. Incumbent's commission expired March 23, 1939.

Raymond M. Krollpfeiffer to be postmaster at Del Monte, Calif., in place of R. M. Krollpfeiffer. Incumbent's commission expired February 9, 1939.

Neil A. MacMillan to be postmaster at Eureka, Calif., in place of N. A. MacMillan. Incumbent's commission expired July 9, 1939.

Ralph N. Swanson to be postmaster at Hollydale, Calif., in place of R. N. Swanson. Incumbent's commission expired February 9, 1939.

Earl F. Fishel to be postmaster at Lomita, Calif., in place of B. E. Paddock. Incumbent's commission expired March 25, 1939.

Julia A. Monahan to be postmaster at Newcastle, Calif., in place of J. A. Monahan. Incumbent's commission expired March 19, 1939.

Matie L. McCormick to be postmaster at Ojai, Calif., in place of M. L. McCormick. Incumbent's commission expired May 1, 1939.

Carl J. Hase to be postmaster at Ontario, Calif., in place of C. J. Hase. Incumbent's commission expires August 14, 1939.

Austin R. Gallaher to be postmaster at Orange Cove, Calif., in place of S. B. Gallaher. Incumbent's commission expired March 19, 1939.

John Ransom Casey to be postmaster at Pomona, Calif., in place of J. R. Casey. Incumbent's commission expires August 9, 1939.

Robert E. O'Connell, Jr., to be postmaster at Redwood City, Calif., in place of S. E. O'Connell, Jr. Incumbent's commission expired April 2, 1939.

Robert B. Finnegan to be postmaster at Valley Springs, Calif. Office became Presidential July 1, 1938.

COLORADO

Neville George Parsons to be postmaster at Central City, Colo., in place of N. G. Parsons. Incumbent's commission expired July 9, 1939.

Rudolph G. Verzuh to be postmaster at Crested Butte, Colo., in place of R. G. Verzuh. Incumbent's commission expired July 22, 1939.

Agnes J. Beynon to be postmaster at Frederick, Colo., in place of A. J. Beynon. Incumbent's commission expired May 15, 1939.

Esther M. Stanley to be postmaster at Gypsum, Colo., in place of E. M. Stanley. Incumbent's commission expires August 1, 1939.

James A. Tinsley to be postmaster at Lakewood, Colo. Office became Presidential July 1, 1938.

Arthur L. Carlson to be postmaster at Wellington, Colo., in place of A. L. Carlson. Incumbent's commission expired June 18, 1939.

CONNECTICUT

John A. Jackson to be postmaster at Durham, Conn., in place of J. A. Jackson. Incumbent's commission expired March 28, 1939.

John A. Leahy to be postmaster at Plainfield, Conn., in place of J. A. Leahy. Incumbent's commission expired March 28, 1939.

Willard Gardiner Davis to be postmaster at Pomfret Center, Conn., in place of W. G. Davis. Incumbent's commission expired May 13, 1939.

Patrick T. Malley to be postmaster at Thompsonville, Conn., in place of P. T. Malley. Incumbent's commission expired January 17, 1939.

Paul DeF. Wren to be postmaster at Westbrook, Conn., in place of P. D. Wren. Incumbent's commission expired March 28, 1939.

Agnes Reilly Collins to be postmaster at Woodmont, Conn., in place of A. R. Collins. Incumbent's commission expired March 27, 1939.

DELAWARE

Harry T. Swain to be postmaster at Georgetown, Del., in place of J. F. Hudson. Incumbent's commission expired March 17, 1936.

FLORIDA

Reuben G. Bradford to be postmaster at Carrabelle, Fla., in place of R. G. Bradford. Incumbent's commission expired January 17, 1939.

Mayo Ferdon to be postmaster at Crestview, Fla., in place of Mayo Ferdon. Incumbent's commission expired January 17, 1939.

Jesse E. Franklin to be postmaster at Glen Saint Mary, Fla., in place of J. E. Franklin. Incumbent's commission expired June 18, 1938.

William H. Owens to be postmaster at Goulds, Fla. Office became Presidential July 1, 1938.

Fred Ewing to be postmaster at Hialeah, Fla., in place of Fred Ewing. Incumbent's commission expired August 22, 1939.

Bennett L. David to be postmaster at Hollywood, Fla., in place of J. R. Barnes, removed.

Fred J. Dion to be postmaster at Key West, Fla., in place of S. E. Harris. Incumbent's commission expired April 4, 1938.

Abraham C. Fiske to be postmaster at Rockledge, Fla., in place of A. C. Fiske. Incumbent's commission expired May 1, 1938.

GEORGIA

Albert V. Jones, Sr., to be postmaster at Canton, Ga., in place of J. W. Chamlee, deceased.

Andrew J. Trulock to be postmaster at Climax, Ga., in place of A. J. Trulock. Incumbent's commission expired July 1, 1939.

Afley M. Cherry to be postmaster at Donaldsonville, Ga., in place of A. M. Cherry. Incumbent's commission expired June 26, 1939.

Mary L. Ellis to be postmaster at Experiment, Ga., in place of M. L. Ellis. Incumbent's commission expires August 27, 1939.

Elizabeth S. Maxwell to be postmaster at Lexington, Ga., in place of E. S. Maxwell. Incumbent's commission expired July 1, 1939.

Goodwin M. Barnes to be postmaster at Midville, Ga., in place of G. M. Barnes. Incumbent's committee expired May 23, 1938.

George H. Ray to be postmaster at Norwood, Ga., in place of G. H. Ray. Incumbent's commission expired July 1, 1939.

Sara W. Bulloch to be postmaster at Ochlochnee, Ga., in place of S. W. Bulloch. Incumbent's commission expired July 1, 1939.

Hugh J. Alderman to be postmaster at Pavo, Ga., in place of H. J. Alderman. Incumbent's commission expires August 14, 1939.

Garth L. Webb to be postmaster at Ray City, Ga., in place of M. E. Fountain. Incumbent's commission expired January 22, 1939.

IDAHO

Guy E. Van Buskirk to be postmaster at Potlatch, Idaho, in place of G. E. Van Buskirk. Incumbent's commission expired May 15, 1939.

LeRoy C. Harris to be postmaster at Wallace, Idaho, in place of R. E. Weniger, deceased.

ILLINOIS

Fred Rohr to be postmaster at Ashkum, Ill., in place of Fred Rohr. Incumbent's commission expired January 16, 1939.

James R. Freddy to be postmaster at Atkinson, Ill., in place of J. R. Freddy. Incumbent's commission expired January 16, 1939.

Clarence O. Dreher to be postmaster at Atlanta, Ill., in place of C. O. Dreher. Incumbent's commission expired May 13, 1939.

John C. Kepner to be postmaster at Blue Mound, Ill., in place of J. C. Kepner. Incumbent's commission expired January 16, 1939.

Michael Colgrass to be postmaster at Brookfield, Ill., in place of Michael Colgrass. Incumbent's commission expired January 16, 1939.

Roy Ansel Brooks to be postmaster at Carthage, Ill., in place of R. A. Brooks. Incumbent's commission expired March 18, 1939.

Raymond R. Staubus to be postmaster at Cissna Park, Ill., in place of R. R. Staubus. Incumbent's commission expired May 29, 1939.

Thomas W. Cramer to be postmaster at Clinton, Ill., in place of T. W. Cramer. Incumbent's commission expired January 16, 1939.

Claude Shaffner to be postmaster at Dallas City, Ill., in place of Claude Shaffner. Incumbent's commission expired January 16, 1939.

Rose E. Gorman to be postmaster at Farmersville, Ill., in place of R. E. Gorman. Incumbent's commission expired June 26, 1939.

Mervin F. Hinton to be postmaster at Fisher, Ill., in place of M. F. Hinton. Incumbent's commission expired January 16, 1939.

Henry Swanson to be postmaster at Geneva, Ill., in place of Henry Swanson. Incumbent's commission expired May 13, 1939.

Everett L. Cameron to be postmaster a Gillespie, Ill., in place of E. L. Cameron. Incumbent's commission expires July 26, 1939.

Francis L. Wright to be postmaster at Henry, Ill., in place of F. L. Wright. Incumbent's commission expired February 7, 1939.

John Petry to be postmaster at Hoopeston, Ill., in place of John Petry. Incumbent's commission expired January 16, 1939.

Curtis E. Roller to be postmaster at Hume, Ill., in place of C. E. Roller. Incumbent's commission expired February 15, 1939.

Anthony H. Koselke to be postmaster at Lansing, Ill., in place of A. H. Koselke. Incumbent's commission expired March 23, 1939.

Wilber J. Strange to be postmaster at Le Roy, Ill., in place of W. J. Strange. Incumbent's commission expired May 29, 1939.

Harry J. Young to be postmaster at Marissa, Ill., in place of H. J. Young. Incumbent's commission expires August 27, 1939.

Leroy McNary to be postmaster at Marshall, Ill., in place of Leroy McNary. Incumbent's commission expires August 26, 1939.

James D. Larry, Sr., to be postmaster at Melrose Park, Ill., in place of J. D. Larry, Sr. Incumbent's commission expired February 8, 1939.

John R. Goodson to be postmaster at Newman, Ill., in place of J. R. Goodson. Incumbent's commission expired January 16, 1939.

James Elmer Davis to be postmaster at Versailles, Ill., in place of J. E. Heflin. Incumbent's commission expired June 6, 1938.

Arthur E. Swan to be postmaster at Waynesville, Ill., in place of A. E. Swan. Incumbent's commission expired January 16, 1939.

Robert L. Cooper to be postmaster at Williamsville, Ill., in place of R. L. Cooper. Incumbent's commission expires July 26, 1939.

INDIANA

Alpha W. Jackson to be postmaster at Birdseye, Ind., in place of L. A. Leonard, deceased.

Joseph F. Winkler to be postmaster at Hammond, Ind., in place of J. F. Winkler. Incumbent's commission expired February 15, 1939.

Herbert J. Harris to be postmaster at Hillsboro, Ind., in place of H. J. Harris. Incumbent's commission expired January 18, 1939.

Harold A. Rowe to be postmaster at Medaryville, Ind., in place of Biven Coburn. Incumbent's commission expired June 18, 1938.

Louis W. Thomas to be postmaster at Mount Vernon, Ind., in place of L. W. Thomas. Incumbent's commission expired May 15, 1939.

Clarence Pook to be postmaster at South Whitley, Ind., in place of R. E. Fox, resigned.

George F. Coyle to be postmaster at Tell City, Ind., in place of G. F. Coyle. Incumbent's commission expired February 18, 1939.

IOWA

Herbert F. Starner to be postmaster at Shelby, Iowa, in place of A. P. Harder. Incumbent's commission expired January 18, 1939.

KANSAS

Richard R. Bourne to be postmaster at Delphos, Kans., in place of R. R. Bourne. Incumbent's commission expired June 18, 1939.

David Earl Moore to be postmaster at Dexter, Kans., in place of D. E. Moore. Incumbent's commission expired June 26, 1939.

John O. Derfelt to be postmaster at Galena, Kans., in place of M. Y. Sawyer, removed.

Cornelius Foster to be postmaster at Geneseo, Kans., in place of J. V. Stredder, removed.

Elizabeth C. Johnson to be postmaster at Hartford, Kans., in place of E. C. Johnson. Incumbent's commission expired June 18, 1939.

Wilbert F. Kunze to be postmaster at Kensington, Kans., in place of W. F. Kunze. Incumbent's commission expired March 23, 1939.

Hugh Lee to be postmaster at Louisburg, Kans., in place of Hugh Lee. Incumbent's commission expired May 16, 1939.

Charles L. Krouse to be postmaster at Onaga, Kans., in place of C. L. Krouse. Incumbent's commission expired June 18, 1939.

John L. Larson to be postmaster at Randolph, Kans., in place of J. L. Larson. Incumbent's commission expired March 18, 1939.

Henry F. Dodson to be postmaster at South Haven, Kans., in place of H. F. Dodson. Incumbent's commission expired July 1, 1939.

Thomas W. Ross to be postmaster at Sterling, Kans., in place of T. W. Ross. Incumbent's commission expired June 18, 1939.

Victor Gibson to be postmaster at Sylvia, Kans., in place of Victor Gibson. Incumbent's commission expired June 18, 1938.

Clayton Wyatt to be postmaster at Valley Falls, Kans., in place of George Harman, deceased.

Wilders D. McKimens to be postmaster at Westmoreland, Kans., in place of W. D. McKimens. Incumbent's commission expired June 18, 1939.

KENTUCKY

Jesse B. Pope to be postmaster at Brooksville, Ky., in place of J. B. Pope. Incumbent's commission expired March 15, 1939.

William H. Cundiff to be postmaster at Cadiz, Ky., in place of L. B. Sundiff, resigned.

Jack Smith to be postmaster at Campton, Ky., in place of Jack Smith. Incumbent's commission expired February 18, 1939.

Mary Christine Willett to be postmaster at Fancy Farm, Ky., in place of J. H. Burch, removed.

Lula M. Stuart to be postmaster at Glendale, Ky., in place of L. M. Stuart. Incumbent's commission expired May 10, 1939.

Robert W. Vinson to be postmaster at Louisa, Ky., in place of R. W. Vinson. Incumbent's commission expired May 10, 1939.

Harry Imes Sledd to be postmaster at Murray, Ky., in place of H. T. Waldrop. Incumbent's commission expired February 5, 1938.

Sister Marie M. LeBray to be postmaster at Nazareth, Ky., in place of Sister Marie M. LeBray. Incumbent's commission expired March 19, 1939.

Ernest Meek to be postmaster at Paintsville, Ky., in place of Ernest Meek. Incumbent's commission expired May 29, 1939.

J. Wise Higgins to be postmaster at Salyersville, Ky., in place of J. W. Higgins. Incumbent's commission expired March 29, 1939.

Milton Ashby to be postmaster at Sebree, Ky., in place of Milton Ashby. Incumbent's commission expired February 18, 1939.

Byron P. Boyd to be postmaster at Sedalia, Ky., in place of B. P. Boyd. Incumbent's commission expired June 17, 1939.

Mary K. Diersing to be postmaster at Shively, Ky., in place of M. K. Diersing. Incumbent's commission expired March 15, 1939.

Victor B. Stephens to be postmaster at Stanton, Ky., in place of V. B. Stephens. Incumbent's commission expired July 1, 1939.

Kathryn E. Stewart to be postmaster at West Paducah, Ky., in place of K. E. Stewart. Incumbent's commission expired May 10, 1939.

Beulah N. Matheus to be postmaster at Whitesville, Ky., in place of B. N. Matheus. Incumbent's commission expired February 18, 1939.

Thomas J. Stevenson to be postmaster at Winchester, Ky., in place of T. J. Stevenson. Incumbent's commission expired May 10, 1939.

LOUISIANA

Donald Lavine to be postmaster at Oil City, La., in place of O. J. Gutting. Incumbent's commission expired April 5, 1936.

MAINE

Edna G. Chase to be postmaster at Limestone, Maine, in place of E. G. Chase. Incumbent's commission expired April 25, 1938.

MARYLAND

John B. T. Merrick to be postmaster at Church Hill, Md. Office became Presidential July 1, 1936.

George M. Mowell to be postmaster at Glencoe, Md., in place of G. M. Mowell. Incumbent's commission expired March 18, 1939.

MASSACHUSETTS

George A. Sweeney to be postmaster at Attleboro, Mass., in place of G. A. Sweeney. Incumbent's commission expires August 26, 1939.

Charles F. Wissenbach to be postmaster at Bolton, Mass., in place of E. K. Whitcomb. Incumbent's commission expired February 8, 1939.

Patrick F. Shea to be postmaster at Fitchburg, Mass., in place of P. F. Shea. Incumbent's commission expired March 7, 1939.

Harold J. McCormick to be postmaster at Gardner, Mass., in place of H. J. McCormick. Incumbent's commission expired January 23, 1939.

James J. Dowd to be postmaster at Holyoke, Mass., in place of J. J. Dowd. Incumbent's commission expires August 12, 1939.

MICHIGAN

Arthur A. Weng to be postmaster at Daggett, Mich., in place of W. L. Nelson. Incumbent's commission expired February 5, 1936.

Claude E. Cady to be postmaster at Lansing, Mich., in place of C. E. Cady. Incumbent's commission expired July 17, 1939.

Matthew Max to be postmaster at Ypsilanti, Mich., in place of Matthew Max. Incumbent's commission expired April 26, 1939.

MINNESOTA

Edward A. Buckley to be postmaster at East Grand Forks, Minn., in place of E. A. Buckley. Incumbent's commission expired March 12, 1939.

Julia B. Anderson to be postmaster at Zumbrota, Minn., in place of J. B. Anderson. Incumbent's commission expired May 29, 1939.

Robert E. O'Donnell to be postmaster at Mound, Minn., in place of R. E. O'Donnell. Incumbent's commission expired March 23, 1939.

William H. Wilson to be postmaster at Rushmore, Minn., in place of W. H. Wilson. Incumbent's commission expired March 12, 1939.

MISSISSIPPI

Ralph D. Sigler to be postmaster at Bucatunna, Miss., in place of H. A. E. Fisher, removed.

Sarah R. Lee to be postmaster at Carrollton, Miss., in place of S. R. Lee. Incumbent's commission expired July 18, 1939.

Harry S. McGehee to be postmaster at Centreville, Miss., in place of P. S. Anderson. Incumbent's commission expired January 30, 1938.

Horace E. Wilkinson to be postmaster at Shelby, Miss., in place of R. E. L. McLain, deceased.

MISSOURI

Adam B. Jenkins to be postmaster at Advance, Mo., in place of A. B. Jenkins. Incumbent's commission expired May 9, 1939.

Arthur J. Clayton to be postmaster at Brunswick, Mo., in place of A. J. Clayton. Incumbent's commission expired June 18, 1938.

Orville L. Davis to be postmaster at Keytesville, Mo., in place of O. L. Davis. Incumbent's commission expires August 7, 1939.

Edward H. Mertens to be postmaster at Morrison, Mo., in place of E. H. Mertens. Incumbent's commission expired June 25, 1939.

MONTANA

Mary A. Fetterman to be postmaster at Saco, Mont., in place of M. A. Fetterman. Incumbent's commission expired March 8, 1939.

Frank R. Murray to be postmaster at Townsend, Mont., in place of F. R. Murray. Incumbent's commission expired July 10, 1939.

NEBRASKA

Clarke W. Kelley to be postmaster at Beaver City, Nebr., in place of C. W. Kelley. Incumbent's commission expired May 16, 1939.

John F. McGill to be postmaster at Center, Nebr., in place of J. F. McGill. Incumbent's commission expired March 21, 1939.

Harold Glenn Butler to be postmaster at Newport, Nebr., in place of Frank C. Allen, removed.

James A. Gunn to be postmaster at Ponca, Nebr., in place of A. H. Logan, deceased.

Charles J. Mullaney to be postmaster at Walthill, Nebr., in place of C. J. Mullaney. Incumbent's commission expired March 21, 1939.

Peter A. Meehan to be postmaster at York, Nebr., in place of H. S. King, removed.

NEW JERSEY

Lawrence R. Ress to be postmaster at Chatham, N. J., in place of W. R. Carr, resigned.

John S. Hains to be postmaster at Hillsdale, N. J., in place of J. W. Barnett. Incumbent's commission expired March 28, 1936.

Martin L. Mulvey to be postmaster at Landing, N. J., in place of M. L. Mulvey. Incumbent's commission expired April 17, 1939.

August F. Schweers to be postmaster at Little Silver, N. J., in place of A. F. Schweers. Incumbent's commission expired February 18, 1939.

Edward J. Turpin to be postmaster at Mays Landing, N. J., in place of E. J. Turpin. Incumbent's commission expired April 17, 1939.

Marion M. Klockner to be postmaster at Mercerville, N. J., in place of M. M. Klockner. Incumbent's commission expired May 2, 1938.

Frank H. Moran to be postmaster at Middlesex, N. J., in place of F. H. Moran. Incumbent's commission expired February 13, 1939.

Nicholas T. Ballantine to be postmaster at Peapack, N. J., in place of N. T. Ballentine. Incumbent's commission expired June 14, 1938.

NEW MEXICO

Filiberto E. Lucero to be postmaster at Espanola, N. Mex., in place of F. E. Lucero. Incumbent's commission expired June 26, 1939.

Alta V. Short to be postmaster at Monument, N. Mex. Office became Presidential July 1, 1938.

Vera Clayton to be postmaster at Tularosa, N. Mex., in place of Vera Clayton. Incumbent's commission expired February 12, 1939.

NEW YORK

Priscilla A. Fairbank to be postmaster at Ashville, N. Y., in place of P. A. Fairbank. Incumbent's commission expired April 6, 1939.

John L. Purcell to be postmaster at Aurora, N. Y., in place of J. L. Purcell. Incumbent's commission expired March 23, 1939.

Claude E. Shill to be postmaster at Avoca, N. Y., in place of C. E. Shill. Incumbent's commission expired May 8, 1939.

Benjamin F. Griffin to be postmaster at Camillus, N. Y., in place of B. F. Griffin. Incumbent's commission expired June 28, 1939.

Leon H. Ingersoll to be postmaster at Cincinnatus, N. Y., in place of L. H. Ingersoll. Incumbent's commission expired May 8, 1939.

John Roe to be postmaster at East Durham, N. Y., in place of John Roe. Incumbent's commission expired May 8, 1939.

George S. Hart to be postmaster at Freeville, N. Y., in place of G. S. Hart. Incumbent's commission expired May 28, 1938.

Arthur B. Ward to be postmaster at Gilbertsville, N. Y., in place of A. B. Ward. Incumbent's commission expired January 24, 1939.

John W. Masterson to be postmaster at Harmon-on-Hudson, N. Y., in place of J. W. Masterson. Incumbent's commission expired May 17, 1939.

George Heal to be postmaster at Holley, N. Y., in place of George Heal. Incumbent's commission expired May 8, 1939.

Thomas R. Morris to be postmaster at Ilion, N. Y., in place of T. R. Morris. Incumbent's commission expired August 2, 1939.

Elwyn S. Sloughter to be postmaster at Ithaca, N. Y., in place of E. S. Sloughter. Incumbent's commission expired July 9, 1939.

William H. McLaughlin to be postmaster at Little Falls, N. Y., in place of W. H. McLaughlin. Incumbent's commission expired June 4, 1939.

Moses Symington to be postmaster at Long Island City, N. Y., in place of W. J. Thornton, transferred.

George J. McGovern to be postmaster at Madison, N. Y. Office became Presidential July 1, 1938.

Gordon E. DeVille to be postmaster at Ontario, N. Y., in place of G. E. DeVille. Incumbent's commission expired March 18, 1939.

Robert A. Lundy to be postmaster at Ray Brook, N. Y., in place of R. A. Lundy. Incumbent's commission expired March 23, 1939.

Grace M. Dibble to be postmaster at Richmondville, N. Y., in place of G. M. Dibble. Incumbent's commission expired June 25, 1939.

Julian E. McVean to be postmaster at Scottsville, N. Y., in place of J. E. McVean. Incumbent's commission expired January 22, 1939.

Gertrude M. Ackert to be postmaster at West Park, N. Y., in place of G. M. Ackert. Incumbent's commission expired March 23, 1939.

Albert B. Sabin to be postmaster at Wolcott, N. Y., in place of A. B. Sabin. Incumbent's commission expired June 28, 1939.

NORTH CAROLINA

John C. Koleman to be postmaster at Carolina Beach, N. C. Office became Presidential October 1, 1937.

Lillington Hendrix to be postmaster at Cooleemee, N. C., in place of Lillington Hendrix. Incumbent's commission expired January 16, 1939.

William C. Stockton to be postmaster at Ellenboro, N. C., in place of W. C. Stockton. Incumbent's commission expired July 1, 1939.

William M. Shaw to be postmaster at Fayetteville, N. C., in place of W. M. Shaw. Incumbent's commission expires August 27, 1939.

Riddick W. Gatling to be postmaster at Gates, N. C., in place of R. W. Gatling. Incumbent's commission expired July 1, 1939.

John R. Teague to be postmaster at Henderson, N. C., in place of J. R. Teague. Incumbent's commission expired July 18, 1939.

Ethel R. Edwards to be postmaster at Pinebluff, N. C. Office became Presidential July 1, 1938.

Leslie G. Shell to be postmaster at Roanoke Rapids, N. C., in place of L. G. Shell. Incumbent's commission expired June 26, 1939.

Leonard T. Yaskell to be postmaster at Southport, N. C., in place of L. T. Yaskell. Incumbent's commission expires July 27, 1939.

George W. Stuart to be postmaster at Troy, N. C., in place of G. W. Stuart. Incumbent's commission expired March 19, 1939.

OHIO

Clarence D. Hindall to be postmaster at Ada, Ohio, in place of C. D. Hindall. Incumbent's commission expired May 13, 1939.

Lulu M. Helphinstine to be postmaster at Amsterdam, Ohio, in place of L. M. Helphinstine. Incumbent's commission expired May 13, 1939.

Henry J. Walter to be postmaster at Archbold, Ohio, in place of H. J. Walter. Incumbent's commission expired May 13, 1939.

Linn G. McKnight to be postmaster at Buckeye Lake, Ohio, in place of L. G. McKnight. Incumbent's commission expired July 2, 1939.

Edward F. Lawler to be postmaster at Carrollton, Ohio, in place of E. F. Lawler. Incumbent's commission expired May 13, 1939.

Mary E. Perry to be postmaster at Castalia, Ohio in place of M. E. Perry. Incumbent's commission expired January 17, 1939.

John R. Gunning to be postmaster at Chillicothe, Ohio, in place of J. R. Gunning. Incumbent's commission expired July 9, 1939.

A. Hulse Hays to be postmaster at Circleville, Ohio, in place of A. H. Hays. Incumbent's commission expired January 30, 1938.

Curtis D. T. Watts to be postmaster at Crooksville, Ohio, in place of C. D. T. Watts. Incumbent's commission expired February 21, 1939.

Harris O. Stanley to be postmaster at Damascus, Ohio, Office became Presidential July 1, 1938.

Gerald L. Whaley to be postmaster at Fayette, Ohio, in place of G. L. Whaley. Incumbent's commission expired March 19, 1939.

John P. Watt to be postmaster at Greenfield, Ohio, in place of J. P. Watt. Incumbent's commission expired January 17, 1939.

Charles L. Collett to be postmaster at Ironton, Ohio, in place of C. L. Collett. Incumbent's commission expired June 17, 1939.

Harry C. Lieurance to be postmaster at Jamestown, Ohio, in place of H. C. Lieurance. Incumbent's commission expired February 21, 1939.

Herman H. Montooth to be postmaster at Leipsic, Ohio, in place of H. H. Montooth. Incumbent's commission expired May 13, 1939.

William J. Moriarty to be postmaster at Lorain, Ohio, in place of W. J. Moriarty. Incumbent's commission expired May 2, 1939.

C. Woodrow Wilson to be postmaster at Lyons, Ohio, in place of C. W. Wilson. Incumbent's commission expired March 25, 1939.

Ray H. Strouse to be postmaster at McComb, Ohio, in place of R. H. Strouse. Incumbent's commission expired March 15, 1939.

Neal D. Roshon to be postmaster at Medina, Ohio, in place of N. D. Roshon. Incumbent's commission expired February 12, 1939.

James Woodward to be postmaster at Mineral Ridge, Ohio, in place of James Woodward. Incumbent's commission expired February 21, 1939.

Albert P. McQuade to be postmaster at New Straitsville, Ohio, in place of A. P. McQuade. Incumbent's commission expired March 19, 1939.

John O. Entrikin to be postmaster at North Lima, Ohio, in place of J. O. Entrikin. Incumbent's commission expired April 25, 1938.

Walter R. Williams to be postmaster at Norwalk, Ohio, in place of C. O. Frederick, deceased.

Fred L. Decker to be postmaster at Ostrander, Ohio, in place of F. L. Decker. Incumbent's commission expired July 22, 1939.

Jessie B. McFadden to be postmaster at Pataskala, Ohio, in place of J. B. McFadden. Incumbent's commission expired July 2, 1939.

Orville C. Ryan to be postmaster at Peebles, Ohio, in place of O. C. Ryan. Incumbent's commission expired June 17, 1939.

William W. Norris to be postmaster at Ripley, Ohio, in place of W. W. Norris. Incumbent's commission expires August 26, 1939.

Ellsworth E. Poots to be postmaster at Strongsville, Ohio. Office became Presidential July 1, 1938.

Edward T. Brighton to be postmaster at Sylvania, Ohio, in place of E. T. Brighton. Incumbent's commission expired May 29, 1939.

Loran M. Grooms to be postmaster at West Union, Ohio, in place of L. M. Grooms. Incumbent's commission expired June 1, 1939.

John Kenneth Faist to be postmaster at Woodville, Ohio, in place of J. K. Faist. Incumbent's commission expired May 13, 1939.

OKLAHOMA

John K. Jones to be postmaster at Blair, Okla., in place of J. K. Jones. Incumbent's commission expired June 1, 1939.

Leonard C. Peterman to be postmaster at Davis, Okla., in place of L. C. Peterman. Incumbent's commission expired March 18, 1939.

Weltha Guilford Heflin to be postmaster at Erick, Okla., in place of W. G. Heflin. Incumbent's commission expired June 26, 1939.

Fred P. Morrison to be postmaster at Fittstown, Okla. Office became Presidential July 1, 1937.

Bryan D. Miller to be postmaster at Forgan, Okla., in place of P. B. Bolin. Incumbent's commission expired June 6, 1938.

Charles H. Hatfield to be postmaster at Hydro, Okla., in place of C. H. Hatfield. Incumbent's commission expired June 26, 1939.

OREGON

Henry LeRoy Straley to be postmaster at Brownsville, Oreg., in place of W. A. McHargue, removed.

Myrtle L. Elliott to be postmaster at Canyonville, Oreg. Office became Presidential July 1, 1938.

William L. Lower to be postmaster at Creswell, Oreg., in place of W. W. Lower. Incumbent's commission expired January 18, 1939.

Ruth E. Hoffman to be postmaster at Jacksonville, Oreg., in place of E. M. Eaton. Incumbent's commission expired January 18, 1939.

Lewis Lee Mead to be postmaster at Nehalem, Oreg., in place of L. L. Mead. Incumbent's commission expired January 18, 1939.

Volney E. Lee to be postmaster at North Powder, Oreg., in place of V. E. Lee. Incumbent's commission expired March 19, 1939.

John C. Bilyeu to be postmaster at Tigard, Oreg., in place of J. C. Bilyeu. Incumbent's commission expired March 27, 1939.

Emmett Lee Chenault to be postmaster at Union, Oreg., in place of E. L. Chenault. Incumbent's commission expired February 9, 1939.

PENNSYLVANIA

Emma V. Brown to be postmaster at Avella, Pa., in place of J. A. Patterson, removed.

Dorothy C. Feighner to be postmaster at Colver, Pa., in place of D. C. Feighner. Incumbent's commission expired April 6, 1939.

Ione B. Middaugh to be postmaster at Dingmans Ferry, Pa., in place of P. T. Dotey. Incumbent's commission expired June 6, 1938.

RHODE ISLAND

Joseph E. Murray to be postmaster at Ashaway, R. I., in place of J. E. Murray. Incumbent's commission expired February 13, 1939.

SOUTH CAROLINA

Gordon W. Hungerpiller to be postmaster at Cameron, S. C., in place of R. W. Evans, retired.

Robert L. Plaxico to be postmaster at Clinton, S. C., in place of B. R. Fuller. Incumbent's commission expired March 23, 1939.

TENNESSEE

Howard Long to be postmaster at Kingsport, Tenn., in place of Howard Long. Incumbent's commission expired February 9, 1939.

Charles A. Galloway to be postmaster at Waynesboro, Tenn., in place of M. L. Collier, removed.

TEXAS

Samuel G. Selkirk, Jr., to be postmaster at Bay City, Tex., in place of Rowland Rugeley, resigned.

Maurene W. Steuart to be postmaster at Blackwell, Tex., in place of M. W. Steuart. Incumbent's commission expired January 25, 1939.

Albert H. Loyless to be postmaster at Burleson, Tex., in place of A. H. Loyless. Incumbent's commission expired July 18, 1939.

Wilbur D. Hart to be postmaster at Cooper, Tex., in place of R. H. Foster, removed.

Stanley F. Labus to be postmaster at Falls City, Tex., in place of S. F. Labus. Incumbent's commission expired March 12, 1939.

Claude H. Hamilton to be postmaster at Harlingen, Tex., in place of C. H. Hamilton. Incumbent's commission expires August 26, 1939.

Ross Kenner to be postmaster at Hemphill, Tex., in place of Ross Kenner. Incumbent's commission expired January 25, 1939.

Robert L. Peebles to be postmaster at Lexington, Tex., in place of R. L. Peebles. Incumbent's commission expired March 15, 1939.

Robert H. Patterson to be postmaster at Mullin, Tex., in place of R. H. Patterson. Incumbent's commission expired March 21, 1939.

Joe December to be postmaster at Orange Grove, Tex., in place of Joe December. Incumbent's commission expired February 12, 1939.

Richard J. Bradford to be postmaster at Pettus, Tex., in place of R. J. Bradford. Incumbent's commission expired March 12, 1939.

Oliver M. Lamkin to be postmaster at Rosenberg, Tex., in place of G. T. Snedecor, resigned.

VERMONT

Alvarado C. Gibson to be postmaster at Cavendish, Vt., in place of A. C. Gibson. Incumbent's commission expired February 15, 1939.

Charles R. Hazen to be postmaster at Chester Depot, Vt., in place of C. R. Hazen. Incumbent's commission expired March 16, 1939.

John M. Jewell to be postmaster at Proctorsville, Vt., in place of J. M. Jewell. Incumbent's commission expired February 15, 1939.

VIRGINIA

Edwin L. Toone to be postmaster at Boydton, Va., in place of E. L. Toone. Incumbent's commission expired June 1, 1939.

Grady W. Garrett to be postmaster at Cumberland, Va., in place of G. W. Garrett. Incumbent's commission expired June 1, 1939.

Herbert H. Rhea to be postmaster at Damascus, Va., in place of H. H. Rhea. Incumbent's commission expired June 18, 1939.

H. Thornton Davies, Jr., to be postmaster at Manassas, Va., in place of H. T. Davies, Jr. Incumbent's commission expired May 13, 1939.

Forrest L. Harmon to be postmaster at Melfa, Va., in place of F. L. Harmon. Incumbent's commission expired July 18, 1939.

Garnett A. Kellam to be postmaster at Onley, Va., in place of G. A. Kellam. Incumbent's commission expired July 18, 1939.

Virginia S. Lucas to be postmaster at Pembroke, Va., in place of J. L. Sibold, deceased.

WASHINGTON

Emma H. Davis to be postmaster at College Place, Wash., in place of Albert Buerstatt, Jr., removed.

Leland F. Nelson to be postmaster at Elma, Wash., in place of W. F. Downs. Incumbent's commission expired May 13, 1939.

Thomas H. Mansfield to be postmaster at Forks, Wash., in place of T. H. Mansfield. Incumbent's commission expired March 27, 1939.

Marcus O. Nelsen to be postmaster at Kent, Wash., in place of M. O. Nelsen. Incumbent's commission expired June 18, 1939.

Ronald L. Chard to be postmaster at Pomeroy, Wash., in place of R. L. Chard. Incumbent's commission expired May 13, 1939.

WEST VIRGINIA

Franklin J. Maxwell to be postmaster at Clarksburg, W. Va., in place of F. J. Maxwell. Incumbent's commission expired January 29, 1939.

WISCONSIN

Thomas J. Weiler to be postmaster at Auburndale, Wis., in place of T. J. Weiler. Incumbent's commission expired February 9, 1939.

Isabelle C. Spang to be postmaster at Franksville, Wis., in place of I. C. Spang. Incumbent's commission expired January 18, 1939.

Raymond W. Burt to be postmaster at Goodman, Wis., in place of R. W. Burt. Incumbent's commission expired January 18, 1939.

Philip A. Panetti to be postmaster at Hustisford, Wis., in place of P. A. Panetti. Incumbent's commission expired January 18, 1939.

Erwin A. Kamholz to be postmaster at Luck, Wis., in place of E. A. Kamholz. Incumbent's commission expired January 24, 1939.

Frank L. Daniels to be postmaster at Weyerhauser, Wis., in place of F. L. Daniels. Incumbent's commission expired January 18, 1939.

WYOMING

George H. Case to be postmaster at Lander, Wyo., in place of H. J. Wendt. Incumbent's commission expired February 1, 1938.

CONFIRMATIONS

Executive nominations confirmed July 26 (legislative day of July 25), 1939

RECONSTRUCTION FINANCE CORPORATION

Sam Husbands to be a member of the Board of Directors of the Reconstruction Finance Corporation.

COLLECTOR OF CUSTOMS

Joseph A. Ziemba to be collector of customs for customs collection district No. 39, with headquarters at Chicago, Ill.

UNITED STATES PUBLIC HEALTH SERVICE

TO BE ASSISTANT SURGEONS

Edward Charles Jenkins
James Koken Shafer
Benno Karl Milmore
John Donaldson Porterfield
Edward Pace Irons
Russell Kenneth Taubert
John Theron Wright

COAST GUARD OF THE UNITED STATES

TO BE LIEUTENANTS (JUNIOR GRADE)

John W. MacIntosh, Jr.
Christian R. Couser
Richard R. Smith

POSTMASTERS

NEW YORK

Alice M. Maloney, Ausable Chasm.
Joseph A. Seifert, Great River.
Maurice F. Maloney, Haverstraw.
Jacob M. Garlock, Sodus Point.

OHIO

Lewis P. Jenkins, Huntsville.
Harold E. Ralston, Marengo.
Harold F. Sweeney, Russells Point.
William A. Barnhart, Sterling.
Merle G. Van Fleet, Waterville.
Hattie Dale Hufford, West Mansfield.

WEST VIRGINIA

Edward Ellis Brumfield, Sr., Berwind.
Frederick D. Golightly, Davis.
Ruth L. Joyce, Davy.
Richard S. Quick, East Rainelle.
William M. Boardman, Gary.
Marguerite E. Whiting, Glenville.
Clarence C. Francisco, Iaeger.
Edward E. Williams, Masontown.
William S. Wray, Northfork.
Patrick J. Healy, Piedmont.
Dayton L. O'Dell, Quinwood.
William C. Bishop, Scarbro.
Stephen P. Shlanta, Weirton.
Louis Knakal, Widen.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 26, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O merciful God, in whose hand the marching planets live, rule the hearts and bless the endeavors of all who make and execute our laws. Do Thou stay our souls these restless days when skepticism seems a world-wide triumph. In power and pride of life, with work to do and praise to win for God, call us to perseverance and self-mastery; let us believe in the Divine Will that keeps the universe steadfast and sure. We pray for the might of Faith that pierces the future and sees the time when wisdom shall be justified in the earth, when voices of hate shall be silenced and men will know that God is all in all. Heavenly Father, persuade us that the love of righteousness secures ineffable blessedness and peace and will abide when selfish delights cease and the last flower of life's summer lies withered and dead. In the holy name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 10. Concurrent resolution providing for the establishment of a joint committee to convey to the members of the American Association of State Highway Officials the appreciation of Congress of their accomplishments in the field of highway development.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2185. An act to provide for the appointment of additional district and circuit judges.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 6746) entitled "An act to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. CLARK of Missouri, Mr. BAILEY, Mr. WHITE, and Mr. BARBOUR to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 5375) entitled "An act to promote nautical education, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. CLARK of Missouri, Mr. BAILEY, Mr. WHITE, and Mr. BARBOUR to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5407) entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

PUBLIC-BUILDINGS PROGRAM OUTSIDE THE DISTRICT OF COLUMBIA

Mr. MAHON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAHON. Mr. Speaker, on Monday of this week there was referred to the Committee on Appropriations a Budget estimate which had been transmitted to the House by the

President, calling for an additional authorization of $50,000,000 to carry on the public-buildings program outside the District of Columbia. An appropriation of $1,000,000 was recommended for the purpose of facilitating the preparation of construction plans.

The public-buildings program outside the District of Columbia is largely confined to post-office building construction. I sincerely trust that we may be able to enact before adjournment this authorization for an appropriation in order that most eligible congressional districts may be assured of one additional public building for the 5-year period beginning in 1937.

House Document No. 447 contains the recommendation of the Budget in regard to this matter, and I shall ask unanimous consent to have it printed in the Appendix of the RECORD. I know that a large number of the Members of the House will wholly share my interest in the post-office building program. [Applause.]

[Here the gavel fell.]

Mr. MAHON. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD a copy of House Document No. 447, which is the Budget estimate of the President with respect to the matter I have just referred to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein some excerpts from the hearings on the cotton-crop insurance bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial from the Labor Chronicle, of my city, on the wage and hour amendment.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein correspondence from the Labor Department on a resolution passed by the Haller Post, of the American Legion.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief editorial from the Los Angeles Times with reference to pending legislation.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief statement of the imports of meat products through the port of New York for 1 week.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter from Mrs. Lottie Larsen, of Minneapolis, analyzing the Townsend plan.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. HESS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein two radio addresses delivered by the junior Senator from Ohio [Mr. TAFT].

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial of Mr. Frank C. Waldrop, of the editorial staff of the Washington Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial published in the San Francisco News, the Scripps-Howard paper, under date of July 18, with reference to the Fair Labor Standards Act.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the history of cost-of-production legislation of the Seventy-sixth Congress.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in connection with the action taken on H. R. 7314 on Monday last and include a memorandum from the Corporation Counsel of the District of Columbia to the Alcohol Beverage Control Board.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a copy of a radio broadcast by myself over station CHS, Portland, Maine, July 15.

The SPEAKER. Is there objection?

There was no objection.

Mr. RUTHERFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain tables from the Department of Agriculture.

The SPEAKER. Is there objection?

There was no objection.

UNITED STATES HOUSING ACT

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, I hold in my hand a copy of S. 591, to amend the United States Housing Act, reported by the House Committee on Banking and Currency on July 18. That is 8 days ago. Notwithstanding that fact, hearings held by that committee are not available to the membership. This is an important and dangerous bill, and embarks the country upon a dangerous activity, costing enormous sums of money. What have these people to conceal? What is there in those hearings which will develop that they are not entitled to pass the bill? I think an explanation should be made to the House of that situation.

The SPEAKER. The time of the gentleman from New York has expired.

CONTROL OVER WATER RATES BY I. C. C.

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. PIERCE of Oregon. Mr. Speaker, I received a letter from Col. W. P. Greeley, of Seattle. For 8 years he was the head of the Forest Service here in the Capital. He is now secretary-treasurer of the West Coast Lumbermen's Association. In this letter he expresses strong views and states the reason why the lumber interests of the Northwest are opposed to placing the control of coastwise or intercoastal carriers under the Interstate Commerce Commission.

I ask unanimous consent to extend my remarks at this point and to insert this letter from Colonel Greeley.

The SPEAKER. Is there objection?

There was no objection.

The letter is as follows:

WEST COAST LUMBERMEN'S ASSOCIATION,
Seattle, Wash., July 24, 1939.

Hon. WALTER M. PIERCE,
House of Representatives, Washington, D. C.

Subject: Transfer of control over water rates to Interstate Commerce Commission.

MY DEAR CONGRESSMAN PIERCE: The trustees of the West Coast Lumbermen's Association have recently given this subject fresh consideration in connection with the Wheeler-Truman bill.

The west-coast lumber industry, as of course you know, was built up upon water-borne commerce. Today the domestic-cargo movement still takes 40 percent or more of our total production. Our two largest markets are reached by the coastwise water-borne movement to California and the intercoastal movement to the Atlantic seaboard.

Our industry has always been at a serious disadvantage in reaching the larger markets of the United States, because of distance. We, in common with other far-western woods, have the longest hauls and highest transportation costs of any species of American lumber, in reaching the populous Central and Eastern States where 70 percent of the lumber is consumed. Our average cost for transportation today is about 60 percent of the average price realized by the sawmill; and for the third of our logs, which produces low-grade construction lumber, the average cost of transportation to market is over 150 percent of the price received at the mill. This is the primary reason why west-coast logging operations appear so wasteful. Usually 15 percent of the standing timber just cannot be utilized, because we cannot get it to any market that will pay back cost. The life of the west-coast lumber industry could largely be summarized as a struggle against transportation costs that shut our mills off from essential markets.

In this struggle the competitive leverage of water transportation has been of incalculable value. Coastwise vessels move 75 percent of all the lumber we market in California, and establish absolute competitive limits which railroad rates cannot exceed. Intercoastal steamships move 74 percent of all the lumber we sell in the States eastward from Chicago; and again have determined the rate levels by rail. Hence there has been impressed upon our industry for many years the vital economic function of free, competitive transportation by water and the necessity of keeping the competition of water-borne commerce free and open. The west-coast lumber industry has always opposed efforts to place the regulation and control of coastwise or intercoastal carriers under the Interstate Commerce Commission from fear that this would, doubtless gradually and unconsciously, break down the free, competitive status of the water carriers.

With all the complexities in the transportation problem today and our desire to aid the rehabilitation of the railroads, our trustees believe that this fundamental necessity still remains—for protecting the competitive independence of the water carriers. Notwithstanding the safeguarding provisions of the Wheeler-Truman bill (rate-making rule started in sec. 30), they believe it contrary to the interests of the Pacific coast, and of our industry particularly, to place water and rail carriers under the same Federal agency for regulation and control. I am requested to place this conclusion before you, and to ask your serious consideration of it in connection with the pending legislation.

Sincerely yours,

W. B. GREELEY,
Secretary-Manager.

RECKLESS EXPENDITURES

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, in that 1 minute I call attention to an article in the magazine Liberty entitled "A Reckless Spendthrift Government." This is something that every Member of the House should read so that he may know just what a reckless, spendthrift Government we have. It is written by Bernarr Macfadden. It reveals yours quandering. I think that every Member of the House should know just exactly what a reckless, spendthrift organization, or Congress, we have here in Washington, D. C., so that they will change their attitude in respect to reckless spending. The New Deal is the greatest squandering body the world has ever known. All Congressmen who have supported the New Deal are responsible for the extravagances of Government, the unsound principles enunciated, and fallacy of reckless spending.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a magazine article on the Development of American Aviation, written by myself.

The SPEAKER. Is there objection?

There was no objection.

FREE IMPORTATION OF TOURIST LITERATURE

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the present consideration of H. R. 7263, to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939.

The SPEAKER. The gentleman from California asks unanimous consent for the present consideration of the bill H. R. 7263, of which the Clerk will report the title.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object and ask the gentleman to explain what the bill is.

Mr. BUCK. Mr. Speaker, earlier in the session the Congress passed a bill which permitted the free importation for gratuitous distribution at the New York World's Fair of tourist literature, advertising foreign travel, and so forth. While this privilege was granted in respect to the New York World's Fair, it was not granted in respect to the Golden Gate International Exposition of 1939, and this bill is to correct that oversight.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act entitled "An act relating to the importation of distilled spirits for consumption at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, and to duties on certain articles to be exhibited at the New York World's Fair, 1939," approved April 29, 1939, is amended by inserting before the period at the end thereof a comma and the following: "or at the Golden Gate International Exposition of 1939."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEVY OF CERTAIN TAXES ON PURCHASES IN NATIONAL PARKS, ETC.

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6687) to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations, or sites over which the United States Government may have jurisdiction.

The SPEAKER. The gentleman from California asks unanimous consent for the present consideration of the bill H. R. 6687, of which the Clerk will report the title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object to get an explanation by the gentleman from California.

Mr. BUCK. Mr. Speaker, this bill is designed to provide for uniformity in the administration of State sales and taxes within, as well as without, Federal areas. At the present time there are those who contend that although negotiations for the purchase of goods have been conducted, outside of the Federal area, but delivery is made within the area, that therefore the purchasers should not pay any State sales tax. We do not agree that such a contention is valid, but that is one of the things this bill is intended to correct. It is also intended to provide that sales made within the Federal area shall be subject to the State sales taxes. We have already specifically granted the privilege to a State to tax gasoline sold within those areas, and it is proposed

to extend this privilege to other sales. This is a unanimous report from the Committee on Ways and Means, and it is reported on favorably by the Treasury Department.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. BUCK. I yield.

Mr. RICH. You are starting now to tax the people of this country in order to get a little money in order to try to meet the great deficit we have. When is the Ways and Means Committee going to make up the difference between the amount that the Appropriations Committee and Congress spends and what you have to have in order that you may get a balanced Budget? Is there ever any hope of that?

Mr. BUCK. While that is not perhaps germane to this bill, I think the gentleman has been informed, through the press, that the subcommittee on internal revenue taxation proposes to come back a month or two ahead of the January meeting of Congress to study and recommend very definite reforms in our tax system.

Mr. RICH. The gentleman is one of the leaders on the Ways and Means Committee. Does he have any idea that you will ever be able to reach the amount that the Appropriations Committee and the Congress is spending, without killing people in order to take it from them?

Mr. BUCK. Of course, I have always said that it is the painful duty of the Ways and Means Committee to try to cut the cloth to fit Uncle Sam's figure after the Appropriations Committee has decided on the pattern. [Laughter.]

Mr. JENKINS of Ohio. Reserving the right to object, and I do not intend to object, I just take this time to bring out this proposition: Is it not true that this bill is not a bill for raising taxes at all? It is simply a bill for equalization on sales taxes. In other words, if a person operates a store in a Government park located in the State of Ohio, for instance, he cannot claim any exemption by reason of the sales tax on the goods he sells in that park? He must pay the same as anybody else in the State of Ohio?

Mr. BUCK. The gentleman is correct.

Mr. JENKINS of Ohio. Or if the superintendent of a Federal park wishes to go outside the park to some city and buy his goods and have them delivered back in the park, he cannot be exempt from the taxes on that?

Mr. BUCK. The gentleman is absolutely correct. He has stated the two motives we have in mind.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That all taxes levied by any State, Territory, or the District of Columbia upon, with respect to, or measured by sales, purchases, or use of tangible personal property, or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof may be levied and collected in the same manner and to the same extent with respect to transactions occurring in whole or in part within United States national parks, military and other reservations, or other sites located within the external boundaries of such State, Territory, or the District of Columbia as with respect to transactions occurring elsewhere within the territorial boundaries of said State, Territory, or the District of Columbia.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARE WE COWARDS OR JUST DUMB?

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the passage of the Hatch bill was a move in the right direction. Corporations are prohibited by Federal statute from making contributions to political committees. The Hatch bill and the Corrupt Practices Act do not cover the field.

From June 1, 1935, to June 1, 1937, in part by coercion, intimidation, and force, John L. Lewis and his United Mine Workers collected, according to its own statement, more than $7,000,000. It had, at the end of that period, over $3,000,000.

The United Mine Workers contributed to the New Deal campaign fund $470,000. Other labor organizations, which have as their chief source of revenue dues and assessments collected from the workingman, contributed upward of $1,700,000 toward political activities.

If Federal employees, if corporations are to be denied participation in political activities, there is no reason why an organization which announces through the press, as does Labor's Non-Partisan League, and as does John L. Lewis, that it intends to devote itself to the defeat of those Congressmen who oppose it, be exempt from the law governing corrupt political practices.

If we sit here and permit Lewis and his organization to collect unlimited funds, to use them for political purposes in any way they see fit, we are either unmindful of what is being done or we lack the courage to take the proper action necessary to prevent the election as Federal officials of Lewis' stool pigeons.

Pass the resolution which I introduced, House Resolution 196, asking that Lewis and the organizations in which he is active be investigated, be required to disclose the source of their revenue, the amount thereof, and the manner in which it is spent.

Why should this one man and the organizations in which he is interested be exempt from laws which apply to others?

EXTENSION OF REMARKS

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein the testimony of Isador Lubin, Commissioner of Labor Statistics, before the Committee on Banking and Currency.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. O'CONNOR addressed the House. His remarks appear in the Appendix.]

DISTINGUISHED SERVICE MEDAL TO REAR ADMIRAL HARRY ERVIN YARNELL

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2482) authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if this is an unusual thing to do?

Mr. VINSON of Georgia. I will state that the President has the right, under the law today, without a bill of this character, to confer upon any naval officer the Distinguished Service Medal; but in view of the outstanding services rendered by Admiral Yarnell, growing out of the trying circumstances in the Orient, the Naval Affairs Committee thought a bill of this character was in accord with the facts and circumstances of his services.

Mr. MARTIN of Massachusetts. There are precedents for action such as this?

Mr. VINSON of Georgia. I cannot state positively whether there is any precedent, but this would be a good precedent to establish when a Naval or Army officer renders such outstanding service that the Congress approve the awarding of the Distinguished Service Medal to him.

Mr. MARTIN of Massachusetts. Was there any opposition in the committee?

Mr. VINSON of Georgia. This bill has passed the Senate unanimously, and passed the Naval Affairs Committee unanimously.

Mr. RICH. Mr. Speaker, reserving the right to object, is this to be a gold medal?

Mr. VINSON of Georgia. This will be a Distinguished Service Medal. I understand it is usually made of silver or some other metal.

Mr. RICH. I thought you might find some use for that gold you have stored down in Kentucky. I think it would be a fine thing to use it for.

The regular order was demanded.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the President is authorized to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy, for his skill and devotion to duty displayed during his tour of duty beginning October 30, 1936, as commander in chief of the United States Asiatic Fleet.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. LEA and Mr. O'CONNOR rose.

The SPEAKER. The Chair recognizes the gentleman from California [Mr. LEA].

The Chair is anxious—so is the membership—to get to the consideration of the pending bill.

TRANSPORTATION ACT OF 1939

Mr. LEA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Will the gentleman withhold the point of order for a moment?

Mr. O'CONNOR. Mr. Speaker, I withdraw the point of order for the time being.

Mr. VAN ZANDT. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. VAN ZANDT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. VAN ZANDT. Mr. Speaker, I withdraw the point of order for the time being.

EXTENSION OF REMARKS

Mr. HAWKS. Mr. Speaker, will the gentleman from California yield to permit me to submit a unanimous-consent request?

Mr. LEA. Mr. Speaker, I yield for the purpose of submitting unanimous-consent requests.

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects, and include two resolutions from the Wisconsin Retail Hardware Association.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman from California yield?

Mr. LEA. I yield.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects and to include therein the wording of two short bills.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the outstanding services of Admiral Yarnell.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CALL OF THE HOUSE

Mr. VAN ZANDT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and fifty-seven Members are present, not a quorum.

Mr. LEA. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 144]

Boren	Dingell	Maas	Robinson, Utah
Bradley, Mich.	Eaton, Calif.	Maciejewski	Secrest
Caldwell	Eaton, N. J.	Magnuson	Short
Cluett	Fernandez	Martin, Ill.	Smith, Ill.
Cole, Md.	Fish	Massingale	Stearns, N. H.
Cole, N. Y.	Fitzpatrick	May	Stefan
Connery	Flannery	Mitchell	Sumners, Tex.
Cooley	Grant, Ala.	O'Brien	Sweeney
Crowther	Johnson, Lyndon	Patman	Thomas, N. J.
Cummings	Kennedy, Martin	Pierce, N. Y.	Welch
Curley	Lanham	Rabaut	Williams, Del.
Dies	McMillan, Thos. S.	Richards	Woodruff, Mich.

The SPEAKER. On this roll call 380 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

The SPEAKER. The Chair recognizes the gentleman from Texas [Mr. RAYBURN] to submit a unanimous-consent request.

EXTENSION OF REMARKS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. COLE] may extend his own remarks in the RECORD on the subject of petroleum.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CASEY of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Boston Traveler of June 30.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CHANDLER. Mr. Speaker, will the gentleman from California yield to permit the filing of a conference report.

Mr. LEA. I yield.

AMENDMENT OF BANKRUPTCY ACT

Mr. CHANDLER submitted a conference report and statement on the bill, H. R. 5407, an act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States" approved July 1, 1898, and acts amendatory and supplementary thereto.

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, will the gentleman from California yield for a unanimous-consent request?

Mr. LEA. I yield.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks on the subject, Jefferson, An Alien.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

TRANSPORTATION ACT OF 1939

The SPEAKER. The question is on the motion of the gentleman from California that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2009, the Transportation Act of 1939.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2009, the Transportation Act of 1939, with Mr. JONES in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. At the time the Committee rose on yesterday the Committee had under consideration the amendment offered by the gentleman from Texas [Mr. SOUTH] to strike out title II, part III. The gentleman from California [Mr. LEA] is recognized.

Mr. LEA. Mr. Chairman, the bill before the House provides for placing our domestic water carriers within its regulatory provisions under the jurisdiction of the Interstate Commerce Commission.

The proposed amendment would not only eliminate water carriers from the proposed regulation but it would break up and destroy one of the main features of this legislation, that is, the coordination of rate regulation of all our principal transportation agencies.

Interstate rail regulation is entirely in the hands of the Interstate Commerce Commission. Likewise interstate highway transportation, our pipe lines, and express companies. The Interstate Commerce Commission has regulatory powers over all our important interstate transportation except water carriers. It has jurisdiction of water transportation controlled by railroad companies and over joint rates established between rail and water lines.

The American people are now paying about $7,000,000,000 a year for transportation service to the public. About seven hundred million of that amount is paid for water transportation.

All of our domestic transportation is interrelated. A large volume of our traffic uses more than one of these agencies in moving from shipping point to destination.

Traffic that moves on the water ordinarily also moves by a land carrier.

If this amendment were adopted, as freight moved across the country partly by land and partly by water, part of the time it might be regulated by one agency and part of the time by another, and part of the time be unregulated.

This bill seeks to unify the regulation and coordination of the transportation agencies of the country. It just does not make good sense to divide regulation and destroy the possibility of coordination. These water lines operate between the east and the west coasts, on the Great Lakes, and the inland waterways. Everywhere they exchange freight traffic and are in competition with land carriers. Unified control and coordination are the very elements of successful regulation of interstate commerce. They represent the A B C of regulation. The lack of it is one of the greatest weaknesses in our present regulatory system. Only yesterday one of the greatest transportation authorities in the country after years of experience stated to me that we can never have efficient, successful interstate regulation without taking in the water carriers under one regulatory body.

These unregulated water carriers are under little public restraint. The regulated common carrier has a legal duty to the public. He runs on schedule whether or not he has a pay load. He is compelled to take all freight offered and give equal rates and service to all and rebates and discriminations to none. The unregulated carrier goes when he pleases.

He uses secret rates and discriminates between persons and communities. He can abandon his service at will.

It is manifest that the water carriers competing with and interchanging traffic with land carriers are a destroying influence on our regulatory system when they can compete on such unequal terms.

Our committee considered the most effective things that could be done, so far as legislation is concerned, to improve our transportation situation. We could have recommended compulsory consolidations; we could have recommended subsidies on a great scale to meet the situation. We concluded subsidies would be no remedy, but only delay the necessary adjustment of our transportation situation. We want to keep our transportation agencies out of Government ownership and out of dependence on subsidies.

What is the main need of transportation? The main need is to keep these different agencies on a self-supporting basis. It is my firm conviction that the first thing to be done to that end is to unify the regulation of all our domestic water carriers and coordinate their regulation.

An examination of our rate structure will reveal that it is built up largely on expediency. Many artificial conditions have operated to create unequality in our rate structure. A very large volume of traffic is moving on favored rate levels brought about by the pressure of artificial conditions to the disregard of economic merit.

In a large number of other cases sections not able to exert so much economic pressure, not receiving the benefit of excessive competitive conditions, are paying rates unreasonably high that tend to retard business.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LEA. Mr. Chairman, I understood that somebody was going to yield me his 5 minutes.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Mr. Chairman, when time for debate was limited on this section it was my understanding that it was agreed that the chairman of the committee along with the gentleman from Texas [Mr. SOUTH] was to be given 10 minutes.

The CHAIRMAN. That was not the order. The gentleman from Texas asked unanimous consent to proceed for 10 minutes. The gentleman from North Carolina stated that unless the gentleman from California [Mr. LEA] was also granted an additional 5 minutes he would object. The latter request was never submitted. The Chair has recognized the gentleman from California for 5 minutes.

Mr. PATRICK. Mr. Chairman, if I remember, the gentleman from North Carolina [Mr. BULWINKLE] had reserved the right to object, and then when he made the statement he felt that the Chair acceded to it, that the 10 minutes were reserved. He withdrew his objection. An examination of the RECORD this morning reveals what the Chair had stated.

The CHAIRMAN. The gentleman from North Carolina stated that unless 10 minutes were allowed to the gentleman from California he would object. The Chair stated that those requests could not be combined. The Chair will now entertain a request that the gentleman from California be permitted to proceed for 5 additional minutes notwithstanding the previous agreement.

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent that the gentleman from California may proceed for 5 additional minutes, not to be taken out of the time fixed for debate on this amendment.

Mr. DISNEY. Mr. Chairman, reserving the right to object, it is understood this is not to be taken out of the time already agreed to?

The CHAIRMAN. That is understood, that this will not be taken out of the other agreement.

Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LEA. Mr. Chairman, in the equalization of these rate structures, in the coordination of rates, in the power to regulate all these competitive agencies is the greatest opportunity we have to improve our transportation system and do it on a just, economic basis.

This plan requires a readjustment of rates; it requires an injustice to no man. All it requires is greater quality of treatment of shippers and carriers alike and the application of reasonable rates to all, having due regard to economic differences.

This bill looks to that end. The part of the bill proposed to be stricken out is the essential part for that purpose. It is of great importance to retain it in this bill.

This is not a partisan question. The ability, patience, and assistance given by the minority members of the subcommittee in sharing full responsibility for this bill eliminates any such consideration. To the limit of our strength we have tried to prepare legislation that would be a credit to this Congress.

Our committee represents a cross section of the whole country.

I can say to my colleagues on the Democratic side that we have a special responsibility for this legislation. Our President became an advocate of coordination of all agencies in 1932. It is under his leadership we are responsible for this

legislation. It was in March 1938 he initiated the effort that led to the bill which is before you today. We are dealing with one of the most practical, economic problems of the country. We have proposed the basic approach that is essential if we are to deal with the problem successfully. We cannot afford to reject that portion of this bill. It gives the greatest promise of permanent betterment.

The American people pay $7,000,000,000 a year for transportation. Have we not the ability and the statesmanship under our system of Government to so regulate these useful, essential agencies that the carriers can be at least self-supporting? I believe we can.

The alternate of failure is Government ownership, subsidization, or abandonment on a vast scale. When you make your choice today let it be in favor of the only method that offers any practical chance of making our carriers of the various types self-supporting on a just basis to the people of this country.

We face the question of subsidization—subsidizing industry against private enterprise. Our inland water carriers are aided on a vast scale by providing at Government expense the depth and width of the streams on which they compete with private carriers. I do not object to what has been done. I do say that carriers so favored by Government aid should not refuse that just regulation to which all of their competitors must yield. It is difficult for private ownership to compete with Government subsidization and with carriers that do not have to reckon with capital account for a large part of their expense. We should at least give their privately owned competitor the equal advantage of fair regulation. [Applause.]

Mr. Chairman, I have a telegram which I send to the Clerk's desk and request that it be read.

The Clerk read as follows:

NEW YORK, N. Y., *July 25, 1939.*

Hon. CLARENCE F. LEA,
House Interstate and Foreign Commerce Committee,
House Office Building.

I consider it my duty to inform you that it is my considered judgment, insofar as our trade—that is, the carriers from the North Atlantic ports to and from the Great Lakes—are in need of regulations as proposed Wheeler-Lea bills at this time to save the industry from destruction. The ruthless competition amongst the carriers themselves is unparalleled in the history of our trade. We are mainly seeking a medium by which we can stabilize our rates at fair minimum level, thereby preventing the ruthless attacks of the railroads who have taken advantage of the situation. It is my honest conviction that the conditions can be remedied by the proposed legislation. If the petroleum carriers want exemption, I have no objection. If our industry is to be preserved and be of value to the shipping public, it can only be accomplished through regulations. I wish you would make my views known to your group.

NEW YORK MARINE CO.,
SEABOARD-GREAT LAKES CORPORATION,
REGINALD G. NARELLE, *President.*

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, this bill proposes a very far-reaching step. It is a step that this Government has refused to take for 100 years. It is an all-embracing piece of legislation and will add nothing to our transportation systems, neither will it add 1 pound of tonnage to the commerce of our country. It will add more legislative burden to the business and the industry of the Nation. Business and industry in this country are now suffering from legislative blight, and this bill will place more government restriction, regulation, and control over them. It will add to the growing bureaucracy of government and increase the centralization of all power here in Washington.

If this bill is right, then the Federal Government has been wrong for 100 years. If this bill is right, then we have expended two and one-half billion dollars on the waterways and harbors of this country under a mistaken idea, namely, to provide cheap and low-cost water transportation for the American people. If this bill is right, then no longer will the Army engineers be able to come before the Rivers and Harbors Committee of this House and urge the adoption of water improvement projects on the ground that it will provide a cheaper form of transportation to the people. If this bill is right, then all we have done in a century of progress to improve rivers and harbors has been a sad mistake.

I am not against the whole bill. I am against the water section of the bill, because it will raise the cost of water transportation without giving material aid to the railroads. I would rather take some of the legislative chains off the railroads than impose new ones on water transportation.

In answer to the telegram that has just been read from the Clerk's desk, I want to say that the Chamber of Commerce of my city of Detroit is opposed to this bill; the Chamber of Commerce of the State of Michigan and two executive departments of this Government are opposed to this bill—the Department of Agriculture and the War Department. If any Member has read the very able, complete, and convincing report filed by the Secretary of War against this bill, he ought to be convinced that if we adopt this measure we are making a mistake.

I want to read just two excerpts from the report of the Secretary of War to the chairman of the Committee on Interstate and Foreign Commerce in which he says:

> This bill threatens to nullify these inherent advantages (of low-cost water transportation) by imposing taxes and restrictions which will, in the opinion of this Department, unwarrantably sacrifice the public stake in low-cost transportation without any compensating benefits whatever.

He further stated:

> As far as this Department is aware, there is no dissatisfaction on the part of the public with the transportation service afforded on the inland waterways; charges are fully compensatory and there is no destructive rate warfare as between carriers.

Water transportation cannot be unified or equalized. It is interrupted and suspended for several months each year in the northern portion of our country by ice and snow.

The amendment to strike out the water section of this bill is in the public interest and ought to be enthusiastically supported to preserve to the people of this country the inherent rights they now have in low-cost water transportation.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, I rise in opposition to the South amendment. Every time the gentleman from North Carolina [Mr. WARREN] has risen in opposition to this bill, he shouts that this is a "railroad bill." When the railroads alone had to fight this sort of thing, and when the proposition was first started, nobody thought then it was a railroad bill. Indeed, quite the reverse. When motor transportation was brought in for consideration, nobody called it a railroad bill. But when by the same token, by the same logic, and by the same measure of the application to the purposes to regulate general transportation in this Nation we embrace the sacred cow of water, those who represent a few sections of the country jump up and holler that it is a railroad bill.

Mr. Chairman, this is a people's bill. This is no one person's bill. This is no one organization's bill. If we are able to glean facts and estimate values, we must come to the conclusion that this is a bill for 130,000,000 folks, roughly called the United States of America.

Our goal is general coordination of the Nation's transport structure, to build a self-sustaining structure aiming at security and safety, not a thing that will topple over.

The gentleman from Texas told you his cow yarn, in which he gives you the analogy of regulating the grass for the cows. But our effort here is not to take care of the competition for grass, but the milk which the cow gives. This is not an effort to hobble a cow as illustrated by the yoke yarn he gave. The proposition is as to the "fencing in" process. Mr. Chairman, I resent the implication that the men of our Commission are unfair and demagogic. We have two very fine gentlemen, Mr. Caskie and Mr. Alldredge from Alabama on the Commission and there are members quite as splendid who come from other States who have no other reason or purpose except the administration of

justice as each case comes up for consideration. Why should we expect them to give anything but justice?

Instead of following the analogy suggested by the gentleman from Texas, let us get it more properly down to the point. This is not a measure to hobble a cow. This is to put a fence around to regulate the entire group. If you try to build a fence so that one or two cows can get through, the other cows will get through also. You will find that all the cows will get through at the same place. This legislation has been through the years building a fence around the whole structure, except down in the water corner.

But what happens? Why, they all get through the same hole down there. You have to build the fence all around. It is a thing of logic, it is a thing of purpose that we have to accomplish here. Twenty-seven billion dollars are tied up in the railroads, not for the interest of the railroads but for the interest of the people. You hear certain people say, "This is for the little man." You do not hear labor hollering about bearing down on the little man when they are trying to do something to keep the scab from getting in and destroying the very structure organized labor has been building up during the years. There are men in this country who, if you were to do something to do away with termites, would holler, "You are destroying the poor little termites."

Mr. Chairman, this is an effort to bring order out of chaos, and incidentally to bring water out of chaos, and it needs it worse than anybody. The general nature of this legislation is opposed to spot legislation, spotting here or there. Still remembering our illustrative friend, the cow, did you hear my little illustration? It is to the effect that we had a bunch of children draw a picture of a cow all on the same scale and in the same position, and when they finished there was not one picture that was any good, but when we took all 64 of them and put them together they made an astoundingly good picture of a cow. We have to do general legislation here. We cannot adopt spot legislation and get good law. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. WEST].

Mr. WEST. Mr. Chairman, I first want to say that I deeply sympathize with the committee that reported this bill. I sincerely believe they are honest and sincere in their effort, but they have looked through the keyhole at the railroads so long and listened to the crooning of the representatives of the railroads so much that they have lost sight of the public—of the fellow that has to pay the freight rates. They have absolutely disregarded in every sense of the word any benefits that might accrue to the people who live in the sections that benefit by the water rates.

Let me illustrate: I come from a section of Texas on the Mexican border that up until recently, because of the excessively high freight rates, has been unable to ship vegetables or fruits to the Atlantic seaboard. To illustrate: A man produced a carload of beets in that section and shipped it to Boston, Mass. He received $550 for the beets. He paid the railroads $500 for freight, leaving $50 as a return on his investment in the land and the cost of raising, harvesting, and shipping them. In other words, he paid 10 times as much for freight charges as he received for the commodity. This does not make sense.

The Interstate Commerce Commission has drawn an imaginary line between certain sections of the country, and because we are west of that line we pay a differential of $1,750,000 a year on produce shipped out of our section.

Recently, by bonding ourselves to death and with the aid of the Federal Government, we have secured deep-water harbor facilities. With the reduction in freight rates as a consequence we are now able to ship produce to the eastern seaboard. If this bill is adopted in its present form, or if this amendment now under consideration is not adopted, and water transportation is put under the I. C. C., we again lose the benefits of water transportation.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. WEST. I yield to the gentleman from Texas.

Mr. MANSFIELD. If the gentleman will apply to the Interstate Commerce Commission he will find that the rail rate on cotton from all south Texas points to the mill towns of Massachusetts and Connecticut is $7.20 a bale, but if the cotton is shipped in the coastwise trade the rate ranges from $1.75 to $2.20 a bale, according to the schedule in effect.

Mr. WEST. I thank the gentleman for the contribution. The really sad part of the story is that some twenty years ago my section of the country applied to the Interstate Commerce Commission for relief. That case is known as the *Southwestern Rate case*. Never to this day has the Interstate Commerce Commission rendered a decision in the case, which is still pending before the Commission.

I ask all that are in favor of a square deal to the public to vote for the adoption of this amendment. [Applause.]

[Here the gavel fell.]

Mr. ROBSION of Kentucky. Mr. Chairman, ladies, and gentlemen, the amendment of Mr. SOUTH, of Texas, proposes to strike out that part of the bill that provides for the regulation of water carriers engaged in interstate and foreign commerce. I am opposed to the South amendment. The provision that this amendment undertakes to strike out is the very core and heart of the bill. Congress has placed the railroads, motor carriers, air carriers, intercoastal and coastal waterways under regulation. Inland waterways that have been subsidized by the Government to the extent of $2,500,000,000 are not under any sort of rate regulation. They can raise and lower rates at pleasure. They can discriminate against communities, towns, and cities. They can engage in cutthroat competition.

President Roosevelt and the committee that he appointed to make a study of the question, the Senate committee, the Senate itself, and the Interstate and Foreign Commerce Committee of the House, after months of study and investigation, have declared that our transportation policy should be a coordinated and unified system of rail, motor, air, and water transportation, and in order that each of these carriers might receive just and fair treatment, and that the public interest might be protected, the Interstate Commerce Commission should be given the power to regulate water transportation as it does rail and motor.

ACTION URGENT AND NECESSARY

It is admitted that the railroads are very essential to the welfare of this country in peacetime and a great arm of defense in time of war. It is conceded that we have the most efficient railroad workers, the most efficient railroad managers, and the most efficient railroad service and the lowest freight and passenger rates of any country of the world providing anything like comparable service, and it is also admitted that our railroads are in the worst financial condition of any of the railroads in any country of the world.

Extensive hearings were held more than a year ago by our Judiciary Committee on matters affecting railroads. There appeared before our committee members of the Interstate Commerce Commission, many leading economists of the Nation who were not stockholders, employees, or managers of the railroads, many representatives of insurance companies, savings banks, and other financial institutions, and many representatives of the railroad managements and the railroad workers. Their evidence disclosed that we had about 240,000 miles of A–1 railroads. Approximately 80,000 miles were in receiverships or bankruptcy courts. Another 80,000 miles were on the verge of being forced into receiverships or bankruptcy. It was stated on the floor of this House during the debate on this bill by one of our Democrat friends that there are now 200,000 of the 240,000 miles of our A–1 railroads either in receiverships or bankruptcy or on the verge of receiverships or bankruptcy. This is a gloomy picture. If there is a remedy, this remedy should be found at once.

Neither I nor any member of my family have any stock in or hold any bonds of any railroad. I have never represented any railroad company as its attorney and have never ridden on a railroad pass. I have no personal interest in either one of these forms of transportation. I want to do that which will serve the best interests of the American people.

The American people have $25,000,000,000 invested in the railroads. A few years ago over 2,000,000 railroad workers were regularly employed with good wages. Today there are less than 1,000,000 workers employed. The railroads as a whole have been going in the "red" for a number of years. Their total net loss for the past year amounted to more than $160,000,000. The railroads of the country have been financed by the issue of bonds. In days gone by these bonds were considered gilt-edged securities. There are more than 60,000,000 insurance policies in force in this country. The laws of the several States require the deposit of security to insure the payment of death benefits and other benefits provided in these millions of insurance policies. Many of the States have large sums in railroad bonds placed with them for the faithful performance of the provisions of these policies. Many of the savings banks have invested large sums in railroad bonds. Many other banks own railroad bonds. I shudder to contemplate the consequences to the country as a whole in the event there should be a general collapse of the railroads of this Nation.

The railroads pay taxes in every school district, village, town, city, township, county, and State through which they pass, and taxing bodies are not always so gentle in fixing assessments and franchise charges against the railroads. These taxing units make them pay. The railroads pay annually more than $350,000,000 in taxes to the Federal, State, county, city, and other taxing units of the Nation. If there should be a collapse of the railroads—and if nothing is done and unless business conditions greatly improve, I do not see how a collapse can be avoided for 70 percent of our railroads—this would mean that the Government would have dumped into its lap this $25,000,000,000 enterprise to finance and operate. How many billion dollars would the Government lose annually in such an undertaking? Who would pay these billions? The taxpayers of the whole Nation. Who would have to assume these $350,000,000 in taxes that the railroads have been paying annually while privately owned? The taxpayers would have to meet this additional burden. What effect would such a catastrophe have on our insurance policies, many of our savings banks, and other banks?

In my study of Government ownership of railroads of the various nations, I have come to one definite conclusion—the service is less efficient, wages to railroad workers are much less, and yet the cost of transportation is higher and in some countries two or three times greater than in the United States.

The railroad situation was such a year ago that there was a great demand for railroad legislation before Congress adjourned. Congress did adjourn without taking action, but the President gave the people to understand that a careful study would be made of the problem and action would be taken at this session of Congress. The President appointed a committee of very able men. They studied the question for a long period of time, and finally submitted their report with recommendations. The Senate took up the recommendations of that great committee and reported and passed S. 2009. The Senate bill then came to the House and was referred to the Committee on Interstate and Foreign Commerce, and after months of hearings and investigation they modified the Senate bill in some respects but retained its essential features and reported out what is now known as the Lea bill, S. 2009. The Interstate and Foreign Commerce Committee of the House is one of its great committees. The membership of that committee is made up of men of long service on that committee and with wide legislative experience. I am informed that the bill before us received practically the unanimous endorsement of that committee after making this thorough investigation.

Of course, everybody knows that the railroads are under very rigid regulation and supervision by the Interstate Commerce Commission. In fact, it is said that the railroads are individually owned but the owners are not permitted to supervise or manage them. Congress has placed motor transportation under the I. C. C. Inland waterways have been and are now without Government regulation. This Committee appointed by the President, in keeping with the opinion of a great many economists and statesmen, recommended that inland waterways, the competitors of rail and motor transportation, should likewise be placed under the I. C. C. It seems that it is manifestly unfair to regulate the freight and passenger rates of rail and motor transportation units and permit the water carriers to run loose. If they are all placed under one regulatory body, then rates can be fixed for all of them that will be fair and just to each of them and the public interest protected. It is clear that this Nation needs all of these units of transportation. I would be the last person in this House to vote for any measure that would destroy either one of them or give one an unfair advantage over the other or permit either one of them to gouge the public or gouge each other.

There is no doubt that we have just about regulated and taxed the railroads to death. Only a few, if any, of the motor-transportation or water-carrier units are in the bankruptcy courts. As we have pointed out, if this problem is not solved so as to continue these agencies of transportation as private enterprises and self-supporting, one of these days they will be governmentally owned and operated, and then the American people will, as they do in other countries, pay some real transportation rates, receive less efficient service, and the workers receive less wages. There will be a big loss, and the American taxpayers will have to foot the bill.

THIS BILL APPROVED GENERALLY

The business people generally of my section, many of the farmers and professional men favor this bill. This bill is also favored by at least 20 of the railroad brotherhoods and organizations, and the railroad managements of the country. One of the brotherhoods opposed the bill urging that it might reduce the number of workers, but we have already adopted the Harrington amendment which must satisfy this one objector of the railroad workers' groups.

The water carriers have been subsidized through the years. They are not taxed as the railroads and motor groups. They furnish no rights-of-way. Docks and harbors are built for them. It has gone through the years without any regulation, and it is very natural for those engaged in this carrier service to oppose this bill.

We are inclined to think that in the long run it will be to the best interests of all of these groups. Under this bill neither the railroads nor motor-transportation units can destroy the water carriers. They will be protected by this law. We have been assured by those who know that this measure will not affect adversely the motor-transportation carriers.

We must have efficient railroads to reach the farmers in all sections of the country and to serve the coal mines, and most of our factories and mills. Should not our people who receive efficient transportation service be willing to pay such a price for this service where it is honestly and efficiently managed as will enable the rail-, motor-, air-, and water-transportation units to pay their workers real American wages and to earn a fair and reasonable return on their investment? If the consumers of the Nation should insist on receiving these products and services at less than the cost of production, there will be a break-down in the production and American standard of wages, and American standard of living, with unemployment.

Industry and transportation with their workers cannot prosper unless the farmers prosper. On the other hand farmers cannot prosper unless their best customers, those engaged in industry and transportation prosper, and wage earners are employed at American wage standards.

I am supporting this bill in the hope that it is to the best interests of these various transportation groups, and to the

best interests of the workers and investors of these groups, and it will thereby promote the general welfare and best interests of the American people as a whole.

INDUSTRIAL, ECONOMIC, POLITICAL, AND SOCIAL CHANGE

The water carriers, with their subsidies from the Government and low transportation rates, are changing the industrial, economic, political, and social structure of this country. Although the population of the Nation as a whole has increased tremendously in the last 10 or 15 years, yet there has been little or no increase in the interior part of our country. Industrial enterprises are leaving the interior of our country and moving to, or near to, the great rivers, the lakes, and the coasts on the Atlantic and Pacific. The population of those States, and especially of the cities in those States, are growing by leaps and bounds. These movements are stripping the interior of the country of its population and its shops, mills, and factories; and, incidentally, it is taking the business away from the railroads and motor carriers. It was for this reason that I spoke and voted in favor of the Pettingill bill to amend the so-called long-and-short-haul clause of the Interstate Commerce Act. This movement from the interior to the water courses is creating great congested centers and adding greatly to the political power of some of the States in Congress. It is throwing our country out of balance. This movement in population is taking away the industries and the people from the smaller cities, towns, and communities, and in that way is doing great harm to the farmers and the rural sections of the interior of our country. In my opinion, the greatest force and influence in bringing this about is the cheap water rates. Of course, these water rates could not be so cheap if the water carriers were not receiving the benefit of the subsidies from the Government.

It is manifestly unfair for the Government to put rail, motor, and air transportation under such strict regulations and, at the same time, to subsidize water carriers and turn them loose to do as they please and help them to destroy their competitors.

This is not a railroad bill; it is a bill in the interest of all the people. The South amendment is against the recommendation of the President—his committee was selected to study this question. It is against the action of the Senate and against the action of the Interstate Commerce Committee of the House. It is against the best interests of the American people as a whole, and I am therefore against the South amendment and shall vote against it and vote to pass this bill. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. HARRINGTON] for 5 minutes.

Mr. HARRINGTON. Mr. Chairman, yesterday my friend the estimable gentleman from Kansas [Mr. HOPE], speaking in behalf of, I presume, the farmers of western Kansas, said that he was opposed to the amendment offered by the able gentleman from Texas [Mr. SOUTH].

The South amendment strikes the inland-water regulatory title from this bill. I am for the amendment, and while not assuming to speak for all the farmers in the State of Iowa, the farmers of northwestern Iowa, northeastern Nebraska, and I am quite certain southeastern South Dakota are strongly in favor of the South amendment.

I wonder if the gentleman from Kansas believes that the Secretary of Agriculture, in speaking of this measure, was talking in the interest of the farmers when he said, quoting from his letter to the Speaker of the House, dated Monday, July 17:

> Accordingly, while I believe that maintenance of the controls now exercised over railroad rates is justified by economic considerations, I have grave doubts that identical rate regulation is required of the rail competitors. Regulation of safety and the requirement of public responsibility are without doubt justified. But failure to make proper economic distinctions between these industries only postpones the sound solution of the transportation problem in terms of the public interest. It may be argued that the water carriers are subsidized and, therefore, that their competition with the railroads is not fair or economic. If this be true, the logic of the situation suggests making changes in our promotional policies with respect to transportation, and not adding uneconomic rate regulations to uneconomic transport subsidy. What, then, are the remedies for the so-called transportation problem? In the first place, it should be recognized that the transportation problem is only a part of a larger problem. In reality, the country faces an economic problem, which largely consists of finding ways and means of increasing employment, production, and consumption to the end that our economic system can operate at reasonably full capacity under democratic controls. The railroads and other agencies of transport are significantly affected by and can contribute measurably to the solution to this all-important social and economic problem. Unfortunately, the railroads seem determined to find a solution for the admittedly difficult financial situation of certain rail carriers without regard for the more general solution; in fact, from their public statements it would seem that they are seeking to solve their difficulties at the expense of agricultural and other shippers, consumers, and taxpayers.
>
> Farmers and other shippers should not be required to pay rates based on transportation costs of properties improvidently built, wastefully operated, or partially obsolete. Any effort to improve the condition of the transportation industry should be harmonized with the general welfare. The advocacy of thorough regulation of the minimum rates of motor and water carriers by a centralized agency appears to represent an attempt to use Government power to bring competing transportation agencies into a cartel, and, in this manner, to share traffic and adjust rates in such a way as to earn a return upon all transportation capital of these agencies. Hence, an umbrella would be held over the inefficient plant, and the present high rail-rate level would be protected from the impact of vigorous competition. Undoubtedly such a policy would also result in more rigid rates in times of depression, since the motor carrier and boat line could no longer play their role as an effective competitive force in bringing down rail rates on commodities susceptible to rail or truck, and rail or water movement.

I wonder if the gentleman from Kansas believes that Mr. Brenckman, of the Grange, was speaking in the interest of the American farmer when he said, and I quote from a letter placed in the RECORD by the gentleman from Mississippi, the Honorable WILL M. WHITTINGTON, under date of July 18. Mr. Brenckman has this to say under the heading Agriculture Has a Vital Stake:

> There are those who assert that water transportation means little or nothing in the solution of our farm problems. That is a great mistake. As an illustration, L. R. McKee, who has been a grain dealer at Muscatine, Iowa, for a quarter of a century, reports that last year several million bushels of corn were shipped south by boat from his section and the farmers in the vicinity of Muscatine were paid from 3 to 6 cents per bushel more for their corn than they could possibly have received if it had been shipped by rail.
>
> By virtue of the fact that water rates are lower than rail rates, a considerable part of this corn was shipped through the Panama Canal to the Pacific coast, enabling American corn growers to compete with those of the Argentine in this market.
>
> The farther farmers are removed from their markets, the more important transportation rates become. Several years ago I had a conversation with an apple grower who owns an orchard of 46 acres in the Yakima Valley of the State of Washington. He said that during the previous year he had paid the railroads $23,000 for transporting the products of his orchard to market.
>
> I have a letter from C. H. Bailey, editor of the Oregon Grange Bulletin, in which he states that one of his neighbors is a man who came to the Northwest from Arkansas 25 years ago to engage in fruit growing. He has developed a fine orchard of 100 acres, but high freight rates have made his business so unprofitable that he has concluded to give it up and go back to Arkansas. He intends to sell his farm if he can. If not, he declares he will walk away and leave it.
>
> Under present conditions, the farmers and fruit growers of the Pacific coast can effect some savings by shipping their products to southern and eastern markets by way of the Panama Canal. But if water rates should arbitrarily be raised to a level comparable with rail rates, this advantage would disappear and leave them in desperate straits.
>
> We must not lose sight of the fact that the higher transportation costs that would inevitably result from the enactment of the pending bill would react to the detriment of the entire country. Those engaged in agriculture would be hard hit, because the farmer pays the freight both going and coming.
>
> According to the Bureau of Agricultural Economics, last year the farmer received 40 cents out of every dollar spent by the consumer for food. During the depth of the depression, the farmer's share of the consumer's dollar dropped to 33 cents. While those engaged in transportation and distribution perform a legitimate and indispensable service, no fair-minded person can deny that when this service costs vastly more than the share received by the farmer or the producer, it amounts to the same thing as an economic crime.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, this is the first time I have ever heard that the gentleman from Kentucky [Mr. ROBSION] was for a bill because the President was for it [laughter], but I notice that both the Secretary of Agriculture and the Secretary of War are most emphatically against this bill. I do not understand why the gentleman invokes the President's recommendation when the Cabinet members are against it.

This is the first time I have ever heard that we must regulate somebody because he is competing with somebody. The telegram that the gentleman from California [Mr. LEA] had read indicates that the reason they need regulation up on the Lakes or some other place is because of the competition between business interests. Well, if we have come to that, then I think regulation has run amuck. The Transportation Act of 1920 laid down a very serious policy, and I wonder when we are going to quit legislating for the minority. That is what this is. It is legislation for a very small minority. The act of 1920 carries this language:

> It is hereby declared to be the policy of the Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation.

Are we abandoning that policy?

This is not a coordination; this is a strangulation of the waterways, and that is the object of the bill. The gentleman from Michigan [Mr. MAPES] very solemnly announced at the beginning of this debate that this is not a railroad bill, and somebody over here said sotto voce, "it just looks like a railroad bill."

I have discussed this feature of the bill with several of my distinguished colleagues from Kansas. I do not want to make a field day of the speech of the gentleman from Kansas [Mr. HOPE] delivered yesterday. I merely use the reference because that is in my locality, and I am more familiar with that area; but I think the principle relates to all agriculture. The gentleman from Kansas said that he did not see how the preservation of waterways would have an effect on either present or future freight rates in that area. I am ready to accept that challenge and give the gentleman the answer, if he will take my answer instead of that of the railroad lobby. I think I am right. I direct specific attention to the fact that wheat is moving from Kansas City into the Gulf by water for 1.6 mills per ton-mile, and by railroad for 5.3 mills per ton-mile. If that does not affect the rate out of Abilene and Garden City, then reason has ceased to operate.

Their prompt answer is that Kansas City's interest, located as she is on the Missouri River, is not parallel to the interest to the central or western part of that State. Surely they must have overlooked the fact that half of the wheat moving from Kansas and Oklahoma is handled by cooperatives who pay the farmers on the basis of the ultimate sales price, so that any reduction in transport cost is passed on to the farmer.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. DISNEY. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more.

The CHAIRMAN. The time has been fixed by agreement.

Mr. DISNEY. That is true, but I make the request.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent that he be allowed to proceed for 1 minute more, notwithstanding the agreement heretofore fixed, not to be taken out of the remaining time. Is there objection?

Mr. HALLECK. Mr. Chairman, I reserve the right to object. Is that same privilege to be accorded to other people?

The CHAIRMAN. That depends upon the action of the Committee. The Chair cannot prevent a Member from making such a request. The time has been fixed by the Committee.

Mr. SOUTH. Mr. Chairman, I regret that I shall have to object.

Mr. DISNEY. I have discussed this feature of the bill with several of my distinguished colleagues from Kansas, who told me that they did not see how the preservation of the waterways would have an effect upon either present or future freight rates in their area. I would direct their specific attention to the fact that wheat is moving from Kansas City into the Gulf by water for 1.6 mills per ton a mile, the rail rate being 5.3 per ton-mile. Their prompt answer is that Kansas City's interest, located as she is on the Missouri River, is not parallel to the interest of the central or western part of that State.

Surely they must have overlooked the fact that half the wheat moving from Kansas and Oklahoma is handled by cooperatives who pay the farmers on the basis of the ultimate sales price, so that any reduction in transport costs is passed on to the farmer. This also influences the price paid by others than cooperatives. The same is true of cotton, so far as Oklahoma and north Texas is concerned. The same situation would affect wheat and corn in other portions of the Mississippi and Missouri watersheds.

I am interested in the development of the Arkansas River for water traffic. Once it was a great freight highway, and the time will come, unless by legislation we thwart the interest of the people, when the use of the Arkansas River for water purposes will be of vast value to northern Texas, all of Oklahoma, and Kansas.

Kansas and Oklahoma flour has little outlet to the southeastern part of the United States because of high rail rates. If the present water rates were applied to the Arkansas River after she is opened for river traffic, this would open up a vast new territory for flour to southeastern United States from both Kansas and Oklahoma. I beg of the gentlemen from both States to take this seriously into consideration. If they doubt the statements I have made, let them find out the facts from independent sources. If they are in doubt as to their procedure, why take a chance and strangulate river traffic when they know that the evolution of freight traffic in the United States, if it is carried on in the interest of all people and not in the interest of the small minority, will mean the further development of the waterways in the people's interest. We cannot artificially do for the railroads what they cannot do for themselves under the law of natural competition and supply and demand.

We have heard much about a coordinated transportation system, by putting all elements of transportation under the Interstate Commerce Commission. Mr. Eastman, Chairman of that Commission, says it will not work. He says it would not do the railroads any good, and would hurt the waterways. Substantially, he says that it is not for the benefit of all the people. A coordinated system of transportation? What intellectual integrity is manifested in that statement when by examination only 4 percent of the transportation of the country is involved, and only a small percent of the waterways transportation is affected. How can that, either immediately or in the future, seriously aid the railroads? The Secretary of Agriculture, the Secretary of War, and the Maritime Commission say that this bill is bad. A small minority, the railroads and a minority of their employees are supporting this legislation. We cannot afford to take a chance under this superficial consideration of the bill to pass this legislation without first taking the people more into our confidence and letting the people know what is contained in this legislation.

Section 3 is said to be for the regulation of river traffic, by placing it under the I. C. C. I think it would be more accurate to say that section 3 is designed for the strangulation of river traffic. While some members of the committee would seriously say that this is not a railroad bill, it would be hard to write one more designed to give the railroads a monopoly of the freight traffic of the Nation—to give a minority a monopoly on the business of all the people.

Yes, "strangulation" is the correct word. Fifty percent of the water traffic is by private carrier, 40 percent by contract carrier. If section 3 becomes a law, the contract carrier must file his schedules with the Interstate Commerce Commission. His opponents, chiefly the railroads, can promptly challenge these schedules as being "destructive rates." Then the I. C. C. can suspend the rates for 6 months. In the

lighter and more impatient vein, we would say that 6 months with the I. C. C. means 6 years.

What becomes of the army of contract carriers in the meantime—this army of people who are doing a legitimate business, the competition of which regulates itself? They simply dry up. Their customers, the shippers, will not wait. The shippers either build their own barges, or submit to the inevitable and take the railroad rates. This bill is a bill for a monopoly of freight rates by the railroads, freight rates that are now unsatisfactory to every individual in the United States.

It is not an answer to this argument to say that the bulk barge carriers are protected when they carry not more than three types of bulk material. This is the opening wedge to complete regulation, strangulation, and destruction of the contract carrier. Once the camel gets his nose under the tent with this section, it is the most natural evolution of legislation finally to let the monopoly have its own way by putting the contract water carriers out of business by a slow process of strangulation and starvation.

The inland-waterways business is regulating itself. Competition regulates it. So there is no demand by the people for this bill; there is no demand by the inland carriers themselves. The demand comes from the railroad interests, who have not solved their own problems. I dare say that if the railroads were placed under as efficient management as some of our private business in the United States they would not stay in the red.

The railroads have met the competition of busses without such methods. They have improved their passenger lines, and whereas in the old days the theory was "Let the public be damned," nowadays the public is being courted by the railroads in their passenger traffic by every convenience and accommodation that competition has caused.

Mind you, that in this bill, if the shipper is hampered by this legislation and forced to abandon his business with the contract carriers and cannot afford to buy his own vessels, he cannot escape by chartering, because the charters are not permitted to operate as private water carriers. The charter is under the regulation of the I. C. C. just as effectually as the contract carrier, subject to all the red tape of the I. C. C., all the regulations, all the delays, all the annoyances and nuisances that are involved in the bureaucratic handling of the matter by the I. C. C. I am not surprised that our greatest rate expert, Mr. Eastman, Chairman of the I. C. C., rebels at the very suggestion that the waterways be regulated by the I. C. C., because he knows, as an expert, that the waterways traffic regulates itself by the age-old law of competition.

The distinguished representative from New York [Mr. WADSWORTH] has defied any speaker to point a word in part 3 dealing with water rates that will either currently or in the long run be of any benefit to the railroads or to their employees. To this moment that question has not been specifically answered. The only reply has been a statement of generalities not based upon any factual basis.

Part 3 will mean the retardation of any development of water transportation in the future. The little fellow will be put out of business. No longer will he attempt to go into this business, because he will be "pushed around," as the expression is among the racketeers in the big cities, by powerful competitors, who, when the little fellow attempts to follow the regulations proposed here and obtain a certificate of convenience and necessity, will be faced by powerful influences on the part of the railroads and powerful competitors of the larger type, who, by their very nuisance value, which will be provided under section 3, can and will ultimately destroy the little fellow. The general public will suffer the consequences of the artificial regulation of an already naturally regulated business regulated by the natural law of competition.

How can we complete the development of our waterways under such a false promise by the operation of such a false process? No; this bill is in the interest of a minority and not in the interest of the people.

SAVINGS TO THE FARMER ON SHIPMENTS OF GRAIN BY WATER

MUSCATINE, IOWA

The following is a recent statement made by L. R. McKee, a grain dealer of Muscatine, Iowa:

"It has been said the producer and consumer do not gain from cheap river transportation. I have lived in Muscatine for about 30 years, and have been in the grain business here for about 25 years, and own and operate an elevator at this point on the river. Last year several million bushels of corn were shipped south and the farmers in the vicinity of Muscatine were paid from 3 to 6 cents per bushel more for their corn than they possibly could have received if shipped by rail. It permitted also the consumer of this grain in the South to buy his grain cheaper, thus a saving was effected both ways."

ST. LOUIS, MO.

When the barge line appeared on the Mississippi River in 1918, the rail rate on wheat from St. Louis to New Orleans was 18 cents per 100 pounds. Because of water competition the rail rate on wheat from St. Louis to New Orleans today is 11 cents per 100 pounds, while the water rate is 8 cents per 100 pounds. How long will this rate continue if the Interstate Commerce Commission gets control of port to port water rates?

PEORIA, ILL.

Memorandum prepared by H. H. Dewey of W. W. Dewey & Sons, Inc., grain dealers in Peoria, Ill., showing prices paid for grain during the month of June 1939 at an elevator at Henry, Ill., which has no water connection, and at Pekin, Ill., with both water and rail connections.

[Cents per bushel]

	No. 2 corn		No. 2 wheat	
	Henry	Pekin	Henry	Pekin
June 1	44	46	68	69
2	44	46	68	69½
3	44	45½	68	69
5	44	45½	66	67½
6	44	45½	66	67½
7	44	46	66	68
8	44½	46	64	66
9	44	45½	64	65½
10	44	45½	64	65½
12	43	45	62	64
13	43	45	62	64
14	43	45	62	64½
15	43	45	62	64
16	43	45	62	64
17	43½	45½	60	64
19	43½	45	60	63
20	43½	45	60	62½
21	42	44½	59	61½
22	41	43½	58	60½
23	42½	44	59	61½
24	41½	43	59	61½
26	41½	43	59	62
27	42	43	61	63
28	41	43	59	62½
29	42	43½	60	64
30	41	43	59	63
Average	42.9	44.7	62.2	64.5
		42.9		62.2
Average Pekin price above Henry		1.8		2.3
Price increase to farmer on grain carried by water (percent)		4.2		3.7

LONE TREE FARMERS EXCHANGE,
Lone Tree, Iowa, June 24, 1939.

MR. LACHLAN MACLEAY,
President, Mississippi Valley Association,
511 Locust Street, St. Louis, Mo.

DEAR MR. MACLEAY: We observe from certain reports of the Senate Committee on Interstate Commerce and certain information being circulated by the railroads, that it is questionable as to whether the farmers and producers of grain in territory tributary to the Mississippi River have realized any of the benefits of cheaper water rates. It is our understanding that the above-mentioned organizations have gone on record as stating that the farmers have not received any benefit and, because of this, we wish to tell you of our experiences with the movement of grain out of our territory over the Mississippi River.

During 1938 our organization, a farmers' cooperative grain elevator located 32 miles directly west of Muscatine, Iowa, and owned and controlled by an active membership of 300 farmers, moved a total of 550,000 bushels of corn to Muscatine which was loaded on barges and shipped to various southern points along the Mississippi River and for export. Due to this grain moving by river we were in a position to, and did, pay from 3 to 5 cents per bushel more for grain than we could have paid for it had we been limited entirely to movement of the grain out of our town by rail.

In addition to paying the farmers a premium for their corn of from 3 to 5 cents per bushel, we found that we, because of river movement of this corn, could realize approximately 30 percent more net profits in our handling of this grain to our organization which profit was at the end of our year, returned quite largely to our participating stockholders in the way of stockholders' dividends.

In addition to the grain we moved to Muscatine for river shipment, we know of numerous other similar organizations within a radius of 100 miles of Muscatine, Iowa, that have realized the same benefits to their organization and to their farmers as we have and any statements made by railroads or any Senate committee to the effect that the farmers have not received an immediate money benefit by the movement of their grain on the river is unfounded and would not be made by one who is acquainted with what is actually happening.

Yours very truly,

LONE TREE FARMERS EXCHANGE,
M. GASKINS, *Manager*.
MARJORIE MCMAHON, *Bookkeeper*.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, much has been said about inland waterways during the past few days. There is one thing we all agree on, and that is that inland waterways represents cheap transportation. Let us analyze for a moment this cheap water transportation by comparison with modern rail transportation to ascertain whether or not any inequality exists between the two and who pays the difference.

Let us take, as an example, the Mississippi River, developed at a cost of $145,000 a mile, with an annual maintenance cost of $2,300 a mile.

Next the Missouri River, constructed at a cost of $195,000 per mile, with an annual maintenance cost of $2,900 per mile.

Next the Ohio River: It has cost in construction $142,000 and maintained at a cost of $3,880 per mile.

New York Barge Canal: $337,000 a mile to construct and maintained at a cost of $4,749 per mile.

Cape Cod Ship Canal: $1,500,000 a mile and $20,000 a mile to maintain.

If time permitted, I could proceed at length in analyzing the cost of construction and maintenance of inland waterways, which to date has cost the taxpayers of the country $670,000,000. Do not forget, the taxpayers in every State, in every community, are paying the bill for this so-called cheap water transportation.

Now let us take the railroads. The investment in rail roadway averages about $61,000 for each mile of line, including the cost of sidings, yard tracks, and so forth.

The maintenance of the track and structures averages $1,733 a year for each mile of line—less than half the cost of maintaining the channel of any inland waterway.

The total economic cost of doing the job on the railroads is less than it is on the rivers and canals, even when it is considered that, besides paying their own cost, the railroads pay taxes averaging more than $1,400 per mile of line each year, or approximately 10 cents out of every dollar taken in.

In other words, the railroads pay their own way and are expected to stand idly by and see the taxes they pay used to subsidize a cutthroat competitor.

Let us not forget that the taxes paid by the railroads of this country maintain many political subdivisions of our Government, such as school districts, hospitals, and so forth, while, on the other hand, the inland waterways contribute nothing by reason of the fact they pay no taxes.

Do not be misled by the lobbyists for inland waterways, a mode of transportation that has been living off the taxpayers of this country and refuse to recognize a contribution to their own welfare, as well as the transportation industry in general, by being placed under supervision of the Interstate Commerce Commission.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HAVENNER].

Mr. HAVENNER. Mr. Chairman, I entertain a high regard and esteeem for the able chairman of the committee in charge of this bill, my distinguished colleague from California [Mr. LEA], and for the other members of his committee, but I cannot bring myself to agree with the fundamental premises upon which the philosophy of this legislation is apparently based.

Great emphasis has been laid by the proponents of this measure upon the importance of protecting the investors in railroad securities. Indeed, this argument has been stressed so strongly that it might reasonably be inferred that this is one of the primary purposes of the bill. And a further analysis of the arguments in support of this objective might logically lead to the conclusion that investors in competing enterprises, and the employees of such enterprises, would have to be sacrificed, if necessary, in order to guarantee the welfare of the railroad security holders. This appears to me to be a dangerous doctrine in American legislation.

I would be deeply interested in legislation designed to protect conservative investment of private capital in the legitimate private industries of this Nation, but transportation is not properly a private industry. Indeed, it is in the highest sense of the word a public industry. It is an industry which concerns every individual in the United States, and which has a vital relationship to the life of the Nation.

And unhappily the investment of private capital in American railroad securities has not always been on a conservative basis. I venture the assertion that the railroads would not be in financial difficulty today but for the reckless overcapitalization of many of their properties in years gone by. The people who bought those watered stocks and bonds were in most instances the victims of a cruel fraud, and they deserve the sympathy of all right-thinking persons, but there is no justice or logic in the proposal that the Government should step in and guarantee all railroad security holders a safe return on their investment, even at the expense of other vitally important transportation activities.

What I have said does not imply that I would willingly see private investments in railroad properties impaired or destroyed. Not at all. So long as the American railroads remain in private ownership I would like to see them on a paying basis, but I insist that the first consideration of all transportation agencies must be the efficiency of our Nationwide system of distribution. If the railroads cannot perform their proper function under private ownership in the great complicated scheme of transportation and distribution which modern life demands, then the public welfare will require public ownership of the railroads. I do not urge that immediately, but I predict that if the railroads persist in trying to destroy other essential forms of transportation which they regard as competitive, they are merely heading into inevitable public control.

It is interesting to note that while some of the railroad brotherhoods have given perfunctory endorsement to this legislation—no doubt at the urgent insistence of their employers—other railroad organizations have refrained from so doing, and the maritime labor organizations have entered a most vigorous protest against its enactment. I quote from a letter addressed to all the members of the California delegation by the secretary-treasurer of the Maritime Federation of the Pacific:

The Lea bill, if enacted into law, will destroy intercoastal shipping, and will deprive maritime workers on the West Coast, East Coast, and the Gulf of a livelihood.

I may say that this morning I received from the legislative representative of the railroad trainmen in the State of California a telegram urging me to cast my vote against this bill in the interest of the workers in his organization. I quote the telegram:

SAN FRANCISCO, CALIF., *July 25, 1939*.

Hon. FRANCK R. HAVENNER,
House Office Building, Washington, D. C.:

Understand Lea transportation bill up for consideration this week. Our organization considers consolidation features detrimental railroad employees. Request you vote against bill for this reason.

HARRY SEE.

In objecting to the provisions of this bill, I do not at all dissent from the theory of regulation. Indeed I believe proper regulation to be essential in the field of transportation. But the United States Maritime Commission has been created for the express purpose of developing and expanding the American Merchant Marine, and I believe that the regulation of water-borne commerce should properly come under

the jurisdiction of that Commission. The Interstate Commerce Commission has been absorbed for years with regulation of the railroads and other land carriers. Just as our Aeronautics Authority has been specially created for the regulation and development of our air commerce, so do I believe that for the best interests of the Nation as a whole the regulation of our water commerce should be kept the special sphere of influence of the Maritime Commission.

I shall support the motion made to strike out the sections of this bill which invest the Interstate Commerce Commission with jurisdiction over water-borne commerce.

If these sections are not stricken out I shall vote against the bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. BULWINKLE].

Mr. HARRINGTON. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. BULWINKLE. If it is not to be taken out of my time.

The CHAIRMAN. It will be taken out of the gentleman's time.

Mr. BULWINKLE. I do not yield, then.

Mr. Chairman, there is a clear-cut issue presented in this amendment whether or not we will vote to include the regulation of water transportation with railroad regulation and with motor-vehicle regulation. In discussing that in the brief time that I have I want to state that a new procedure has arisen in the House of Representatives unheard of in my 18 years of experience here. While our committee was considering this subject, just as soon as the hearings had closed, and before the subcommittee was appointed, 12 Members of this House—I believe it was 12—sent a letter out to the membership of the House asking them to be against the Wheeler-Lea bill, without knowing what was in it, without knowing whether water was to be included in it. If they say that they knew water was to be included in it, then they had sufficient notice all this time of that, and they were not taken by surprise as they would have you believe now.

Another thing I want to call attention to: They say they do not want regulation. No; but practically every speech says, "We do not want this Interstate Commerce Commission to perfect this regulating." Let us see who composes the Interstate Commerce Commission.

Joe Eastman, from Massachusetts. I ask any man here from New England, does he think that Mr. Eastman is so railroad-minded that he would be unfair to any other carrier that might be included in this? Certainly there is not a man here who would rise and say so.

Clyde Aitchison, of Oregon. There is no man who could say one word against Mr. Aitchison.

Claude Porter, of Iowa, from the State of the gentleman who is opposed to this bill, and the gentleman nor no one else would say that Mr. Porter is anything but a high-minded, upright, clean, outstanding lawyer who would do his duty.

William E. Lee, of Idaho. I challenge anyone to say anything against him or any decision that he has made.

Charles D. Mahaffie, of the District of Columbia, a man of high character; a career man. Nobody would say anything against him, and I challenge them to.

Carroll Miller, of Pennsylvania. There is no man from Pennsylvania who would say aught against Mr. Miller.

Then we have Mr. Walter M. W. Splawn, of Texas. Mr. Splawn says that in order to preserve the transportation for the United States, water regulation should be included under the Interstate Commerce Commission. No man would rise and say aught against Mr. Splawn, and I challenge them to. [Applause.]

And so I could name the three able and efficient Commissioners from the South—Mr. Caskie, Mr. Rogers, Mr. Alldredge as well as the newly appointed member, Mr. Patterson—and no one will say aught against them. The amendment to strike out the entire title should be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, the chairman of my committee, CLARENCE LEA, of California, is one of the finest men I have ever known. [Applause.] His splendid character and his eminent fairness in the handling of this bill on the floor and in the committee, particularly when contrasted with the attitude of some of the opponents, ought to commend this bill to the favorable consideration of every Member of this House. [Applause.]

Perhaps I am taking a little too much on myself, but I would like to suggest to some of my friends on the other side of the aisle that I have been led to believe from the beginning that this legislative proposal is an administration proposal, favored by the administration and by the President of the United States, and asked for to coordinate and unify the transportation regulation of this country.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. The Members of the minority have gone along trying to perfect this bill.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I cannot yield. I only have a few minutes.

When this bill is put on the statute books you people will take credit for the advance that is made. The efforts of those of us in the minority, as we have labored, have been in the public and national interest, and in no other interest.

Now, let us go back a little further. From whence came the demand for this legislation? It stems from the fact that some time ago all the transportation agencies of this country found themselves in severe economic and financial trouble. The railroads, representing investments of billions of dollars of literally millions of our people, were particularly hard hit.

It was recognized that something should be done. Our committee went to work and we have brought in a bill that is fair and proper. Have you heard any of these opponents of regulation of water carriers point out any unfair provisions in this bill? Not one. The only thing they complain about is that they do not want regulation. This is the issue presented by this amendment. Passage of this bill will not destroy water transportation. It will promote and stabilize it. Its economic advantages will be preserved.

This country is committed to a policy of regulation of transportation agencies. In my time in Congress I have seen it extended to motor carriers in interstate commerce. Interstate pipe lines of natural gas have also been regulated. Air carriers are now regulated. Today water carriers alone are substantially unregulated. They are free to carry where they will at whatever price they choose in competition—direct competition—with the regulated transportation agencies of the country. Is this fair?

As a matter of simple justice, as a matter of equity, as a matter of fairness, I say that if regulation is good in one part of the field of transportation, then regulation should be applied evenly over the whole field of competing transportation systems. We have exempted from this bill now those parts of water transportation that are noncompetitive. We have been fair in this bill.

Now let me say something else to my friends on the committee. I suppose a lot of people would characterize me as something of a conservative, and I am frank to say that I frequently have trouble getting myself to the point where I can believe in the further extension of government in the direction of regulation. I have opposed a lot of it, but after careful, deliberate, and complete consideration of this problem I am convinced that in the interest of fairness, in the interest of the preservation of all of our systems of transportation, and in the interest of the very economy of our country it is imperative that we have a unification and coordination of control for competing systems of transportation. It is nothing more than fair.

This amendment should be voted down and this title kept in the bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, the fundamental principle underlying this interesting debate has been the propo-

sition, Shall water transportation be regulated in order to preserve the railroad transportation of our Nation?

Pretty nearly every speaker who has thus far spoken has commented upon this principle.

In order that there may be no confusion, I shall attempt to clear the muddy waters and talk about the four different groups of water transportation. I have no objection against the railroad provisions in this bill and would be pleased to vote to help the railroads if water transportation would be eliminated from the category of regulation under the supervision of the Interstate Commerce Commission.

Let me briefly discuss the four methods of water transportation. First, we have foreign transportation, otherwise known as international transportation, which deals with the foreign commerce of the world. This transportation is regulated by the Maritime Commission, through the medium of construction differentials, operating differentials, and trade-route regulations imposed upon our oceangoing carriers that convey passengers and cargoes to all parts of the world.

The second form of water transportation is called intercoastal. Why? Because these ships travel from the Atlantic or Pacific Oceans but they must go through the Panama Canal. The rates on these intercoastal ships are regulated by the Maritime Commission through an act passed by the Congress of the United States in 1933.

The third form of water transportation is known as coastwise or coastal transportation. This form of shipping deals with ships that pass either along the Atlantic coast, the Gulf, or the Pacific coast but do not travel through the Panama Canal. In coastwise shipping we have regulation by the Maritime Commission of all rates, both maximum and minimum, passed by an act of Congress in 1935. Thus, Mr. Chairman, we behold international, intercoastal, and coastal shipping regulated by the Maritime Commission. This sentiment has not been called to the attention of the Members of the House.

Fourth, we have inland-water transportation, which deals with private carriers, contract carriers, and common carriers whose commerce pass through all the inland waters of the United States from the Atlantic to the Pacific and from the Gulf to the Great Lakes.

This form of water transportation deals with 3 percent of all transportation that is carried in the United States. Against this inland water transportation of 3 percent, the railroads, the busses, the trucks, carry 97 percent of all transportation of our Nation. Now, of the 3 percent of inland water transportation, 50 percent is carried by private carriers. These private carriers are controlled and owned by great corporate interests such as oil, coal, lumber, and countless other organizations. According to this bill these private carriers are exempt from the provisions of regulations. That leaves, therefore, only 1½ percent of inland waterways that could be regulated by the Interstate Commerce Commission. The contract carriers carry 40 percent of inland water transportation and if you regulated these contract carriers you would destroy them, because all their owners would become private carriers.

It therefore leaves the balance of 10 percent of the 3 percent of inland waterway transportation that belongs to common carriers who would be regulated by the Interstate Commerce Commission if this bill is enacted into law.

Summarizing it all together, therefore, it would bring one-third of 1 percent of inland waterways under regulation by the Interstate Commerce Commission.

I appeal to you, ladies and gentlemen, as intelligent Members of the House of Representatives, to let me know whether one-third of 1 percent of small common carriers are today destroying the transportation of the railroads, busses, and trucks which carry 99⅔ percent of the transportation of our Republic. It seems ridiculous. This bill will destroy the common carrier of inland waterways throughout the Nation. It would be the same as if I told you I could disinfect the Mississippi River by throwing a teaspoon of carbolic acid into its waters to bring about complete disinfection. The passage of this bill will make it impossible in the future for common carriers, who carry small products produced by Nature's soil and small manufacturers, from being conveyed on inland waterway transportation. It will compel the small common carrier if he wants to go into the inland waterway business to secure from the Interstate Commerce Commission a certificate of necessity and convenience, which they would refuse to give him because there would be no necessity for his existence.

Mr. Chairman, even inland water transportation which would come under regulation by the Interstate Commerce Commission, which as I have called to your attention is one-third of 1 percent, is already regulated, because of a bill that our Merchant Marine Committee passed unanimously and which is now before the Rules Committee of the House awaiting a rule to bring it out on the floor for final passage.

We, therefore, behold the four forms of water transportation—international, intercoastal, coastal, and inland-waterway—all regulated today by the Maritime Commission, which has done remarkable work in trying to regulate rates between the different competitive groups that utilize the waters of our Nation to help the agricultural, industrial, and commercial interests. Because only one-third of 1 percent of our inland waterways would be regulated in this bill, I appeal to you to eliminate it from the provisions of this legislation and make inland water transportation as free and independent as aviation is today. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Chairman, the time at my disposal being so brief, I regret that I will be unable to yield until I have finished.

The issue that is raised by this amendment, to strike out the water-carrier section of the bill, strikes at the very heart of the bill. If this amendment should prevail the purpose of the bill, namely, a coordinated national transportation system fails.

This bill seeks to establish a national transportation policy in the public interest. The necessity for such a policy has been recognized and recommended by every group, within or without the Government, that has given the subject impartial study and consideration.

The President, on every occasion that he has spoken on the transportation problem and that has been frequent during his administration, has recommended a policy that would include railroads, motor and water carriers, in a coordinated national transportation system under the regulatory jurisdiction of the Interstate Commerce Commission.

The opponents of this program have not sought to dispute the advantages of such a policy insofar as it relates to railroads and motors, but only as to water carriers.

Their objection to the inclusion of the latter has been based upon the false premise that the purpose of the bill is to give an advantage to railroads over water carriers. There is nothing in this bill to justify such a conclusion. A careful reading of the bill will demonstrate to any impartial mind that the regulation provided is neither unfair nor unjust in its application to water carriers. It provides for even less regulation of water carriers than now applies to railroads and motortrucks and busses.

The Committee in drafting this legislation has sought to provide no more regulation than is absolutely necessary to accomplish the purpose of a national transportation system wherein the inherent advantages of each form of transportation are recognized and preserved, to be administered in the public interest, by a Government agency that through more than 50 years of experience is better equipped to accomplish the purpose than any other.

All of our transportation agencies, by rail, by highway, by water, by pipe line, and by air have developed independently and in piecemeal fashion. As each originated and each grew, there was little or no thought of the general national situation.

In the beginning our rivers near the seacoast and the high seas were practically our only means of transportation.

Movement by roads was slow and tedious and greatly limited in extent. Some of the opponents of this bill have based their conclusion of the right of water carriers to be excluded from regulation upon a declaration of policy enunciated during the existence of the Confederation, prior to the adoption of the Constitution and the formation of our present Government thereunder. At that time waterways, as I said, were practically the only means of transportation. At that time the roads existed only along the seaboard. None that were capable of any considerable travel existed in the interior. The individuals who in that day recognized the supremacy of waterways and made the declaration of policy that recognized them as having such a status did not and could not envision the vast network of transportation facilities that exists today, consisting of railroads with 240,000 miles of tracks, thousands and thousands of miles of improved roads over which move millions of motor vehicles every day, and with thousands of aircraft throughout the Nation flying hundreds of thousands of miles every year. Indeed, that policy upon which the opponents of this bill base their present-day claim, of the right of water carriers to be exempt from regulation, is in a very true sense a "horse and buggy" day policy as compared to present-day need growing out of a complex and complicated system of transportation. Those former days presented no problems that made necessary any form of regulation. But that time has long since disappeared.

During the years that have intervened there have been distinct transition periods in methods of transportation. Following the water-carrier period came the railroads opening a vast domain to settlement, then the motor, and finally the aircraft—all of these existing agencies of transportation have a permanent place and a definite sphere within which each can operate most effectively. What is that place? What is that sphere?

While the railroads are the backbone of our transportation system, yet trucks and busses are here to stay and will develop, and likewise our great natural resources in navigable streams must be more fully utilized, and transportation by air, now in its infancy, must be developed and encouraged to expand. Each of these have had their advocates who have pressed the claims of each to the exclusion of the others until, as the President pointed out in his message to Congress on June 7, 1935:

> It is small wonder that in a transportation picture so confused the public has been inadequately served.

He then proceeded to recommend the passage by Congress of a series of bills providing for the regulation of air carriers, motor carriers, and coastwise, intercoastal, and inland water carriers under the jurisdiction of the Interstate Commerce Commission.

> It is high time—

Said the President in that message to Congress—

> to deal with the Nation's transportation as a single, unified problem.

This bill seeks to do that very thing. Since that message motor carriers and aircraft have been brought under regulation by legislation reported to this House by the committee that now presents this bill. Water carriers—coastal and intercoastal—have also been partially regulated. Railroads have been under regulation for more than 50 years. This present legislation seeks to complete the unified system that will provide coordinated transportation in all its branches.

Time and again the charge has been made that there is no demand for this legislation with respect to its application to water carriers. That is not so. The truth is that substantial water carriers, almost without exception, are anxious and willing for regulation that will stabilize an industry that is sorely depressed by the present cutthroat practices of the chiselers within the industry.

General Ashburn, president of the Federal Barge Line, a Government-owned and operated water carrier, as I said on Saturday last during general debate, in testifying before the House Committee on Merchant Marine and Fisheries on May 8, 1935, said:

> I advocate all forms of shipping should be placed under the Interstate Commerce Commission.

Similar views, as to the necessity and advisability of regulation of water carriers were expressed by L. W. Childress, president of the Mississippi Valley Barge Line, testifying before a Senate committee; he said:

> Conditions prevailing in the transportation industry persuade me to believe that stabilization of rates—a matter in which the public has a very vital interest—can come only through Federal regulation.

He then stated that 95 percent of the common-carrier traffic on the Mississippi and Ohio Rivers is handled by his company and the Federal Barge Line, both of which were in favor of Federal regulation.

Now, as to the charge that coastal and intercoastal carriers were opposed to regulation, Mr. John J. Burns, counsel for the American Merchant Marine Institute, when testifying before the Senate committee on S. 2009, said:

> It may be conservatively stated, therefore, that a majority of the substantial waterway carriers are in favor of regulation by the Interstate Commerce Commission.

The charge has also been made that shippers were not in favor of regulation of water carriers. Mr. Childress, in his testimony before the committee, already referred to, said:

> That the shippers are overwhelmingly in favor of regulation appears to be evidenced by the vote on a referendum on the subject taken by the United States Chamber of Commerce. One thousand six hundred and fifty-four local chambers of commerce voted in favor of regulation, while but 286 voted against it.

The charge has also been made that the purpose of the bill is to destroy water carriers—drive them out of business. The charge is so ridiculous that it needs no answer. Would representatives of the water carriers, such as I have mentioned, favor legislation the purpose of which was to destroy them? Would the "Committee of Three" appointed by the President, consisting of Chairman Splawn, Commissioners Eastman and Mahaffie, recommend legislation to drive water carriers out of business, or, would the President recommend this legislation to destroy water carriers to promote the interests of the railroads? No fair or impartial mind would harbor such a thought much less express it.

It has also been said that this bill would raise the rates of water carriers to the level of rail rates. This is just as preposterous as the charge that the bill seeks to destroy water carriers. Opponents of motor regulation when that bill was under consideration by this House made similar statements. The administration of the act in the succeeding years has proved the falsity of the charge. I do not hesitate to say that no one engaged in the motor carrier industry would want that act repealed. Why? Because regulation has stabilized the whole industry to the mutual advantage of carriers and shippers. It eliminated the "chiselers" whose operations had brought chaos and distress. The administration of this act will prove just as beneficial to the water carriers and the shippers who utilize their service. It is the "chiseler" in the water-carrier industry, as in others where they exist, who oppose regulatory measures such as this bill provides.

I wish to say a word or two in answer to the charge that regulation of water carriers would mean higher rates to the farmer. This was emphatically denied by Senator REED of Kansas, when speaking on S. 2009 in the Senate. He said:

> I am saying that nobody has ever been able to point out how any benefit has been derived by a farmer in the State of Kansas from the water rate. I think the statement applies equally to Minnesota, to North and South Dakota, and the rest of the so-called grain States. It has never been possible for anybody to show that the farmer got any benefit out of the water rate and General Ashburn's letter to me dated May 10, 1939, is a complete demonstration of that fact.

Senator REED further said that he made that statement:

> Without fear of successful contradiction, having tried for 20 years the class of cases in which the question of marketing costs and effect of water transportation rates upon the price of grain to the farmer is involved.

This bill represents the honest and sincere effort of a committee that has sought after weeks of hearings to present to this House a bill that will be helpful to railroads, motor carriers, water carriers, and beneficial to the public at large. It deserves your support and we ask that the emasculating amendment now before the House be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Chairman, the bill now before the House for action is an earnest attempt to systematize and coordinate the transportation agencies of the country, so that the general public, the transportation workers, and the transportation agencies of all kinds may enjoy the greatest possible measure of justice in connection with the transportation business.

We have open to us but two ways to control transportation agencies of all kinds. Either the public must own and operate them or, if they are privately operated, the public must regulate them.

There are some who are opposed to both regulation and public ownership. They insist that private owners of transportation agencies should have a free hand and that there should be no interference by way of regulation.

Even those who are opposed to public regulation must admit, however, that if one kind of transportation agency is subjected to regulatory laws, then all competing transportation agencies should be governed in accordance with the same principles.

Although railroad workers would benefit as much as any group from just regulation, it was indicated by one of those opposed to the bill that the railroad workers of the Nation are not wholeheartedly in favor of the measure. One or two letters have been received indicating that some members of the brotherhoods, the heads of which constitute the Railway Labor Executives' Association, are not in favor of the legislation. No doubt that is true, for there never was a case in which every member of any organization agreed with the majority action of such organization. There is no doubt, however, that the great majority does approve this legislation.

Let me call attention to the last issue of Labor, a publication devoted to the welfare of railway workers. I read a few excerpts from the editorial as follows:

House urged to ignore propagandists' pleas, and pass rail bill.

That is the headline. The editorial further states that—

It has the support of the President of the United States.

It is earnestly endorsed by the Railway Labor Executives' Association, speaking for the Standard Railway Labor Organizations, with close to 1,000,000 members.

In the matter of railroad consolidations, the bill safeguards all interests. The element of Government compulsion is removed, the carriers are permitted to submit plans for mergers, but the I. C. C. is designated a watchdog to protect the public interests.

The Lea bill has the solid backing of the Railway Labor Executives' Association.

I have a telegram which I received from George M. Harrison, president of the Brotherhood of Railway Clerks, Cincinnati, Ohio, reading as follows:

WASHINGTON, D. C., *July 17, 1939.*

ROBERT CROSSER,
House Office Building, Washington, D. C.:

On behalf of 150,000 members of my organization, I urge your support of Lea bill on railroad legislation. The railroad industry must, if it is to survive, be stabilized; regulation of competition is imperative. Don't permit adjournment until this legislation is enacted into law.

GEORGE M. HARRISON,
President, Brotherhood of Railway Clerks, Cincinnati, Ohio.

While it may be true, as I have said, that there is lack of support on the part of a few members of brotherhoods constituting the Railway Labor Executives' Association, let me call attention also to a letter written to me by a member of the brotherhood which is officially opposed to the bill.

BROTHERHOOD OF RAILROAD TRAINMEN,
OHIO CITY LODGE, NO. 237,
Lakewood, Ohio, July 20, 1939.

Hon. ROBT. CROSSER,
Congressman, Twenty-first District of Ohio,
House Office Building, Washington, D. C.

DEAR SIR: I have been informed that the Committee on Interstate and Foreign Commerce of the House of Representatives have before them an amendment to the Interstate Commerce Act that will extend governmental regulations, under the Interstate Commerce Commission, to waterway carriers operating on the inland and coastwise waterways of this country, the reason for this being to place these carriers under Government regulations similar to those now governing the railroads as well as other forms of transportation.

It seems to me that in these days of intense competition in the transportation field fairness and justice require favorable action on the proposal in order to stop cutthroat competition and stabilize the industry on a fair competitive basis.

I know of no better qualified or more capable governmental agency to direct this regulation than the Interstate Commerce Commission and my constituents and myself are heartily in favor of giving them this most important job.

We trust the proposal may, therefore, have your approval and support.

Yours very truly,

F. E. NEHRENZ,
Legislative Representative, 2182 Olive Avenue.

Please note that this was received in the ordinary course of the mail and is written by F. E. Nehernz, who is legislative representative of Lodge 237 of the Brotherhood of Railroad Trainmen.

So much for that.

This bill is the outcome of a serious effort to coordinate transportation agencies. The transportation business is not the mere private concern of any one of these agencies. What the committee has tried to do is to establish a firm, sound basis of operation for all of the transportation agencies of the country. You cannot control one and ignore the other. Suppose, for instance, that the railroads were paid for by the United States and then given free to a private company which would not have to make a single cent return for capital; do you suppose either the waterways or other transportation agencies could then operate successfully against the competition of the railroads?

Mr. Chairman, we must consider the transportation agencies of the country as a unit. The regulation must be done by a single regulatory authority, one that applies the same principles and the same logic to each of the transportation agencies of the Nation.

Mr. Chairman, I ask that this amendment be voted down.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Texas [Mr. SOUTH].

The question was taken; and the Chair announced it was in doubt.

Mr. WARREN. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. SOUTH and Mr. PEARSON to act as tellers.

The Committee divided; and the tellers reported that there were—ayes 144, noes 167.

So the amendment was rejected.

Mr. WARREN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WARREN: On page 266, line 17, strike out "2" and insert "3."

Mr. MAPES. Mr. Chairman, I make the point of order that this amendment comes too late. Perfecting amendments should be offered before a motion to strike out the section.

Mr. WARREN. Mr. Chairman, I would like to be heard upon that if there is any doubt.

The CHAIRMAN. The Chair is of the opinion that while the gentleman had the privilege of offering this amendment before a vote was taken on the motion to strike, the action taken on the motion to strike does not preclude the offering of a perfecting amendment.

The Chair will read section 7 of rule XVI, as follows:

A motion to strike out and insert is indivisible, but a motion to strike out being lost shall neither preclude amendment nor motion to strike out and insert.

Mr. BULWINKLE. Mr. Chairman, I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. BULWINKLE]?

There was no objection.

The Clerk again reported the Warren amendment.

Mr. WARREN. Mr. Chairman, this will probably be the last amendment offered to this particular title. It deals with the statute of limitations on the filing of claims by shippers where there have been overcharges involved. Bear with me, if you will, when I say to you that the present Federal law allows a shipper 3 years in which to file a claim. This is just another evidence in this bill of discrimination against the shippers and consumers of the country.

A freight overcharge is a debt which the carrier lawfully and morally owes the injured party, and there is absolutely no reason why the carrier should be preferred in a debt of this nature. The statute in practically all of the States provide from 3 to 8 years for recovering of freight overcharges. Due to claim complications and audit requirements, and so forth, any reduction in the present 3-year time limit would bring great hardship upon the majority of shippers. It certainly cannot be maintained that any evil will be remedied by a law precluding the injured shipper from collecting a just debt by further restricting the present period to 2 years.

Now, get this: In the House committee print, dated March 29, 1939, the Interstate Commerce Commission definitely disapproves any reduction in the present 3-year time limit. The reduction is also opposed by the National Industrial Traffic League, the National Retail Dry Goods Association, and other nationally known organizations. As against all this, the only ones in favor are the carriers, and without any proper justification. Their real reason is to extinguish these claims at the earliest possible date, and thereby retain in their treasury large sums of illegal revenue.

The sole purpose of this section is for the carriers to rake in the dollars of the small merchants and shippers throughout the country, when anyone who has had any experience with the I. C. C. knows that sometimes it takes at least 2 years in order to even file your claim there.

Mr. LEA. Mr. Chairman, I have no objection to this amendment. The committee reduced the period of limitations to 2 years for the carriers, and left it the same as it was for the shippers. There is some question about the time involved in these overcharge cases. The committee tried to leave it the same, although it was in other provisions of the bill.

There is not any substantial objection, so we have no objection.

The amendment was agreed to.

Mr. GEYER of California. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GEYER of California: Page 260, insert the following sentence after the amendment offered by Mr. WADSWORTH: "In the prescribing of rates, fares, and charges of any carrier subject to this act, as much of the salary of any employee of such carrier as is in excess of $20,000 per annum shall not be considered to be an operating expense or part of the cost of rendering the service of such carrier."

Mr. GEYER of California. Mr. Chairman, this is a very simple amendment. We have been talking both yesterday and today about doing something for the little fellow. I believe here is an opportunity to do just that. My amendment says that when the Commission fixes rates it shall not take into consideration any salary for rate-making purposes of any employee who receives more than $20,000.

When you stop to consider some of the salaries you will begin to see, perhaps, why we are trying to bail the railroads out, as we are in this bill today. I have in my possession a report of the salaries paid to some executives. The Greyhound Corporation, for instance, paid to one man $62,275, and to another $49,878. As I read this list of salaries think of your own salaries. We find here another salary of $60,000 paid to an official, to another official $40,000, and to another $50,000. I could go on and on and read many of these salaries.

Let us remember this. By the Federal statutes the T. V. A. is limited to $10,000 in paying salaries to its employees. We are allowing here in my amendment twice that amount. A great deal has been said about the efficiency of Government-operated projects such as the T. V. A. If it is right and fair to limit those executives to $10,000, surely a two-to-one shot is not unfair as far as these others are concerned.

Let us remember that these salary payments are reflected in the rates. Many things are reflected in the rates. The very legislative representatives that are here working for this bill have their salaries reflected in the rates. That is not all. The interest on the bonds is reflected in the rates, dividends on watered stock are reflected in the rates, and there are many other costs that are reflected in them. Let us give the railroads an opportunity here to come to us with clean hands. This applies to the other carriers as far as that is concerned. It will apply to all of them, water carriers and all. Let us help them to set their own house in order. Let us say that $20,000 for an employee's salary is enough money to charge against the rates or to charge against the salaries of the lower-paid employees and against the consumers.

Mr. Chairman, I ask that this amendment be supported.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. GEYER of California. I yield to the gentleman from Texas.

Mr. MANSFIELD. Can the gentleman tell us about how many officers are drawing salaries in excess of $20,000 a year?

Mr. GEYER of California. No; I cannot give you the exact number, but a considerable number of them are here in this long list I hold in my hand. I am sure the amount involved is enough to reflect a lower rate to our consumers and at the same time there will be more money with which to pay more workers in the lower brackets. At least we have no right to give the roads a right to raise their rates, which this bill really does, until we have closed every leak. This amendment of mine will stop one leak and show to our people that we are really concerned with the employment problem. We will be at least on record as being opposed to a few bilking the public while this Congress voted in the W. P. A. bill to doom to starvation thousands of our fine people. I cannot see how any can oppose a limit of $20,000 on these salaries. I hope you will support the amendment.

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment.

This amendment means almost nothing as a practical matter. The requirement that in computing charges for rate-making purposes compensation of employees in excess of $20,000 must be eliminated, when the roads are annually meeting operating expenses of more than $3,000,000,000, would look ridiculous in a piece of legislation passed by the Congress. It shows what might be done by improvident performance here on the floor affecting a serious business situation.

Mr. GEYER of California. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield to the gentleman from California.

Mr. GEYER of California. The gentleman believes, then, that we are justified in allowing these immense salaries to be paid when the railroads are coming to us and asking to be bailed out of their predicament? Does the gentleman wish to go on record to that effect?

Mr. LEA. No; that is not the question. The Congress does not assume to legislate salaries for these railroad companies. If we should determine to go into that field, let us do it considerately and on some effective plan that would really prevent excessive salaries.

Mr. GEYER of California. Evidently it is not. It seems not to be.

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I find again that I must resort to the practice of rising in opposition to an amendment which is not the matter I want to discuss in order to gain the floor. I again wish to call the attention of the members of the Committee, many of you being here who were not here on a previous occasion when I called attention to the provisions of this bill, waiving the advantages the United States

Government retains by reason of its contracts in connection with the tremendous land grants heretofore made by the Government.

Many years ago the United States Government followed a policy, possibly a correct policy at the time, possibly the only policy that could have been pursued at that time that would have given us immediately the transportation facilities that we needed at that time, of making grants of public lands on certain conditions to those who would enter into certain contracts with the Government. Among the conditions was the condition precedent of constructing certain miles of railroad. Of equal importance, as has been held by our Supreme Court on several occasions since that time, was the provision written into those contracts that the railroad and all its branches should remain a public highway at all times, open to the transportation of goods and troops of the United States without cost to the Government. Since that time we have relieved the railroads of one-half of the burden of their contract and have paid the railroads 50 percent of the regular transportation cost, but this bill proposes to waive the remaining 50 percent, not because the railroads have to have it to operate without loss, not because it is not profitable to haul Government property at 50 percent of the regular transportation cost. There are only 27 land-grant railroads in the United States today which are required by law to transport goods for the Government at 50 percent, yet there are more than 200 railroads in the United States that have voluntarily filed equalization agreements or waivers whereby they voluntarily come in and ask for the privilege of transporting Government property at 50 percent of the regular commercial rates. Do you think for one moment those railroads would have come in and asked for this privilege had it not been profitable business to do so?

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. WARREN. Could not this section of the bill which the gentleman is discussing be properly termed a rape of the public domain under the gentle guise of law?

Mr. POAGE. It certainly might.

We have given very little consideration to this subject today. Every one of us recalls the burning criticism that was properly directed against those who gave away the original 50-percent privilege. Those men have been held up to scorn all during history. Yet you are called upon today to give away the remaining 50 percent. And you are called upon to do it before your people have a chance to hear what you are giving away. No, it is not done to help the railroads immediately because it does not amount to more than $7,000,000 to $10,000,000 a year to the railroads. It cannot bail them out of any important immediate financial crisis which is confronting them, but it can mean billions to the people of America throughout the years for which the Government has already paid, and paid well.

Are you going to be a party to that kind of transaction? I took this time that I might call upon this committee that has not yet discussed this problem, that has not yet stood before this House and told us why this provision is in this bill. I took this time that I might suggest to the committee that I am going to offer an amendment to strike it out and I would be glad if some member of the committee would rise before we reach that point and tell us why this provision is in here; tell us why it is in the interest of the people of the United States; tell us why we should give away the only remaining advantage that the people retain from our great public domain.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. SOUTH. I will ask the gentleman if it is not a fact that this provision is not found in the Senate railroad bill.

Mr. POAGE. That is right. The Senate did not put it in here. The Senate has three separate bills, two of them attempting to do this thing and another bill expressly protecting the public domain, and I understand it was not in some of the committee prints, but it just came out here after we got it on the floor. I can be wrong on that, but I understood that in the third print it was not there, or if it were that it was in language that the average reader would not catch in reading.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GEYER].

Mr. GEYER of California. Mr. Chairman, I ask unanimous consent that the amendment may be again reported.

The Clerk read the Geyer amendment.

The question was taken and the amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARE: On page 274, at the end of line 10, in section 312, add the following: "*Provided*, That hereafter, notwithstanding any other provision of law, no certificate of public convenience or necessity shall be issued, transferred, or assigned to an existing competing carrier engaged in a different system of transportation or to any person or corporation financially interested directly or indirectly in the operation of interstate transportation other than that provided in such certificate."

Mr. HARE. Mr. Chairman, assuming that this is to be a transportation bill and not merely a railroad bill and that we are to hereafter have three systems of transportation known as the railroad system, the motor-bus lines, and water transportation, the purpose of this amendment is to prevent either one of these agencies or systems of transportation from securing a complete control or monopoly over the other. In other words, this amendment is offered for the purpose of preventing the railroad system from getting control of the bus lines and thereby putting the bus-line system out of existence. Should this develop we will have the railroads operating their own system and in addition will be operating the bus-line system over highways constructed and maintained by the States and the Federal Government.

This amendment simply provides that no certificate of public convenience or necessity shall be issued, transferred, or assigned to an existing competing carrier engaged in a different transportation system; that is, for example, if I should obtain a certificate to operate a bus line from station A to station B, which parallels a railroad line, it would then be unlawful for me to transfer or assign that certificate to that particular railroad line. On the other hand, if a person should obtain a certificate giving him the right to operate a bus line from A to B, then it would be unlawful for the Commission to issue a certificate to a competing railroad paralleling such line. It would not prevent the Commission from issuing a certificate to any other man who wanted to operate a bus line, if the conditions and circumstances warranted it, but it would prevent them from issuing a certificate to the adjoining or competing railroad line.

My reason for offering this amendment is that if we are to maintain and protect these three systems of transportation, and I am not prepared to argue against either one, I can conceive that within a reasonably short time, not over 10 years from now, our railroad system will own and operate all the bus lines of this country. They will operate them over roadbeds constructed and maintained by the States and the Federal Government, and then the public will be deprived of that fair and just competition that arises, or is supposed to arise, from the operation of these two systems. Therefore, I think this amendment is highly important and absolutely essential if the three systems are to be maintained, and if there is to be continued fair, honest, and legitimate competition between these systems with any hope of securing cheaper freight rates. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I rise in opposition to this amendment. It is another instance in which a vague amendment is presented dealing with a complicated question, where we already have adequate provisions under which the Interstate Commerce Commission grants these certificates only on the basis of public convenience and necessity, and where they adopt rules governing the transfer. If an amendment like this is to be offered, it should be presented to the committee so that we would have a chance to

consider it. It is an improper way of legislating on a question like this on the floor of the House. I think the amendment is open to serious objection, because it is so vague, referring to "a person interested in transportation" as one of those against whom the prohibition would run.

The Interstate Commerce Commission is a regulatory body, and we must give it a wide discretion if we are to have a successful administration of the act and not have it tied up too much by arbitrary rule.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. LEA. Yes.

Mr. HARE. Is there any provision in the bill anywhere that would prevent a bus line from transferring its certificate to a railroad line or a water line?

Mr. LEA. That can be done only by the consent of the Commission. Railroads are prohibited from securing control of competing line water carriers except by approval of the Commission.

Mr. HARE. But there is nothing in the law to prevent it.

Mr. LEA. Except the authority we have given the Commission. They must have discretion. If we are to bind them by arbitrary rules or prohibit them, perhaps in some cases they would be forced to do an injustice.

Mr. HARE. Under the provisions of the bill I see where they are permitted to be transferred in accordance with the regulations that the Commission may permit.

Mr. LEA. If we were to put an arbitrary bar against the transfer, in cases where there should be a transfer, an injustice might be done, and that is why it is necessary to have discretion lodged in the Commission.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from South Carolina.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word. In Massachusetts at the present time we are witnessing one of the harmful results of the unscrupulous financial control of our railroads in the past, when there existed a complete disregard in many cases of the interest of the stockholders, the bondholders, and the general public and the community served. It is such mismanagement in the past that is mainly responsible for the present predicament of the railroads. I have a strong suspicion that much of the legislative efforts of recent years, and the present bill, is for the purpose of laying the foundation for the Government to ultimately purchase the roads, not because the executives of the railroads believe in public ownership but because they deem that such is the only way of bailing the bankrupt roads out of their present financial condition—a condition due mainly to mismanagement. It is the duty of Congress to watch this situation closely in the future.

My main purpose in rising is to show the shameful result of the past mismanagement so far as Massachusetts is concerned at the present time. In Massachusetts at the present time we are witnessing the terrible result of such mismanagement. We have seen in recent weeks the abandonment of passenger service in 88 communities served by the Old Colony Railroad Co., and the intention to abandon in September service in from 50 to 55 more communities. This affects the whole southeastern part of Massachusetts, in which area served by this railroad live hundreds of thousands of persons.

In a recent meeting held in Boston the Attorney General of Massachusetts, Hon. Paul V. Dever, accused the officials ordering such termination of service of "open defiance of the State laws in failing to comply with the provision which requires the written approval of the department of public utilities for all abandonment of service." This action affects what is known as the south shore of Massachusetts, in which lives the distinguished minority leader, and in which section lives the distinguished gentleman from Massachusetts [Mr. GIFFORD], extending to the very tip of Cape Cod.

The results of this action, if successful, will mean disaster to the people of the area affected. This is not a question of discontinuance of service of some stations which could be done through consolidation of services with other stations, but is a complete termination of the passenger in this large area of Massachusetts with its density of population. It is a disgraceful situation. It is an arrogant assertion of power in complete disregard of the interest of the people of the great area of Massachusetts. It is actions of this kind which prompts the general public and their public officials to view with suspicion legislation sponsored or supported by railroad executives. Those in control of the Old Colony Railroad would act wisely if they would voluntarily reconsider their past action and their intended action and instead of complete termination of passenger service in this large area of Massachusetts they would consolidate their stations where they can, and assure to this area and its people affected at least the basic passenger service to which they are entitled and which they so badly need.

[Here the gavel fell.]

Mr. PIERCE of Oregon. Mr. Chairman, I move to strike out the last two words.

Mr. LEA. Mr. Chairman, will the gentleman yield that I may make a unanimous-consent request?

Mr. PIERCE of Oregon. I yield.

Mr. LEA. I ask unanimous consent that all debate on this amendment close in 9 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PIERCE of Oregon. Mr. Chairman, I rise to support the amendment offered by our colleague from South Carolina [Mr. HARE].

I hold in my hand a series of letters and replies from a man living in a town close to where I live in Oregon, who wanted to put on a little truck line of three or four trucks, to do some work through southern Idaho and Oregon. That man filed his petition with the Interstate Commerce Commission for a certificate. He had to employ a lawyer, which he could not afford. It was a year before he could get his certificate. Now, the object of this amendment is simply to attempt to keep the railroads from monopolizing also motor traffic as they will continue to do if they can buy up certificates granted to their agents and hirelings for the purpose. Without this amendment the railways will be enabled to monopolize the traffic, and there will be no competing bus and truck lines. The Congress placed the trucks under the control of the Interstate Commerce Commission a few years ago. Now, water transportation has to be regulated by this same group and subjected to the same delays. It will be as impossible to get quick justice or to get a decision as it used to be a few hundred years ago in the courts of England before they were reformed. I am asking my colleagues on this floor to give serious consideration to this amendment. Adopt the amendment that has been offered by our colleague from South Carolina. It is in the interest of public service. It is in the interest of the people. If we had the management of these roads in the hands of actual railroad men instead of bankers it would be different. Today the management is all in the National Capital and in Wall Street. Time was when our railroads in Oregon were controlled from the headquarters in Portland. Then we could present our cases. Now it is simply impossible.

I am asking for a vote in favor of this amendment offered by the gentleman from South Carolina [Mr. HARE]. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Minnesota [Mr. ALEXANDER] is recognized for 4 minutes.

Mr. ALEXANDER. Mr. Chairman, I am glad to see the gentleman from South Carolina [Mr. HARE] offer this amendment, although it is doubtful if it will be agreed to. I say I am glad to see it, because it points out the fear of monopoly inherent in this bill, which is in the hearts and minds of the Members. I know as you know that this bill is sponsored by the un-American monopoly inerests of Wall Street. I was surprised as I saw Members going through the turnstile here today, who on frequent occasions have come down here in the well and harangued us against the

same un-American international banker clique and against other monopolies of Wall Street financiers against the interests of the people.

Still they would support this bill and vote against all amendments which would serve to protect the interest of the public and of the employees of the railroads. Is it any worse for this bloodthirsty gang of Wall Street to take us to the cleaners one way or another? I submit that it is not.

I can understand why some men would vote for this bill, some of my colleagues who have railroad interest and background, and some Democrats, but for the life of me I cannot understand why any of our Republican friends from the Midwest, especially from the heart of this country, would support this measure, because it is absolutely detrimental and opposed to the best interests and welfare of that section of the country.

I want to call the attention of the Members from the East, Members from the New England States, from New York and Pennsylvania, and other Eastern States who are supporting this measure, to this fact: You are worrying about supporting the relief demands of the central section of the country, the South, and the Midwest, and we all agree that it is a bad situation, a very bad picture; but when you pass laws of this type you are making the situation more acute. You are going to destroy and drive out more business, force more people on the relief rolls in the central section of the country, and further destroy agriculture. You will have to support that disaster with more dollars from the Public Treasury collected mainly from east of the Mississippi.

I have before me the figures of the States which are getting the most per capita relief. It is a surprising thing that almost without exception those States are in the central section of the country, States which have enormous natural wealth and resources. There is absolutely no reason based on justice and common sense why those States should be in the mess they are today. They are occupied by good, hard-working farmers and businessmen. They have every natural advantage and facility, except that they have been hamstrung.

They have been killed off, as it were; business and industry, commerce and trade have been destroyed until today the central section of your Nation is struggling along under this great handicap of unfair and artificial rates set up by the I. C. C. and the eastern interests until you people of the East and of the New England section are being asked to dig down into your pockets more and more, month by month, and year by year to support this relief burden of the Middle West. I have the figures of the per capita loans to States, and with but one exception these per capita loans have been greatest to the States of the Middle West. There is absolutely no reason for this, for they possess great wealth and natural resources. It is only because you people of the East are not farsighted enough, you are too narrow-minded, you have not the foresight to see that when you hamstring the people of the Middle West you are going to have to support them with more and greater relief.

RELIEF IN MINNESOTA

Between March 4, 1933, and December 31, 1937, the Federal Government spent for recovery and relief in the United States $16,436,865,417, or a per capita average of $127.16. Of this sum, $411,202,967 was spent in Minnesota, a per capita average of $155.05. This is nearly $30 above the United States average and ranks Minnesota fifteenth out of 38 States outside the Solid South. During this same period Federal loans to the amount of $12,609,896,323 were made—a per capita average of $97.49. Of this, loans of $318,383,623 were made in Minnesota, a per capita average of $120.05. This ranks Minnesota sixteenth out of the 38 States here considered.

There is an extraordinarily wide range both in per capita expenditures and per capita loans within individual States. Thus, in the matter of per capita expenditures in the 38 States considered, Nevada stands highest with $888.21, while Connecticut is lowest with only $80.39. Other States with high per capita expenditures are the following: Montana, $449.12; Arizona, $426.58; Wyoming, $366.26; South Dakota, $304.27; New Mexico, $297.07; Idaho, $284.74; North Dakota, $280.90; and Utah, $223.47.

In the matter of per capita loans the range is from $235.03 in North Dakota—the highest—to $33.37 in New Hampshire—the lowest. Other States with high per capita loans were: South Dakota, $215.37; Nevada, $214.88; Nebraska, $206.96; Montana, $194.39; Wyoming, $181.12; Idaho, $168.87; California, $165.50; Michigan, $158.20, and Iowa, $156.93. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. HARE].

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. LEA. Mr. Chairman, I ask unanimous consent to dispense with the reading of part I of title III, ending on page 299, the same to be printed in the RECORD at this point, and amendments to any section of part I to be in order.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Part I of title III follows:

TITLE III—MISCELLANEOUS

PART I—BRIDGES OVER NAVIGABLE WATERS

DEFINITIONS

SECTION 301. When used in this part, unless the context indicates otherwise—

(1) The term "bridge" means a lawful bridge over navigable waters of the United States, including approaches thereto, used and operated for the purpose of carrying railroad or highway traffic, or both railroad and highway traffic.

(2) The term "bridge owner" means any corporation, association, partnership, or individual owning any bridge, and in the case of a bridge which is in the possession or under the control of any trustee, receiver, trustee in bankruptcy, or lessee, said term includes both the owner of the legal title and the person or entity in possession or control of such bridge.

(3) The term "Secretary" means the Secretary of War, acting directly or through the Chief of Engineers.

OBSTRUCTION OF NAVIGATION

SEC. 302. No bridge shall at any time unreasonably obstruct the free navigation of any navigable waters of the United States.

NOTICE, HEARINGS, AND FINDINGS

SEC. 303. Whenever a bridge shall, in the opinion of the Secretary, at any time unreasonably obstruct navigation, either on account of insufficient height, width of span, or otherwise, or if, in the opinion of the Secretary, there be unreasonable difficulty in passing the draw opening or the lift span or drawspan of any such bridge by rafts, steamboats, or other watercraft, it shall be the duty of the Secretary, after notice to the interested parties, to hold a hearing at which the bridge owner, those interested in water navigation thereunder or therethrough, those interested in railroad or highway traffic thereover, and any other party or parties in interest shall have full opportunity to offer evidence and be heard as to whether any alteration or changes of said bridge are needed, and, if so, what alterations or changes are needed, having due regard to the necessity of free and unobstructed water navigation and to the necessities of the rail or highway traffic. If, upon such hearing, the Secretary shall determine that any alterations or changes of such bridge are necessary so as to render navigation through or under it reasonably free, easy, and unobstructed, having due regard also for the necessities of rail or highway traffic thereover, he shall so find and shall further make a finding of fact as to what alterations or changes of said bridge are reasonably necessary for the purposes of navigation, and shall notify all parties concerned of his finding.

SUBMISSION AND APPROVAL OF GENERAL PLANS AND SPECIFICATIONS

SEC. 304. It shall thereupon be the duty of the bridge owner to prepare and submit to the Secretary, within 90 days after notification of his finding of fact, general plans and specifications to provide for the alteration of or changes in or reconstruction of such bridge in accordance with such finding, and for such additional changes in, or alteration of, such bridge as the bridge owner may desire to meet the necessities of railroad or highway traffic, or both. The Secretary may reject said general plans and specifications, in whole or in part, and may require the submission of new or additional plans and specifications, but when the Secretary shall have approved general plans and specifications, they shall be final and binding upon all parties unless changes therein be afterward approved by the Secretary and the bridge owner or by a court of competent jurisdiction.

CONTRACTS FOR PROJECT; GUARANTY OF COST

SEC. 305. After approval of said general plans and specifications by the Secretary, and within 90 days after notification of such approval, the bridge owner shall, in such manner as the Secretary may prescribe, take bids for the alteration or reconstruction of such bridge in accordance with said general plans and specifications. All bids, including any bid for all or part of the project submitted by the bridge owner, shall be submitted to the Secretary, together with a recommendation by the bridge owner as to the most competent bid or bids, and at the same time the bridge owner shall submit to the Secretary a written guaranty that the total cost of the project, including the cost of such work as is to be performed by the bridge owner and not included in the work to be performed by contract, shall not exceed the sum stated in said guaranty. The Secretary may direct the bridge owner to reject all bids and to take new bids, or may authorize the bridge owner to proceed with the project, by contract, or partly by contract and partly by the bridge owner. Upon such authorization and fixing of the proportionate shares of the cost as provided in section 306 the bridge owner shall, within a reasonable time to be prescribed by the Secretary, proceed with the work of alteration or reconstruction, and the cost therof shall be borne by the United States and by the bridge owner, as provided in sections 306, 307, and 308.

APPORTIONMENT OF COST

SEC. 306. At the time the Secretary shall authorize the bridge owner to proceed with the project, as provided in section 305, and after an opportunity to the bridge owner to be heard thereon, the Secretary shall determine, and issue an order specifying the proportionate shares of, the total cost of the project to be borne by the United States and by the bridge owner. Such apportionment shall be made on the following basis: The bridge owner shall bear such part of the cost as is attributable to the direct and special benefits which will accrue to the bridge owner as a result of the alteration, and the United States shall bear the balance of the cost, and after an opportunity to the bridge owner to be heard thereon, the Secretary shall determine the proportionate parts of the total cost of the project to be borne by the United States and by the bridge owner. Said apportionment shall be on equitable principles, that is to say (1) that the United States shall bear that part of the cost attributable to the necessities of navigation; (2) that the bridge owner shall bear that part of the cost attributable to the requirements of traffic by railroad or highway, or both, including any expenditure for increased carrying capacity of the bridge, and including such proportion of the actual capital cost of the old bridge or of such part of the old bridge as may be altered or changed or rebuilt as the used service life of the whole or a part, as the case may be, bears to the total estimated service life of the whole or such part.

PAYMENT OF SHARE OF THE UNITED STATES

SEC. 307. When the Secretary shall have approved the general plans and specifications of such bridge and accepted the guaranteed estimate of cost, and shall have fixed the proportionate shares thereof as between the United States and the bridge owner, he shall furnish to the Secretary of the Treasury a certified copy of his approval of said plans and specifications and of said guaranteed estimate, and of his order fixing the proportionate shares of the United States and of the bridge owner, and the Secretary of the Treasury shall thereupon set aside, from amounts appropriated for such purpose, the share of the United States payable under this part on account of said project. When the Secretary shall find that such project has been completed in accordance with his order, he shall cause to be paid to the bridge owner, out of the amount of Federal funds set aside for said project, the proportionate share of the total cost of the project allocated to the United States, or he may, in his discretion, from time to time, cause payments to be made on such construction costs as the work progresses; but the total payments out of Federal funds shall not exceed the proportionate share of the United States of the total cost of the project paid or incurred by the bridge owner, or, if said total cost shall exceed the cost guaranteed by the bridge owner, shall never exceed the proportionate share of the United States of said guaranteed cost, except that if the cost of the work exceeds the guaranty, due to emergencies, conditions beyond the control of the owner, unforeseen or undetermined conditions, the Secretary will, after full review of all the circumstances, fix the participation of the United States in such excess cost as may be reasonable and proper, and shall certify such additional participation to the Secretary of the Treasury for payment. All such payments to the bridge owner herein provided for shall be made by the Secretary of the Treasury on warrants drawn by the Secretary, payable to the bridge owner.

APPROPRIATION AUTHORIZED

SEC. 308. The appropriation of such money, from time to time out of the Treasury of the United States, as may be necessary to carry out the provisions of this part, is hereby authorized.

FAILURE TO COMPLY WITH ORDERS; PENALTIES; REMOVAL OF BRIDGE

SEC. 309. Any bridge owner who shall willfully fail or refuse to remove a bridge, or so much thereof as may have been found by the Secretary to be an unreasonable obstruction to navigation, or to comply with any lawful order of the Secretary, made in accordance with the provisions of this part, shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished in any court of competent jurisdiction by a fine not exceeding $5,000, and every month such bridge owner shall remain in default shall be deemed a new offense and subject such persons to additional penalties therefor; and in addition to the penalties above prescribed the Secretary may, upon refusal of any bridge owner to comply with any lawful order issued by the Secretary in regard thereto, cause the removal of such bridge and accessory works at the expense of the bridge owner and suit for such expense may be brought in the name of the United States against such bridge owner and recovery had for such expense in any court of competent jurisdiction, and the removal of any structures, erected or maintained in violation of the provisions of this part or the order or direction of the Secretary made in pursuance thereof, may be enforced by injunction, mandamus, or other summary process upon application to the district court of the district in which such structure may, in whole or in part, exist, and proper proceedings to this end may be instituted under the direction of the Attorney General of the United States at the request of the Secretary; and in case of any litigation arising under this part, or under any order of the Secretary made in pursuance thereof, the cause or question arising may be tried before the district court of the United States in any district which any portion of said bridge touches.

REVIEW OF FINDINGS AND ORDERS

SEC. 310. Any finding or order made or issued under this part may be reviewed by the circuit court of appeals for any judicial circuit in which the bridge in question is wholly or partly located, if a petition for such review is filed within 3 months after the date such order is issued. The judgment of any such court shall be final except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 240 of the Judicial Code, as amended (U. S. C., title 28, sec. 347). The review by such Court shall be limited to questions of law, and the findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive. Upon such review, such Court shall have power to affirm or, if the order is not in accordance with law, to modify or to reverse the order, with or without remanding the case for a rehearing as justice may require. Pending the final determination of any such court review no liability for penalties under this part shall be incurred and the powers thereby conferred upon the Secretary to remove or cause the removal of bridges shall be stayed.

RELOCATION OF BRIDGES

SEC. 311. If the owner of any bridge used for railroad traffic and the Secretary shall agree that, in order to remove an obstruction to navigation or for any other purpose, a relocation of such bridge or the construction of a new bridge upon a new location would be preferable to an alteration of the existing bridge, such relocation or new construction may be carried out at such new site and upon such terms as may be acceptable to the bridge owner and the Secretary, and the cost of such relocation or new construction, including also any expense of changes in and additions to right-of-way, stations, tracks, spurs, sidings, switches, signals, and other railroad facilities and property, and relocation of shippers required for railroad connection with the bridge at the new site, shall be apportioned as between the bridge owner and the United States in the manner which is provided for in section 306 hereof in the case of an alteration and the share of the United States paid from the appropriation authorized in this part.

APPLICATION OF PROVISIONS

SEC. 312. The provisions of this part shall apply to all bridges, the construction, reconstruction, or alteration of which had not begun before July 1, 1939, notwithstanding any prior order of the Secretary authorizing or requiring any such construction, reconstruction, or alteration, and compliance with the terms of this part shall constitute compliance with any such authorization or requirement of the Secretary under any other provision of law.

Mr. LEA. Mr. Chairman, I ask unanimous consent to return to pages 240 and 241 to offer amendments. These are in substance the amendments offered by the gentleman from New York [Mr. WADSWORTH] yesterday. We have agreed on language that is satisfactory to us. They are offered to carry out the purpose we had in the discussion on the Wadsworth amendment.

The CHAIRMAN. The gentleman from California asks unanimous consent to return to pages 240 and 241 for the purpose of offering amendments. Is there objection?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. LEA: On page 240, lines 15 and 16, strike out "within terminal areas of transfer, collection, or delivery services", and insert in lieu thereof the following: "of towage, freightage, lighterage, car-ferry transfer, or terminal operations."

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. LEA: Page 241, lines 20 and 21, strike out "within terminal areas of transfer, collection, or de-

livery services" and insert in lieu thereof the following: "Of towage, freightage, lighterage, car-ferry, transfer, or terminal operations."

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. LEA: On page 242, line 1, strike out, "common carrier by water" and insert in lieu thereof "water carrier."

Page 242, line 5, after "common carrier", insert a comma and the following: "water carrier."

The amendment was agreed to.

Mr. LEA. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by my LEA: Insert:

"SEC. 312. Any bridge, the construction, reconstruction, or alteration of which is required by an order of the Secretary issued prior to July 1, 1939, and has not been completed on such date, shall be constructed, reconstructed, or altered as required by such order, and not in accordance with the provisions of this part. In the case of any such bridge, however, the Secretary shall apportion the cost of the project between the bridge owner and the United States, and the payment of the share of the United States shall be made, in the same manner as if the provisions of this part applied to such construction, reconstruction, or alteration, subject to the following limitations:

"(a) In case such construction, reconstruction, or alteration has not begun on the date of enactment of this act, such apportionment of cost shall be made only if (1) the construction, reconstruction, or alteration is carried out in accordance with the plan and specifications, and pursuant to bids, approved by the Secretary, and (2) the bridge owner has submitted to the Secretary a written guaranty of cost similar to that provided for in section 305.

"(b) The Secretary's determination as to such apportionment, and as to such plans and specifications and bids, shall be final.

"(c) Such apportionment shall not be made if such construction, reconstruction, or alteration is not completed within the time fixed in such order of the Secretary or within such additional time (not to exceed 25 percent of the time allowed in the order for such completion) as the Secretary for good cause shown may allow."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. LEA. Mr. Chairman, I ask unanimous consent that the reading of part II, down to and including line 14, on page 301, may be dispensed with, it to be printed in the RECORD at this point, and amendments to be in order to any section thereof.

Mr. POAGE. Mr. Chairman, reserving the right to object, is this the part that relates to land grants?

Mr. LEA. Yes.

Mr. POAGE. I shall not object, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Part II reads as follows:

PART II—RATES ON GOVERNMENT TRAFFIC

GOVERNMENT TO PAY FULL RATES

SEC. 321. (a) Notwithstanding any other provision of law, but subject to the provisions of section 22 of the Interstate Commerce Act, as amended, the full applicable commercial rates, fares, or charges shall be paid for transportation by any common carrier subject to such Act of any persons or property for the United States, or on its behalf, and the full compensation determined by the Interstate Commerce Commission as reasonable therefor shall be paid for the transportation by railroad of the United States mail: *Provided, however,* That any carrier by railroad and the United States may enter into contracts for the transportation of the United States mail for less than such compensation: *Provided further,* That section 3709, Revised Statutes (U. S. C., 1934 ed., title 41, sec. 5), shall not hereafter be construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be performed.

(b) If any carrier by railroad furnishing such transportation, or any predecessor in interest, shall have received a grant of lands from the United States to aid in the construction of any part of the railroad operated by it, the provisions of law with respect to compensation for such transportation shall continue to apply to such transportation as though subsection (a) of this section had not been enacted until such carrier shall file with the Secretary of the Interior, in the form and manner prescribed by him, a release of any claim it may have against the United States to lands, interests in lands, compensation, or reimbursement on account of lands or interests in lands which have been granted, claimed to have been granted, or which it is claimed should have been granted to such carrier or any such predecessor in interest under any grant to such carrier or such predecessor in interest as aforesaid. Such release must be filed within 1 year from the date of the enactment of this act. Nothing in this section shall be construed as requiring any such carrier to reconvey to the United States lands which have been heretofore patented or certified to it, or to prevent the issuance of patents confirming the title to such lands as the Secretary of the Interior shall find have been heretofore sold by any such carrier to an innocent purchaser for value or as preventing the issuance of patents to lands listed or selected by such carrier, which listing or selection has heretofore been fully and finally approved by the Secretary of the Interior to the extent that the issuance of such patents may be authorized by law.

DEDUCTION OF OVERPAYMENTS

SEC. 322. Payment for such transportation of the United States mail and of persons or property for or on behalf of the United States by any common carrier subject to the Interstate Commerce Act, as amended, shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is hereby reserved to the United States Government to deduct the amount of any overpayment to any such carrier from any amount subsequently found to be due such carrier.

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 299, line 4, strike out all of part II of title III of the bill, being all of lines 4 through 24, inclusive, on page 299, and all of lines 1 through 24, inclusive, on page 300, and lines 1 through 14, inclusive, on page 301.

Mr. POAGE. Mr. Chairman, I call the attention of Members to page 299 of the bill and ask them to read that section to see just exactly what is done.

I call upon the committee in charge of this bill, when and if they ever get ready, to explain why they put this provision in the bill. They will not explain it until after all opportunity for further discussion on my part has been passed, although I have called it to their attention publicly and privately.

I call upon you to look at pages 299 and 300, and see if you can tell just what this bill does. I call upon the committee to tell you if I am wrong when I say that this bill definitely and completely gives away the last vestige of advantage that the Government now has in the way of preference in railroad rates given in consideration of turning over to the railroads some 132,000,000 acres of public lands.

I call upon this committee to tell you if I am wrong when I say to you that this bill, if you pass it with this part of the title in it, will give away all the United States Government has left of approximately one-tenth of the total area of the United States.

I call upon this committee to show you, which they have not done to this late hour, why this Congress should give away all we have left of one-tenth of the imperial domain of this country.

I call upon them to tell you wherein it will save the railroads from a crisis; wherein it will serve the people of America.

I call upon them to tell you why the people of America should pay 50 percent higher freight rates for all goods that the United States Government ships in order to make an additional gift to the railroads of America, particularly when that gift will be spread out over a long period of years. It cannot be successfully maintained that we are doing something that will save the railroads from an immediate crisis. This thing is of little importance to the railroads in 1 year or 2 years, and it will not save the railroads from any crisis which they may be facing today. I call upon the committee to explain how it will.

On the other hand, it will involve a tremendous burden upon the United States Government, the greatest shipper of freight in the United States, over a period of generations to come. Talk about burdening our children's children with taxes and debts, and talk about the $40,000,000,000 debt we have. Talk not to me about those things and then vote to give away all that we have left of one-tenth of all the area of America. The United States Government has given 132,000,000 acres of land to the railroads in return for the rights that this bill gives away. My own State has given

away nearly 30,000,000 acres of State lands, and many other States have given away larger parts of their public domains. This proposal comes to you without one single voice being raised in its defense, and the committee waits now until I have to yield the floor to come to you and tell you why you should give away more than was ever given away in the Teapot Dome scandal, more than was given away during the days of the reconstruction era, more than was given away in the Georgia land scandals, and more than was ever given away in the history of the United States. [Applause.]

[Here the gavel fell.]

Mr. LEA. Will the gentleman yield for a unanimous-consent request?

Mr. HINSHAW. I yield to the gentleman.

Mr. LEA. Mr. Chairman, I ask unanimous consent that debate on this amendment be limited to 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

Mr. TERRY. Mr. Chairman, reserving the right to object, that request does not apply to other amendments than this?

Mr. BULWINKLE. All amendments to the land-grant provision.

Mr. TERRY. There are several other amendments which will be offered.

Mr. LEA. Mr. Chairman, I will make the request that debate close on all amendments to this section in 1 hour.

The CHAIRMAN. The gentleman from California asks unanimous consent that debate on this amendment and all amendments thereto close in 1 hour. Is there objection?

Mr. HINSHAW. Mr. Chairman, reserving the right to object, I had intended to ask unanimous consent to proceed for an additional 5 minutes, in view of the fact the gentleman offering the amendment took 5 minutes previously on this amendment.

The CHAIRMAN. That will have to come in a separate request.

Mr. HINSHAW. This comes out of all the time anyway.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

Mr. POAGE. Mr. Chairman, if this House were to go wild and vote this tremendous subsidy to the railroads then, of course, we want to ask that these railroads refund the loot they have in their hands now, which will be in the form of other amendments and certainly we want the opportunity to speak.

The CHAIRMAN. There will be no objection to amendments being offered at the proper time.

Mr. POAGE. If we take an hour discussing this amendment, then if the House were to go wild, which I do not anticipate it will, and not agree to my amendment, then we will want time to at least show the House what the next amendment is.

Mr. TERRY. Mr. Chairman, reserving the right to object, would not the chairman of the Committee on Interstate and Foreign Commerce make his request with reference to the amendment now pending. Then we will know what time we will want on the others.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on the amendment now pending and all amendments thereto close in 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW] for 5 minutes.

Mr. HINSHAW. Mr. Chairman, I ask unanimous consent that I be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Chairman, I hope to shed some light on this question without too much heat, in order that you may be able to understand better just what this proposition amounts to.

I should like to take you back in your mind's eye to the Congresses prior to the year 1850. At that time and up until that time the United States had acquired something in the neighborhood of 1,500,000,000 acres of land in the far western domains beyond the Appalachian and the Allegheny Mountains, a tremendously broad territory inhabited by wild Indians, wild animals, buffaloes, and so forth. Up until then there had been very few railroads built in the United States, very few canals, and very few highways, and it was considered by the Congress a wise step to open up that territory by aiding in the building of roads, railroads, and canals into it so that the settlers who would follow along would have some means of transportation not only to get themselves to the lands but to get their products to market.

In the course of the next 21 years the United States Government granted some 36,000,000 acres to certain States of the United States for regranting to private groups who could be induced to construct such agencies of transportation as railroads and canals in order to promote the building of those facilities. The Congress of the United States also granted to prospective railroad builders direct some 96,000,000 acres of land in order that they might have not only a right-of-way, but funds to aid in conquering that vast country.

The Government granted this land in large part in alternate sections, six sections wide on either side of the proposed rail line. The value of the land at the time it was granted averaged approximately 95 cents an acre. In order to repay itself the Government raised the price of the lands in those alternate sections which were retained by the Government to $2.25 and $2.50 an acre.

Mr. Chairman, this land was granted at a time when this country was wild and woolly, at a time when it cost anywhere from 5 cents to 35 cents a ton-mile to move freight in that area, a time when the Government was called upon frequently to provide troops to protect the movement of freight. The Government of the United States even in that time felt that the Government and the people had been amply repaid for these land grants. For example, the hauling of Government freight around the Horn to San Francisco then was costing the Government $7,000,000 a year, and after one railroad was built across the country the cost of such carriage was reduced to $2,000,000 per year.

In the meantime these railroads were built and the lands were granted. Most of the lands were patented, although a part of them were not. The lands were in turn sold by the railroad builders at very low prices to the settlers who came out and took over the lands. These were lands purchased from the railroads. The alternate sections of land were sold to settlers by the Government.

These new railroads could not survive even with the grant of those lands and receiverships were gone through. The railroads were unable to meet their expenses, because the traffic did not build up fast enough. Therefore the present holders of these railroad securities and the employees of the railroads concerned are in a way not responsible for what happened 70 to 90 years ago. It is a very different situation that we have today. Today nearly all these lands have been disposed of and, with the exception of one large block, practically none of them remain in the hands of the railroads.

When the lands were originally granted, the Government was given the right in exchange to transport its troops and materials and mails free of charge in perpetuity. The courts of the United States decided that this free transportation amounted to the free use of the roadbed and rails, but did not amount to the free use of the vehicle of transportation. The courts decided that the Government has the right to run its own railroad trains over the road, if it so desires, and transport its own mail, troops, and freight in its own engines and cars, but the Government has chosen to hire the railroads to do that and the courts have decided that 50 percent of the regular rate is the proper rate for the use of these engines, cars, and equipment.

Since all of this has taken place, the Government has gone into the freight-moving business more and more. The trans-

port of troops and the transport of materials is a very small matter now, and has been a small matter over many years. Now, the Government of the United States is transporting in the hundreds and thousands of tons every conceivable kind of commercial freight you can imagine—steel, cement, food products, and everything else, for the building of roads, dams, post offices, schools, and so forth—so the Government has put upon these roads a tremendous burden which was not contemplated when the lands were originally granted.

The question now is whether the United States Government has been repaid for these grants. It is the belief of the very large majority of your committee—I believe there is only one exception—that the Government has been repaid; and that, in view of the fact the Government is transporting all kinds of freight, which was not originally conceived of, this freight should bear the regular tariff, except that this section provides that the Government of the United States may make a deal with any railroad for the carriage of this freight at a lower price than the regular schedule.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield gladly to the gentleman from California.

Mr. VOORHIS of California. Does not the gentleman believe that in considering this question some consideration should be given to the tremendously increased value of a lot of these lands—I mean through the discovery of minerals and the increase in population, and in many other ways of that kind—so that it is not just a question of the land; it is also a question of the tremendous increment in the value of the land?

Mr. HINSHAW. I may say to the gentleman that there is a great deal of public land that has been prospected by private individuals, who have received a great deal more by accident of discovery than the railroads have.

Mr. VOORHIS of California. That is not true always.

Mr. LELAND M. FORD rose.

Mr. HINSHAW. I am sorry, I cannot yield further just now.

It has been figured out that this section would mean a possible additional payment for transportation by the Federal Government of something in the neighborhood of $10,000,000 per annum, if the mail is taken into consideration, or $7,000,000 if it is not. It is not a great sum in proportion to the whole bill for transportation that the Government pays.

The present bill for handling mail alone for the United States is about $96,000,000 a year. There is $150,000,000, I believe, in money paid annually by the several departments of the Government without considering the P. W. A. and the W. P. A., and so forth.

Now, what would happen if this section remains in the bill is that the traffic of the United States Government will be routed directly from the point of origin to the point of destination. The United States Government has until now routed traffic sometimes four or five or six hundred miles out of the way in order to use land-grant railroads and save a few nickels thereby.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I cannot yield. The gentleman has his own time.

Mr. POAGE. No; I have not any time.

Mr. HINSHAW. The gentleman had his own time and plenty of it and I must refuse to yield. To you in the Middle West, who have heard this impassioned plea of the gentleman from Texas, I will say to you that in the hearings you will find where Mr. C. E. Childe, representing the Mississippi Valley Association, O. K.'s this provision.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. The gentleman spoke a moment ago about the fact that each alternate section had been granted for a certain distance on each side of the line.

Mr. HINSHAW. Except in the lieu land cases where the distance was limited to 15 miles.

Mr. MURDOCK of Arizona. Was not that done by Congress with the basic understanding that because each alternate section was granted to the railroads, such a grant would enable the roads to be built and the roads would in turn increase the value of the Government's own land?

Mr. HINSHAW. Exactly so.

Mr. MURDOCK of Arizona. So the Government actually gave away nothing, because by the building of these railroads they more than doubled the value of the lands still belonging to the Government.

Mr. HINSHAW. The railroads set out in advance of civilization and did not follow civilization in this instance, and when they went out in was not worth anything and they made it worth something by virtue of the fact that a railroad was constructed.

Mr. MURDOCK of Arizona. Quite true, and I appreciate what the railroads have meant to the Southwest. If the builders have sinned, I believe we should not visit the sins of a former generation on the railroads of today. They are so very vital to our country.

Mr. HINSHAW. I would not want to do that and I would not want to return to the "horse and buggy" days either.

Mr. MURDOCK of Arizona. I agree with the gentleman and I may say also that it was the whistle of the locomotives that civilized the West, opened up a vast empire and chased away barbarism.

Mr. HINSHAW. That is right.

[Here the gavel fell.]

Mr. LEAVY. Mr. Chairman, I am confident that if the membership of this House fully understood the import of the language written into section 321 of this bill, and which is sought to be taken out by this amendment, the support of the amendment would almost be unanimous.

Let me say at the outset that it is unpleasant for me to oppose the genial, considerate, and gentlemanly chairman of the Interstate and Foreign Commerce Committee [Mr. LEA of California]. I dislike to do it, but there is no reason under the sun why this section should be in this bill at all, other than to permit the land-grant railroads of the United States to step out from under a legal and a moral obligation that now exists. If these railroads were to meet, dollar for dollar, that which the Government gave them in grants, they could never do it. The Northern Pacific Railroad Co. was the greatest beneficiary; the record of the hearings on this bill shows that 47,000,000 acres of land, an area greater than all of New England combined, was granted to them. It was so great in area that they have not been able even to this late date to make final selection, and they are still in process of selection. They have taken lieu lands in the forests of my district containing white pine timber worth, in some instances, from $25,000 to $40,000 per 640 acres, or section of land.

The issue as to whether they should live up to their part of this contract was taken to the Supreme Court of the United States twice and the Court said this in *I. & N. Railroad Co.* v. *United States* (267 U. S. 395):

> The grant made many years ago in aid of railroad enterprise was not a mere gift or a gratuity. The carriers' obligations to haul the property of the United States at reduced rates was a part of the consideration for which the grant was made.

Now to permit this section to remain in this bill is to compel Uncle Sam to make millions of dollars of additional appropriations to carry on the activities of our Army, our C. C. C., our reclamation, our flood control, and the scores of things we are doing as a Government. It upsets the entire program based upon a rate schedule, the Government believed existed, and as I say, the land-grant railroads will never render to the Government a service commensurate with the grant to them from Uncle Sam.

The Northern Pacific cost, according to the evidence in the hearings, $70,000,000 to build west, and they have sold $140,000,000 worth of land that was given them to build a

$70,000,000 railroad, and still they own hundreds of thousands of acres. In the Northwest it is scattered through the forest reserves. They should have sold this land under the grants. They broke faith then. The Government granted them these odd sections with the distinct understanding that they would sell to any bona fide applicant 160 acres of land at not to exceed $2.50 an acre. That was the Northern Pacific Railroad Co. The railroad company went into the hands of a receiver, it liquidated, and its successor in interest was the Northern Pacific Railway Co, and the courts held that the railway company was not obligated by the limitation in the congressional grant to the railroad company. In other words, in changing from a "railroad" to a "railway," they were able to shed obligations of many million dollars. We are here called upon to ratify such conduct. But now, for this Congress to permit the railroads to step out from under an unperformed contract obligation, that many of us think was of a questionable character to begin with, would be the height of the unreasonable. This amendment should prevail. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired.

The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, these lands were granted to encourage the building of railroads, which made possible the winning of the West. In return for the lands, the railroads which received them have since granted the Government reduced rates and fares. What was the value of those land grants and to what extent has that amount been paid off by the railroads?

In the period from 1850 to 1871, during which the land grants were made, the Government received on an average of 94.5 cents per acre for the sale of lands in the States and Territories involved in the grants. That is the only reasonable and logical method of arriving at the value of the lands. We must take the money value of the lands at the time they were granted, for, naturally, the coming of the railroads greatly enhanced the value of the lands in later years. At the rate of 94.5 cents per acre, the 130,000,000 acres would have been valued at $122,850,000 at the time the grants were made.

Now, a study of the savings to the Government from land-grant rates and fares, including mail, covering all American railroads, showed the amount to be about $5,000,000 a year. Recently the Interstate Commerce Commission estimated the total reduction in rates to the Government to be $7,000,000 annually. If mail and express were added, the annual savings to the Federal Government would not be less than $10,000,000.

If we assume the lands were worth $122,850,000 at the time they were granted by the Government, then, at the rate of $5,000,000 a year in reductions of transportation costs on Government traffic, the railroads would have paid off the total value of the land grants in 24½ years. If the figure of $10,000,000 a year is taken, the railroads would have paid in full for the lands in 12¼ years.

Recently I saw the figure 184,000,000 acres used in connection with the land grants. Even taking that figure, it is obvious that the lands granted to the railroads in aid of construction have been paid for many times over in reduced rates and fares on Government traffic.

The House bill, in effect, provides for the repeal of some of these land-grant provisions. That will mean an expected increase in railroad revenues from five to ten million dollars a year. And either figure would pay the wages of many railroaders and buy plenty of bread and butter, bacon, and beans for their wives and children.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The Chair recognizes the gentleman from Oregon [Mr. PIERCE].

REPEALING LAND-GRANT REPAYMENT REQUIREMENTS

Mr. PIERCE of Oregon. Mr. Chairman, I wonder how much of a gift we are making Wall Street, and if we have any right to spend public money in this manner, under subterfuge. I refer to the proposal to discontinue the half-rate charge now made the Government over land-grant railroads as a partial payment for the tremendous land grants. We will take the figures of one of the proponents of the magnificent hand-out to the railroads, of the gift of $10,000,000 annually. Ten million dollars a year capitalized at 2½ percent a year is how much? We do borrow money at less than 2½ percent, but at that interest rate it means $400,000,000 that we are giving away, today, and it is not an appropriation bill and has not been before the Appropriations Committee. It has the same effect as a direct appropriation of a half billion dollars, if interest is figured at 2 percent. Where are the Members who have talked economy? How can they justify this gift to Wall Street bankers when they have cut W. P. A. and other necessities? It really means that we are making Wall Street a present of around a half billion dollars. You already curtail the bus lines, and now you hamper water lines, and freight rates will go up. The present Government rates which are only a partial payment for rich gifts in the past are of great value to the United States in shipping goods into C. C. C. camps, and it is a great saving in shipping for the Commodity Credit Corporation, and for the Army. This will eat into numberless Government appropriations already made. Next session they must come to us for the money to make this good. So you are going to repeal the repayments for land grants. Will railway labor get any of the money? Not a nickel. The object is to get more money into the hands of a group which has manipulated railroad finances to the detriment of the roads and of shippers. Men who vote for this have no right to make speeches on this floor in the future about curtailing expenses. This Congress seems to be perfectly willing to spend lavishly for the privileged few and determined to economize on the needy.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. CASE] for 2 minutes.

Mr. CASE of South Dakota. Mr. Chairman and members of the committee, I have listened to more debate and read more of the CONGRESSIONAL RECORD on this particular bill, and said less in proportion, than on any other bill that has taken 5 legislative days, because this is the first word I have spoken. But I was forced to take this time to reply to two challenges that have been made, one by the gentleman from Washington [Mr. LEAVY] and one by the gentleman from Oregon [Mr. PIERCE] when they said, first, that there was no reason for this section being in the bill, except to make a gift to those roads that had already received land grants; and second, that we had no right to talk about curtailing expenses if we supported this section in the bill.

The reason this section should remain in the bill is so that the weak non-land-grant railroads of the country which are discriminated against by this section, and industries in the sections which they serve, which are correspondingly discriminated against, can have a chance to exist.

The Chicago, Milwaukee, St. Paul & Pacific, and the Chicago & Northwestern Railroads are two of the largest systems in the country. They serve the great Northwest in a large way. Neither of them is a land-grant railroad. They face one of two situations. Either they cannot get any of this Government business, or else they must reduce their rates to meet the rates of the land-grant roads. The industries in my country which those railroads serve cannot sell to the Government, because they cannot compete with the rates that are in effect for industries on the land-grant railroads.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. MURDOCK of Arizona. I want to add to your list two other transcontinental railroads, the Santa Fe and the Southern Pacific, one being a land-grant railroad and the other not. At least the Southern Pacific got no land grant in Arizona so far as I know. I agree there should be equal-

ization there if this land grant for one throws a burden on both.

Mr. CASE of South Dakota. I hope the committee will support the section as it is in the bill, and defeat the pending amendment.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, this matter has been under discussion before the Committee on Interstate and Foreign Commerce for 2 years. We were prepared to legislate upon it, as I recall, at the last session of Congress. It was contained in a separate measure then. We have had a great deal of testimony before the committee, and, as a result of it, I reached the conclusion long since that this particular provision is wise and just. I would like to call the attention of the Members of the Committee of the Whole to an extract from a letter written by three members of the Interstate Commerce Commission, Commissioners Splawn, Eastman, and Mahaffie, on April 11, 1938. That letter can be found in House Document No. 583, at page 32:

> For many years land-grant reductions, usually 50 percent of the revenue accruing to that portion of the line which is Government aided, have been made on Government traffic. Through an equalization arrangement competing roads make the same reduction on Government traffic in order to participate in the business. The reduction on this account for 1937 is estimated at $7,000,000. For the most part it affects roads in the western district, where, as above noted, financial conditions are worst. The increase in Government shipments in recent years has made this reduction from the normal rates assume important proportions.

May I interpolate, that for the last 5 or 6 years Government shipments have increased tremendously. Not only do the normal shipments continue, but every time the Government makes a grant for the building of a schoolhouse or the construction of a new waterworks in some town the raw material for the construction is shipped under a Government tag, and the railroad must carry it at a 50-percent reduction. You all realize what an enormous amount of that has been going on in the last 3 or 4 years, and apparently, unless certain conditions change, there will be no end to it.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. CASE of South Dakota. May I say that I have seen materials shipped from hundreds of miles away to communities and underbid existing industries in those same communities where the material was to be used.

Mr. WADSWORTH. And I may say that the testimony before our committee brings out facts exactly like that.

These Commissioners say further:

> No good reason appears why such reduction should continue. After all, the country must support whatever transportation system it uses. The Government, as a shipper, may well pay reasonable rates. We recommend appropriate amendments to existing statutes to remove the requirement for land-grant reductions.

That is the considered opinion of three of the leading members of the Interstate Commerce Commission.

Now, we struck rather interesting things about this in the committee. First, as has been indicated by the gentleman from South Dakota [Mr. CASE], the thing has an extraordinarily unfair effect as between competing producers. If a cement factory happens to be on a land-grant railroad, it can bid on a Government contract for the delivery of cement at a lower rate than a cement factory which is not on a land-grant railroad. That is greatly to the disadvantage of industries not situated upon land-grant roads, unless those non-land-grant roads yield to compulsion and reduce their rates by 50 percent in order to hold the traffic.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, it is a rather comforting condition to have your mind made up beyond the shadow of a doubt so that you cannot be swayed one way or the other by argument. I can state in one sentence why I am in favor of the title of this bill repealing land-grant rates, and I have lived out in the land-grant country for a whole lot longer time than some people think I ought to be lingering on the scene, especially the young fellows who would like to come down to Washington.

I am in favor of repeal of the land-grant rates because the consideration moving to the railroads for them has long since been exhausted, while the obligation is permanent and growing. I do not believe that any such condition ought to exist.

Statutes of limitation have had to be invented by law to set things at rest. It is true that it is a continuing legal obligation, but it is an obligation that is not conscionable and ought to be no longer countenanced in the law, because it is an obligation that would never end. The railroads would be continuing to pay for this 132,000,000 acres of sagebrush and jack-rabbit country 1,000 years from now if the Nation endures that long. But, as has been well stated by gentlemen who factualized their statements, the consideration has long since been exhausted. The land is gone, most of it 40 and 50 years ago, and nothing left to show for it. The land, in the first place, was not worth over $200,000,000 at a very liberal price. Most of it for productive purposes was not worth anything. The building of the railroads from the Missouri River to the Pacific coast reclaimed that whole country. It added to the value of every acre of it, it allowed the settlement and development of it, it increased its worth manyfold. In my opinion, the Government has been paid back and overpaid in many ways for the land grants that induced the spanning of the continent by the transcontinental railroads.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question?

Mr. MARTIN of Colorado. I yield.

Mr. MOTT. The gentleman said something about the railroads getting sagebrush and jack-rabbit land. Is it not a fact that for every acre of sagebrush and jack-rabbit land the railroads got, under legislation passed by Congress, they were allowed to trade it for other land in the public domain, which was worth hundreds of dollars an acre?

Mr. MARTIN of Colorado. I know what they got in the Middle West. There were no mines underground and no timber above ground, nothing to trade for.

Mr. MOTT. That was traded for timberland out in Oregon.

Mr. MARTIN of Colorado. That was just an uninhabited waste over nine-tenths of its area. The building of the railroads through it was the thing that brought population and civilization and added value to it. There may have been some timber spots in the Northwest. I would not deny it.

I feel that there ought to be an end sometime to the obligation, that it should not continue permanently, be clothed with immortality, and increasing with the growth of Government business from year to year. The entire picture has changed since the land grants were made over 70 years ago. There is absolutely no comparison between conditions then and now, yet the obligations of the railroads will increase permanently. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. SOUTH]

Mr. SOUTH. Mr. Chairman, there are several facts involved in this amendment upon which we can all agree. Let us see what they are. First, the Government granted more than 132,000,000 acres of land to the railroads for two purposes: First, to encourage railroad construction; and, second, the railroads receiving such lands contracted to transport Government property free. Later on that was modified by the courts, and perhaps by agreement of both parties, to 50 percent of the regular transportation charges, which is now the law. It is agreed that, unless this amendment is adopted, the railroads will be relieved from their contractual obligation to haul Government property at a reduced rate, although the railroads will be permitted to retain benefits from all lands granted to them by the Government, as payment for these concessions. It is also agreed that there is

now held by the railroads not less than 12,000,000 acres, and some authorities place it much higher. Mr. M. L. Wilson, Under Secretary of Agriculture, in a recent letter to Senator WHEELER, states:

> Of that total acreage approximately 19,600,000 acres remains in the ownership of the railroads to which granted or in that of subsidiary companies.

Dr. Splawn, member of the Interstate Commerce Commission, has stated, as shown in the hearings, at page 1372:

> From grants of right-of-way and other such concessions and from the total land grants, the railroads did realize nearly $450,000,000 in cash and about $87,000,000 in land for their own use.

Commissioner Eastman testified, as shown in the same hearings and on the same page:

> If all the facts are taken into consideration the railroads have not, in my opinion, anywhere near reimbursed the Government for the values which it surrendered when the lands were donated, and much less have they paid back the values which they realized from the lands.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. I am sorry; I cannot yield in the short time at my disposal.

The question for us to decide is: Should the Government of the United States give over to the railroads this $450,000,000 worth of property and at the same time surrender the remaining benefits which it now has, namely, a reduced freight rate? I do not believe we should do that. If we want to give the railroads $450,000,000, or any other amount, Mr. Chairman, I believe we ought to handle the transaction over the table, and open and above board. If we come in at the back door, so to speak, someone is going to want to know why we did it that way. It is unquestionably a gratuity. The land-grant roads are required to haul Government property at a reduced rate.

The Supreme Court of the United States has held that it was a valid contract based upon a valuable consideration, and, therefore, enforcible. Does anyone question this statement? The only question remaining for us to determine, therefore, is whether we would be justified in giving over to the railroads this valuable right—a service they contracted to perform indefinitely. That is all there is to it. As a public representative I do not propose to approach any question so important as this by what some people would term the back-door method.

So, I believe that however much the railroads may be in distress the better plan for us as representatives of the people would be to stand upon the terms of this valid contract.

If it is an unfair contract, and the land-grant roads want to have us set it aside, let them return the lands now held by them, and at least the consideration, or money received for the land sold. The benefits which the Government has received to date amounts to approximately 4-percent interest on the value of the lands involved.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. LEA].

Mr. LEA. Mr. Chairman, in view of all that has been said, I desire to take very little time. Nearly 100 years ago the Government began to make these grants with the idea of developing the territory that was affected by the railroads that were to be constructed. At that time the land was of very little value. Some of this land the Government offered at less than $1 an acre. Some of it in subsequent years became valuable. Some of it was timber land, which became valuable in subsequent years, but did not have much value at that time. Eighty percent of all the land granted was sold by 1890, 40 or 50 years ago, and 90 percent was sold by 1900. The beneficiaries of that grant have long been dead.

Originally the purpose of making these grants was for reserving the right to free or reduced rates on Government traffic and to give the Government the right to operate its own equipment over the railroads. It was not contemplated that the railroad itself would operate the equipment. It was to provide a free service to the Government. In subsequent years, after the Supreme Court had clarified that question, an arrangement was made by which 50 percent of the charges were paid by the Government on the theory the cost of maintaining the roadbed was about 50 percent of the cost of operating the railroad and to that extent the Government should be free of charges. So the practice of giving 50-percent rates was put into operation.

Inasmuch as that took traffic from competing roads, the ultimate result was that both the land-grant roads, of which there were 17, and other roads affected also granted this 50-percent rate. At the time those grants were made the traffic for the Government was trivial. The main thing under contemplation was the movement of military men and supplies.

In subsequent years, of course, the movement on behalf of the Government has greatly increased. For the last 70 years the annual reduced cost on the average movement of freight has been worth about $2,000,000 a year. That has been the benefit to the Government. In 1937 there were $7,000,000 in freight and about $3,000,000 in mail advantage to the Government, making a total for the Government of about $10,000,000 a year on account of this concession. That figure for 1937 reflects the greater Government tonnage, due largely to construction activities.

There is no question about the legal right of the Government to these reduced rates, and I think the proponents of this legislation raise no question as to that. The question is whether it is an equitable thing to do in view of the changed circumstances that now prevail and the further fact that these roads are transporting Government property at below the actual cost, on the average. The rate could only be sustained on the out-of-pocket theory, if at all.

The question presented to the House is whether or not it is right, equitable, and just to the taxpayers of the United States to continue to insist on the advantage that is nominated in the bond. It is a question of whether or not it is not the equitable and just thing to relieve these railroads from carrying this property below cost for the benefit of the Government of the United States. In other words, should not the Government, in view of the situation of the carriers, pay what the carriage of its freight is worth? The amendments added to this bill permit the Government hereafter to make contracts with the rail carriers at reduced rates, both for the transportation of property and persons.

Mr. SOUTH. Will the gentleman yield?

Mr. LEA. I yield to the gentleman from Texas.

Mr. SOUTH. Has the gentleman given consideration to the matter of whether it would be fair and equitable to the railroads that now own at least 13,000,000 acres of land, which they now hold, that they be relieved of this land?

Mr. LEA. Yes.

Mr. SOUTH. What is the gentleman's idea in that respect?

Mr. LEA. My idea is that the railroads which still hold this land are in no more favorable position than the railroads that parted with it years ago. The primary purpose of the land grants was to penetrate these remote sections, provide transportation, and thereby open them up for settlement for the benefit of the country. The roads did what they agreed to do. They constructed the roads and made settlement possible. Having done what they agreed to do the roads are not under obligation to return the consideration for which they acted. Much of the land retained is not worth even the taxes on it. Some of it is valuable, but only part of the roads have any of it left. The claim against the roads that sold the grant lands 40 years ago is just as good as against the roads which still retain part of the lands. So, if we treat them all alike, we could not demand back the 12,000,000 acres without discriminating against the different roads involved. The land-grant scheme went wild. It was an improvident use of Government property that had the unfortunate effect of inducing roads where unwarranted.

But the Government got what it bargained for. Where there was fraud the beneficiaries are now dead.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE].

The question was taken; and on a division (demanded by Mr. POAGE) there were—ayes 39, noes 63.

So the amendment was rejected.

Mr. WARREN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, from the opening of the debate on this measure it was charged that this is a railroad bill, containing everything they wished, forced on the floor through the impetus of a great lobby, and that the American people have been completely ignored in its effect on them. Through every sentence and paragraph, discrimination and partiality run rampant. The few favorable amendments written into the bill on the floor were secured over the determined opposition of the committee. If it goes to conference they will all be taken out by unfriendly conferees.

This bill has been exposed in all its inequities and the white light of publicity has glaringly pointed out the sorry mess it is.

To recapitulate, it is opposed by the Secretary of Agriculture as being highly inimical to the farmers of the country. It is opposed by the Secretary of War as being against the public interest. It is opposed by the Maritime Commission as unnecessary and grossly unfair. It is opposed by the National Grange. It is opposed by the Brotherhood of Railroad Trainmen, the largest of all the brotherhoods. It is opposed by the Central Trades and Labor Council of New York City, with its 700,000 members. It is opposed by all the maritime and longshoremen unions. It will throw out of employment thousands and thousands of workingmen. It is opposed by those north, south, east, west, and center who have felt the beneficent effects of the low-cost transportation caused by the development of our natural resources.

It is a hodgepodge of uncertainties, contradictions, and unfair exemptions. It is a further step toward unbridled bureaucracy. It creates a select oligarchy and monopoly of transportation. It does away with competition and places the American people in the maw of a monopoly that has always contemptuously flouted them. It turns over perhaps the most vital problem in the Nation to the overlordship of a Commission that has never been able to see the public interest.

Why the haste? Even those in charge of this legislation will readily agree that there will be no bill at this session. Some of its provisions do not even have to go into effect until July 1941. No political party would have the gall or daring to try to foist this measure on the country in a Presidential election year. I would not want a better issue than this. You can hammer the head of an opponent off with it.

This bill ought to be recommitted. Let the committee go back and bring in a measure that has due regard for all forms of transportation. Let a bill come out that is fair to the railroads, to the trucks, to all forms of transportation, to labor, and above all to the people who have been entirely forgotten in this proposed legislation.

I reiterate that this measure is an outrageous sell-out of the producers and consumers of the Nation. [Applause.]

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANDOLPH: On page 301, line 6, strike out "such", and in line 9, after "amended", insert "or the Civil Aeronautics Act of 1938."

Mr. RANDOLPH. Mr. Chairman, the amendment I have offered goes to only a few lines in section 322, and I desire to direct your attention to them:

Payment for such transportation of the United States mail and of persons or property for or on behalf of the United States by any common carrier subject to the Interstate Commerce Act, as amended, shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is hereby reserved to the United States Government to deduct the amount of any overpayment to any such carrier from any amount subsequently found to be due such carrier.

This section, as a practical matter, principally goes to the case of the railroads. The air carriers of the United States are in exactly the same position as are common carriers subject to the Interstate Commerce Act. Air carriers constantly carry mail under strict supervision. In event of any overpayment to air carriers, it could be corrected by deductions, the same as in its application to rail or water carriers. I believe we do not, in this bill, desire to direct an unfair act or commit an injustice to the air carriers of this country, a rapidly developing and an increasingly important industry of the Nation. I have reason to feel that the chairman of the committee will see to it that there is an agreement on this amendment.

Mr. LEA. If the gentleman will yield, I may say that we have no objection to the amendment. It places the carriage of mail by airplanes on a parity with other forms of transportation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. RANDOLPH].

The amendment was agreed to.

Mr. LEAVY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEAVY: On page 300, line 9, after the comma, insert the following: "a conveyance to the United States of such of the granted lands as have not been sold to an innocent purchaser for value and are not needed nor used in the actual operation of the said railroad but which continue in the ownership of said railroad or of a corporation owned by said railroad; and a relinquishment of pending and unperfected filing, listing of selection made under the provisions of said land grant; and."

Page 300, line 17, delete the last word and all of the remainder of the language of the section; lines 18 to 24, page 300; lines 1 to 4, page 301. In lieu of the language thus deleted, substitute the following: "All lands reconveyed or relinquished under the provisions of the section which are within the boundaries of a national park, national forest, wildlife refuge, or other Federal reservation shall thereafter be administered as parts of said reservations and subject to all laws applicable thereto."

Mr. LEAVY. Mr. Chairman, this amendment still permits section 321 to remain, but modifies it to this extent, and this extent only, and the modification is based upon the argument of equity that has here been made. It requires those railroads that now either hold in fact or have a claim to land grants to return those grants to the Government, and in consideration of such a return they may charge the regular tariffs. If you propose to base this upon equity, what could be more equitable than to say to one of the contracting parties who seeks to step out from under contract obligations, "You have at least a portion of the fruits of your contract in your possession. Now, return those and we will place you in the same position your competitors are."

This amendment specifically provides that all conveyances made in good faith to holders of any of the land grants anywhere shall be recognized and confirmed. Then it provides that such lands as are returned that are now located on game refuges or in our great national parks and in our national forests shall be a part of such refuge, such park, or such forest, as the case may be, and shall be administered by the appropriate governmental agency.

For the life of me, Mr. Chairman, I cannot see how anyone can deny that this is a fair proposition and that it should be done.

If we accept the argument made, I think, by the gentleman from South Dakota [Mr. CASE], that it is unfair to the non-land-grant railroads to have to compete with a land-grant railroad because of tonnage that it gets from the Government, then it would be even more unfair to take a land-grant railroad and permit it to hold millions and millions of dollars' worth of property in no way involved in transportation and at the same time pay the same rate its less fortunate competitor gets for a like service.

I hope this amendment will prevail.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield.

Mr. WADSWORTH. The gentleman has just stated that this property is worth millions and millions of dollars.

Mr. LEAVY. I know it is in my State and in the State of Idaho.

Mr. WADSWORTH. Do the railways, generally, enjoy any income from it?

Mr. LEAVY. They are selling thousands of dollars' worth of some of the finest virgin timber in America, both in western Oregon and in northern Idaho and in Washington.

Mr. WADSWORTH. Is that the case generally among the 13,000,000 acres?

Mr. LEAVY. Most of the 13,000,000 acres or a good portion of it, is held by the Northern Pacific Railroad Co. and they are now in litigation asking for more. If this legislation is passed they would naturally waive that claim; we would give them the same rate for service that other roads get. They can then charge 100 percent for Government service, instead of 50 percent. We permit them here to break a contract, under which they have assumed a legal and moral obligation, but we ask that the loot that they got be returned to Uncle Sam from whom they took it. [Applause.]

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield to the gentleman from California.

Mr. VOORHIS of California. If it be true that the land is not worth much, then certainly the railroads should not complain about returning it to the Government.

Mr. LEAVY. No. But the facts are that it is worth many millions of dollars.

Mr. VOORHIS of California. On the other hand, I agree with the gentleman that in many cases some of this land is very valuable for the reason it has coal and other minerals.

Mr. LEAVY. Some of the railroads actually built miles and miles of additional trackage in order to get a greater amount of grant lands, and then did not make selection from contiguous lands, but took lieu lands miles away that were very valuable.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield to the gentleman.

Mr. MURDOCK of Arizona. Is this an optional matter with the railroads that they may return what is unsold? Does it mean that if the railroads give up their claims, then they may charge 100 percent freight?

Mr. LEAVY. It does. It means exactly that, and if they do not give them up they will have to live up to their contractual obligations. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment and on the section close in 20 minutes..

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SOUTH. Mr. Chairman, I rise in support of the pending amendment. Whatever may be said, either for or against the railroads, I think it would seldom be urged that they have not been pretty good traders.

The railroads of this country entered into a valid and binding contract with the United States Government to haul its property, as the matter now stands, at 50 percent of the regular rate. This committee has seen fit to repeal, largely, that entire provision of this bill, and now we are asking you in this amendment to require the railroads to return to the Government the 12,000,000 or more acres now held, out of a total of 132,425,574 acres. The distinguished chairman and other members of this committee have intimated that this land has but little value. If that be true, which I do not concede, I do not see why they would mind giving it up. As a matter of fact, officials of this Government have testified that this land is very valuable, that some of it contains valuable minerals, that much of it is fine forest lands, and much of it is valuable for grazing purposes. If it is not worth much, the least the railroads could do would be to come in here and say, "We are welshing on a contract," and that is what they are doing, "We are welshing on a valid contract we made with the Government of the United States, but we are willing to hand back what little we now have left." Can you go home and explain to your people why you not only voted to have the Government pay them full charges, when they agreed to haul for half, and why you did not require them to return that part of the contract price which they now have in their possession? I could not do it, and I do not propose to try it.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. Yes; if I have any time left.

Mr. MOTT. I supported the Poage amendment, as did the gentleman, but since that amendment failed of adoption, the amendment of the gentleman from Washington now is better than nothing at all.

Mr. SOUTH. Yes; that is my position.

Mr. MOTT. So it would be logical to vote for his amendment.

Mr. SOUTH. That is my position, exactly. It is better than getting nothing.

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Chairman, I am interested in knowing what the effect of this amendment would be when thought of in connection with the first part of the paragraph. The first part of the paragraph reads:

> If any carrier by railroad furnishing such transportation, or predecessor in interest, shall have received a grant of lands from the United States to aid in the construction of any part of the railroad operated by it, the provisions of law with respect to compensation for such transportation shall continue to apply to such transportation as though subsection (a) of this section had not been enacted until such carrier shall file with the Secretary of the Interior, etc.

The gentleman's amendment, as I heard it, places its conditional limitation at that point. So, it would apparently mean that those previous rates of transportation would apply until the carrier had relinquished these lands. Is that the effect of the gentleman's amendment?

Mr. LEAVY. I think that is a proper interpretation.

Mr. CASE of South Dakota. What would that do if a railroad in the fortunate situation the gentleman describes some railroads to be possessed lands of great value and should determine that it preferred to hold the lands rather than accept the full rate? What would be the effect then on the situation with which I am concerned?

Mr. LEAVY. Such a railroad, of course, would hold the fruits of its contract with the Government and accept the Government rate on the 50-percent rate.

Mr. CASE of South Dakota. And continue to take it out of the very weak nongrant railroads by getting traffic that would normally go to them. Those railroads are in a very strong position, if they have these very valuable lands, and I am not worrying about them, but the thing that concerns me is the nongrant roads and getting for them, who built only on their faith in the country, their normal traffic.

It is a vital problem in my State, because 97 percent of our railroad mileage is operated under some form of receivership today and yet those railroads are the main cash taxpayers we have. They are the taxpayers today who are keeping the schools going. In many counties the farmers are not able to pay their taxes, nor are the small-business men. School district after school district is utterly dependent upon the railroads as the sole cash taxpayer of size, and I am concerned with trying in some way to put those railroads in a position so that they can maintain the contribution they are making and at the same time help develop business and industry.

We have situations where some town or school district will get together a little money to sponsor a P. W. A. project or a W. P. A. project, and then find that bidders in the State are underbid by out-of-State bidders who ship almost to the State line over a land-grant railroad, and, free from our 3-percent sales tax, take from the local businesses what little public business they ever get a chance to see.

Let me give you an actual recent case. A small lumber mill, operating on a national forest, buying all of its stumpage from the Government, paying to the Government three times the stumpage fees on the west coast, bid on a little material for a P. W. A. project in Nebraska. On the face of the bids opened he seemed low bidder. But an Oregon mill got the contract. Shipping from private timberlands or paying a low stumpage rate, and shipping over a land-grant railroad, it could actually send its products seven times the distance and underbid.

Today most of the heavy-materials business is public buying. Everybody knows that. There is little private construction. And W. P. A. and P. W. A. materials, bought even with local sponsor's funds, are bought by the Procurement Division of the United States Government, giving industries on land-grant lines and the roads themselves an unequal, discriminatory, and destructive advantage over railroads that, in the first place, never had the benefits of land-grant subsidies.

I am not saying that the railroads are angels. I am not so hot about some of their practices, past and present, but the aim of any new railroad legislation should be to abolish discrimination and unfair advantage; and these roads, now down at the heels, deserve a fair chance at this public business, and the industries and businesses struggling to carry on deserve a fair chance in bidding on Government business. I am not trying to give the strong roads both lands and full rates, but I do not want to see these roads that never had lands shut out of all public business. That is the situation I am concerned with, and if the gentleman's amendment would close the door or postpone opening it to these weak railroads, I am opposed to the amendment.

Mr. TERRY. Mr. Chairman, in retaining the section in the bill, by the adverse action of the Committee on the amendment of the gentleman from Texas [Mr. POAGE] a while ago, we have done what the railroads wished to have done, and that is to repeal that provision which requires them to carry Government property at 50 percent of commercial rates. I feel that the Congress having taken this generous action, and having given up what the hearings show amounts to a consideration of from seven to ten million dollars a year, savings that the Government made by reason of the 50-percent reduction in rates, the railroads should in turn be fair to the Government. The gentleman from New York [Mr. WADSWORTH] a while ago quoted Mr. Eastman on this question as being in favor of the repeal of this section. On page 62 of the hearings on bills S. 1915 and S. 1590, which were bills to repeal this section, on the question of whether or not the railroads should give up the land-grant lands which they now have, and for which they have no outstanding contracts of sale, Mr. Eastman expressed the opinion that it would be a fair thing for the railroads to do. In a memorandum by Mr. Kneipp of the Forest Service on March 29, 1939, he states:

> On March 28, during the period 2 to 2:30 p. m., Mr. Rothery and I discussed with Mr. Joseph E. Eastman and Dr. C. S. Morgan, of the Interstate Commerce Commission, the proposed legislation to relieve land-grant railroads from the necessity for transporting Government freight and personnel at half rate, and the merit and equity of the proposition by the Forest Service that if such relief were granted the railroads, the railroads should convey to the United States the parts of the land grants still in their ownership and not needed for the operation of the railroads.
>
> As to the Forest Service proposal, Mr. Eastman expressed the opinion that it was equitable and logical. He remarked that he had discussed it with certain prominent railroad officials at a recent banquet and that said officials did not demur to the idea at that time. He further stated that he might be quoted to Representative LEA or Senator WHEELER or any other party in direct interest as having the belief that the proposal was an equitable one.

So I say to you members of the Committee that the proposal that the railroads turn back to the Government the land which they have now in their possession is perfectly fair and proper. They have in their possession about 12,000,000 acres of land of the 132,000,000 which they acquired from the Government by land grant, over 4,000,000 acres of which are within the national forests.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Texas [Mr. POAGE] is recognized.

Mr. POAGE. Mr. Chairman, it seems rather a vain thing to come back before this apathetic gathering this afternoon pleading that you do not become parties to a repetition of one of the most scandalous pages in the history of America. I know that the reason we are passing this sort of stuff this afternoon is simply due to the apathy of the membership. I know that if the membership of this House realized that you were giving away all that America has left of about one-tenth of her land area, you would rise up and smite this sort of thing. I know that this House is not made up of men and women who want to repeat the Teapot Dome scandal. I know that this House is not made up of men who want to repeat the Georgia land scandals, but I know, and you know when you stop to think of it, that when you go home next summer you will find somebody who is ready and willing to explain that the reason the House slept through the debate on this important subject was that there were some railroad lobbyists up in the gallery. The intimation is going to be bandied around that somebody "got to somebody." Now, I know that is not true, and you know that it is not true. I know that it is simply because you do not know what you are voting on, but the people back home are not going to be so charitable with you. They are always ready to believe some of the things suggested about the membership which you know are not true. If you want to go home and try to explain why you gave away one-tenth of America, you have an opportunity right here and now. You cannot go home and say you did it in order to bail out some bankrupt railroads from an emergency. You cannot go home and say that you did it in order to save the railroads from immediate collapse, because the very proponents of this proposal have told you it does not involve more than $7,000,000 to $10,000,000 a year. You cannot save a $25,000,000,000 railroad structure on $10,000,000 a year, but you can cost your Government hundreds of millions of dollars over the time over which these contracts are supposed to run.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. SOUTH. Is it not a fact that the total amount which the railroads have received or have saved would be about 4 percent on the value, and that the entire saving to the Government has only amounted to $150,000,000, or one-third of the value of the land?

Mr. POAGE. That is about right. In other words, the railroads have already received at least three or four times as much in the way of interest as the total savings to the Government in the reduced freight rates. At the present time the value of the land now left in the hands of the railroads is probably nearly as great as the value of all of the lands at the time of the grants and has been estimated at at least $400,000,000. Interest on that at 4 percent runs about $16,000,000 a year, yet the saving to the Government is less than $10,000,000 a year. In other words, the railroads now are getting from the loot that they still have in their hands at least 50 percent more than the Government is being saved by the existing contract. Why should we accord the railroads any different treatment than we accord anybody else? The whole argument that has been proposed is that the Government made a good trade with the railroads, and that the railroads were going to lose something. Now, this amendment only seeks to apply equity to this thing. If you catch a thief with part of the stolen property, you are at least going to get back the part of your property he still has before you buy him a meal. Let the United States Government take back that part of the public lands that is still in the hands of the railroads, who are to receive the benefits of this section.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. LEAVY].

The question was taken; and on a division (demanded by Mr. LEAVY) there were ayes 43 and noes 76.

So the amendment was rejected.

The Clerk read as follows:

PART III—AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION ACT

SEC. 331. (a) Section 5 of the Reconstruction Finance Corporation Act, as amended, is amended by amending that portion of the third sentence, of the third paragraph, which precedes the last proviso in such sentence to read as follows: '"The Corporation, with the approval of the Interstate Commerce Commission, may, to aid in the financing, reorganization, reduction, or readjustment of principal or interest charges, consolidation, maintenance, or construction thereof, purchase for itself, or for account of a railroad obligated thereon, or of a receiver or trustee of a railroad, the obligations, including equipment trust certificates, of railroads engaged in interstate commerce, whether or not such railroads are involved in receivership or reorganization proceedings, or of receivers or trustees thereof, with such maturities as the Corporation may approve notwithstanding any other provision of law, or guarantee the payment of the principal of, or interest on, such obligations, or both, including equipment trust certificates, or, when in the opinion of the Corporation funds for the particular purpose are not available on reasonable terms through private channels, make loans to such railroads or to receivers or trustees thereof with such maturities as aforesaid for the purposes aforesaid: *Provided*, That in every case of such a loan, or purchase, or guaranty of obligations, including equipment trust certificates, the Interstate Commerce Commission and the Corporation shall, in connection with the approval or authorization thereof, find that the prospective earning power of such railroad, together with the character and value of the security offered, furnish, in the opinion of the Interstate Commerce Commission and the Corporation, respectively, reasonable protection to the Corporation:".

(b) Such section 5, as amended, is further amended by adding at the end of the third paragraph thereof the following sentence: "The title of any owner, whether as trustee or otherwise, to any property leased or conditionally sold to a railroad, or a receiver or trustee thereof, which the Corporation has financed, or in the financing of which the Corporation has aided, any right of such owner to take possession of such property in compliance with the provisions of any such lease or conditional sales contract, and the title of any owner of a collateral note evidencing a loan to a railroad, or a receiver or trustee thereof, from the Corporation heretofore or hereafter made by the Corporation and the right of any such owner to acquire title to the collateral securing such note, free and clear of any equity of redemption, in compliance with the contract of pledge, and thereafter to deal with the same as the absolute owner thereof, shall not be affected, restricted, or restrained by or pursuant to the provisions of the act of July 1, 1898, entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' as amended, or by or pursuant to any other provision of law applicable to any proceedings thereunder."

(c) The first sentence of section 3 of the act approved January 31, 1935 (49 Stat., ch. 2, pp. 1–2), is hereby amended by striking out "January 31, 1945" and inserting in lieu thereof "January 31, 1955."

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed out of order for 1 minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Chairman, I take this time simply to announce to the Republican membership of the House that the conference which was called for this afternoon is postponed until next Friday following the day's work.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 302, line 1, after the word "purchase", strike out "for itself", and on page 302, line 8, after the word "law", strike out "or guarantee the payment of the principal of, or interest on, such obligations" down to and including the word "certificates", in line 10, page 302.

Mr. TABER. Mr. Chairman, in my opinion if we authorize the R. F. C. to go ahead on its own motion and buy securities of railroads we shall be embarking upon Government ownership and operation of the railroads. To this I am opposed. I can see no other possible construction or desirability of having these words in the bill.

If we permit, as is done in lines 8, 9, and 10, the Reconstruction Finance Corporation to guarantee the payment of the principal or interest of the obligations of the railroads, or both, including equipment trust certificates, we are doing just the same thing. I think we should not authorize the R. F. C. to guarantee the payment of these obligations in any way.

I hope this amendment may be adopted and that this may be regarded as a bill to help the rehabilitation of the transportation systems of our country, not one to destroy service and destroy the maintenance and equipment of the properties by Government ownership. That would be the worst dilemma we could lead this country into at this time. I hope this amendment will be adopted.

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have discussed this matter with Mr. Jones. The purpose of this provision is to permit the Reconstruction Finance Corporation to use its funds for the purpose of buying obligations of the railroad companies provided the Interstate Commerce Commission and the R. F. C. approve of the security. The particular advantage of buying securities of railroad companies would be to reduce their fixed charges and their capitalization. It is not the purpose to go out and buy securities in the ordinary way. The plan followed would probably provide that no obligations would be bought unless a sufficient quantity were offered to accomplish substantial results to the railroad company to help reduce its fixed charges or capitalization.

Mr. Jones believes that this is probably the best method available for reducing the fixed charges of the railroads. It has the advantage of quick, businesslike judgment without all the complications of bankruptcy and reorganization proceedings. If the security is approved by both the Interstate Commerce Commission and the R. F. C., the R. F. C. would take the obligations. Under the second section of the bill the securities would be salable in the open market even though the company might be in receivership.

So far as the equipment notes are concerned, they are salable property at the present time. They are available in the market today because there is security enough behind them. What we really want to do is to enable the R. F. C. to make these purchases, turn over the obligations, and not hold them. There is no purpose whatever to use this power of purchase with the idea of acquiring Government ownership.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. LEA. I yield.

Mr. TABER. What I propose to do is to strike out those words that might permit just that situation. I have stricken out the words "for itself" but I have not attempted to strike out the words "for account of a railroad obligation."

With reference to this guaranty proposition, if these securities are readily salable in the market there is absolutely no excuse for the guaranty of these securities by the R. F. C.

Mr. LEA. The gentleman means the equipment notes?

Mr. TABER. Yes.

Mr. LEA. The first suggestion the gentleman made about purchasing from the R. F. C. is the very essence of the plan that Mr. Jones believes is one of the most favorable methods available for continuing these operations. Mr. Jones assures me that in his judgment this sort of financing can be carried on without the loss of one cent to the Government in the ultimate result; and certainly it is the quickest and simplest way of aiding these carriers without an injury to the Government.

[Here the gavel fell.]

Mr. JOHNS. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 5 minutes.

Mr. LEA. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. JOHNS. I yield.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on the remainder of the bill and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNS. Mr. Chairman, I think this proviso is one of the most vicious things we could possibly write into any

bill, whether it applies to the railroads or something else. When we reach the pass in this country where we are going to have the Federal Government guarantee the obligations of corporations, I think it is about time we look for another form of government, because our form of government never contemplated that at all. I know of no reason in the world why we should guarantee the obligations of railroad companies and leave waterways out. Some of them may be in a difficult position financially; and, according to reports we have heard in the arguments, such is the case. It may be true also of trucking companies. I know of no reason why the railroads should be picked out and have their securities guaranteed any more than water-transportation companies or truck companies.

I am opposed to it in principle. We have heard a great deal here about guaranteeing some obligations of the small-business man. There has been a lot of opposition to that proposition, so much so that I think the idea has just about departed from the minds of people who originally had it in their heads.

If we are coming down to the point where we are going to establish a precedent in the House of Representatives of having the Government of the United States purchase securities or guarantee the securities of any corporation, then I say we are treading on very dangerous ground. I hope that thought will be voted down in the House. If it is not, some of us are going to hear from the people back home when we get home, and when and if we run again for a Member of the House of Representatives. And I say that we should hear from them.

Mr. KELLER. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Illinois.

Mr. KELLER. Have we not been guaranteeing a good many millions of dollars of bonds in the last few years?

Mr. JOHNS. Yes; but I think it is wrong. The only purpose of guaranteeing this amount is to get away from the limit of $45,000,000,000 that exists at the present time.

Mr. KELLER. How has it worked out where we have guaranteed bonds? It has worked out well, has it not?

Mr. JOHNS. Not if the figures I read in the newspapers are correct. We have not made any money on anything we have invested in during the last few years, and have lost millions of dollars.

Mr. THORKELSON. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Montana.

Mr. THORKELSON. Is it not a fact that we have guaranteed already some $13,000,000,000 of bonds?

Mr. JOHNS. I do not know the exact amount, but I understand we have guaranteed at least $5,000,000,000 and I think that is enough. In my opinion it is more than we should have guaranteed and it is about time we quit. I do not think we should guarantee anyone's obligations. We have companies that make a specialty of guaranteeing other people's obligations, but the Reconstruction Finance Corporation is not one of those.

Mr. Chairman, I hope the amendment will be agreed to and a bill of this kind never introduced again.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent that the amendment be again reported by the Clerk.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

There was no objection.

The Clerk again reported the Taber amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 49, noes 51.

So the amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HARE: Page 302, at the end of line 14, add the following: *"Provided further,* That loans granted to any transportation company in receivership shall first be applied to the payment of valid judgments taken against such transportation companies for personal injuries."

Mr. HARE. Mr. Chairman, I read from page 302 of this bill that when in the opinion of the Corporation funds for the particular purposes are not available on reasonable terms through private channels it may make loans to such railroads or to receivers or trustees thereof, to aid in the financing, reorganization, reduction, or readjustment of principal or interest charges, indebtedness, consolidation, maintenance or construction of road.

That is, if the Reconstruction Finance Corporation finds that a railroad or any other transportation company does not have funds available to refinance itself, then the Reconstruction Finance Corporation may make loans for the purpose of paying or reducing interest, paying or reducing principal, or for the purposes of maintaining their roadbed and for other purposes. The purpose of my amendment is this: Where loans are made to transportation companies in the hands of a receiver by the Reconstruction Finance Corporation, they shall first be required to pay outstanding judgments against them held by people who obtained such judgments on account of personal injuries.

Judgments obtained against these receivership roads may stand for 10 years, 20 years, or they may stand for 30 years, or until the statute of limitation has run. Where a person has been injured or possibly lost his life, his children or dependents may have a judgment against the transportation company for damages sustained. Now the transportation company hides behind its receivership and refuses to pay the judgment; yet the Congress of the United States is providing in this bill that such transportation company may go and borrow money from the Treasury of the United States to pay outstanding indebtedness for money borrowed years ago, but makes no provision for paying these minor children or helpless fathers for judgments obtained and unpaid, although they are just as binding as any other indebtedness. In other words, if a child has a valid judgment because of the loss of the life of its father, that claim is just as honest, and payment should be urged as much as if it had loaned the company $100,000.

You are making provision in this bill that the Government shall furnish money to a transportation company to pay the principal or reduce the principal, pay the interest, pay its bonded indebtedness, or pay any other indebtedness, but nothing is said or done about paying these valid judgments or claims by persons who have obtained judgments for personal injuries. I insist, Mr. Chairman, that this amendment should be accepted, passed, and included in this bill.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, the sweeping condemnation of this bill by the very able gentleman from North Carolina [Mr. WARREN], and a number of other Members who have appeared on the floor, reminds me of a story I used to hear Champ Clark tell about a man in Missouri who, for the sake of the general welfare of the community, had to be lynched by his neighbors. After they had lynched him they put a big placard on his breast, which read: "In some respects this was a very bad man." Then they put another placard on his back, which read: "And in others he was a damn sight worse." [Laughter.]

They say the devil is never as black as he is painted, and certainly this bill could not be.

When gentlemen assert there is not one redeeming feature in a bill on which able, conscientious, and experienced men have worked for months, the trouble may not be so much with the bill as with a certain state of mind. I am used to hearing the boys from the Pacific Northwest in action against the railroads, and they do a good job; but this is the first

time I have seen the river boys from the South let their hair down; and case-hardened though I am, it almost scared me. Teamed up, these groups have just about made the railroads public enemy No. 1.

That is not all. In this condemnation they join the Interstate Commerce Commission. Apparently, if what they say is true about the Interstate Commerce Commission, the first regulatory body in this Government, it ought to be abolished; but I wonder if the record would sustain that condemnation.

I told you yesterday about a typical case out in my State where the Colorado Fuel & Iron Co., because it could not get a reduction in rates to Houston, Tex., where it had built a warehouse in anticipation of fourth-section relief to be granted to the railroad to meet water rates from the eastern seaboard, had to close its warehouse and go several hundred miles back up into northern Texas before it could meet the cheap water rates to the port of Houston. That application was filed by the Colorado Southern Railway Co., a subsidiary of the Burlington, one of the powerful railway systems of the United States. The steel corporation is a Rockefeller property, belonging to one of the most powerful financial and industrial interests in America. Yet those two great, powerful interests, acting jointly, were turned down by the Interstate Commerce Commission in favor of a few one-horse coastwise shipping lines.

The highest praise I have heard paid the Interstate Commerce Commission since I have been on this committee is that they are criticized by every group appearing before us as being favorable to the other groups, so this indicates to my mind they strike a pretty fair average, and I give full faith to the following statement by Mr. Eastman before our committee on this bill:

> The Commission believes in the equal and impartial public regulation of all important forms of transportation, and is also confident that much can be done to stabilize and improve conditions through proper use of the power to fix minimum rates and of the power to control the right to engage in new operations; but I think I reflect the opinion of the Commission when I say that there is no reason to believe that such policies will be any more beneficial to the railroads than to other types of carriers.

During my service on this committee I believe the top men in every field in the United States involved in interstate commerce in any way have appeared before us. The Interstate Commerce Commissioners are always called on. They were called on in connection with this bill, and they have been called on in connection with past measures affecting interstate commerce. There appeared before the committee each time Mr. Joseph B. Eastman and Dr. Walter M. W. Splawn. I say without hesitation that in my opinion they are the two outstanding authorities on interstate commerce and transportation in the United States, barring none; yet Members get up on the floor and talk about them as if they did not know anything about their business and could not be trusted to do anything in the public interest and berate them like pickpockets.

It reminds me of an incident in connection with a little old Dutch locomotive engineer out in my home city. His name was Fred Eusey. Fred ran a passenger train between Pueblo and Canyon City. One day when the switchman cut his engine off the train at the depot to pilot him to the round house old Fred did not obey the car signals to suit him, and he commenced jumping up and down and shouted, "I wish I was master mechanic around here for about 15 minutes." Old Fred said, "Yes, that's schust about so long you would last." [Laughter.]

If some of these critics of the Interstate Commerce Commission had to sit down across the table from Mr. Eastman and Dr. Splawn and discuss the provisions of this bill, "that's schust about so long they would last." [Laughter and applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I rise for the last time in connection with the debate on this very important bill, and I imagine you are all glad of that.

A few moments ago the gentleman from Ohio [Mr. CROSSER] referred to a letter from a member of the Brotherhood of Railroad Trainmen. I imagine the railroad boys had to hunt a long way before they found that single member of the Brotherhood of Railroad Trainmen who would stand up and go against the mandate of the national convention of the grand lodge. The Brotherhood of Railroad Trainmen, at Cleveland at their national convention, took action, of which you have all been advised, and sent this letter which I hold in my hand to all Members of Congress. It is dated July 19, 1939, which is sufficiently recent to be reliable and authentic, I believe. The facts are that not a single local lodge of the Brotherhood of Railroad Trainmen has voted in favor of this bill. They have all opposed it from beginning to end. Of the 140,000 members of that brotherhood throughout the United States, the railroads finally found one obscure member who would write a letter which the gentleman from Ohio could bring in here and read to convince you that the Brotherhood of Railroad Trainmen were for this bill. Do not be fooled.

I have been asked why my interest in this bill. My interest is simply because I am interested in the welfare and future of the great masses of the people of this Nation. I have no ax to grind, I have no personal or financial interest in any kind of bus line or waterway, and I hold or own no stock in any transportation facility, but I have for years made a deep and continued and a sincere study of these great problems of transportation rates which confront America, and especially as they affect the Central States of America, from which I come. This deep and sincere study which I have carried on over a period of many years was one of the elements which resulted in my election to Congress, because I carried the same message to the people of my district that I have carried to you during these past few days, and my conclusions gained from such study have resulted in my decision to oppose this measure and to oppose any further turning over of control and of monopolistic power to either the railroads or the Interstate Commerce Commission.

I have in my hand a pamphlet that was issued recently by the administration of the city of Minneapolis, which recites some of the vital facts and statistics in connection with that administration during the past 2 years. On page 1 is an item which states that from September 1, 1937, to September 30, 1938, the short period of 1 year, six large industrial concerns have moved from that city, and they employed 1,475 men and women. This is only one illustration of what is happening to my city and to my section of the country, and to the section of the country from which many of the Members come who are supporting this bill. There is also an item in this booklet which reads as follows:

> The month of December 1938 witnessed the highest aggregate case load in the history of the city of Minneapolis, amounting to a total well in excess of 39,500 cases on direct relief, W. P. A., and old-age assistance.

I have here also a letter from Mr. C. C. Bovey, who is one of the great leaders in the flour milling industry in Minneapolis. Under date of May 11, 1938, Mr. Bovey gives the following figures to show the decline in the production of flour at Minneapolis since 1930:

	Barrels
1930	10,797,194
1931	9,121,571
1932	7,227,187
1933	7,283,244
1934	7,081,830
1935	6,636,159
1936	6,378,928
1937	5,721,695

Or a total decline in 8 years of over 5,000,000 barrels.

The following figures indicate the great increase in the amount of flour coming into Minneapolis since 1930. You

will notice that from 1930 to 1937 the shipments of flour into Minneapolis have more than doubled.

	Barrels
1930	222,341
1931	212,625
1932	344,838
1933	312,333
1934	326,271
1935	351,072
1936	472,255
1937	482,096

Why did they ship flour into the greatest flour milling center in the world? Because of unfair freight rates which we have in my city or in my section of the country, and still you people here insist that we continue to turn over control of our rates on all transportation to an organization which has destroyed business almost completely and which wishes to continue to destroy it and drive it from the central section of the United States.

You ask why I am interested in this bill. I am interested in it because of my interest in the business and industry there and in protecting it so as to prevent further unemployment and relief. I am interested in it because of my interest in the farmers of the State and of the great Northwest area which surrounds my city and feeds it with business when the farmer has surplus money to spend. I am interested, because I am interested in democracy and in preserving it for coming generations, and because I know if this bill is passed that it will be just another step in the destruction of the Northwest and of constitutional government, for a chain is only as strong as its weakest link. And judging from the unrest, the economic stress and strain, the bloodshed and strikes, and the condition of the Public Treasury, we are forging a very weak link there which by our action here today may serve to break it the sooner. I therefore am opposed to this bill and hope it will be voted down. [Applause.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. Time has been fixed by a unanimous-consent agreement, but the gentleman from North Carolina did not use all of his time.

Mr. BULWINKLE. Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Mr. Chairman, our Republican colleague, the distinguished gentleman from Minnesota [Mr. ALEXANDER] has taken the floor and indicated that the employees of the railroads are opposed to this bill, because of the position taken by the president of one of the many recognized railroad labor organizations, Mr. A. F. Whitney, president of the Brotherhood of Railroad Trainmen. In view of the company which Mr. Whitney has been keeping, the opposition of Mr. Whitney to this bill should be a good argument in favor of its enactment.

It appears that many of our New Deal Democratic brethren are going to run out on the President on this bill. I shall be pleased to fill one of the vacancies in his ranks when the roll is called, as I intend to vote for it, Mr. Whitney's opposition to the contrary notwithstanding.

I have here a letter from the national labor committee of the American League for Peace and Democracy, which is a Communist-sponsored and dominated organization.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. This letter shows Mr. A. F. Whitney, president of the Brotherhood of Railroad Trainmen, is the chairman of the National Labor Committee of the Communist-created and Communist-directed American League for Peace and Democracy. Among his directors are many of the C. I. O. fellows who have been traveling with the Communist brethren, including Vice Chairman Joseph Curran, president of the National Maritime Union, in which the well-known alien Communist Harry Bridges is a big shot. Vice Chairman Jerome Davis is a member of the national committee, the membership which also includes Albert Edwards, Jack Berey, Lewis Alan Berne, James B. Carey, Michael Coleman, Sol Fishko, Abram Flaxer, Miguel Carriga, Ben Gold, Donald Henderson, Alexander Hoffman, Roderick L. Johnson, Morris Katz, Samuel Kaufman, M. A. Lakofsky, Natale Masi, Lewis Merrill, Jacob Mirsky, Morris Muster, Harold Pritchett, Mervyn Rathborne, Reid Robinson, Isidore Sorkin, and Americo A. Tomei.

In view of the fact that Mr. Whitney——

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I regret that I cannot as I have only 2 minutes and you have been speaking most of the afternoon. [Laughter.]

Mr. Chairman, in view of the fact that Mr. Whitney is a big shot in the Communist created, directed, and controlled American League for Peace and Democracy, I think those who are interested in the welfare of the workingmen who work on the railroads, the railroads, and the general public should support and vote for this bill in compliance with the request made by the heads of all of the other great recognized railroad labor organizations.

Mr. Chairman, I hold in my hand a 72-page Communist pamphlet entitled "Why Communism?" Page 72 of this pamphlet definitely states that the Communist Party in America is tied with the Communist Party in Soviet Russia through the International. This publication, without mincing words, outlines the plan under which our American constitutional system of government is to be replaced by a Moscow form of Communist autocracy under a blood-curdling life-taking revolutionary movement. Page 56 of this pamphlet indicates that the American League Against War and Fascism was formed to take part in the Communist united-front action. Subsequently the American League Against War and Fascism changed its name to the American League for Peace and Democracy. Mr. Chairman, this manifesto and program of the American League Against War and Fascism, which now functions under the name of the American League for Peace and Democracy, contains the program adopted at Chicago, Ill., in September 1934, pledge No. 5 of which reads as follows:

> To support the peace policies of the Soviet Union for total and universal disarmament, which today with the support of masses in all countries constitute the clearest and most effective opposition to war throughout the world; to oppose all attempts to weaken the Soviet Union, whether these take the form of misrepresentation and false propaganda, diplomatic maneuvering, or intervention by imperialist governments.

Mr. Chairman, I do not believe that the rank and file members of the Brotherhood of Railroad Trainmen concur in Mr. Whitney's opposition to this transportation bill. It is unbelievable that the heads of all the other great national railroad labor organizations are wrong and Mr. Whitney is right. At any rate, it can be truthfully said that a preponderant majority of the railroad workers in America are in favor of this legislation, and I shall therefore be very happy to vote for it in the interest of the welfare of the railroad employees, the railroads, and the general public, the opposition of Mr. Whitney, the chairman of the national labor committee of the American League for Peace and Democracy, to the contrary notwithstanding. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. HARE].

The question was taken and the amendment was rejected.

The CHAIRMAN. The question now recurs on the substitute amendment of the Committee to the Senate bill.

The question was taken and the amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises automatically.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 2009, and, pursuant to House Resolution 262, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

Mr. WADSWORTH. Mr. Speaker, I offer the following motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WADSWORTH. I am.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. WADSWORTH moves to recommit the bill S. 2009 to the Committee on Interstate and Foreign Commerce.

Mr. LEA. Mr. Speaker, on that I move the previous question.

The previous question was ordered.

Mr. WARREN. Mr. Speaker, I demand the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

The question was taken; and there were—yeas 99, nays 273, answered "present" 3, not voting 53, as follows:

[Roll No. 145]

YEAS—99

Alexander	Dondero	Johns	Peterson, Ga.
Allen, Pa.	Doxey	Johnson, Luther A.	Pfeifer
Andersen, H. Carl	Dworshak	Johnson, Lyndon	Pierce, N. Y.
Andrews	Eberharter	Johnson, Okla.	Pierce, Oreg.
Angell	Ellis	Kee	Pittenger
Barden	Evans	Kennedy, Michael	Plumley
Barry	Fay	Kerr	Poage
Beckworth	Flaherty	Kirwan	Rankin
Bland	Ford, Thomas P.	Kitchens	Rogers, Okla.
Bloom	Garrett	Kleberg	Sandager
Bolles	Gathings	Leavy	Sirovich
Boykin	Gavagan	McArdle	Somers, N. Y.
Buckler, Minn.	Gehrmann	McCormack	South
Byrne, N. Y.	Geyer, Calif.	Mansfield	Sparkman
Cartwright	Gossett	Marcantonio	Starnes, Ala.
Celler	Guyer, Kans.	Mason	Sullivan
Chandler	Harrington	Mills, Ark.	Taber
Coffee, Nebr.	Hart	Moser	Thomas, Tex.
Coffee, Wash.	Havenner	Mott	Thorkelson
Colmer	Heinke	Myers	Wallgren
Culkin	Hendricks	Nichols	Warren
Cullen	Hill	O'Leary	Welch
Delaney	Hoffman	Oliver	West
Dickstein	Hull	Parsons	Whittington
Disney	Izac	Patton	

NAYS—273

Allen, Ill.	Church	Fries	Jensen
Allen, La.	Clark	Fulmer	Johnson, Ill.
Anderson, Calif.	Cluson	Gamble	Johnson, Ind.
Anderson, Mo.	Claypool	Gartner	Johnson, W. Va.
Andresen, A. H.	Clevenger	Gearhart	Jones, Ohio
Arends	Cochran	Gerlach	Jones, Tex.
Arnold	Collins	Gibbs	Kean
Ashbrook	Cooper	Gifford	Keefe
Austin	Corbett	Gilchrist	Keller
Ball	Costello	Gillie	Kelly
Barnes	Courtney	Gore	Kennedy, Md.
Bates, Ky.	Cox	Graham	Kilday
Bates, Mass.	Crawford	Grant, Ala.	Kinzer
Beam	Creal	Grant, Ind.	Knutson
Bell	Crosser	Green	Kocialkowski
Bender	Curtis	Gregory	Kramer
Blackney	D'Alesandro	Griffith	Kunkel
Boehne	Darden	Gross	Lambertson
Boland	Darrow	Gwynne	Landis
Bolton	Dempsey	Hall	Larrabee
Bradley, Pa.	Dirksen	Halleck	Lea
Brewster	Ditter	Hancock	LeCompte
Brooks	Doughton	Hare	Lemke
Brown, Ga.	Douglas	Harness	Lesinski
Brown, Ohio	Dowell	Harter, Ohio	Lewis, Colo.
Bryson	Drewry	Hartley	Lewis, Ohio
Buck	Duncan	Hawks	Luce
Buckley, N. Y.	Dunn	Healey	Ludlow
Bulwinkle	Durham	Hess	McAndrews
Burch	Edmiston	Hinshaw	McDowell
Burdick	Elliott	Hobbs	McGehee
Burgin	Elston	Hope	McKeough
Byrns, Tenn.	Engel	Horton	McLaughlin
Byron	Englebright	Houston	McLean
Cannon, Mo.	Faddis	Hunter	McLeod
Carlson	Fenton	Jacobsen	McMillan, John L.
Carter	Ferguson	Jarman	Maas
Case, S. Dak.	Flannagan	Jarrett	Mahon
Casey, Mass.	Folger	Jeffries	Maloney
Chapman	Ford, Leland M.	Jenkins, Ohio	Mapes
Chiperfield	Ford, Miss.	Jenks, N. H.	Marshall
Martin, Colo.	Randolph	Scrugham	Tolan
Martin, Iowa	Rayburn	Seccombe	Treadway
Martin, Mass.	Reece, Tenn.	Seger	Van Zandt
Merritt	Reed, Ill.	Shafer, Mich.	Vincent, Ky.
Michener	Rees, Kans.	Shanley	Vinson, Ga.
Miller	Rich	Shannon	Vorys, Ohio
Mills, La.	Richards	Sheppard	Vreeland
Monkiewicz	Risk	Simpson	Walter
Monroney	Robertson	Smith, Conn.	Ward
Mouton	Robinson, Utah	Smith, Maine	Weaver
Mundt	Robsion, Ky.	Smith, Ohio	Wheat
Murdock, Ariz.	Rockefeller	Smith, Va.	Whelchel
Murdock, Utah	Rodgers, Pa.	Smith, W. Va.	White, Idaho
Murray	Rogers, Mass.	Snyder	White, Ohio
Nelson	Romjue	Spence	Wigglesworth
Norrell	Routzohn	Springer	Williams, Del.
Norton	Rutherford	Steagall	Williams, Mo.
O'Brien	Ryan	Sumner, Ill.	Winter
O'Connor	Sabath	Sweeney	Wolcott
O'Day	Sacks	Talle	Wolfenden, Pa.
O'Neal	Sasscer	Tarver	Wolverton, N. J.
Osmers	Satterfield	Taylor, Tenn.	Wood
Pace	Schaefer, Ill.	Tenerowicz	Woodrum, Va.
Patrick	Schafer, Wis.	Terry	Youngdahl
Pearson	Schiffler	Thill	Zimmerman
Polk	Schuetz	Thomason	
Powers	Schulte	Tibbott	
Ramspeck	Schwert	Tinkham	

ANSWERED "PRESENT"—3

Harter, N. Y. Keogh Wadsworth

NOT VOTING—53

Barton	DeRouen	McGranery	Short
Boren	Dies	McMillan, Thos. S.	Smith, Ill.
Bradley, Mich.	Dingell	Maciejewski	Smith, Wash.
Caldwell	Eaton, Calif.	Magnuson	Stearns, N. H.
Cannon, Fla.	Eaton, N. J.	Martin, Ill.	Stefan
Cluett	Fernandez	Massingale	Sumners, Tex.
Cole, Md.	Fish	May	Sutphin
Cole, N. Y.	Fitzpatrick	Mitchell	Taylor, Colo.
Connery	Flannery	O'Toole	Thomas, N. J.
Cooley	Hennings	Patman	Voorhis, Calif.
Crowe	Holmes	Peterson, Fla.	Woodruff, Mich.
Crowther	Hook	Rabaut	
Cummings	Kennedy, Martin	Reed, N. Y.	
Curley	Lanham	Secrest	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Reed of New York (for) with Mr. Eaton of New Jersey (against).
Mr. Wadsworth (for) with Mr. Cole of New York (against).
Mr. Keogh (for) with Mr. Martin J. Kennedy (against).
Mr. Harter of New York (for) with Mr. Bradley of Michigan (against).
Mr. Cluett (for) with Mr. Thomas S. McMillan (against).
Mr. Stefan (for) with Mr. Woodruff of Michigan (against).
Mr. Fitzpatrick (for) with Mr. Cooley (against).
Mr. O'Toole (for) with Mr. Cole of Maryland (against).
Mr. Curley (for) with Mr. Martin of Illinois (against).
Mr. Cannon of Florida (for) with Mr. Maciejewski (against).

General pairs:

Mr. Lanham with Mr. Short.
Mr. McGranery with Mr. Fish.
Mr. Rabaut with Mr. Holmes.
Mr. Caldwell with Mr. Stearns of New Hampshire.
Mr. Dingell with Mr. Barton.
Mr. DeRouen with Mr. Thomas of New Jersey.
Mr. May with Mr. Crowther.
Mr. Hook with Mr. Eaton of California.
Mr. Voorhis of California with Mr. Sutphin.
Mr. Mitchell with Mr. Hennings.
Mr. Flannery with Mr. Magnuson.
Mr. Smith of Illinois with Mr. Cummings.
Mr. Secrest with Mr. Connery.
Mr. Dies with Mr. Boren.
Mr. Massingale with Mr. Crowe.
Mr. Sumners of Texas with Mr. Fernandez.
Mr. Taylor of Colorado with Mr. Smith of Washington.

Mr. WADSWORTH. Mr. Speaker, on this question I have a pair with the gentleman from New York, Mr. COLE. Were he present he would have voted "no." Under the circumstances I withdraw my vote of "yea" and ask to be recorded "present."

Mr. KEOGH. Mr. Speaker, I was paired with the gentleman from New York, Mr. MARTIN J. KENNEDY, who is absent because of official business. If he were present he would have voted "no." I voted "yea." I therefore ask to be recorded "present."

Mr. HARTER of New York. Mr. Speaker, I have a pair with the gentleman from Michigan, Mr. BRADLEY. If he were present he would have voted "no." I withdraw my vote of "yea" and answer "present."

Mr. HORTON changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

The title was amended so as to read:

An act to amend the act to regulate commerce, approved February 4, 1887, as amended, so as to provide for unified regulation of carriers by railroad, motor vehicle, and water, and for other purposes.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. St. Claire, one of its clerks, announced that the Senate insists upon its amendment to the bill (H. R. 4998) entitled "An act to amend the Packers and Stockyards Act, 1921," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULOW, Mr. GILLETTE, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. GIBSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following agencies:

1. Farm Credit Administration.
2. Federal Trade Commission.
3. The Panama Canal.
4. United States Civil Service Commission.
5. Works Progress Administration.

PENSIONS TO MEMBERS OF REGULAR ARMY, NAVY, MARINE CORPS, AND COAST GUARD DISABLED BY REASON OF SERVICE

Mr. LESINSKI. Mr. Speaker, I call up for present consideration the bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 75 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes.

The SPEAKER. This bill is on the Union Calendar.

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That effective on the 1st day of the month following the month in which this act is enacted, paragraph II of part II of Veterans Regulations No. 1 (a), as amended, is amended to read as follows:

"II. For the purposes of part II, paragraph I (a) hereof, if the disability results from injury or disease—

"(a) If and while the disability is rated 10 percent the monthly pension shall be $7.50.

"(b) If and while the disability is rated 20 percent the monthly pension shall be $15.

"(c) If and while the disability is rated 30 percent the monthly pension shall be $22.50.

"(d) If and while the disability is rated 40 percent the monthly pension shall be $30.

"(e) If and while the disability is rated 50 percent the monthly pension shall be $37.50.

"(f) If and while the disability is rated 60 percent the monthly pension shall be $45.

"(g) If and while the disability is rated 70 percent the monthly pension shall be $52.50.

"(h) If and while the disability is rated 80 percent the monthly pension shall be $60.

"(i) If and while the disability is rated 90 percent the monthly pension shall be $67.50.

"(j) If and while the disability is rated as total the monthly pension shall be $75.

"(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only one foot, or one hand, or one eye, the rate of pension provided in part II, paragraph II, (a) to (j), shall be increased by $18.75 per month.

"(l) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands, or of both feet, or of one hand and one foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $112.50.

"(m) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and one foot, or of both feet and one hand, or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $131.25.

"(n) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or of one foot, the monthly pension shall be $150.

"(o) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use as provided in subparagraphs (1) to (n), inclusive, of part II, paragraph II, of this regulation, and/or blindness in both eyes, having only light perception, which conditions under subparagraphs (l) to (n), inclusive, entitled him to two or more of the rates provided in those subparagraphs, no specified condition being considered twice in the determination, the monthly pension shall be $187.50."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXPLANATION

Mr. BULWINKLE. Mr. Speaker, my colleague the gentleman from North Carolina [Mr. COOLEY] is absent. Had he been present he would have voted "no" on the motion to recommit and "aye" on the passage of the bill.

EXTENSION OF REMARKS

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks briefly on the bill just passed at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ROBSION of Kentucky. Mr. Speaker, I am glad to have an opportunity to give my support to Senate bill 522, which heretofore has passed the Senate and which has been recommended to the House by the Invalid Pensions Committee of the House.

There are several hundred of these veterans of the Regular Establishment living in my district who incurred their disabilities in line of duty, and there are many thousands of these throughout the Nation. These disabled Regulars are trying to get by on the inadequate pensions they are receiving under the present law, and there are scores of thousands of dependents of line-of-duty deceased Regulars who are receiving inadequate compensation for the loss of their husband, father, or son. I have taken many of the claims of these disabled veterans from my district before the Veterans' Administration to try to secure some increase, but have been unable to secure for them an increase because of the provisions of the present law. It is the duty of Congress to amend the law so that we may give more adequate pensions to these veterans who have sacrificed their limbs or their health for the Nation.

Congress has not given the consideration to the personnel of the Army, Navy, Marine Corps, and Coast Guard that they deserve. We should let those who are serving in these four branches of the service know that if they are disabled in line of duty they will receive adequate compensation.

I am sure there is no Member of the House who will raise his voice against the passage of this bill. The rates are still less than they ought to be. The President should not hesitate to affix his name to this bill and grant relief to these needy disabled line-of-duty veterans and to their dependents.

It has been my pleasure to interest myself ever since coming to Congress in helping these veterans and their dependents as well as the other veterans and their dependents to get more adequate compensation; and therefore it affords me great pleasure, as I am sure it does every Member of the House, to support this deserving bill.

Under this bill the disabled Regulars in line of duty will receive pensions, as follows:

If and while the disability is rated 10 percent, the monthly pension shall be $7.50; 20 percent, $15; 30 percent, $22.50;

40 percent, $30; 50 percent, $37.50; 60 percent, $45; 70 percent, $52.50; 80 percent, $60; 90 percent, $67.50; total, $75. If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only one foot or one hand or one eye, the rate of pension shall be increased by $18.75 per month. If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands or of both feet or of one and and one foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $112.50.

If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and one foot or of both feet and one hand or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $131.25.

If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or of one foot, the monthly pension shall be $150.

If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use and/or blindness in both eyes, having only light perception, entitling him to two or more rates, the monthly pension shall be $187.50.

EXTENSION OF REMARKS

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXPLANATION

Mr. WHITE of Idaho. Mr. Speaker, understanding that there would be a roll call on the passage of the bill, I voted "no" on the motion to recommit. Had there been a roll call on the passage of the bill I would have voted "no."

EXTENSION OF REMARKS

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent that the extension of remarks granted the gentleman from Missouri [Mr. SHORT] on Monday, which were a little too long under the rule, be allowed at this time. The gentleman from Missouri is out of the city temporarily.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. THILL. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an editorial from the Buffalo Evening News.

The SPEAKER. Is there objection?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include an editorial on the work of the C. C. C. in combatting a very destructive forest fire.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a brief editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made previously this afternoon.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McARDLE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a short address by Albert Atocknie, a full-blooded Comanche Indian, before the Committee on Indian Affairs a day or two ago in support of House Joint Resolution 290.

The SPEAKER. Is there objection?

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the majority leader what the program will be for tomorrow?

Mr. RAYBURN. The first matter will be a conference report presented by the gentleman from Idaho [Mr. WHITE]. Next, as I understand it, although I do not know whether the gentleman from Tennessee has spoken to the Speaker or not, will be a conference report on the so-called railroad-reorganization bill, which I understand is a unanimous report. Then the rule for the consideration of the so-called rubber-cotton barter; and after that we will go along on the rule that was adopted recently on the Smith bill providing for the registration of aliens.

EXTENSION OF REMARKS

Mr. CHANDLER, Mr. HOFFMAN, and Mr. JOHN L. MCMILLAN asked and were given permission to revise and extend their own remarks.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein proceedings at the first broadcast by the radio correspondents.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. CROWTHER (at the request of Mr. MARTIN of Massachusetts) for an indefinite period, on account of illness.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Thursday, July 27, 1939, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1046. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, Architect of the Capitol, for the fiscal year 1940, in the amount of $3,000 (H. Doc. No. 450); to the Committee on Appropriations and ordered to be printed.

1047. A communication from the President of the United States, transmitting draft of a proposed provision pertaining to appropriations of the Public Works Administration of the Federal Works Agency (H. Doc. No. 451); to the Committee on Appropriations and ordered to be printed.

1048. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, House of Representatives, for the fiscal year 1940, in the amount of $534,328 (H. Doc. No. 452); to the Committee on Appropriations and ordered to be printed.

1049. A communication from the President of the United States, transmitting proposed provision pertaining to existing appropriations for the Department of Justice, for the fiscal years 1938, 1939, and 1940 (H. Doc. No. 453); to the Committee on Appropriations and ordered to be printed.

1050. A letter from the Chairman, Reconstruction Finance Corporation, transmitting a summary of Reconstruction Finance Corporation operations since its organization, February 2, 1932, to July 15, 1939; to the Committee on Banking and Currency.

1051. A letter from the Archivist of the United States, transmitting lists of papers consisting of six items from the United States Civil Service Commission which are to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

1052. A letter from the Acting Chairman, Foreign-Trade Zones Board, transmitting the 1937 Annual Report of the City of New York concerning the operation of foreign-trade zone No. 1, at Stapleton, Staten Island; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DUNN: Committee on the Census. S. 2240. An act to provide for a national census of housing; with amendments (Rept. No. 1319). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHANDLER: Committee of conference. H. R. 5407. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory and supplementary thereto (Rept. No. 1320). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. WALTER: Committee on the Judiciary. H. R. 7079. A bill to provide for the appointment of additional district and circuit judges; with amendments (Rept. No. 1321). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER of Ohio: Committee on Military Affairs. H. R. 7267. A bill to facilitate the procurement of aircraft for the national defense; with amendments (Rept. No. 1322). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. S. 1282. An act to extend the privilege of retirement for disability to judges appointed to hold office during good behavior; without amendment (Rept. No. 1323). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6664. A bill to admit the American-owned barges *Prari* and *Palpa* to American registry and to permit their use in coastwise trade; with amendments (Rept. No. 1324). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 7288. A bill to perfect the consolidation of the Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard, of certain officers and employees of the Lighthouse Service, and for other purposes; with amendments (Rept. No. 1325). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. House Joint Resolution 302. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and bays and inlets of the Atlantic Ocean on which such States border, and for other purposes; with an amendment (Rept. No. 1326). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H. R. 2406. A bill to provide for the adjustment of the status of planners and estimators and progressmen of the field service of the Navy Department; with amendments (Rept. No. 1327). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6881. A bill to implement the provisions of the Shipowners' Liability (sick and injured seamen) Convention, 1936; with amendments (Rept. No. 1328). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROWE: Committee on Public Building and Grounds. H. R. 7293. A bill to amend section 355 of the Revised Statutes, as amended, to make permissive the acquisition of legislative jurisdiction over land or interests in land acquired by the United States; with an amendment (Rept. No. 1329). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHAFER of Wisconsin: Committee on Indian Affairs. H. R. 5684. A bill amending the act of Congress of June 25, 1938 (C. 710, 52 Stat. 1207), authorizing the Secretary of the Interior to pay salaries and expenses of the chairman, secretary, and interpreter of the Klamath General Council, members of the Klamath Business Committee and other committees appointed by said Klamath General Council, and official delegates of the Klamath Tribe; with an amendment (Rept. No. 1330). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 176. Joint resolution providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of the Star-Spangled Banner; with amendments (Rept. No. 1331). hundred and twenty-fifith anniversary of the writing of The state of the Union.

Mrs. NORTON: Committee on Labor. House Joint Resolution 265. Joint resolution authorizing the Bureau of Labor Statistics to make studies of productivity and labor costs in industry; with amendments (Rept. No. 1332). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOOD: Committtee on War Claims. H. R. 7338. A bill for the relief of sundry claimants, and for other purposes; with an amendment (Rept. No. 1318). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COLE of Maryland:

H. R. 7372. A bill to promote the conservation of petroleum; to provide for cooperation with the States in preventing the waste of petroleum; to create an Office of Petroleum Conservation; to amend the act of February 22, 1935, as amended; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Missouri:

H. R. 7373 (by request). A bill to amend section 12 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. FADDIS:

H. R. 7374. A bill to promote the efficiency of the national defense; to the Committee on Military Affairs.

By Mr. FERGUSON:

H. R. 7375. A bill to amend the Packers and Stockyards Act, 1921, as amended; to the Committee on Agriculture.

H. R. 7376. A bill to provide for the appointment of an additional district judge for the western district of Oklahoma; to the Committee on the Judiciary.

By Mr. McLEOD:

H. R. 7377. A bill to authorize the Postmaster General to pay premiums on bonds of postal employees; to the Committee on the Post Office and Post Roads.

By Mr. BARRY:

H. R. 7378. A bill to allow the Home Owners' Loan Corporation to extend the period of amortization of home loans from 15 to 25 years; to the Committee on Banking and Currency.

By Mr. GORE:

H. R. 7379. A bill to provide for the registration of aliens; to the Committee on Immigration and Naturalization.

By Mr. MAPES:

H. R. 7380. A bill to amend Public Resolution No. 24, Seventy-sixth Congress; to the Committee on Appropriations.

By Mr. CULKIN:

H. R. 7381. A bill to authorize the construction of works for navigation at Oswego Harbor in the State of New York; to the Committee on Rivers and Harbors.

By Mr. PETERSON of Florida:

H. R. 7382. A bill to provide for the payment of indemnity for losses suffered and damages sustained as a result of the campaign for the eradication of the Mediterranean fruitfly in the State of Florida; to the Committee on Claims.

By Mr. SHEPPARD:

H. R. 7383 (by request). A bill to provide for the classification, according to type, of the fingerprints of all veterans, and for other purposes; to the Committee on Military Affairs.

By Mr. BYRNE of New York:

H. J. Res. 374 (by request). Joint resolution authorizing the President of the United States of America to proclaim April 19 of each year as National Youth Citizenship Day; to the Committee on the Judiciary.

By Mr. BLOOM:

H. Res. 275. Resolution for investigation of the extent to which the United States is dependent upon foreign nations for its supply of tin; to the Committee on Rules.

By Mr. DISNEY:

H. Res. 276. Resolution for the printing of laws and treaties relating to Indian affairs; to the Committee on Printing.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial, of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 112, A, concerning public lands; to the Committee on the Public Lands.

Also, memorial, of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 96, A, concerning the General Welfare Act; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Assembly Joint Resolutions Nos. 8, 21, 22, 23, 24, 25, 32, 38, and 49; also House Resolutions Nos. 156 and 212; also Assembly Joint Resolutions Nos. 1 and 13; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DISNEY:

H. R. 7384. A bill providing for admission to the United States and naturalization of Sarah Holmes Beeman; to the Committee on Immigration and Naturalization.

By Mr. FAY:

H. R. 7385. A bill for the relief of Emil Chalupa; to the Committee on Naval Affairs.

H. R. 7386. A bill to authorize the posthumous appointment of the late Arthur Mortimer Fields, Jr., to be an ensign of the United States Navy; to the Committee on Naval Affairs.

By Mr. GATHINGS:

H. R. 7387. A bill for the relief of the Southeast Arkansas Telephone & Power Co.; to the Committee on Claims.

By Mr. JOHNSON of Indiana:

H. R. 7388. A bill granting an increase of pension to John M. Williams; to the Committee on Invalid Pensions.

By Mr. MICHAEL J. KENNEDY:

H. R. 7389. A bill to provide for the presentation of a medal to Rev. Francis X. Quinn in recognition of his valor in saving the lives of two of his fellow citizens; to the Committee on Coinage, Weights, and Measures.

By Mr. MYERS:

H. R. 7390. A bill to correct the naval record of Thomas Burke; to the Committee on Naval Affairs.

By Mr. OSMERS:

H. R. 7391. A bill for the relief of Harold G. St. Clair; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5030. By Mr. HARTER of New York: Petition of something over 200 citizens of the county of Erie, N. Y., protesting against the lay-off of people who have been on the Nursery School Works Progress Administraion project for 18 months or more; to the Committee on Appropriations.

5031. By Mr. MICHAEL J. KENNEDY: Petition of the Michigan Federation of Post Office Clerks, requesting that the Congress appoint a joint congressional commission, for the purpose of investigation of conditions surrounding the employment of substitute post-office employees and also legislation to improve conditions of employment for clerks in third-class post offices; to the Committee on the Post Office and Post Roads.

5032. Also, petition of the Dravo Corporation, Pittsburgh, Pa., opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5033. Also, petition of the Interstate Magazine Hauling Corporation of New York City, opposing passage of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5034. Also, petition of the International Brotherhood of Blacksmiths Drop Forgers of Chicago, urging support of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5035. Also, petition of the National Retail Credit Association, relative to the value of the registered mail return receipt with address service, placed upon the statute books in 1931; to the Committee on the Post Office and Post Roads.

5036. Also, petition of the International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers, urging enactment of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5037. Also, petition of Frances Kneitel, on behalf of the membership of the National Independent Pharmacists, Inc., American Siphon Manufacturers, Inc., and the Allied Wholesale Druggists, Inc., urging enactment of Senate bill 915 and House bill 6324, the administrative law bill; to the Committee on the Judiciary.

5038. Also, petition of the executive committee of the National Electrical Contractors Association, urging support of the passage of Senate bill 915 and House bill 6324, the administrative law bill; to the Committee on the Judiciary.

5039. Also, petition of the National Association of Women Lawyers, endorsing the Logan bill (S. 915) and the Walter bill (H. R. 6324), providing for the more expeditious set-

tlement of disputes with the United States; to the Committee on the Judiciary.

5040. Also, petition of the American Manufacturing Co., Brooklyn, N. Y., opposing the proposed O'Mahoney amendment to Senate bill 2719, the existing antitrust laws; to the Committee on the Judiciary.

5040½. Also, petition of the New York State Industrial Union Council, representing 700,000 members affiliated through their local unions, opposing enactment of the Barden amendments to the Wage and Hour Act, the Reyonlds amendment to the Social Security Act, and the Smith anti-alien bill; to the Committee on Labor.

5041. Also, petition of the chamber of commerce of the Borough of Queens, urging favorable action on the Barry bill, providing a 2-cent postage rate for the Borough of Queens, N. Y.; to the Committee on the Post Office and Post Roads.

5042. Also, petition of the New York State League of Savings and Loans Associations, urging enactment of the Spence tax-equalization amendment to House bill 6971; to the Committee on Banking and Currency.

5043. By Mr. MILLER: Petition containing 196 signatures, all favoring House Joint Resolution 168; to the Committee on Immigration and Naturalization.

5044. By Mr. PFEIFER: Petition of the New York State League of Savings and Loans Associations, New York City, urging support of the Spence tax-equalization amendment (H. R. 6971); to the Committee on Banking and Currency.

5045. Also, petition of the New York Produce Exchange, New York City, concerning the transportation bill; to the Committee on Interstate and Foreign Commerce.

5046. Also, petition of the Empire State Truck Operators' Association, Syracuse, N. Y., concerning the transportation bill; to the Committee on Interstate and Foreign Commerce.

5047. By Mr. VOORHIS of California: Petition of Rudolph F. Wedler, of Manhattan Beach, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5048. Also, petition of R. E. Frank, of San Jose, Calif., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5049. Also, petition of Joseph V. McCarthy, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5050. Also, petition of Walter C. Bailey, of Norwalk, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5051. Also, petition of Elizabeth C. Spangenberg, of Sangus, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5052. Also, petition of Margaret Repetto, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5053. Also, petition of E. O. Corson, of Berkeley, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5054. Also, petition of George R. Milligan, of Harbor City, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5055. Also, petition of Bertha Stevens, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5056. Also, petition of Frank Lee, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5057. Also, petition of Joseph W. Hill, of LaHabra, Calif., and 22 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5058. Also, petition of Michael L. Dobbins, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5059. Also, petition of Peter S. Pilcher, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exerecise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5060. Also, petition of Harold F. Hawkins, of Los Angeles, Calif., and 1 other, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5061. Also, petition of M. P. Foster, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5062. Also, petition of Albert Wheelan, of Abascadero, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and

Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5063. Also, petition of Stephen Keating, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5064. Also, petition of Fannie Spencer, of Santa Cruz, Calif., and 21 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5065. Also, petition of Clyde E. Compton, of Lennox, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5066. Also, petition of Sam Gottlieb, of Altadena, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5067. Also, petition of Glenn H. Luke, of Long Beach, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5068. Also, petition of Elizabeth MacDonald, of Oakland, Calif., and 23 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5069. Also, petition of Emil Hoeffner, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5070. Also, petition of Charles D. Frey, of Woodland, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5071. Also, petition of Albert Hargrave, of San Jose, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5072. Also, petition of Verne E. Miller, of Turlock, Calif., and 26 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5073. Also, petition of Bery L. Epperson, of La Verne, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5074. Also, petition of James L. Engle, of Santa Barbara, Calif., and five others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5075. Also, petition of A. G. Draeger, of Pasadena, Calif., and 22 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5076. Also, petition of George S. Conroy, of Santa Barbara, Calif., and 1 other, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5077. Also, petition of William P. Walter, of Massillon, Ohio, and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5078. Also, petition of Karl Robert Olsen, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5079. Also, petition of John M. Krogmoe, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5080. Also, petition of Russell K. Maxson, of Montebello, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5081. Also, petition of Philip Kratz, of Hemet, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5082. Also, petition of Victor L. Cook, of Burbank, Calif., and 26 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5083. Also, petition of Louis J. Richards, of Monrovia, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5084. Also, petition of Paul Tetrick, of Campton, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5085. Also, petition of Valentine Weiss, of Romoland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5086. Also, petition of William Stanford, of San Bernardino, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5087. Also, petition of Clarence Odell, of Pomona, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5088. Also, petition of Henrietta Otis, of Pasadena, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5089. Also, petition of Victoria Young, of Los Angeles, Calif., endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5090. Also, petition of J. F. Poos, of Inglewood, Calif., and 14 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5091. Also, petition of Milton Earl Walter, of Los Angeles, Calif., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5092. Also, petition of James F. Wood, of Bakersfield, Calif., and 14 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5093. Also, petition of Anna Clayberg, of San Diego, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5094. Also, petition of John B. Vallentyne, of Gerber, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5095. Also, petition of Rosa A. Smith, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5096. Also, petition of Annie R. Halseth, of Los Angeles, Calif., and two others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5097. Also, petition of James A. Reeves, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5098. Also, petition of Rudolph C. Kuehnl, of Monrovia, Calif., endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5099. Also, petition of Charles D. Littlefield, of El Monte, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5100. Also, petition of Andrew Wilson, of Maywood, Calif., and four others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5101. Also, petition of Peter Kapsinski, of Van Nuys, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5102. Also, petition of Harry Gambichler, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5103. Also, petition of Harry Reeves, of San Jose, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5104. Also, petition of Margaret Traretman, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking

and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5105. Also, petition of Minnie Dalton, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5106. Also, petition of William Lloyd, of Roscoe, Calif., and 3 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5107. Also, petition of Rolin R. Robertson, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5108. Also, petition of Edward A. Hahn, of San Francisco, Calif., and 8 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5109. Also, petition of Tom Roberts, of South Gate, Calif., and 56 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5110. By the SPEAKER: Petition of the Municipal Assembly of Ponce, P. R., petitioning consideration of their resolution with reference to House bill 2888, concerning the United States Housing Authority; to the Committee on Banking and Currency.

5111. Also, petition of the Young People's Religious Union, Boston, Mass., petitioning consideration of their resolution with reference to lynching legislation; to the Committee on the Judiciary.